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**Opening Statement as Delivered by Dr. Noeleen Heyzer,  
Under-Secretary-General of the United Nations & Executive Secretary of  
the Economic and Social Commission for Asia and the Pacific**

**Special Body on Least Developed Countries &  
Landlocked Developing Countries  
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Mr. Chair,  
Distinguished Delegates,  
Ladies and Gentlemen,

### **Introduction**

It gives me great pleasure to welcome you all to the Special Body on Least Developed Countries and Landlocked Developing Countries (LLDCs). Our shared regional focus on countries with special needs is one of the central aspects of our evolving Asia-Pacific framework for inclusive and sustainable development.

The agenda for this year's Special Body includes two key items, namely the Final Regional Review of the Almaty Programme of Action for Landlocked Developing Countries (APoA) and the Biennial Review of the Istanbul Programme of Action for the Least Developed Countries (IPoA).

*Mr. Chair, Ladies and Gentlemen,*

### **Forging the Vientiane Consensus**

I am pleased to report that ESCAP, and the Government of the Lao Peoples Democratic Republic, in cooperation with the Economic Commission for Europe (ECE) and the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States (OHRLLS), successfully organized the Final Regional Review of the APoA in Vientiane, from 5 to 7 March this year.

Our deep gratitude goes to the Government of Lao PDR for hosting such a successful consultation. Attended by more than 120 participants from the Euro-Asian LLDCs, transit countries, and development partners, the meeting adopted the *Vientiane Consensus*, as contained in document E/ESCAP/69/1, which has been placed before you under agenda item 2(a).

ESCAP's role in the meeting helped to forge a consensus outcome that is development-oriented and people-centred. There was also a distinct change in the mind-set of many LLDCs which had previously regarded themselves as disadvantaged by history and geography. The regional meeting saw many of these LLDCs shift their perceptions, realizing that they are land-rich and land-linked, not just landlocked countries, that should play a critical role as land bridges and hubs, connecting the countries of our region through land transport corridors.

The meeting also achieved much towards realising ESCAP's vision of an international integrated intermodal transport and logistics system in Asia – combining the Asian Highway and Trans Asian railway networks, together with the network of dry ports, and linking our LLDCs to higher growth coastal areas.

I would therefore strongly urge those member States that have not yet done so, to consider becoming Parties to these agreements. I firmly believe that with the support and cooperation of transit countries and the international community at large, LLDCs can realize their full development potential and play an important role in our wider regional development agenda.

*Mr. Chair, Ladies and Gentlemen*

### **Key Provisions of the Vientiane Consensus**

The *Vientiane Consensus* noted that significant progress has been achieved by landlocked and transit developing countries in implementing the APoA, with the support of ESCAP, ECE, OHRLLS, relevant international and regional organizations and other development partners – but that much remains to be done.

Progress in implementing the APoA has been affected by the high structural vulnerability of the LLDCs. With the world economy having experienced multiple shocks and significant changes over the last few years, these vulnerabilities have been further accentuated. Many have also been severely affected by climate change and natural disasters.

The Special Body will be interested to note that the *Vientiane Consensus* broke new ground, by taking a broader view of the development processes of LLDCs, and identified five key broad priorities for the global review and the debate about the post-2015 development agenda.

Firstly, it highlighted the importance of focusing on job-creating and equitable growth, as a part of the inclusive and sustainable development strategy of LLDCs, through appropriate structural transformation of economies and by strengthening education and vocational training, nutrition and health, gender equality and woman's empowerment, and social protection.

Secondly, it stressed that LLDCs must seek to diversify their economies in favour of value-adding products, to reduce their vulnerability to commodity prices shocks. They could also focus on development of services sectors like tourism, ICT services, energy production and transmission, education and health, finance and banking, that are not dependent on the access to the sea, for creation of incomes, jobs and exports.

Thirdly, LLDCs may focus on providing a stable macroeconomic, trade and investment regime to mobilize domestic as well as foreign private investments and public-private partnerships (PPP) for closing the infrastructure gaps and for building productive capacities.

Fourthly, LLDCs should deepen regional economic integration at subregional, regional and broader levels. Regional economic integration would assist in LLDCs' participation in the regional value chains, and enable them to tap expanding markets in the neighbourhood for their products and services. Deeper regional networks also create mutual interdependencies with transit countries and other countries in the neighbourhood, which may help to reach out to global markets through smoother transit links.

Finally and most critically, a successor to the Almaty Programme of Action, should encourage the international community to renew its commitment to continued support to LLDCs in addressing their challenges. This could cover facilitation of the WTO accession of

LLDCs on easy and expedited terms, transit and transport facilitation by the neighbouring countries, enhanced and better quality flows of ODA, aid-for-trade and FDI, and capacity building support for productive and trade capacity development and climate change mitigation. Given their structural constraints, they should also be offered preferential market access including duty-free-quota-free market access for LLDCs that are also LDCs by all developed countries and by developing countries that are in a position to do so.

