



## **Second UN LDC Future Forum** **Innovation for structural transformation in LDCs**

**4-6 March 2024, Helsinki, Finland**

### **Summary**

#### **Introduction**

The Second Least Developed Countries (LDC) Future Forum, held on March 5-6, 2024, in Helsinki, Finland, explored how to harness innovation, digitalization, and technology to promote structural transformation and sustainable development in LDCs. The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States (UN-OHRLLS) and Finland co-organized the Forum in collaboration with UNU-WIDER, the OECD Development Centre, Foundation for studies and Research on International Development (Ferdí), UNICEF Innocenti, and the UN Technology Bank for LDCs.

The 2024 LDC Future Forum built on the success of the inaugural Forum in 2021. With the world off track in achieving the Sustainable Development Goals (SDGs) and LDCs at risk of being left behind, the Forum aimed to accelerate the needed transformations by harnessing the power of innovation, digitalization, and technology.

The Forum brought together about 150 high-level participants, policymakers, Permanent Representatives to the United Nations, researchers, and other stakeholders to discuss practical and evidence-based solutions for how least developed countries can better leverage science, technology, and innovation to achieve structural transformation and sustainable development.

The discussions of the Forum covered four key themes:

1. Building innovation capacity through investments in education and skills development;
2. Innovative entrepreneurship to drive structural transformation and job creation;
3. Diversifying LDC economies into sectors with potential for structural transformation;

#### 4. International Support Measures (ISMs) for LDCs.

##### **Opening**

The Second LDC Future Forum was opened by Ms. Rabab Fatima, Under Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (USG and High Representative UN-OHRLS), Hon. Ms. Elina Valtonen, Foreign Minister of Finland, and H.E. Mr. Lok Bahadur Thapa, Permanent Representative of Nepal to the United Nations.

They highlighted that LDCs have significant potential for structural transformation. By fully utilizing their rapidly growing working-age population and harnessing the power of innovation, these countries can drive meaningful changes. It was underlined that while these countries are highly vulnerable to external shocks, they also have the potential to play a crucial role as UN member states work towards achieving the SDGs by 2030. LDCs must be given high priority in UN negotiations, and Science, Technology, and Innovation (STI) within these countries must be fully enabled and harnessed for their sustained growth.

Ms. Rabab Fatima, USG and High Representative UN-OHRLS, emphasized the importance of implementing reforms that promote innovation and boost productivity in agriculture, manufacturing, and services sectors in LDCs. She highlighted the need for investment in education and skills development to leverage the global STI landscape, referencing the Doha Programme of Action's (DPoA) proposal for an Online University to advance STEM education. This initiative aims to empower youth to harness emerging technologies and ensure women's participation in economic activities. Additionally, she stressed the importance of financial and technological support to enable LDCs to capitalize on green technology for growth while reducing emissions. Ms. Fatima also called for economic diversification, particularly by supporting MSMEs and addressing the challenges of automation. She underscored the necessity of investing in both soft and hard infrastructure to transition to complex manufacturing and digitally enabled services. Lastly, she noted that preferential market access and development finance are fundamental to addressing LDCs' structural vulnerabilities and enhancing productive capacity.

Hon. Ms. Elina Valtonen highlighted that the Forum's theme was particularly relevant to Finland's own developmental journey. She shared how Finland transformed from a poor, agrarian society into a prosperous Nordic welfare state through social, economic, and technological innovations. She highlighted Finland's commitment to sharing its experiences in overcoming poverty through innovation and inclusivity, reinforcing the principle of leaving no one behind. In addition, she noted that the LDC Future Forum series aimed to bring together diverse stakeholders to exchange innovative solutions and best practices for accelerating sustainable development in LDCs. She acknowledged the vulnerabilities faced by LDCs but also pointed out their immense potential in human, cultural, and natural resources, emphasizing the need for transformational change driven by innovation and strong private sector engagement. Finally, she stressed the importance of multilateralism and a rules-based international order, urging all participants to embrace the opportunities ahead and learn from one another during the Forum's enriching program.

H.E. Mr. Thapa emphasized the transformative potential of STI in unlocking growth and overcoming vulnerabilities in LDCs. He highlighted that STI can boost productive capacities,

diversify economies, enhance competitiveness, and add value to agriculture. He also stressed the importance of digital trade in helping small and medium enterprises compete, and of technology in expanding access to education and advancing health, climate change mitigation, and early warning systems. He underscored the need for LDCs to leverage STI for economic growth, as outlined in the DPoA, especially as global negotiations on the Pact of Future and the Global Digital Compact progress.

### **Ministerial dialogue: Strategies to accelerate innovation and structural transformation**

The ministerial dialogue emphasized the importance of accelerating innovation and structural transformation, which reinforces the work that LDCs have been doing in this regard. Hon. Ms. Rose Kayi Mivedor-Sambiani, Ministre du Commerce, de l'Artisanat et la Consommation locale from Togo and Hon. Mr. Felix Mutati, Minister of Technology and Science from Zambia recognized the importance of innovation in transforming LDCs. It was emphasized that structural change and innovation must come from within the country, with a clear, consistent, and methodical approach to structural change that prioritizes the needs of the people.

