

# Least developed countries: Development challenges and policies in the 2020s

Course on Key Issues in the International Economic Agenda  
Short course for Permanent Missions in Geneva

**Rolf Traeger**

Chief, LDC Section

Geneva, 3 May 2022

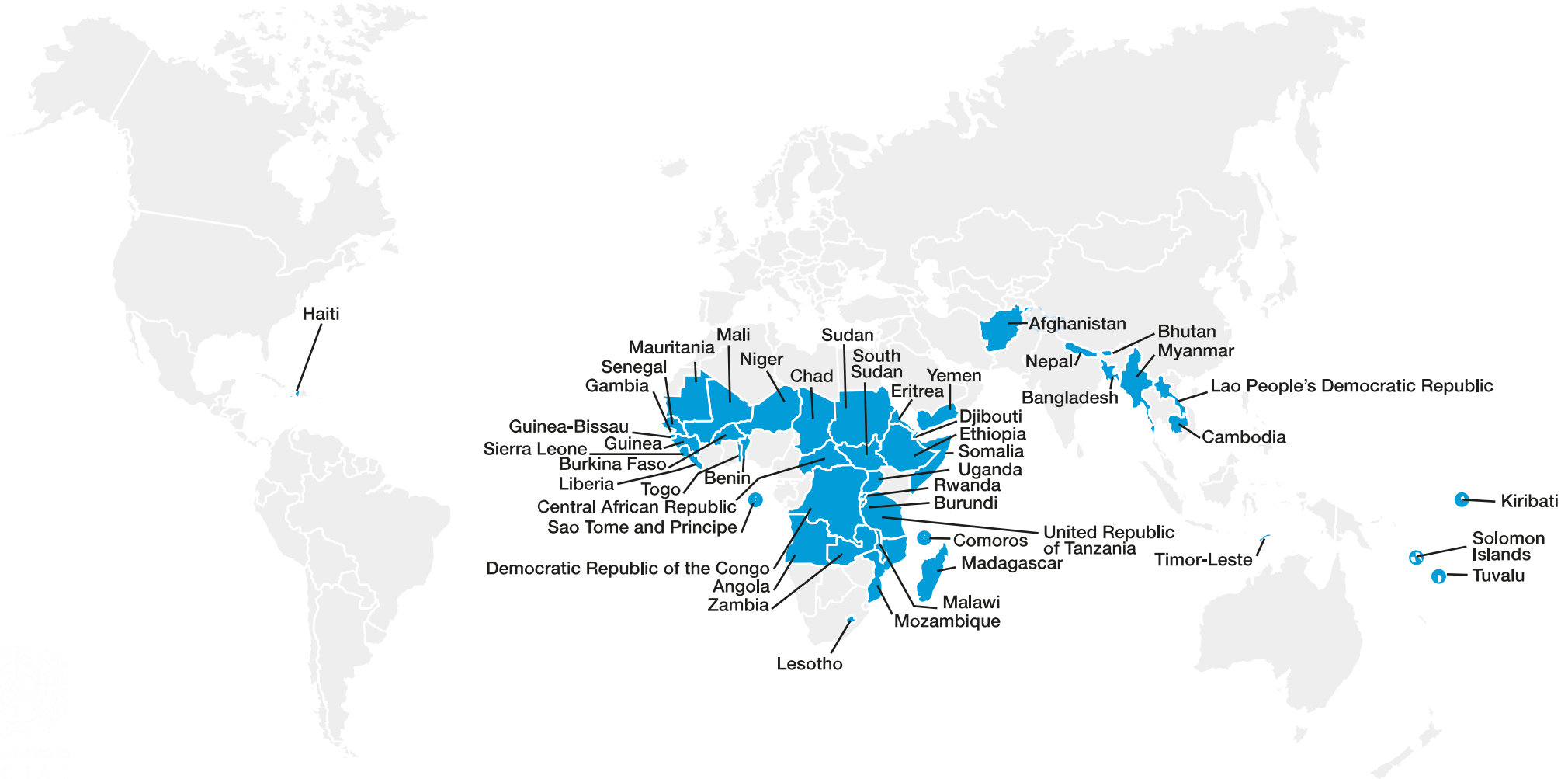


UNITED NATIONS  
UNCTAD

# Least Developed Countries (LDCs)

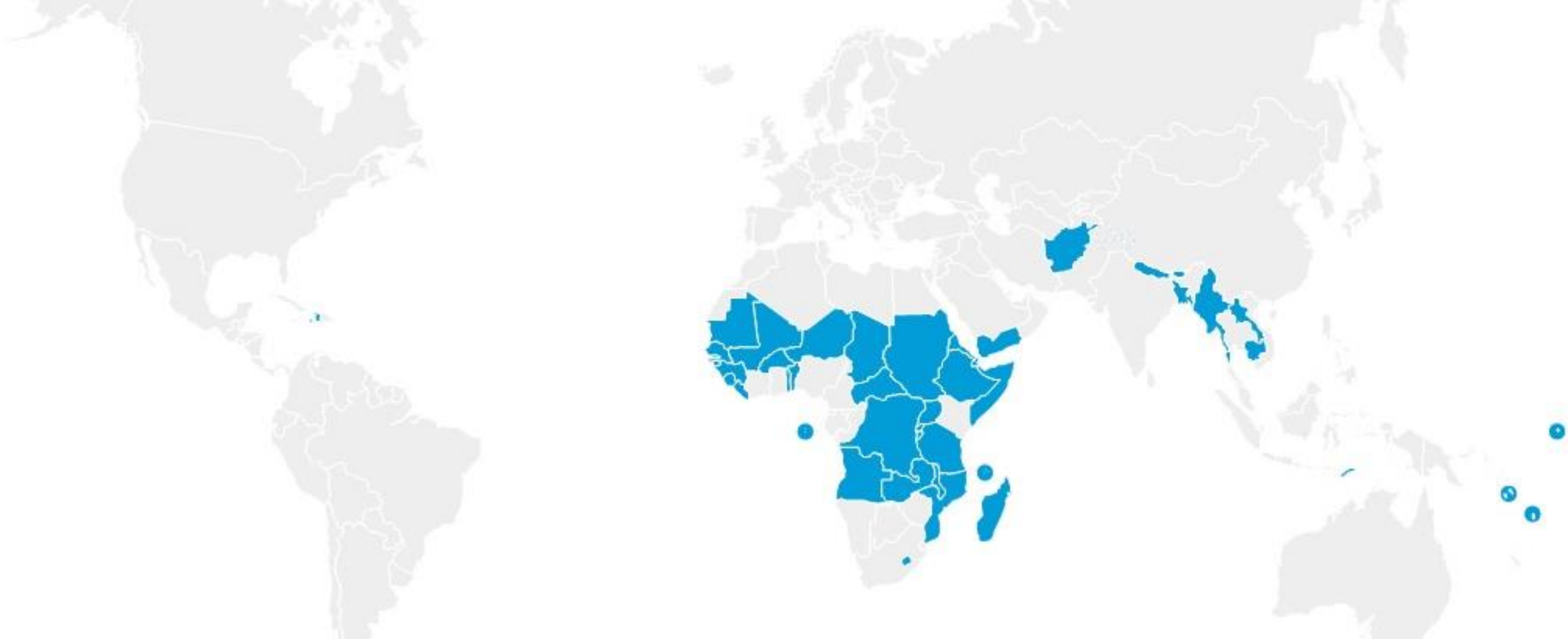
(46 countries)