I am confident that this Special Body, noting the value of the *Vientiane Consensus*, will consider recommending to the Commission that it should be transmitted as our regional contribution to the global final review of the APoA next year.

*Mr. Chair, Ladies and Gentlemen,*

### **The Istanbul Programme of Action**

Let me now touch briefly on agenda item 2(b), namely the biennial review of the Istanbul Programme of Action for LDCs as contained in document E/ESCAP/69/2. You will recall that the Special Body discussed the IPoA at length during its last session, in May 2011, requesting me to extend support to the LDCs in implementing the new programme of action.

With this in view, ESCAP organized capacity development programmes for the LDCs, the latest of which was the Asia-Pacific regional meeting on the Implementation of the IPoA in Siem Reap, Cambodia in December last year. This was in preparation for the biennial review of the IPoA that will be conducted today. The meeting in Cambodia adopted the Siem Reap Outcome Document, which forms the basis of document E/ESCAP/69/2. I would like to take this opportunity to thank the Government of Cambodia for hosting this important meeting.

Highlighted in the document before you are key aspects of the progress in implementing the IPoA, and the challenges encountered by LDCs during the last two years. Although Asia-Pacific LDCs have made good headway, achieving economic growth averaging 6.3 per cent during 2012, they remain deeply vulnerable to global events and trends.

Asia-Pacific LDCs, like most other low income countries, are extremely vulnerable to external shocks such as food, fuel, and economic crises, natural disasters and climate change. We must focus on helping them to build resilience to these challenges, which is also why the ESCAP Theme Study this year, on building resilience, is so relevant to this meeting of the Special Body.

One of the biggest constraints to LDC development is limited productive capacity. This results in weak exports, limited employment generation, and reduced resources for social development. More efforts are needed to increase “value add”, particularly in natural resource-based industries, diversifying local productive and export capability. Promotion of resource-based industries must also pay sufficient attention to environmental and land issues.

Also identified at the Cambodian meeting was the value to LDCs of agriculture and marine resources, for ensuring food security as well as livelihoods. Significant progress has been made in increasing food supply and building rural infrastructure, but agricultural development is hampered by climate change, environmental degradation, extreme weather events, loss of biodiversity, as well as declining water supply and quality. LDCs alone cannot deal with these grave challenges - international action and partnerships are urgently needed.

The Asia-Pacific LDCs face serious human and social development challenges, especially due to the significant burden of poverty and inequality. Poor communities in LDCs have especially limited access to essential services such as education, health, water and

sanitation, shelter and productive resources, all of which prevents them from effectively participating in the economic opportunities of rising Asia. To overcome these challenges, innovative programmes for national, technical and vocational education and training are needed, especially for women and girls.

*Mr. Chair, Ladies and Gentlemen,*

### **Global and Regional Trade**

Despite some increase in participation, the share of the Asia-Pacific LDCs in global trade remains marginal. Moreover, multiple global economic and financial crises, rising and fluctuating food, energy and other commodity prices, and global instability over the last decade have increased their vulnerability to trade shocks.

In this regard, the removal of trade restrictions on exports from the LDCs would make a significant contribution to raising incomes, boosting long-term economic growth, increasing financial flows and reducing their dependence on aid and debt relief. To achieve these goals, trade facilitation policies must be supported by a range of other complementary policies and concessional aid that will build up supply-side capacity and also boost productive capacities.

The Asia-Pacific LDCs also suffer from a serious lack of the financial resources necessary to accelerate inclusive growth and sustainable development. Low levels of per capita income, a small tax base, as well as the burden of high debt, limit the availability of domestic financial resources. As such, these countries continue to rely heavily on external resources including FDI, concessional ODA and private flows such as remittances, for growth and development.

In view of the serious structural disadvantages of the LDCs, assistance through external resources such as ODA will have to play a key role in supporting their economic development and social progress. These countries need external resources to build their economic and social infrastructure especially for investing in basic services such as water, sanitation, energy, transport, shelter, health, and education.

Such resources could complement LDCs' national efforts aimed at expanding and diversifying their productive capacities, promoting FDI and trade, adapting technological innovations, fostering gender equality, ensuring food security, and reducing income poverty.

*Mr. Chair, Ladies and Gentlemen,*

### **Conclusion**

In conclusion, the Special Body has an interesting and challenging agenda. It is my hope that you will arrive at concrete recommendations for dealing with the specific challenges faced by LLDCs and LDCs, for endorsement by the Commission.

Your recommendations will then be used in designing ESCAP's capacity development activities in assisting LLDCs and LDCs.

I look forward to working closely with you in implementing the Istanbul Programme of Action for LDCs and the new Programme of Action for LLDCs during the coming years.

I wish the Special Body every success.

I thank you.