

## **SDG 8: Decent Work and Economic Growth**

### **Boosting production, crucial for least developed countries, post pandemic**

UN News (Sep. 27, 2021)

Their ability to respond to and recover from crises such as COVID-19, and to advance towards sustainable development, is dependent on increasing production capacities, UNCTAD's Least Developed Countries Report 2021, released on Monday notes, calling specifically for increased investment in State and productive capacities for the Least Developed Countries (LDCs) grouping.

“Today LDCs find themselves at a critical juncture,” said UNCTAD Secretary-General Rebeca Grynspan. “They need decisive support from the international community to develop their productive capacities and institutional capabilities to face traditional and new challenges.”

### **Massive investment required**

UNCTAD defines productive capacities as “the productive resources, entrepreneurial capabilities and production linkages that together determine the capacity of a country to produce goods and services and enable it to grow and develop.”

Developing production allows the world's LDCs to foster structural economic transformation, which will in turn help reduce poverty and accelerate progress towards the UN Sustainable Development Goals (SDGs).

The report warns that reaching SDGs will require massive investment and spending, which go well beyond LDCs' own financial means.

### **50 year struggle**

The UN established the LDC category 50 years ago. The grouping of the world's weakest economies has expanded from an initial 25 countries in 1971, peaking at 52 in 1991, and stands at 46 today, with only six countries progressing enough to no longer be considered an LDC.

Over the last two decades, only a handful of LDCs have displayed encouraging signs of structural transformation and meaningful productivity improvements, the report said.

### **Grim outlook**

LDCs recorded the worst growth performance in about three decades during 2020. The COVID-19 pandemic has dramatically highlighted their institutional, economic and social shortcomings, the report highlights.

LDCs' limited resilience is reflected in their low COVID-19 vaccination rates, as only 2% of their population have managed to get shots, compared with 41% in developed countries.

Ms. Gynspan urged LDCs' development partners to consider the special needs of the more than one billion living in these countries during UNCTAD's upcoming conference in October, under the theme, From inequality and vulnerability, to prosperity for all.

### **Daunting financing needs**

The UNCTAD report describes LDCs' financing needs as 'daunting', especially in relation to structural transformation targets.

For example, the report estimated that the average annual investment required to reach the 7 per cent growth target (SDG 8.1) is around \$462 billion, while the average annual investment requirements to end extreme poverty (SDG 1.1) in LDCs, is estimated at \$485 billion.

The average annual investment required to double the share of manufacturing in GDP (SDG 9.2) is estimated at over \$1 trillion.

To generate sufficient development finance, LDCs will need to strengthen their fiscal capacities, increase domestic resource mobilization and improve the effectiveness of public expenditures, the report said but warned even this will not be enough.

"The international community has an essential role to play in supporting LDCs in their efforts to mobilize adequate financing for their sustainable development needs," the report said.

### **Investment**

According to UNCTAD's analysis, most LDCs will need three to five or more years, to recover the level of GDP per capita they had in 2019.

Domestic efforts to recover need to be supported by a new generation of international support measures that are more closely aligned to LDCs' needs and 21st-century realities, Paul Akiwumi, director of UNCTAD's division for Africa and least developed countries said.

"A purposeful industrial policy should be at the core of LDCs' pursuit of green growth and structural transformation because these countries need to urgently diversify from their overdependence on primary commodities."

Mr. Akiwumi added that increasing investment in state capacity and productive capacities must be at the heart of the next programme of action for these countries for the decade 2022 to 2031, to be adopted at the Fifth UN Conference on LDCs in January 2022.

He also urged LDC governments to adapt programmes negotiated at the international level to their unique national conditions and to resolve trade-offs when formulating their national developments plans.

UN News. 2021. "Boosting production, crucial for least developed countries, post pandemic."  
<https://news.un.org/en/story/2021/09/1101402> (accessed on November 11, 2021).