Africa 33, Asia 9, Caribbean 1, Pacific 3



# This presentation

1. Major challenges of the LDCs in the 2020s
2. The Doha Programme of Action for LDCs
3. Policy priorities for the 2020s



# 1. Major challenges of the LDCs in the 2020s

# LDC challenges

according to participants →

## What are the major challenges of the LDCs in the 2020s?

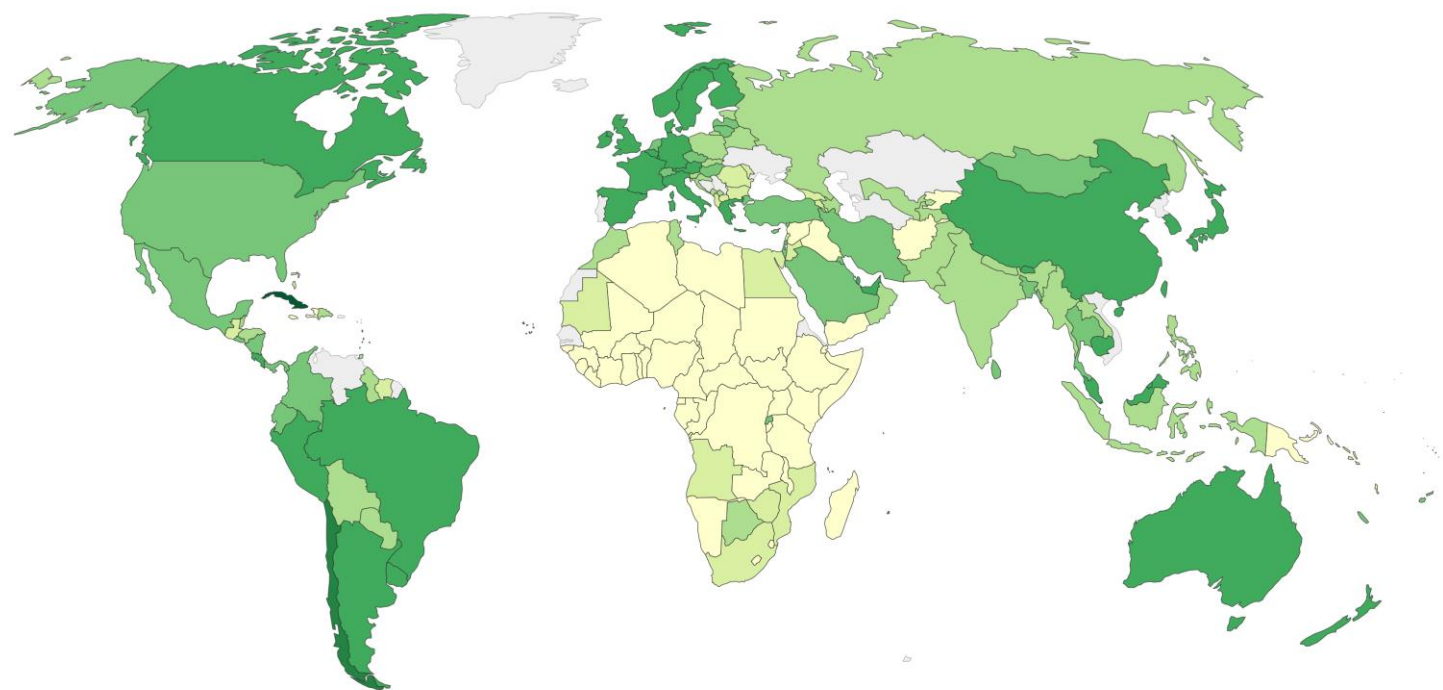


# “Long COVID” – economic & social

- Vaccine inequality
- Economic recovery
- Slow structural transformation
- Poverty
- Education

# Vaccine inequality

COVID-19 vaccine doses administered per 100 people, May 1, 2022  
All doses, including boosters, are counted individually.

