

**Commission économique et sociale pour l'Asie et le Pacifique****Soixante et onzième session**

Bangkok, 25-29 mai 2015

Point 2 c) de l'ordre du jour provisoire**

Organe spécial pour les pays les moins avancés, les pays en développement sans littoral et les pays insulaires en développement du Pacifique: examen à mi-parcours du Programme d'action pour les pays les moins avancés pour la décennie 2011-2020 dans la région Asie-Pacifique**Résultats de la Concertation régionale de haut niveau pour l'Asie et le Pacifique sur la mise en œuvre du Programme d'action d'Istanbul en faveur des pays les moins avancés******Lettre en date du 30 mars 2015 adressée à la Secrétaire exécutive de la Commission par le Ministre d'État et Président du Comité national pour la Commission économique et sociale pour l'Asie et le Pacifique du Gouvernement royal du Cambodge,**

Au nom du Gouvernement royal du Cambodge et me référant à la Concertation de haut niveau sur la mise en œuvre du Programme d'action d'Istanbul en faveur des pays les moins avancés pour la décennie 2011-2020, qui a été organisée conjointement par le Gouvernement royal du Cambodge et la Commission économique et sociale pour l'Asie et le Pacifique et qui s'est tenue à Siem Reap (Cambodge) du 4 au 6 mars 2015, j'ai l'honneur de vous transmettre ci-joint le Document final de Siem Reap pour la mise en œuvre du Programme d'action d'Istanbul en faveur des pays les moins avancés pour la décennie 2011-2020.

Je vous serais reconnaissant de bien vouloir porter la présente lettre et son annexe à l'attention de la Commission à sa soixante et onzième session dans le cadre de son examen du point 2 c) de l'ordre du jour provisoire.

(Signée par) **Ly Thuch**
Ministre d'État

Président du Comité national pour la Commission économique et sociale
pour l'Asie et le Pacifique
Vice-Président du Comité national pour la gestion des catastrophes

* Document non traduit en français, à l'exception de la lettre en date du 30 mars 2015.

** E/ESCAP/71/L.1/Rev.1.

*** La soumission tardive du présent document s'explique par le fait que la date de la Concertation de haut niveau sur la mise en œuvre du Programme d'action d'Istanbul en faveur des pays les moins avancés, tenue du 4 au 6 mars 2015, et celle de la lettre adressée par le Gouvernement royal à la Commission, à savoir le 30 mars 2015.

Annex to the letter dated 30 March 2015 from the Senior Minister and Chairman of the National Committee for the Economic and Social Commission for Asia and the Pacific of the Royal Government of Cambodia addressed to the Executive Secretary of the Commission

Siem Reap Angkor Outcome Document

High-level Policy Dialogue on the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020

(Siem Reap, Cambodia, 4-6 March 2015)

I. Introduction

1. The Fourth United Nations Conference on the Least Developed Countries held in Istanbul, Turkey in 2011 adopted the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 (IPoA). The IPoA sets out actions to be undertaken by the least developed countries and their development partners in eight priority areas of action, each supported by concrete deliverables and commitments. These priority areas are: productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and governance at all levels.
2. The IPoA invited the United Nations General Assembly to consider conducting a comprehensive high-level midterm review of the progress made by the least developed countries in implementing the Istanbul Programme of Action (para. 157). General Assembly resolution A/C.2/69/L.60, adopted on 4 December 2014 which, inter alia, called on the regional commissions including ESCAP to conduct the comprehensive high-level midterm review and regional and sub-regional preparatory meetings. At the regional level, ESCAP resolution 70/3 requested the Executive Secretary, inter alia, to organize the Asia-Pacific regional high-level policy dialogue on the IPoA in early 2015 and to submit to the Commission at its seventy-first session a report on the progress achieved in implementing the said resolution.
3. Accordingly, ESCAP and the Royal Government of Cambodia organized 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, in Siem Reap, Cambodia, from 4 to 6 March 2015 which adopted the Siem Reap Angkor Outcome Document on the 6 March 2015, as contained herein. The Meeting requested the Government of Cambodia to transmit the Siem Reap Angkor Outcome Document to the seventy-first session of the Commission as a basis for the mid-term review of the IPoA by the Commission and Asia-Pacific regional input to the global mid-term review of the IPoA, to be held in 2016.
4. The Meeting was attended by some 102 participants including Ministers, and senior government officials, and other stakeholders from 13 countries, namely Afghanistan, Australia, Bangladesh, Bhutan, Cambodia, Kiribati, the Lao People's Democratic Republic, Nepal, Myanmar, the Russian Federation, Solomon Islands, Thailand, Tuvalu, and Vanuatu, and the United Nations system, relevant international and regional organizations, development partners, civil society representatives from the Asia-Pacific region. The progress of implementation of the IPoA was assessed along the eight priority areas. The Meeting expressed its deep appreciation to the Government of

