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for the Least Developed Countries for the Decade 2011-2020
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**Asia-Pacific LDCs at Mid-point:
Achievements, Challenges and Way Forward**

**Draft Background document for the
High–Level Asia-Pacific Policy Dialogue on the Implementation of the Istanbul Programme of
Action for the Least Developed Countries for the Decade 2011-2020**

Note by the secretariat

This background paper by the secretariat has been issued without formal editing. The views and opinions expressed in this paper do not necessary reflect the views and opinions of UNESCAP.

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Summary

The Fourth United Nations Conference on the Least Developed Countries adopted the Programme of Action for the Least Developed Countries for the Decade 2011-2020 (also known as the Istanbul Programme of Action) on 13 May 2011. The overarching goal of the Programme of Action is to overcome the structural challenges faced by least developed countries in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the status of least developed country.

Least developed countries in the Asia-Pacific region continue to have low per capita incomes and high population growth rates. They are the countries that lag furthest behind in terms of achieving the Millennium Development Goals, and are at the bottom of the Human Development Index rankings. These countries have been unable to overcome their economic vulnerability and structurally transform their economies or build resilience against internal and external shocks and crises. Their productive capacity is limited, and they have severe infrastructure deficits.

The present document contains a review of the progress made by the Asia-Pacific least developed countries in implementing the Programme of Action since the sixty-ninth session of the Commission. It shows that while some countries have made considerable progress, especially in enhancing transport connectivity both domestically and with neighbouring countries, much remains to be done. The present document also contains a description of some of the challenges they face as well as a summary of activities undertaken by the secretariat to assist these countries in implementing the Programme of Action.

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Asia-Pacific LDCs at Mid-point: Achievements, Challenges and Way Forward

Part 1

I. Introduction

The Fourth United Nations Conference on the Least Developed Countries adopted the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 (IPoA) on 13 May 2011, which has been designed to address the specific needs of the least developed countries (LDCs) and help them improve the living conditions of the people through providing necessary support and a framework for a strong global partnership.

The overarching goal of the IPoA is to overcome the structural challenges faced by the LDCs in order to eradicate poverty, achieve internationally agreed development goal and to enable graduation from the LDC category.

With the aim of enabling half the LDCs to meet the criteria for graduation by 2020, it has been agreed that the national policies of the LDCs and international support measures during the decade 2011-2020 will focus on the following five specific objectives:

- *Achieve sustained, equitable and inclusive economic growth in LDCs, to at least at the level of 7 percent per annum, by strengthening their productive capacity in all sectors through structural transformation and overcoming their marginalization through their effective integration into the global economy, including through regional integration;*
- *Build human capacities by fostering sustained, equitable and inclusive human and social development, gender equality and the empowerment of women;*
- *Reduce the vulnerability of LDCs to economic, natural and environmental shocks and disasters, as well as climate change, and enhance their ability to meet these and other challenges through strengthening their resilience;*
- *Ensure enhanced financial resources and their effective use for LDCs' development, including through domestic resource mobilization, official development assistance (ODA), external debt relief, foreign direct investment and remittances;*
- *Enhance good governance at all levels, by strengthening democratic processes, institutions and the rule of law; increasing efficiency, coherence, transparency and participation; protecting and promoting human rights; and reducing corruption, and strengthen least developed country governments' capacity to play an effective role in their economic and social development.*

To reach those five specific goals, the IPoA sets eight priority areas of action, each supported by concrete deliverables and commitments: (i) productive capacity; (ii) agriculture, food security and rural development; (iii) trade; (iv) commodities; (v) human and social development; (vi) multiple

crises and other emerging challenges; (vii) mobilizing financial resources for development and capacity-building; and (viii) governance at all levels.

Both the LDCs and the development partners also agreed to adopt eight fundamental principles which would guide the implementation of the Programme of Action based on a strengthened framework of partnership. These are: (i) country ownership and leadership; (ii) an integrated approach; (iii) genuine partnership; (iv) result orientation; (v) peace and security, development and human rights; (vi) equity; (vii) voice and representation; and (viii) balanced role of the State and market considerations.

The IPoA represents a renewed and strengthened partnership between the LDCs and the development partners to undertake concrete actions in a number of interrelated areas. It has been agreed that the LDCs, on their part, will integrate the IPoA into their national and sectoral development strategies and plans in order to indicate concrete measures. Development partners, on their part, will implement the IPoA by integrating it into their respective cooperation policy frameworks, programmes, and activities to ensure enhanced, predictable, and targeted support to LDCs, as agreed in the IPoA.

It has also been agreed that a number of supportive measures would also be critical for effective implementation of the IPoA, including (i) assistance of the developing countries in the context of South-South cooperation; (ii) sub-regional and regional cooperation including enhanced sub-regional and regional connectivity and strengthened responses to threats and crises of various kinds; (iii) targeted support from the United Nations system including the Bretton Wood institutions; (iv) engagement of parliaments in design, implementation, and review of IPoA; (v) partnerships with the private sector; (vi) involvement of civil society organizations; (vii) re-vamping international trade and finance architecture to make these supportive of and responsive to the special needs and priorities of the LDCs; and (viii) contribution of development initiatives at sub-regional, regional, and international levels to inclusive and sustainable growth of the LDCs.

The main objectives of the paper are to (i) review the progress made by the Asia-Pacific LDCs in implementing the IPoA since its adoption in May 2011, especially in the eight priority areas; (ii) identify challenges encountered; and (iii) suggest policy options for taking the LDCs agenda forward.

