



LDC FUTURE FORUM

5–6 March 2024
Helsinki / Finland

INNOVATION FOR STRUCTURAL TRANSFORMATION IN LDCS

THEMATIC SESSION 2

INNOVATIVE ENTREPRENEURSHIP TO DRIVE STRUCTURAL TRANSFORMATION AND JOB CREATION

Background

The creation of decent jobs is one of the main reasons for promoting structural transformation in LDCs. The bulk of formal and informal employment in the private sector in LDCs is concentrated in micro-small and medium enterprises (MSMEs), many of which face impediments to adopt innovations and grow. Innovative entrepreneurs can enhance productivity, which in turn can lead to higher wages and enterprise growth.

E-commerce is often seen as an enabler for a resilient and inclusive integration of LDCs in regional and global value chains. Several LDCs are investing in infrastructure, such as building e-commerce platforms, while also developing skills and payment solutions, but their success is constrained by gaps in technology, infrastructure and skills.

The features of manufacturing that were considered uniquely conducive for productivity growth - such as international trade, economies of scale, inter-sectoral linkages, and innovation - are increasingly dominated by the services sector. However, enhanced human capital is still needed to enable high-skill global innovator services, such as ICT, finance, and professional services – which have the largest scope for scale innovation and spillovers - to absorb more labor and reduce gender pay gaps.

Adoption of technological innovations is essential to increase labour productivity in sectors crucial to LDCs such as in agriculture. Yet, the adoption of technological innovations has been lagging in most LDCs, due to limited access to technology as well as constraints related to the demand side and the institutional context.

Guiding questions:

- How can digitalisation and e-commerce be used as enablers for a resilient and inclusive integration of LDCs in regional and global value chains?
- How can E-Commerce create opportunities for MSMEs?
- How can LDCs leverage the increasing market share of the services sector to stimulate services-led development?
- How can agricultural incubators drive entrepreneurship among small farmers?