Cambodia for hosting the High-Level Asia-Pacific Policy Dialogue and to ESCAP for organizing the event.

5. The Meeting reiterated the commitment of the least developed countries and their development partners to the 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.

II. Brief review of progress achieved and challenges encountered

6. The Meeting recalled that the IPoA has placed particular importance on national level arrangements for its effective implementation since the Programme has to be owned and led by the least developed countries. It noted with satisfaction that all the least developed countries have integrated the provisions of the IPoA into their policies and development frameworks.
7. While acknowledging the progress made by the least developed countries in several areas, the meeting expressed its concern at the persistent structural challenges faced by the least developed countries. On average, the Asia-Pacific least developed countries have grown slower than the average growth in the Asia-Pacific region. There has been also wide variation in growth performance, with only the South-East Asian least developed countries being able to achieve the threshold of 7 per cent annual growth set in the Istanbul Programme of Action. Most of the least developed countries have witnessed limited structural transformation and in the majority of Asia-Pacific least developed countries, over half of the working population are still employed in the agricultural sector.

A. Productive capacity

8. The meeting recalled the key issues in developing productive capacity which covered a number of areas such as infrastructure; energy; science, technology and innovation; and private sector development. It expressed its concern that productive capacity remains low in many least developed countries in the region. They lack the production sectors and infrastructure to export more diversified and complex products. There has been some progress in the uptake of information and communication technologies (ICT) in least developed countries, mainly led by mobile telephony, but less in terms of Internet connectivity. Total primary energy supply per capita has increased in some Asia-Pacific least developed countries, but the growth has been either slower or at same pace as the increase for the average level of primary energy supply per capita in Asia-Pacific developing economies, and there has been mixed progress in increasing the share of electricity generated through renewable energy sources. The Meeting noted that much progress has been made in the least developed countries with respect to transport facilitation, and some of these countries have made considerable efforts on improving land transport connectivity with their neighbouring countries as well as enhancing their own domestic transport connectivity by improving and upgrading their road and rail networks.
9. The meeting noted that Asia-Pacific least developed countries need to build their productive capacities to be able to accelerate structural transformation,

create productive jobs and produce different and more sophisticated goods and services. In this regard, strategic industrial policies are particularly important for least developed countries to diversify their economies and promote structural change. Addressing cross-sectoral constraints such as infrastructure, human capital, supportive regulatory and taxation policies; as well as activation of key markets, simultaneously encourages productivity growth and supports the structural transformation of the economies of least developed countries.