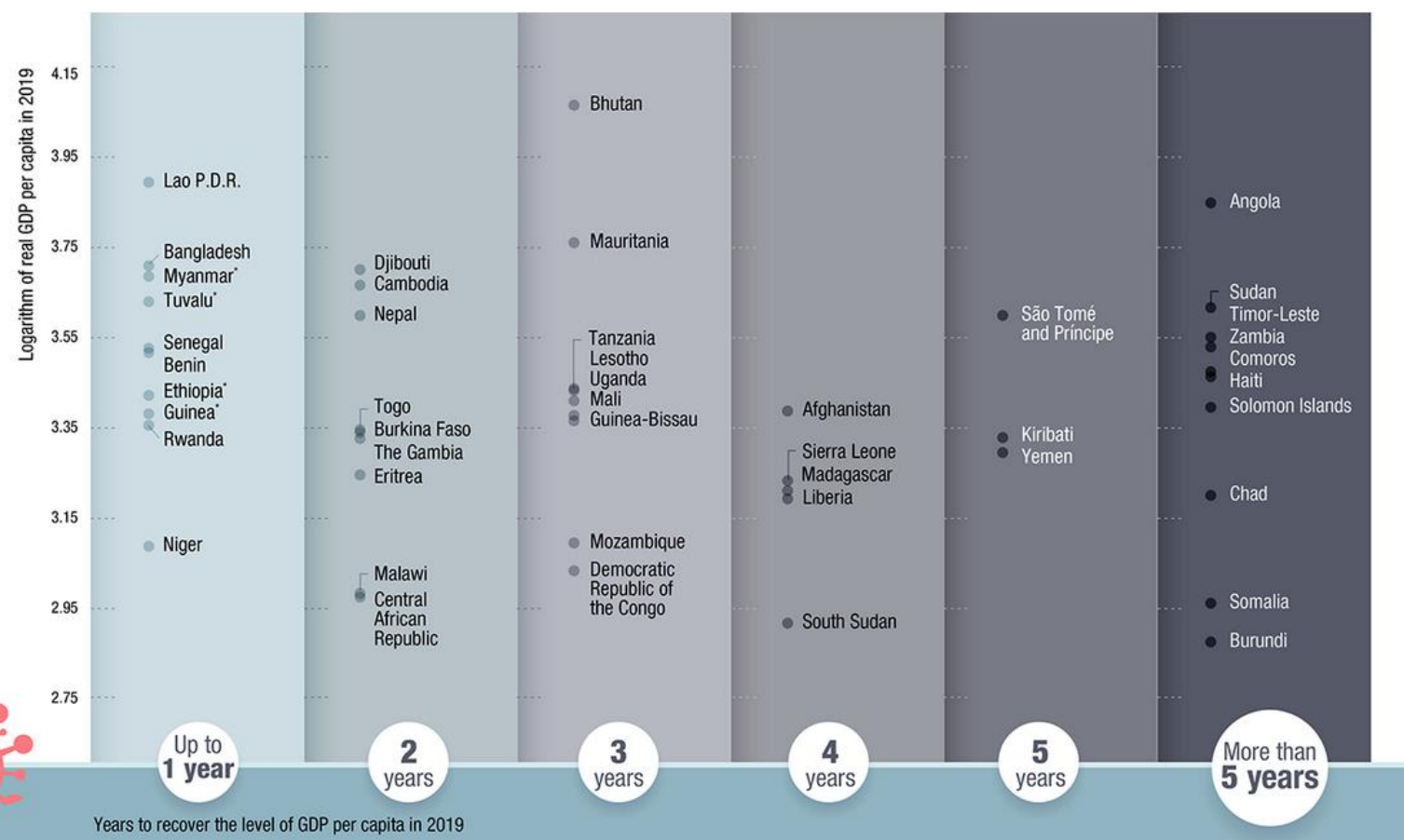


Vaccination rates in most LDCs continue to be abysmally low



# Slow economic recovery

Years to recover the level of GDP per capita of 2019



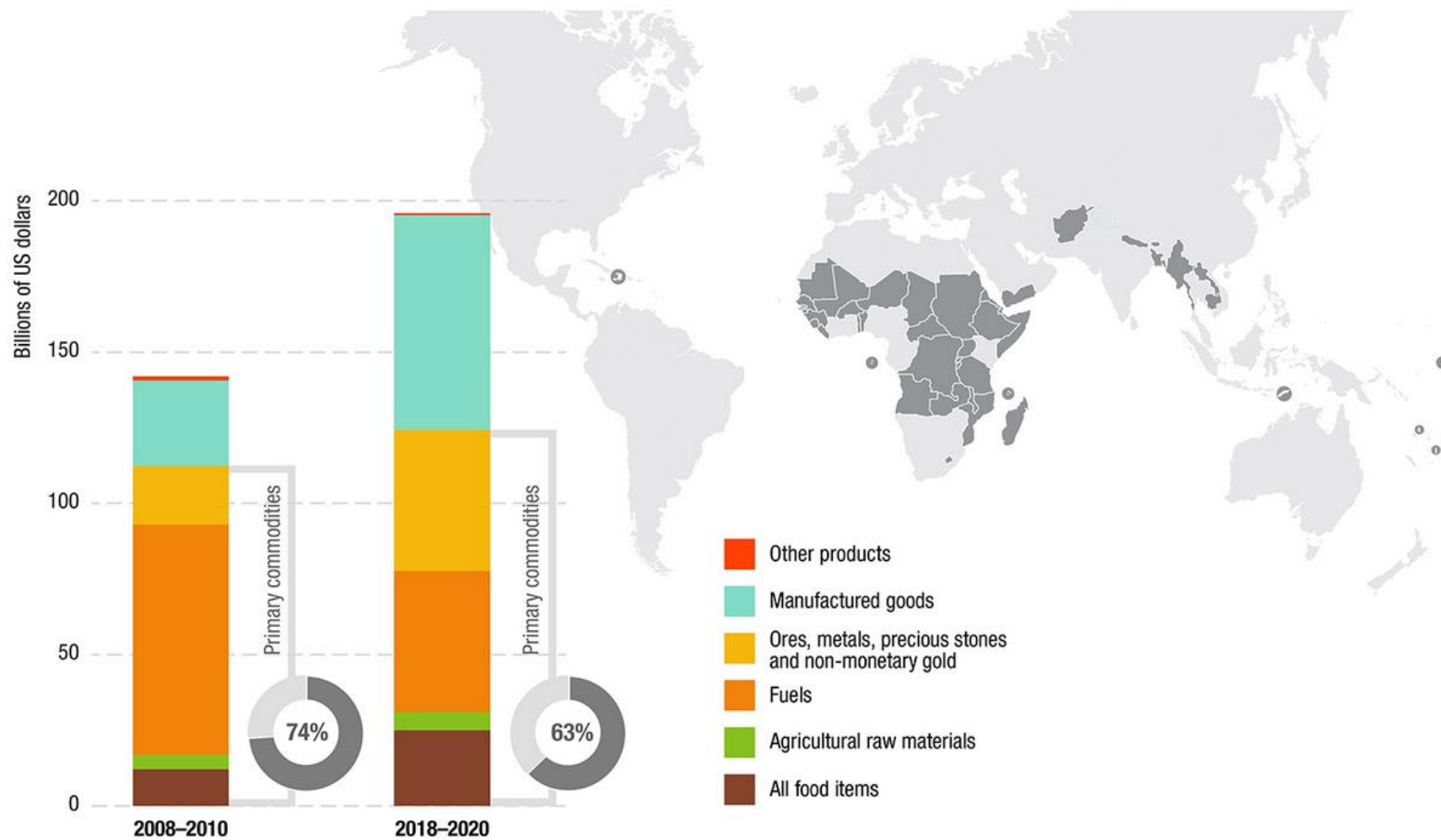
For 13 LDCs it will take 5 years or more to recover the pre-pandemic income level