The purpose of the paper is to serve as input for policy debate at the High-Level Asia-Pacific Policy Dialogue on the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020, to be organized by ESCAP and the Government of Cambodia in Siem Reap, Cambodia, from 4 to 6 March 2015. The outcome of the Policy Dialogue will be submitted to the 71st Session of the Commission in May 2014 and it will form the basis for the Regional mid-term review of the Istanbul Programme of Action that will be conducted during that Session of the Commission.

II. Asia-Pacific least developed countries: overview of challenges and prospects

The LDCs comprise developing countries that face severe structural impediments to growth and sustainable development. Currently there are 48 countries in the world designated as LDCs, and 12 of

them are in the Asia-Pacific region: Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Myanmar, Nepal, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu.

These countries are substantially diverse in size and geography, with population sizes ranging from 150 million in Bangladesh to only 10 thousand in Tuvalu. Yet they share similar structural handicaps and impediments to growth. These limitations are manifested in a low level of human resource development and a high level of structural economic vulnerability.

The LDCs in Asia-Pacific lag behind developing countries in the region on a number of socio-economic indicators (table 1). Only 28% of their population lives in cities, in comparison to 45% of ESCAP developing countries. Under-5 mortality rate (53) is 35% higher than ESCAP developing nations (39), and the share of their population living in poverty (38.8%) is twice of their developing counterparts (18.9%).

Table 1. Socio economic indicators of Asia-Pacific LDCs, 2013

Countries	Pop. size (million)	GDP in current prices (billion \$) ¹	GDP per capita (\$ PPP) ²	GDP (\$ 2005) growth Average % change per annum 2002-2012	Urban pop (% total)	Life expec. at birth (years)	Adult literacy rate (% of pop. aged 15 and above)	Under-5 mortality (Deaths per 1,000 live births) ⁵	Poverty rate (%) PPP \$1.25 a day (latest)
Afghanistan	30.5	20.4	1 367	8.2	24.1	60.9		98	
Bangladesh	156.6	127.2	1 622	6.2	29.4	70.7	57.7 ⁴	41	43.3 (2010)
Bhutan	0.7	1.8	5 774	8.1	37.1	68.3		45	
Cambodia	15.1	14.0	2 150	8	20.3	71.9		40	22.8 (2008)
Kiribati	0.1	0.2	2 294	1.7	44.1	68.9		60	
Lao PDR	6.7	9.1	2 522	7.6	36.5	68.3		72	33.9 (2008)
Myanmar	53.3	59.4		10.9	33.8	65.2	92.7 ⁴	52	
Nepal	27.8	18.0	1 276	4.3	17.7	68.4	57.4 ⁴	42	24.9 (2010)
Solomon Islands	0.6	1.0	2 695	6.2	21.4	67.7		31	
Timor-Leste	1.1	5.4	1 580	21.4 ³	29.1	67.5		57	
Tuvalu	0.01	0.04		0.9	25.5			30	
Vanuatu	0.2	0.7	3 969	4.2	24.1	71.6	83.2	18	
<i>Aggregates</i>									
Asia-Pacific developing	4 147	18 302	6 152	7.2	45			39	18.9 (2008)
LDCs	293	258	1 628	7	28.2			53	38.8 (2010)

Source: ESCAP Online Statistical Database.

Notes: 1. 2012; 2. 2012; 3. Average % annual growth rate of non-oil GDP; 4. 2011; 5. 2012.

Growth and structural transformation

One of the key elements of the progress in implementing the IPoA of the Asia-Pacific LDCs is their growth performance since the adoption of the Programme in 2011. For the past four years, the economies of LDCs in Asia-Pacific have grown at an average of 5.6% per year. That has been a respectable growth but below the average annual growth in the pre-crisis period. Average growth in Asia-Pacific LDCs was also lower than the regional average growth from 2011 to 2013, which suggests a worrying fail of convergence within the region. There has been also wide divergence in growth performance, with only the South-East Asian LDCs being able to achieve the threshold of 7% annual growth set in the Istanbul Programme of Action.

Table 2. GDP growth in Asia-Pacific LDCs
(Percent per year)

Country Name	Average pre-crisis 2005-2007	2011	2012	2013	2014 (estimate)	2015 (forecast)
Afghanistan	10.2	6.5	11.6	3.6	3.2	4.5
Bangladesh	6.3	6.7	6.2	6.0	6.1	6.5
Bhutan	10.6	8.6	6.5	4.2	6.0	6.8
Cambodia	11.4	7.1	7.3	7.4	7.2	7.3
Kiribati	2.1	2.7	2.8	2.9	3.0	2.7
Lao PDR	7.7	8.3	8.3	8.2	7.5	7.2
Myanmar	12.9	5.9	7.3	8.3	8.5	8.5
Nepal	3.2	3.4	4.9	3.7	5.5	6.0
Samoa	3.7	1.4	2.7	-0.5	2.0	2.5
Solomon Islands	6.4	10.6	4.8	2.9	-1.0	3.0
Timor-Leste	5.0	12.0	8.3	8.1	8.0	8.0
Tuvalu	2.7	8.5	0.2	1.3	2.0	2.5
Vanuatu	6.3	1.2	1.8	3.2	3.5	4.0
<i>Asia-Pacific LDCs</i>	<i>6.0</i>	<i>5.9</i>	<i>5.7</i>	<i>5.4</i>	<i>5.6</i>	<i>5.9</i>
<i>Developing Asia-Pacific</i>						

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