10. The critical role of the private sector, and small and medium-sized enterprises (SMEs), for building productive capacities was highlighted. SMEs represent over 90 per cent of the formal business sector globally, and when the informal sector is taken into account the share of SMEs is even greater. In least developed countries, SMEs can represent up to 98 per cent of the business sector. Therefore, policies focused on building productive capacities must take into account the views and the priorities of SMEs, including financing, trade facilitation, capacity to identify and meet non-tariff measures (NTMs), and to comply with private standards to increase export of goods and services.
11. The meeting noted the potential for Asia-Pacific least developed countries to also further harness diversification into services sectors, including those related to ICT and tourism. Improvements in education, skills and continuous integration into the regional and global economy creates the opportunity to diversify into skills based services in the least developed countries of the region.
12. The meeting also stressed that, to build lasting productive capacities, least developed countries must promote the economic empowerment of women, who constitute the majority of the poor and are the poorest of the poor. Addressing the barriers for women to own assets, participate in non-agricultural employment, improve skills and mobility, contributes to prepare women to leverage opportunities when they arise; to facilitate the move from low productive agriculture and low value-added agriculture to high value-added agriculture and industry and services; and to be part of a skilled labour force that can add value to products and services. The meeting affirmed the importance of increasing public procurement from women owned businesses.

B. Agriculture, food security and rural development

13. The Meeting observed that many least developed countries in the region have taken initiatives to address agriculture and food security issues. These were aimed at addressing the key challenges of reducing extreme poverty, and mitigating the adverse impacts of climate change by boosting agricultural modernization, and increasing agricultural and livestock productivity. However, income poverty, hunger and food insecurity still remain major concerns in the Asia-Pacific least developed countries. Although levels of poverty have fallen in these countries, millions of people still live on less than \$1.25 a day, many of them concentrated in rural areas with livelihoods connected to agriculture and non-farm activities. At \$2 a day, the number rises significantly, revealing a high degree of vulnerability due to personal misfortune or economic shocks or natural disasters. Another concern is increasing inequality between urban and rural areas, between women and men, between farm and non-farm workers, and among different ethnic groups, all connected by food insecurity and lack of opportunities.
14. One important aspect of food security is proper nutrition which depends not only on the quantity of food consumed but also on its quality in providing

essential micronutrients. Deficiencies in the micronutrients can impair the mental and physical development of children, while also reducing the productivity of adults. Many Asia-Pacific least developed countries have medium to extreme levels of vitamin and mineral deficiency, with serious social and economic consequences.

15. Although the prevalence of undernourishment has decreased in all Asia-Pacific least developed countries, a number of countries still have a long way to go for ensuring sustainable food security for their populations. At the same time, malnourishment in the form of overweight has reached very high levels in the Pacific Island least developed countries, contributing to a rapid upsurge in noncommunicable diseases.
16. Despite improvements in agricultural productivity, the yield gap for major crops, such as paddy rice, remains high. Changes in precipitation patterns and the increasing variation of extreme weather events contributes to an increased vulnerability of production systems. Sustainable agronomic and resource management practices, such as conservation agriculture and precision agriculture, can effectively contribute to climate change mitigation but are knowledge-intensive and adoption continues to be limited, thus requiring more government support towards strengthened agricultural innovation systems, including public-/private-sector partnerships for delivering new technologies and knowledge to farmers.
17. Asia-Pacific least development countries' investment into rural infrastructure has seen some noted improvements. For instance, rural electrification has increased in Bangladesh, Bhutan, the Lao People's Democratic Republic, Nepal and access to irrigated land has increased in Bangladesh, Myanmar and Tuvalu. More investment, in particular towards improving rural-urban connectivity along supply chains for agricultural products, through roads, rails and ports and markets, is desirable, to enable and incentivize private investment into the sector.
18. The meeting noted that policy and institutional reforms set the stage for successful rural and agricultural development. Firming up property rights can spur investment and access to credit for business development, and market-oriented liberalization improves market efficiency and resilience to demand and supply fluctuations through price mechanisms.

C. Trade

19. Exportable goods that are of particular importance for the Asia-Pacific least developed countries are also the ones which face significant tariff and non-tariff barriers. For example, this is true of textiles and clothing products, often dominant in the Asian least developed countries where manufacturing goods comprise almost 75 per cent of their total merchandise exports. After the expiry of WTO Agreement on Textiles and Clothing and the quota system, there have been only modest reductions in the average most favoured nations (MFN) applied tariffs for textiles and clothing items while, for agricultural products, MFN applied tariffs have remained mostly unchanged. The average tariffs faced by Asian least developed countries on their clothing exports were 6.7 per cent in 2012, while for other developing countries the average tariffs were around 7.9 per cent, implying that the Asian least developed countries had an insignificant preference margin (1.2 percentage points) nullifying the prospects of greater exports. While there has been considerable progress in the implementation of duty-free and quota-free market access for LDC products, exclusions to duty-free treatment in some developed markets still include products of export interest to least developed countries.