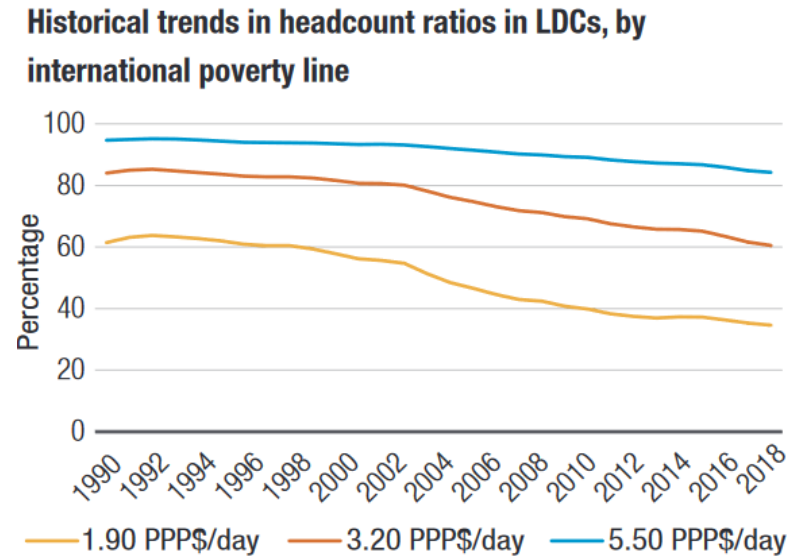
# Slow structural transformation

Lingering  
commodity  
dependence



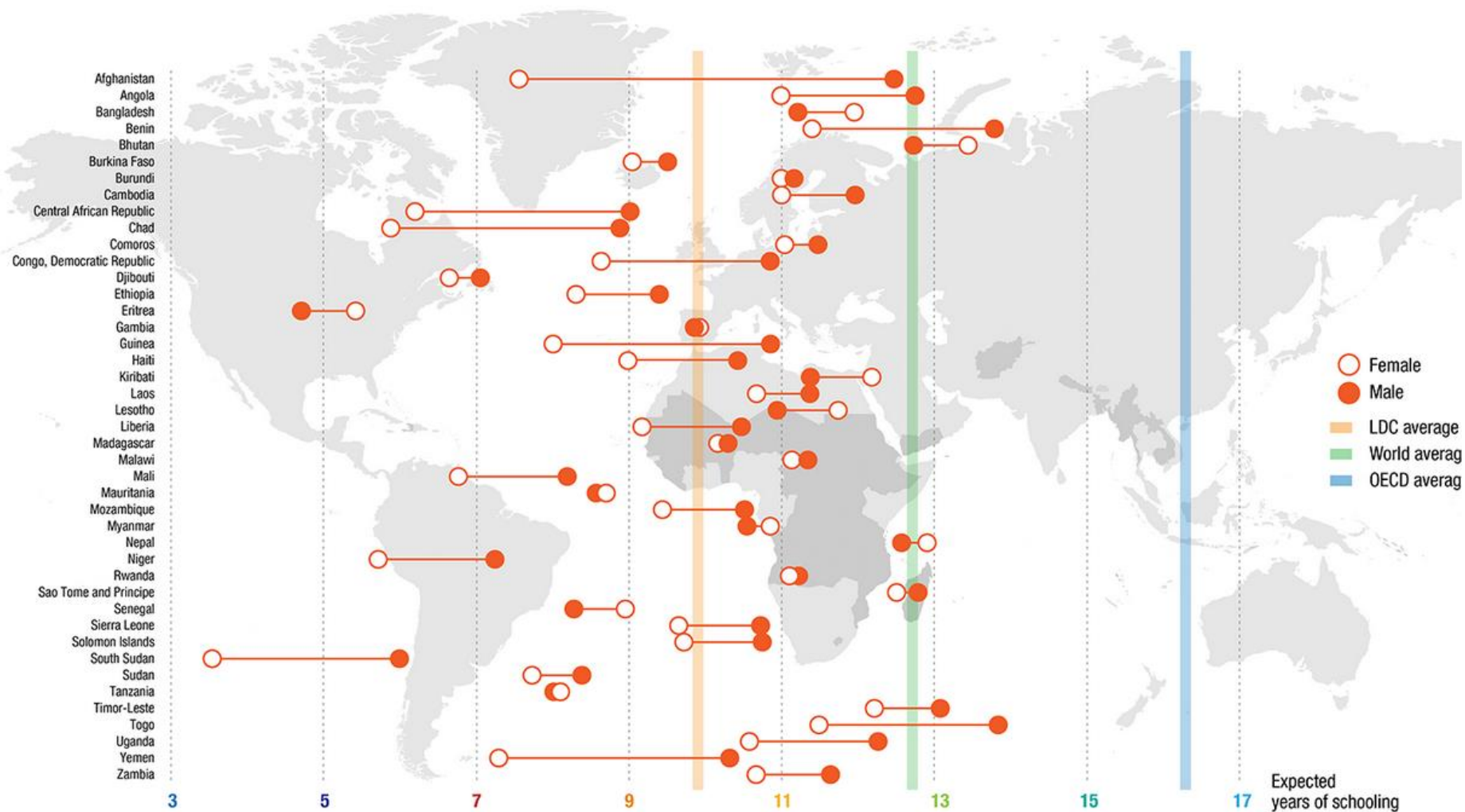
# Poverty

COVID shock reversed pre-pandemic poverty reduction trend



- Some 35 million people were pushed into extreme poverty
- Poverty ratio ↗ 3.3 points to 33%

