

INAUGURAL SESSION  
(18 APRIL 2023)

UNESCAP WORKSHOP ON STRUCTURAL TRANSFORMATION TOWARDS A SUSTAINABLE  
GRADUATION FROM THE CATEGORY OF LEAST DEVELOPED COUNTRY”  
KATHMANDU, 18-20 APRIL 2023

Honorable Dr. Min Bahadur Shrestha,  
Vice Chair, National Planning Commission;  
Her Excellency Armida Salsiah Alisjahbana,  
Under-Secretary-General of the United Nations and Executive Secretary of ESCAP;  
Mr. Kewal Prasad Bhandari, Member Secretary of the National Planning Commission;  
Ms. Hanaa Singer, United Nations Resident Coordinator;  
Ladies and Gentlemen;

A very good morning!

It is an honour and a privilege for me to address the Inaugural Session of this Workshop.

I thank the United Nations Resident Coordinator for her insightful opening remarks.

I take this opportunity to express felicitations to the Government of Nepal, for assuming the Chair of the Global Coordination Bureau of the LDC Group.

UNESCAP has been an active partner of SAARC and we are committed to continuing our engagement with UNESCAP in areas of mutual interest. We look forward to the Keynote Address of Her Excellency the Executive Secretary.

Excellencies,  
Distinguished Participants,

As you are aware, the primary objectives of SAARC, as enshrined in its Charter, are to promote the welfare of the peoples of South Asia and to improve their quality of life; to accelerate economic growth, social progress and cultural development in the region; and to provide all individuals the opportunity to live in dignity and to realize their full potential. I am happy that the topic of this Workshop, which focuses on structural transformation for sustainable graduation, aligns with the objectives of SAARC.

We are aware that, three SAARC Member States are being graduated from the LDC category. Bhutan is graduating this Year and Bangladesh and Nepal are graduating in 2026. We are also aware, how the COVID-19 pandemic created economic and social instability in the South Asia region and the biggest sufferer were the LDCs. They suffered severely on economic front, witnessing millions of job losses, sharp rise in new poor and poverty, leading to rise in inequality. The graduation poses serious challenges to them on their path to economic development and also meeting various targets of the 2030 agenda for sustainable development.

The share of LDCs in world trade and GDP is negligible. Despite having set the goals for their economic development, much more remains for them to achieve the goals and targets, set at national levels, as well as those outlined in the Doha Programme of Action, as agreed at the 5<sup>th</sup> UNLDC Conference. Even many of the goals set in the Istanbul Programme of Action are yet to be realized. As per the World Economic Outlook of 2023, global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

In the meanwhile, critics claim that LDCs in South Asia are still structurally underdeveloped with a large share of the workforce stuck in low productive agriculture or informal services and a negligible contribution by dynamic sectors like manufacturing. Therefore, this Workshop, which aims to equip policymakers with the conceptual and technical frameworks to formulate policies to support structural economic transformation by identifying pathways for structural transformation and product diversification, is both timely and relevant. We need to consider that with the graduation deadline very near, if enough time is available for South Asian LDCs to make enabling policies, which can lead to economic transformation in a short spell of time.

Despite having close geographical proximity, the intra-regional trade and investment linkages are weak and the cost of trade within the region is high. It is with this realization that the Eighteenth SAARC Summit expressed firm determination to deepen regional integration for peace, stability and prosperity in South Asia by intensifying cooperation, inter alia, in trade, investment, finance, energy, security, infrastructure, connectivity and culture; and implementing projects, programmes and activities in a prioritized, result-oriented and time-bound manner.

The SAARC Leaders at the Eighteenth Summit acknowledged that the Member States, particularly the Least Developed and Landlocked ones, face structural constraints and challenges that result in their weak productive capacity, affecting their competitiveness in external trade due to, among others, high trade and transit cost. The Leaders committed to enhance support to the Least Developed and Landlocked Member States in their development efforts, with a view to ensuring equitable benefits of free trade arrangements.

In this context, the structural transformation of the LDCs is a must that prioritizes economic diversification and addresses institutional and capacity constraints with a view to making them resilient to ensuing socio-economic, health and environmental shocks. South Asian LDCs may face challenges in ensuring sustainable and irreversible graduation. As per the six key focus areas for action, outlined in the Doha Programme of Action, there is a need for enhanced support, to Countries, before and after graduation, through appropriate, predictable, additional and demand driven incentives and support measures.

Excellencies,  
Distinguished Participants,

The topics covered in the Workshop are relevant and the participants will benefit from the sharing of knowledge, lessons learnt, best practices and experiences. As distinguished participants are

aware, special and differential treatment are enshrined in the Agreements on South Asian Free Trade Area (SAFTA) and SAARC Agreement on Trade in Services (SATIS) and we are sure that LDC members have benefitted from these provisions.

SAARC is committed to assist the LDC Member States in providing necessary support and technical assistance, as well as to support such activities of ESCAP.

I wish you very successful and fruitful deliberations.

I thank you.

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