The dialogue also emphasized the importance of LDC governments creating an enabling environment by developing strategies, improving legal frameworks, and producing practical people-centered outcomes. For example, Togo has developed the [\*Feuille de route gouvernementale Togo 2025\*](#), a road map that serves as the primary framework for integrated development programming with a 3-pronged strategy based on the pillars of inclusion, job creation and modernization of public infrastructure to overcome its structural barriers. The roadmap establishes the necessary conditions for innovation to thrive in the country. Zambia has developed a [national digital transformation strategy](#). Both examples highlight the importance of innovation and digital technologies in driving economic growth.

Education was identified as a critical component for structural transformation and innovation. Zambia implemented free education policies, which led to a significant increase in school attendance. Additionally, focusing on infrastructure, teacher quality, and partnerships is critical for improving educational quality. Togo's first priority on its roadmap is to improve educational access and quality. Furthermore, public-private sector collaboration was identified as a major contributor to addressing bureaucratic roadblocks, which would allow faster implementation of necessary changes.

### **Keynote addresses**

The Forum featured keynote addresses from Dr. Abeba Birhane, Senior Advisor in AI Accountability, Mozilla Foundation and Dr. Ritva Reinikka Professor of Practice at the Helsinki Graduate School of Economics.

It was noted that AI has made significant advancements and is being increasingly used in various fields, including for societal good and achieving sustainable development goals (SDGs). However, there are critical ethical and practical considerations that must be addressed. Issues highlighted include biased datasets leading to discriminatory outputs, the concentration of AI power and resources in the hands of a few corporations, and the oversimplification of complex social, historical, and cultural problems by AI systems. There is need for a nuanced approach when

deploying AI in social contexts, focusing on addressing underlying issues rather than using AI as a simplistic solution.

On education, the importance of prioritizing learning over access to education, highlighting the need for foundational skills, such as reading and numeracy, was emphasized. Progress in educational access was noted, but also a concerning trend with many students failing to master basic skills. There was a call for a shift in focus towards ensuring universal learning and coherence among curriculum, teaching, and examinations. For example, innovative educational approaches in Mozambique, such as focusing on bilingual teaching in grades one through three, were identified as critical for improving foundational learning. The importance of improving learning outcomes so that all children acquire the necessary skills for success was emphasized.

### **Special session: The role of the private sector in the transformation of LDC economies with a focus on agrifood systems**

The special session featured Mr. Maximo Torero, Chief Economist of FAO, and Dr. Amany Asfour, President of Africa Business Council (AfBC). They highlighted that the private sector has a pivotal role in driving innovation, technology transfer, and market access to enhance food security and promote sustainable development in LDCs. Also, they noted that the private sector can contribute to sustainable agriculture and economic growth by improving infrastructure, and facilitating technology transfer, empowering women, and youth in agriculture, promoting solar energy, and supporting AgriTech startups.

The importance of advocating for policies that would encourage private sector engagement was flagged. This includes advocating for policies that support the agri-food sector, such as tax incentives and regulatory frameworks. Partnerships between the public and private sectors are also key for investing in infrastructure, capacity building, and improving market access.

LDCs have untapped agricultural potential that can be leveraged through strategic investments and collaborations to become leaders in agribusiness in Africa. Cultivating an innovation ecosystem through collaboration with stakeholders is essential for driving economic growth, technological development, and entrepreneurship in LDCs. Creating a conducive market environment for private sector and foreign investments in agriculture and food systems is crucial. This includes investing in research and development, promoting digital literacy, and ensuring equity and inclusion in technology access.

### **Fireside chat: Managing the risks and identifying the benefits of technology, especially Artificial Intelligence (AI), in fostering productivity in LDCs.**

The Fireside chat included Prof. Tshilidzi Marwala, Rector, United Nations University (UNU), Prof. Dr. Hasan Mandal, President, TUBITAK, Prof. Petri Myllymäki, Member of the UN High-level Advisory Body on Artificial Intelligence and Mr. Karol Mattila, Head of Government Relations, Nokia.

They highlighted that managing the risks and benefits of AI in LDCs necessitates a comprehensive approach that addresses data challenges, increases capacity, improves infrastructure, encourages collaboration, and promotes responsible governance and ethical practices. The discussion provided valuable insights into AI for boosting productivity in LDCs. It was noted that the Global South, including LDCs, faces challenges in accessing and using data. To ensure the effective use of AI technologies, efforts must be made to improve data quality, accessibility, and sharing.

Furthermore, education is critical in preparing people to understand and apply AI algorithms. Capacity building efforts, such as training programs, are critical for empowering individuals in low- and middle-income countries to effectively use AI technologies. Besides, building digital infrastructure is critical for AI adoption in LDCs. Investments in infrastructure, including high-performance computing, are required to support AI applications and development.