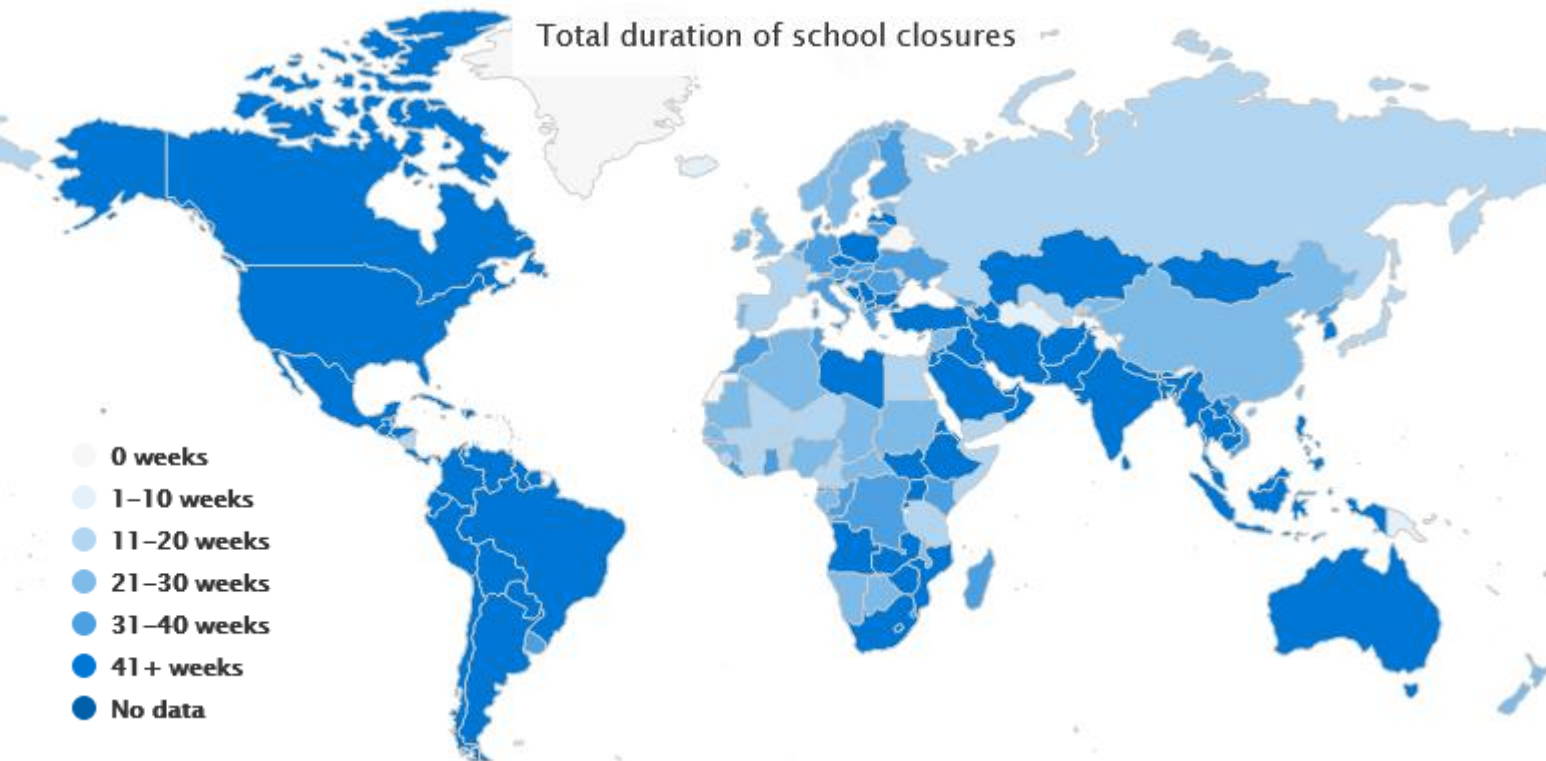
# Education



Situation was critical already before the pandemic

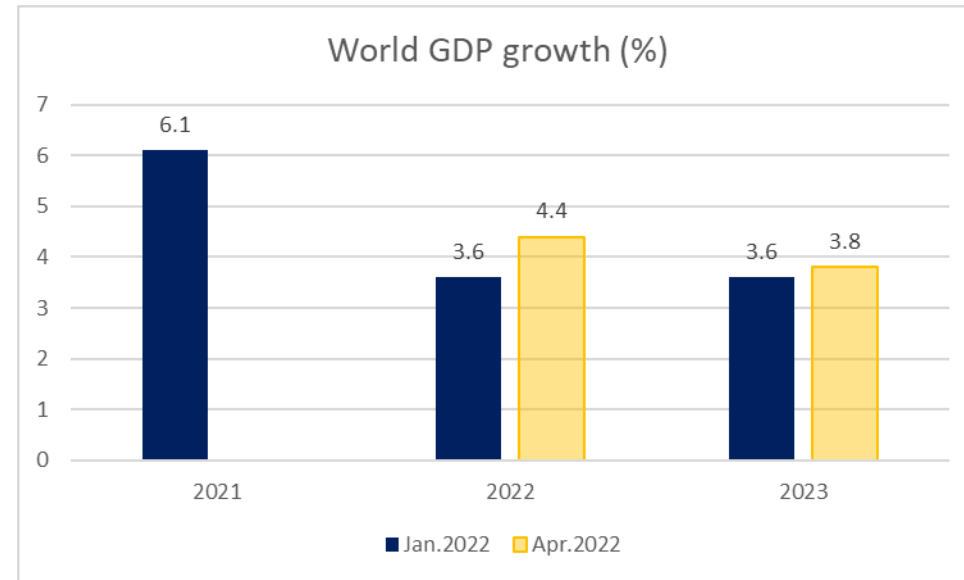
# Education

- 43% of households: no internet access
- Consequences:
  - ✓ Interrupted learning ⇒ child labour, early marriage, teenage pregnancies, child recruitment by militias
  - ✓ Conflict between work and childcare obligations for parents



