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**Statement**

**by**

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**at the Fifth Meeting of Trade Ministers of LLDCs**

**Item 5: Aid For Trade – Enhancing connectivity of  
the LLDCs**

**23 to 24 June 2016  
Conference Room W, World Trade Organization**



Mr. Chairman,  
Distinguished Ministers,  
Excellencies  
Ladies and Gentlemen

As previous distinguished speakers mentioned, it is well recognized that LLDCs need strengthened international support and broad partnerships in order to improve their economic and trade competitiveness, enhance productive capacities and address supply side constraints. The 2030 Agenda for Sustainable Development and the Addis Ababa Action provided placed the special challenges and needs of LLDCs high on the global development agenda. The VPoA is recognized as an integral part to the 2030 Agenda.

Mr. Chairman,

ODA remains a critical source of external finance for many LLDCs. According to the recent report of the Secretary General of the United Nations on the implementation of the Vienna Programme of Action, in 2013, net ODA to LLDCs has increased by 7.6% compared to 2012, to \$24.7 billion. However, this is still lower than the level of US\$26.5 billion reached in 2010. Over the period of 2003-2014 44% of the ODA was allocated towards social infrastructure (Education, health and other social sector); 13% was allocated for the economic infrastructure, including transport, communication, energy and storage infrastructure; 12% towards debt relief; 8% towards production sectors, including agriculture, mining, tourism, industry and others.

In view of priorities of the VPoA and SDGs ODA needs to be redirected in particular towards developing reliable, sustainable and resilient infrastructure, Value-addition and diversification and enhance capacities to link LLDCs to the regional and global value chains.

Aid for trade is an essential part of ODA related to improving countries' capacity to trade-related matters including trade policy and regulation, trade development, trade-related infrastructure, and building productive capacity. The Vienna Programme of Action stresses the important role played by Aid for trade in increasing the competitiveness of their products in export markets and in linking to or moving up the global and regional value chains. The Addis Ababa Action Agenda stresses that technical assistance and improvement of trade- and transit-related logistics are crucial in enabling LLDCs to fully participate in and benefit from multilateral trade system, effectively implement policies and regulations aimed at facilitating transport and trade, and diversify their export base.

Aid for Trade disbursements to LLDCs in 2014 amounted to US\$ 6.5 billion, having gradually increased from US\$ 3.7 billion in 2003. However aid for trade disbursements declined between 2013 and 2014. It is important to improve the aid for trade disbursements to the LLDCs.

Mr. Chair

South-South and triangular cooperation plays an important role in complementing ODA to LLDCs, through its contribution to human and productive capacity-building, financial and technical assistance, the sharing of best practices and technology transfer. Developing countries

should, under the spirit of South-South Cooperation, provide support in particular in the priority areas of the Vienna Programme of Action, in order to aid sustainable development efforts of the LLDCs.

Technology and innovation are critically important for LLDCs, in particular given that most of their exports are dominated by low-value primary commodities and products with very low technology content. By investing in the development, transfer and absorption of technology and by fostering innovation, LLDCs can move up the value chain faster and drastically reduce the cost of transport.

The private sector's role in fulfilling means of implementation is key. For example international private finance has a catalytic role in LLDCs in promoting entrepreneurship, enhancing value addition, productive capacity, transit transport infrastructure and, completion of missing links connecting LLDCs with the regional network.

The LLDCs receive relatively low amounts of foreign direct investment (FDI) when compared to other developing countries. As a group, LLDCs accounted for 2.4 per cent of total global FDI inflows in 2014 and LLDCs' FDI receipts fell by 3 per cent to \$29.1 billion in 2014 for the third consecutive year.

Targeted financial and technical support is needed to build institutional and human capacities in LLDCs aimed at creating conducive domestic environment and at improving their ability to attract increased and more diversified foreign direct investment, in particular in high-value added sectors. It is also important to utilize Public-private partnerships (PPPs), and other forms of blended finance in order to leverage private financing.

Let me stress the importance of support from the relevant international and regional organizations. The VPoA emphasizes that these organizations are invited to give priority to requests for technical assistance and capacity-building support from landlocked developing countries in the implementation of the Programme of Action in a well-coordinated and coherent manner.

Mr. Chair

In conclusion, effective implementation of the Vienna Programme will contribute to the attainment of the global development agenda and the SDGs. It is important that the LLDCs gain access to adequate means of implementation to support them to achieve a rapid, inclusive and sustained economic growth to ensure that LLDCs are not left behind.

Thank you for your kind attention.