20. Another issue of concern to the Asia-Pacific least developed countries in particular is the selective application of non-tariff barriers (NTBs) especially in agricultural products and in textiles and apparel. The NTBs, use of which in recent times increased considerably, may be even more trade-restrictive than tariffs and are estimated to be equivalent to a 27 per cent tariff. It is also noted that the least developed countries face severe supply side as well as hard and soft infrastructure constraints impacting their competitiveness and often preventing them to fully utilize available market access. Another barrier to an effective utilization of market access is the application of often-complex preferential rules of origin; whether unilateral or reciprocal which raises the costs of exports of some countries by 20 to 30 per cent.
21. High trade costs and inefficiencies associated with importation and exportation requirements and transport continue to be a stumbling block to the integration of many least developed countries into the global economy by impairing export competitiveness.¹
22. Despite these barriers the absolute value of export of Asia-Pacific least developed countries has increased but as a proportion of global exports it remains highly insignificant. Since 2006 Aid for Trade initiative has been used to address these supply-side limitations and productive capacity problems and to build up trade-related infrastructure. In order to broaden the export base and enhance productive capacity in the Asia-Pacific least developed countries, more Aid-for-Trade resources are necessary. The Enhanced Integrated Framework – one of the mechanisms to access Aid-for-Trade funding – should be further strengthened to enhance trade capacity in the least developed countries. Least developed countries face bigger challenge to avail effective market access in different countries due to different schedule of concessions as well as different rules of origin, hence while one product may qualify for a particular market it may not be eligible for preferential market access in other markets. Long-term planning and investment to increase the productive capacity of least developed countries is necessary for the sustainability of export revenue and economic growth in the long term. Least developed countries must do more than increase the output of existing products; they will instead need to diversify their exports both vertically (increase the value addition in existing export products) and horizontally (developing or exporting new products), as well as venture into direct and indirect services exports.

D. Commodities

23. The Asia-Pacific least developed countries are particularly susceptible to significant volatility of commodity prices, especially due to their high dependency on agriculture, exports of primary commodities and exchange rate fluctuations. Many of them have export-portfolios and economies highly reliant on one or two commodity-exports: mainly crude oil; natural gas; aluminium; iron ore/steel; cotton; textiles and copper. The high reliance of some Asia-Pacific least developed countries on a few commodities leaves the export-revenues and macro-economic conditions of the countries highly vulnerable to exogenous shocks. These countries need support initiatives to strengthen their capacity to manage natural resources, diversify the commodity base along with strengthening of effective marketing systems, bring technology and investments for producing high value added products and frameworks for supporting small commodity producers. Not much effort has so far been put in these directions.

¹ The ESCAP-World Bank trade cost database show details of generally high trade costs of least developed countries.

24. In this context, for the poor in the Asia-Pacific least developed countries, food constitutes a large proportion of their budgets so that their capacity to consume sufficient nutritious food is very sensitive to prices. Over recent years, food prices have been volatile and at times have risen steeply, so that people often had to eat less or take lower quality food. In fact, following the food and fuel crisis that hit Asia and the Pacific in the mid-2000s, commodity prices in general have remained quite high until very recently.
25. Along with such price volatility, commodity markets in these countries are also affected by climate change. The Asia-Pacific least developed countries are hard hit by these adverse impacts which have a significant impact on the production of food and other commodities and their prices. In addressing some of these challenges, the least developed countries need to, among other things, significantly scale up their investments in agricultural R&D and rural infrastructure especially roads and irrigation. The Asia-Pacific least developed countries can also help safeguard domestic food availability by setting up regional food reserves and establishing regional agreements on freer trade in food grains and other commodities.