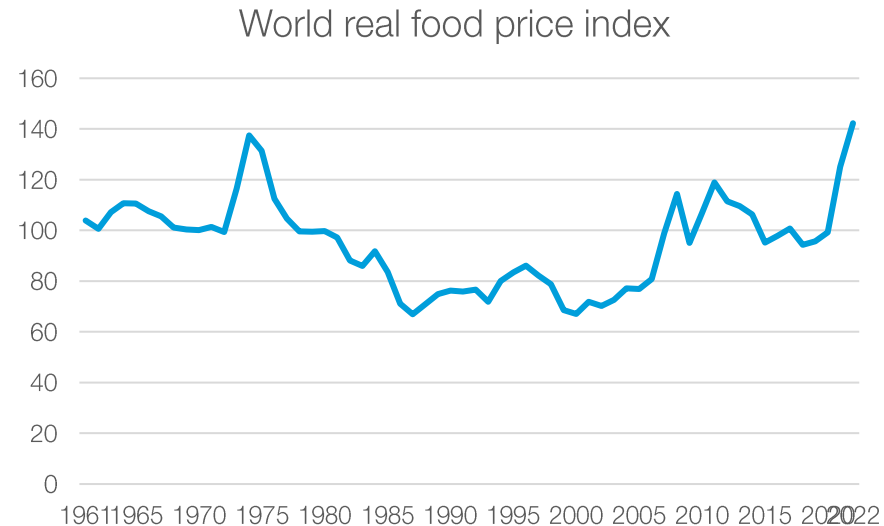
# COVID shock aggravated by war shock

- Slowdown in world economy
- ↗ Energy prices
  - 38 LDCs are net fuel importers
- ↗ Fertilizer prices



# COVID shock aggravated by war shock

- ↗ Food prices
  - 40 LDCs are net food importers
  - ↗ ↗ poverty
- ↗ ↗ Current account deficits



# Inflation & monetary policy

- ↗ Inflation (2022)
  - Developed countries: 5,7% (vs. 3.9% previously forecast)
  - Developing countries: 8.7% (vs. 5.9% previously forecast)
  
- ↗ Interest rates in developed countries
  - Consequences for developing countries & LDCs

# Looming debt crisis



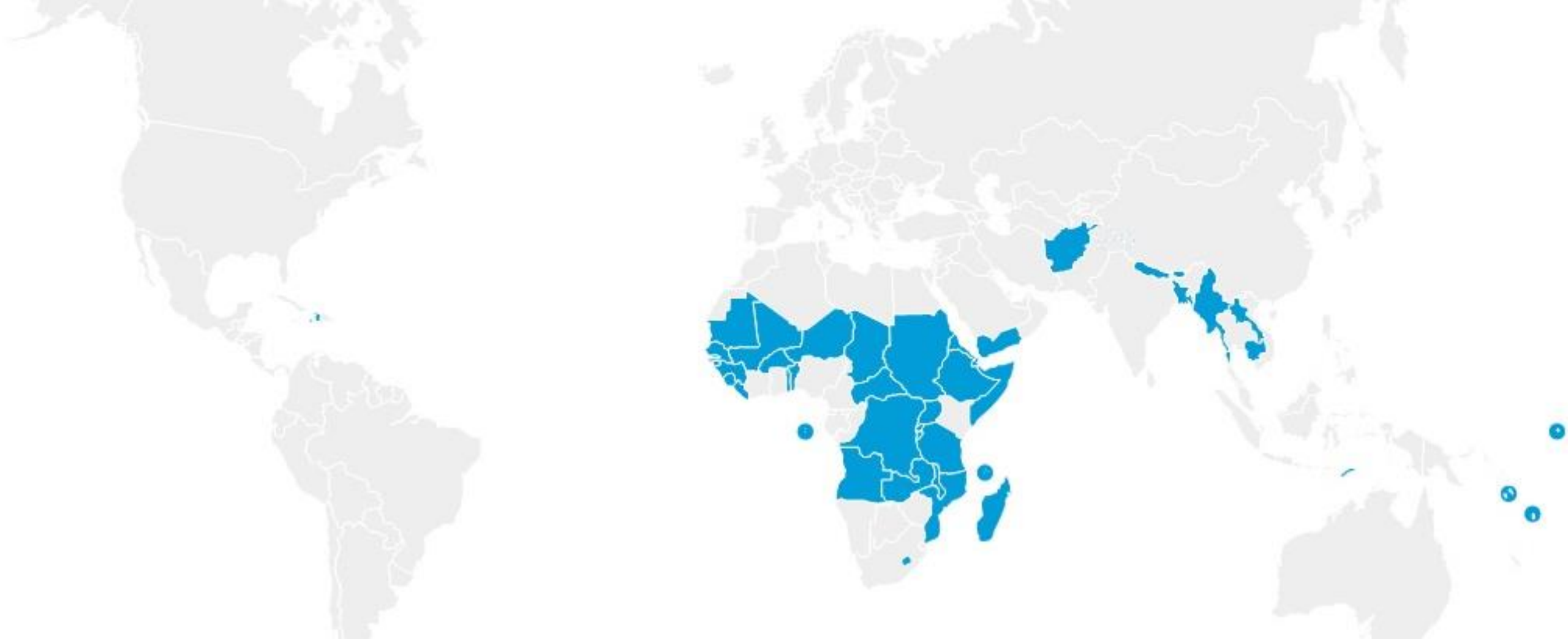
  
Total debt service  
on external debt  
(Billion US\$)

