

Annual Ministerial Meeting of Foreign Ministers of Landlocked Developing Countries

23 September 2020
08:00 – 11:00 AM (Virtual meeting)

Theme: Partnering for accelerated implementation of the VPoA and achieving sustainable development in LLDCs in the COVID-19 Era

Talking points for Mr. Paul Akiwumi, Director, ALDC Division, UNCTAD

Excellencies,

Ladies and Gentlemen,

It is a great pleasure to address you at this annual gathering dedicated to the implementation of the Vienna Programme of Action for Landlocked Developing Countries (LLDCs). This meeting is taking place during a severe socio-economic crisis, which is threatening to undo decades of development progress. And LLDCs are among the most vulnerable to its devastating effects.

To be sure, the performance of LLDCs had lagged behind the goals and targets of the VPoA even before the beginning of the pandemic in March 2020. The pandemic exacerbated the already weak and vulnerable socioeconomic performance of LLDCs. These countries' economies remain driven by primary commodities. This means that the sustainability of economic growth depends on global demand, commodities prices, and an overall development-friendly environment.

The Coronavirus pandemic has already imposed significant challenges on LLDC's health systems but also on their economies. In April of this year, economic forecasts show that LLDCs as a group would see a GDP contraction of 0.65% in 2020, from 4.3% growth in 2019. And this assessment has since been revised downwards.

The fall in international prices of oil, natural gas and minerals since the pandemic has already had a devastating impact on LLDCs that depend on the export of extractive resources. The services sector is also heavily affected: Indeed, tourism, travel, and hospitality – a major source of income for many LLDCs, has virtually collapsed. A similar picture is emerging in FDI and remittances, which are expected to contract by at least 20% this year.

These dismal trends have put into question the viability and sustainability of primary commodities-driven growth. New generation domestic policies and international support mechanisms are urgently needed. By this we mean:

- **First**, there is a need to move away from a commodity-based growth pattern to a more balanced, inclusive growth-pattern. This requires the fostering of productive capacities and structural transformation. UNCTAD's PCI can be a helpful tool in this regard.
- **Second**, there is a need to move away from the current fragmented and project-based interventions towards comprehensive and multisectoral programme formulation and implementation.
- **Third**, achieving productive transformation requires significant additional resources. In particular, more international aid needs to be allocated to supporting the productive sectors of the economy.
- **Lastly**, the international community should support the LLDCs in their efforts to fight the COVID-19 pandemic and its economic fallout. In this context, UNCTAD called for a series of measures, including a US\$ 2.5 trillion rescue plan for developing countries, as well as ringfencing and increasing ODA, in addition to the already agreed moratorium on debt service payments.

Excellencies, Ladies and Gentlemen,

Unless urgent action is taken to support the LLDCs in overcoming the crisis, the targets of the VPoA will be missed, and the SDGs will be out of reach. Building resilience to crises requires development policies for inclusive growth, which are centered on fostering productive capacities and structural transformation.

UNCTAD stands ready to assist LLDCs in working to overcome this crisis and scale up their efforts towards the goals of the VPoA.

Thank you very much.