E. Human and social development

26. The Meeting observed that although several of the least developed countries in the region made notable progress in some areas of the Millennium Development Goals, there are deficiencies in many other areas and a wide divergence in the performance of individual countries and with respect to overall status. The Meeting noted some positive developments in gender equality, which has received increasing attention by many least developed countries that have implemented national action plans pertaining to the advancement of women. The Meeting also noted that an increasing number of least developed countries in the region have started to implement social protection policies, from cash-transfer programmes for vulnerable groups to employment-generation programmes for poor population groups.
27. The Meeting noted that the share of the poor in total population has steadily declined in the Asia-Pacific least developed countries. But the absolute numbers of poor and other deprivations remain high in most countries. Similarly, important indicators of social development still show significant deprivations. For example, although the Asia-Pacific least developed countries have expanded children's access to basic education, millions of children of primary school age are still out of school. Even for children who are attending school, there are major concerns about the quality of their education while many drop out after primary school.
28. The Meeting noted with concern that, across most Asia-Pacific least developed countries, women face severe deficits in health and education and in their access to power, voice and rights. There have been some improvements in women's health, but in many countries women on average have shorter life expectancies. Another continuing problem is gender-based violence. Women in Asia-Pacific least developed countries are also less likely than men to own assets or participate in non-agricultural wage employment. They also tend to be informal workers, a consequence of their limited skills, restricted mobility and existing gender norms.

F. Multiple crises and other emerging challenges

29. Multiple crises and other emerging challenges have substantially increased the levels of risk faced especially by the poor and vulnerable households in these countries. The Asia-Pacific least developed countries have been

subjected, for example, to the Asian financial crisis of 1997-98, and to the global financial crisis since 2008. Families across the region have also faced rising food prices. In addition, there are external risks to health: in 2003 the countries experienced the Severe Acute Respiratory Syndrome (SARS) and the countries are continuously exposed to emerging and re-emerging public health threats. Economic insecurity is heightened in the absence of decent and comprehensive social protection systems. Public social security expenditure remains low at less than 2 per cent of GDP in most countries where data are available. More than two-thirds of the population in the Asia-Pacific least developed countries remains without any social protection coverage.

G. Mobilizing financial resources for development and capacity-building

30. The Meeting noted that Asia-Pacific least developed countries in general experience lack of availability and access to financial resources, both from domestic and external sources, especially in international capital markets, to finance their graduation as well as overall development gaps. The scarcity of financial resources often acts as an obstacle for them to increase their economic activity. It further reduces their potential for investing in human capital and reducing vulnerability from multiple shocks, such as higher energy prices or climate change. Apart from low levels of per capita income, the key challenges that least developed countries face in terms of mobilization of financing resources are related to low domestic savings and investment, especially in social sectors and physical infrastructure which are related to transport and trade-related infrastructure and a small tax base. In Asia-Pacific least developed countries, tax revenues are relatively low compared with other developing regions. The levels of development assistance has have remained well below the target for most of these countries. The importance of leveraging private sector resources to complement ODA was recognized.
31. A major area for mobilizing financial resources for development and capacity building of the Asia-Pacific least developed countries concerns the flow of the official development assistance (ODA). The 2002 International Conference on Financing for Development held in Monterrey, Mexico stipulated that 0.7 percent of OECD/DAC donors' gross national income should be dedicated to ODA. The levels of ODA, however, have remained well below the target for most of these countries, although they have increased recently. In 2013, the Asia-Pacific least developed countries received a total of \$14.8 billion as ODA, up from \$11.7 billion received in 2012. Moreover, except in Bangladesh and Myanmar the overall growth of ODA has been either negative or less than expected. In 2013, the principal least developed country recipients in the Asia-Pacific region were Afghanistan (\$ 6.7 billion), Myanmar (\$ 3.9 billion) and Bangladesh (\$ 2.1 billion), followed by Cambodia (\$ 807 million) and Nepal (\$ 770 million). The region's other least developed countries received very little ODA, a case in point being Bhutan with only \$134 million in received ODA.
32. In addition, one major concern for the Asia-Pacific least developed countries related to global aid allocations is the highly unequal nature of ODA distribution in relation to the number of the poor and the deprived population in different regions. Although the Asia-Pacific region has 56 per cent of the world's poor, it received only 25 percent of the total aid allocation by DAC members and multilateral agencies during 2013.
33. The commitments of creating the framework for a strong global partnership were only partially realized. The progress in addressing the needs of the Asia-