  
Total debt service  
(percentage of exports of  
goods, services and primary  
income)

Before beginning  
of war

- 4 LDCs in debt distress
- 17 LDCs at high risk of debt distress





## 2. The Doha Programme of Action for LDCs

# Focus areas

- a. Investing in people
- b. STI against vulnerabilities and for SDGs
- c. Structural transformation
- d. Enhancing international trade & regional integration
- e. Climate change, environmental degradation, COVID-19 & building resilience
- f. Sustainable graduation

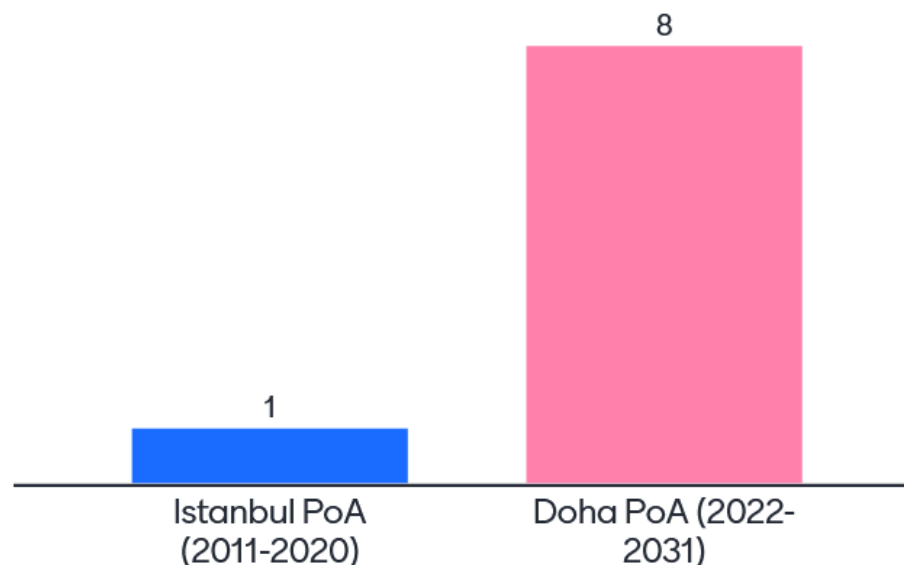
# “Deliverables”

- Sustainable graduation support facility (iGRAD)
- International Investment Support Centre
- Online university for LDCs

# LDC Plans of Action

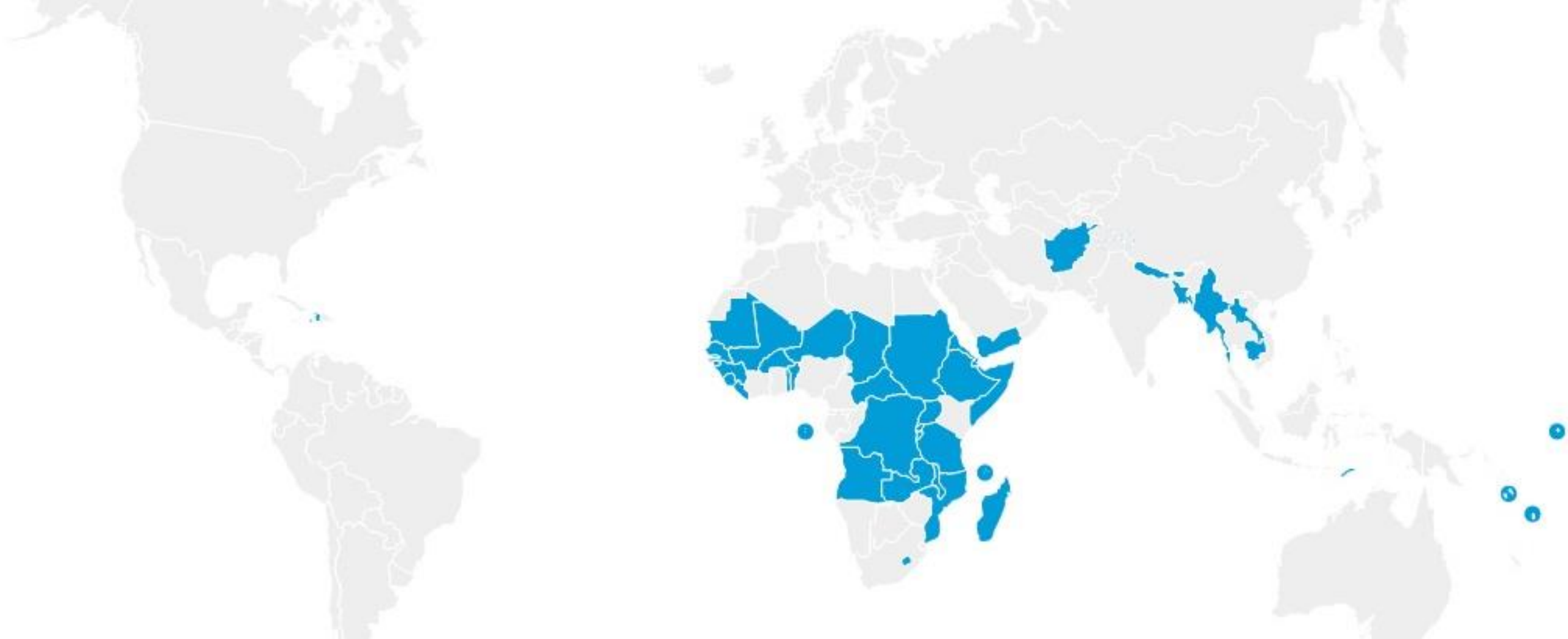
according to participants →

Which plan of action is more favourable to LDCs?



