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UN stands ready to help least developed countries weather global economic crisis

Participants at the opening session of a two-day least developed countries ministerial conference in Vienna

3 December 2009 – The United Nations agency entrusted with accelerating sustainable industrial development in poorer states today pledged to help the world's 49 least developed countries (LDCs), 33 of them in Africa, to withstand global financial crisis.

"The global financial crisis is moving many LDCs into troubled waters with heightened risk to exports, investment, credit, banking systems, budgets, the balance of payments, and remittances, and, the most vulnerable are those countries which depend on commodity exports." UN Industrial Development Organization (**UNIDO**) Director-General Kandeh Yumkella told the opening session of a two-day ministerial-level conference in Vienna.

"Today we are ready to contribute even more to your development efforts, to support your economic growth and wealth creation to the benefit of your nations and people."

Before the crisis, the LDCs showed impressive growth performance with real gross domestic product (GDP) growing an average 6 per cent annually for the last five years, but this has now been brought to a complete halt, with several countries recording negative per capita income for the first time in over a decade.

The World Bank estimates that over the next decade Africa alone will need close to $100 billion annually to fund its infrastructure, with 50 per cent needed to address the continent's current power supply crisis alone.

Participants noted that African countries need to further pursue regional integration to create a strong infrastructural base and utility services. Transboundary links are already emerging and there is evidence of regional integration making a breakthrough in reducing transaction costs.

Calling the LDCs the potential “industrialists of the 21st century,” Mr. Yumkella said UNIDO’s topmost priority was “to help them come out of the clutches of structural constraints.”

Industry and trade ministers from the LDCs, representatives of international organizations and experts in the field are discussing the impact of the crisis on the productive capacities and trade prospects, industrial development, regional trade and agro-industries. The importance of diversification and technology transfer, as well as building up industrial competitiveness, is also on the agenda.

“It is not a disadvantage to be a latecomer in the sphere of industrialization,” Mr. Yumkella noted. “With a set of pre-conditions and enhanced adaptive capabilities to use modern technology and commercialize new knowledge, LDCs can leapfrog several stages of development and move into higher degree of industrialization. The challenge is to reach the threshold of competitiveness.”

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