Pacific least developed countries regarding financial and technical assistance, ODA, trade capacity, market access, and debt relief was less than expected.

34. The aggregate ratio of ODA to gross national income of the Development Assistance Committee (DAC) members slightly increased to 0.10 of GNI but still remains well below the 0.15 to 0.20 per cent target. As a result, the Asia-Pacific least developed countries face a huge financing gap despite some success in mobilizing increased domestic resources.

H. Governance at all levels

35. Good governance at all levels relates to governments (a stable economic and political framework, a reliable judiciary, transparency of rules and institutions) and to businesses (their ethical standards, corporate, social and environmental responsibility, subscription to transparency codes). To achieve the IPoA goals by the Asia-Pacific least developed countries, actions are required at all levels on several aspects of sustainable development governance architecture including: (i) promoting effective arrangements and mechanisms that integrate in a balanced manner the three dimensions of sustainable development: economic, social and environment; (ii) ensuring coherence and consistency in policy formulation and implementation; (iii) promoting transparency and effective involvement of all relevant parts of government and of civil society in decision-making; and (iv) strengthening institutional mechanisms dealing with policy formulation, coordination, implementation and review as well as reinforcing inter-linkages among these mechanisms.
36. One of the urgent priorities of the Asia-Pacific least developed countries remain the adoption of measures to develop human and institutional capacities for good governance along with strengthening national statistical capacities for effective monitoring of the IPoA. The countries still have a long way to go to promote policy coherence and coordination of financial, trade and development institutions and processes and undertaking measures for creating strengthened and effective collective voice and participation in development.
37. There is need to ratify/accede to the United Nations Convention against Corruption and implement appropriate anti-corruption laws and regulations, support efforts to strengthen institutional capacity and regulatory frameworks for preventing corruption, bribery, money laundering, illegal transfer of funds, and other illegal activities by public and private entities. At the same time, the global community needs to assist in prevention and resolution of conflict and meet specific needs and situations and harmonize and align external assistance with national development goals and aspirations of the least developed countries.

III. Persistent, new and emerging issues facing Asia-Pacific LDCS

38. The development gaps as well and the actions that need to be taken, both by least developed countries and by development partners, to achieve the goals of the IPoA are already detailed in the Programme itself. The challenge lies less in identifying new or additional actions than in ensuring that the agreed actions are implemented as quickly and widely as possible wherever they are appropriate. Overall, the slow pace of development in the Asia-Pacific least developed countries shows that a 'business as usual' scenario will not be sufficient to address their persistent and emerging development gaps.