# Overall

- Updated to present priorities
- Strong emphasis on graduation
- Strong on ambition, limited on means of implementation

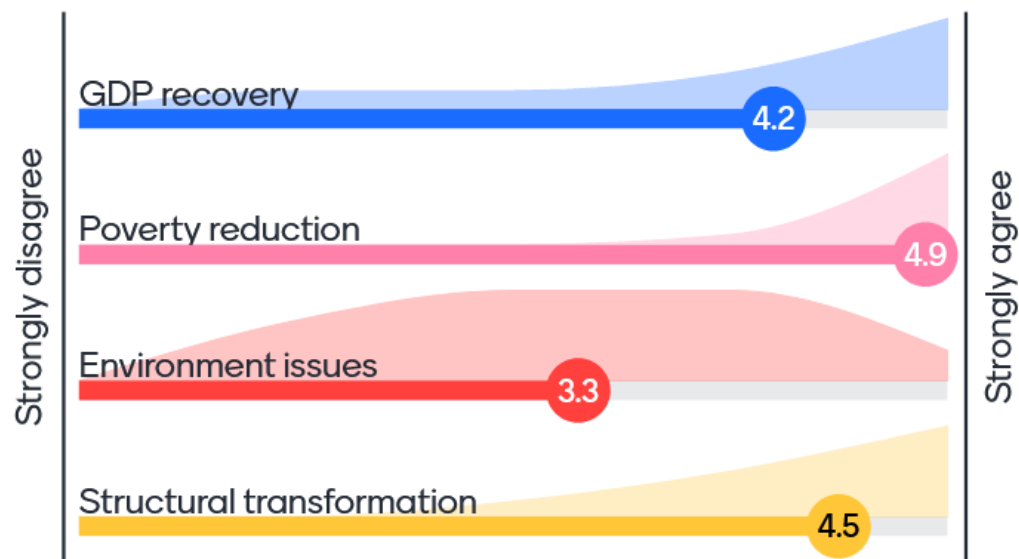


# 3. Policy priorities for the 2020s

# LDC policy priorities

according to participants →

## What are the policy priorities for LDCs in the 2020s?



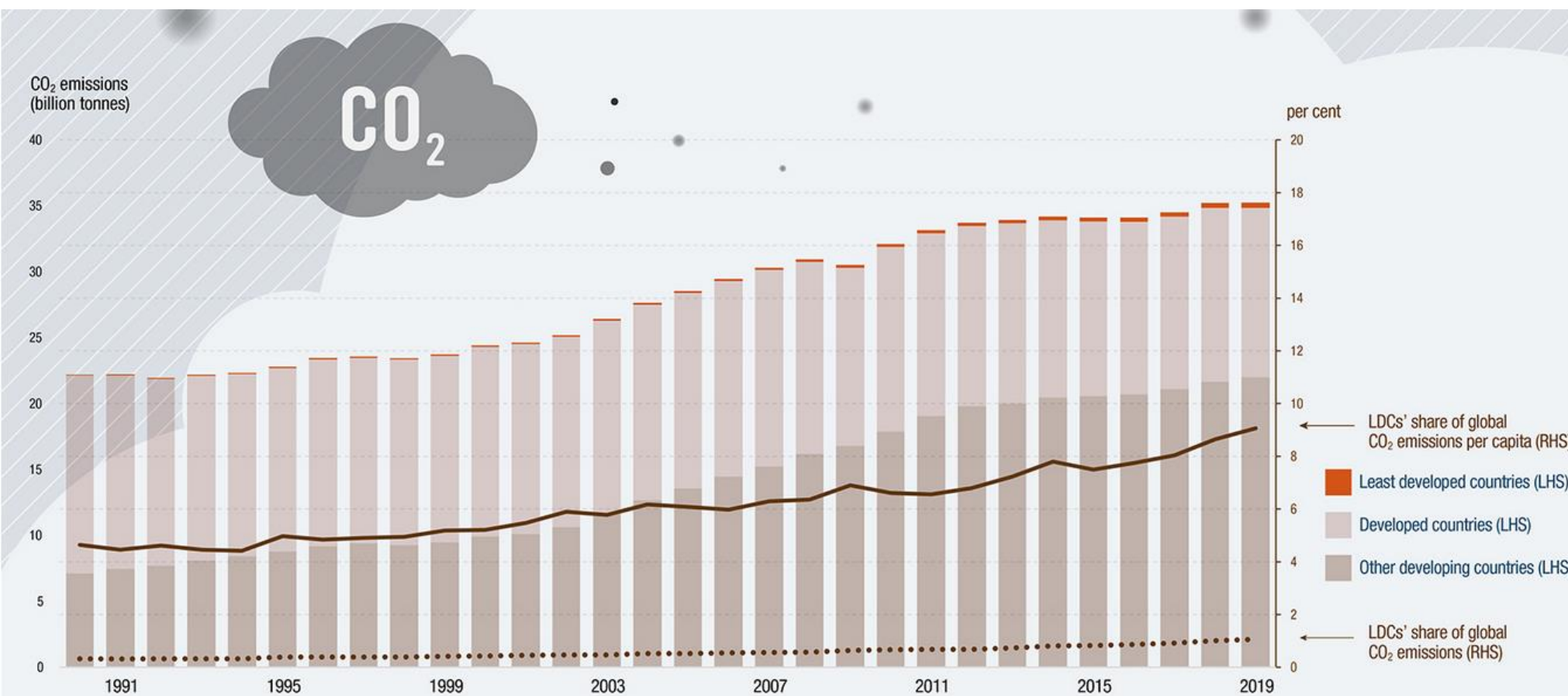
# Strategic priorities

- Insist on engagements of DPoA taken by development partners
- Build resilience
- Build (back) differently, rather than build back better



# Environment

LDCs: negligible contribution to climate change...



Common but differentiated responsibilities

# Environment

... but LDCs need to take environmental issues into account in future due to:

- Rising extreme weather events
- Need to adapt economic structure to changing environmental realities

⇒ **Green structural transformation**

# Different development paths

- Look for alternatives, e.g. regional integration (rather than just global integration)
- New forms of financing for development
- New mechanisms for building technological capabilities of LDCs

# Thank you!