Also, AI has the potential to transform various industries, including agriculture, by increasing efficiency and productivity. Identifying and implementing AI applications in key sectors can help LDCs achieve economic growth. Additionally, collaborative approaches and inclusive governance frameworks are critical for ensuring that AI technologies are developed and applied in the public interest. Regulations and ethical guidelines are required to reduce risks while maximizing benefits.

Finally, increasing awareness of AI technologies and providing training opportunities can assist LDCs in leveraging AI for sustainable development. Policymakers, professionals, and the general public must be educated about the potential and risks of artificial intelligence.

### **Lessons from Finland's Story**

H.E Ms. Elina Kalkku, Permanent Representative of Finland to the United Nations shared the incredible journey of Finland, to emerge as one of the most advanced economies in the world.

She noted that building an innovative and diverse economy starts with laying a solid foundation in education, which includes developing education policies and investing in universities and science. Innovation policies, supported by a significant effort from the government and combined with private sector investments and multistakeholder approaches, are critical in driving innovation. Developing an innovative economy requires certain fundamentals to be met, such as a supportive regulatory environment, access to funding, a skilled workforce, and a robust infrastructure.

Stability and resilience are essential for a nation's survival. Finland's history teaches lessons about political unity, with external threats from the Soviet Union encouraging unity. The country's political learning curve included sharing power in coalition governments, accepting election results, and grasping the fundamentals of democracy.

Local democracy also played a role in resolving grievances. The country's social safety net and healthcare system have helped to strengthen its resilience, with an emphasis on inclusion and leaving no one behind. Basic healthcare for everyone, funded by taxes and low patient fees, emerged as part of the Nordic welfare state.

### **Main Takeaways from the thematic sessions<sup>1</sup>**

First, the critical importance of capacity building in LDCs was emphasized, highlighting the need for a well-educated and skilled workforce to tap into global market opportunities and spur innovation. Universities, vocational training centers, and other educational institutions in these countries are crucial for advancing locally led research and development, enabling youth to integrate into the global job market, and supporting entrepreneurs. Investing in developing the

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<sup>1</sup> For more extensive summaries of the thematic sessions, please refer to the document on the thematic sessions.

necessary infrastructure and curriculum to meet global standards is essential. The role of the online university for LDCs to strengthen the human capacity was emphasized.

In addition, the importance of a comprehensive and targeted approach to education and skills development programs, tailored to meet the specific demands of growth sectors like the green economy, AI, and ICT industries was highlighted. Bridging gender gaps in education and skills development was emphasized, with the inspiring example of the Asian University for Women, which helps disadvantaged women from various countries and societies achieve their dreams of becoming professionals and entrepreneurs.

Furthermore, discussions highlighted practical solutions for structural transformation in LDCs, emphasizing the role of agricultural incubators in promoting innovations like mobile irrigation systems, and the importance of smart agriculture and precision farming for smallholder farmers' economic mobility. The growth of MSMEs through better integration into global value chains, and leveraging digitization and e-commerce to overcome trade barriers, were noted. Service-led growth was encouraged through targeted support for startups in sectors like ICT, tourism, and fintech. A comprehensive strategy for sustainable transformation, exemplified by a broad-based industrial policy in Bangladesh and Nepal, were considered essential for overcoming structural and institutional deficiencies.

Moreover, conversations on export diversification in LDCs focused on sectors with potential and how to cope with the rapid advancement of AI-led technologies. The stark disparity in start-up initiatives, with LDCs having less than 1% of global start-ups, highlighted the need to scale up this potential, especially with only 54% of LDC youth having internet access. The UN Technology Bank for LDCs can support creating new business opportunities in technological frontiers. LDCs currently rely on low value-added goods and primary commodities for exports, facing financial, technological, and institutional challenges, and lack of international support for trade facilitation. Long-term solutions include developing conducive ecosystems, institution building, regulatory environments, and access to financing to foster private sector development.

Finally, the discussions critically examined the effectiveness of international support measures (ISMs) for LDCs in trade and development cooperation. There was concern over declining foreign direct investment, insufficient official development assistance, and the reduced share of LDCs in global commercial services exports. Many LDCs face growing debt burdens, limited fiscal space, and increased borrowing costs. Reinvigorated global partnerships at all levels are essential for enabling LDCs to fully benefit from ISMs and achieve sustainable development. Stronger support from development partners, international financial institutions, and multilateral development banks is essential for LDCs to benefit fully from ISMs and achieve sustainable graduation.

## **Closing**

The Second Future Forum closed with remarks by Hon. Mr. Ville Tavio, Minister for Foreign Trade and Development of Finland, Ms. Rabab Fatima, USG and High Representative UN-

OHRLLS and Hon. Mr. Felix Mutati, Minister of Technology and Science, Zambia. They underscored the importance of the discussions which provided important directions and recommendations to support the LDCs in their efforts to leverage the power of innovation to accelerate DPoA implementation and achieve the SDGs. The leaders called upon the support and collaboration of all stakeholders to generate knowledge-based and practical solutions to the pressing challenges of LDCs.