



New York City, May 25, 2021 (virtual form)
Panel Discussion on Structural Transformation

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Respected Co-Chairs, Her Excellency the Head of UN OHRLLS,
Distinguished Panelists, Fellow CSOs' Representatives, Ladies and
Gentlemen,

LDC Watch expresses its sincere gratitude to the Co-Chairs for this
excellent opportunity to share our views on the structural transformation as
one of the thematic session of the prep com 1 of LDC-V.

The binding force behind the structural transformation is productivity
change through better skill, technology and management, focusing on the
manufacturing, agriculture, transportation, communication and energy
sectors.

LDC economies continue to face significant obstacles to generating
different and improved jobs, not just in nourishing the pace of growth but by
making it more inclusive and participatory. The increase in the informal
services sector often experiences that structural transformation is less
productive and reduces resources available for redistributive policies. It can
result in excluding people, pushing them into further poverty and
vulnerability. Creating new activities and shifting resources from low value-
added and low productivity to higher value-added and high productivity
activities is supposed to enhance LDCs economies. However, LDCs have
been largely unable to overcome their economic vulnerability and

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structurally transform their economies to build resilience against economic and climate shocks.

Challenges:

As in past decades, LDCs continue to encounter structural challenges that obstruct the development of adequate productive capacities, making sustainable development arduous and unaffordable. These experiments have contributed to the failure of LDCs to progress towards constructive structural transformation. The COVID-19 pandemic has adversely affected the sustainable development of LDCs and further highlighted vulnerabilities.

Several structural adjustment initiatives introduced in recent decades have not succeeded or have failed to deliver promised outcomes in LDCs. Conventional structural transformation has not driven growth; there has been a disconnect between material gains and human assets, especially for most people living in LDCs. Unfulfilled ODA promises and aid commitments on the part of the donor countries remain critical to the economic landscape of both LDCs and graduating countries.

Who is responsible for this scenario?

Over the years, so many international conventions adopted by the UN system and other internationally agreed mechanisms to help strengthen LDCs remain very weak, particularly for their impact on local communities. On the one hand, donors and rich countries have not fulfilled their commitments to help improve vital infrastructure development in the LDCs. Whereas on the other, LDC governments have failed to control ever-increasing corruption, disparity and instability in their societies. Continued unsustainable debt, unequal access to intellectual property rights and the

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control of key factors of production elsewhere are also responsible for such consequences. So many internationally approved plans of action to promote sustainable development in LDCs are far behind accomplishing the action envisaged. Given these continued failures, it is critical that the international community, including trade and development partners of LDCs, recognises them and envisages a future strategy that can effectively address the challenges of LDCs and their societies.

Strategies for the Future Ahead

The importance of structural transformation was reflected in the Istanbul Programme of Action (IPoA) for the LDCs for the decade 2011-2020, expanding productive capacity as the priority. To continue this spirit, it needs an urgent shift towards higher productivity services-oriented activities. On behalf of LDC Watch, the global civil society campaign, we would like to call on the international community to:

- Ensure access to affordable, reliable, sustainable energy for achieving structural economic transformation;
- Direct all kinds of technical assistance toward essential, specific and needful infrastructure building;
- Consider Information and Communication Technologies (ICT) as an indispensable drive for infrastructure building in LDCs, recognising the need to promote local ownership and control that protects the right to privacy;

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- Assist with climate adaptation and mitigation through disaster risk transfer and financing to support the calls for a "build back better" approach towards the sustainable and inclusive structural transformation in LDCs;
- Recognise the crisis caused by the COVID-19 global pandemic and the existing economic, financial and human resources constraints of LDCs; and promote the further extension of the TRIPS Agreements to enhance the LDC economies. Also, ensure timely and secured access to quality, safe, efficacious and affordable vaccines and medicines to save people's lives in LDCs.

As we start a new journey for the remaining ten years of the SDG-2030 and begin LDC V, the Fifth United Nations Conference on the LDCs, a new Programme of Action for LDCs for 2021-2030 needs to be formulated through a vigorous participatory process. The following Programme of Action cannot be a continuation of the past failed experiences. The next decade will be a very challenging time for LDCs – such as the changing climate and the consequences of Covid-19. These also have implications for the global community as a whole. Hence, let us ensure that the forth-coming Programme of Action will adequately address these challenges and establish the required policy frameworks to foster recovery and build future resilience in LDCs.

Thank you.

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