A. Poverty and inequality

39. Poverty, inequality and different forms of deprivations are some of the most significant development gaps faced by the Asia-Pacific least developed countries. The poor in these countries have many characteristics: they are more concentrated in locations which are away from roads, markets, schools, health facilities, and other social institutions. Economic, social, political, and other forms of exclusion are also quite common for these people. In many cases, women and girls bear disproportionate burdens of these deprivations and disadvantages.
40. The inability of the poor to invest in asset accumulation and education, constrained access to credit and financial markets, and possession of unskilled labour, often as the only means of livelihood, are some of the factors that perpetuate poverty over generations in several least developed countries. Moreover, unexpected events like natural and manmade disasters, global economic crises, and health shocks have adverse effects on the lives and livelihoods of the poor. Multiple deprivations – in education, health, food consumption, and housing and in access to safe drinking water – tend to overlap and reinforce each other.
41. For this, policies need to be directed to raise economic growth since high economic growth is necessary to reduce poverty. However, growth alone may not be enough to help the most disadvantaged groups. This would require context specific complementary policies to remove the constraints that prevent them to access and benefit from the emerging opportunities. It would be necessary to create a pattern of growth that relaxes some of the structural constraints. Depending on country characteristics, the policies may encompass changing the sectoral pattern of growth, balancing its geographical distribution, using science and technology more creatively, and invest in social innovations which can change the nature and distribution of opportunities created by growth in a manner that the poor can harvest those opportunities.
42. In addition, policies are also needed to address issues related to limited endowments of the poor. This may cover a wide array of measures depending on country characteristics and the nature of the constraints of specific groups of the poor people. Measures can include: expanding ownership and access to productive assets through improving credit markets, implementing redistributive policies and removing entry barriers, expanding human capital through access to education and skills, reducing vulnerability and enhancing capacity to absorb shocks through introducing social safety net programmes and expanding health services, reducing gender discrimination and empowering women, providing social security, and undertaking targeted measures of various kinds. Social provision of low cost housing can also ensure social stability and promote equity.

B. Lack of productive and decent jobs and low employment intensity of growth

43. Although the labour force in the Asia-Pacific least developed countries is increasing rapidly, economic growth is not creating adequate decent and productive employment. One reason for this is the nature of economic growth and the pattern of structural change in these countries under which most of the workers move from agriculture to the low productivity service sector activities. In this situation, most of the workers remain engaged in vulnerable informal sector employment.

44. For improving the situation, a qualitative change in the pattern of growth is necessary such that it does not remain concentrated in few sectors and regions while most poor women and men can neither participate in and contribute to nor benefit from growth. Along with expanding their endowments, measures are needed to relax their constraints and reduce their risks and vulnerabilities in engaging in markets. The poor are often forced to engage in low productivity activities because these are less risky relative to high productivity alternatives. Reducing risks faced by the poor is therefore crucial in maximizing their chances of utilizing the opportunities offered by markets and economic growth.
45. Since informal sector including the small and medium enterprises (SMEs) is the main source of employment for the vast majority of the people in these countries, an integrated policy response is needed taking into account the diversity and heterogeneity of the informal economy. Policies are needed to raise the productivity of informal enterprises through access to capital, business development services, infrastructure, and supportive regulations and policies. In promoting such policies, public investments would have to play a key role.
46. Also critical is an environment conducive to private sector activities that allows for an easier transition to a more diversified economy and creation of new and more productive jobs. In this context, maintaining a competitive exchange rate is key in promoting the emergence of new economic sectors. Macroeconomic stability, including moderate but stable inflation, and sustainable domestic and external imbalances also create an environment conducive to private sector investment in diversifying the economy.
47. Implementing strategic diversification in economies with less developed entrepreneurial capacities requires a smart industrial policy – the selective but limited in duration promotion of particular new economic activities over others, encouraging greater value-addition, and product and market diversification. Active intervention is required that aims at creating the necessary complementary productive infrastructure, including industrial estates and economic zones. Intervention would also aim to encourage marketing and export market development, together with other promotional measures under industrial policy.

C. Hunger and food insecurity

48. Hunger and food insecurity still remain a major concern in the Asia-Pacific least developed countries. The Asia-Pacific region accounts for around 60 per cent of the world's food insecure people many of whom live in the least developed countries and most of whom remain highly undernourished. Economic insecurity and vulnerability are exacerbated by increasingly damaging natural disasters, which many believe are related to climate change and environmental degradation.
49. In this context, a particular concern is the high level of under nutrition among women which not only damages their health but also reduces their productivity and affects the nutrition and health of their children. Since the rural poor derive most of their income from agricultural activities, policies to facilitate the access of smallholder producers to land, agricultural inputs, finance, extension services, and markets would both contribute to enhancing food security and reducing poverty. This will also promote nonfarm business and employment opportunities. Moreover, investing in agriculture and rural activities is a top priority for these countries because of the expected rise in demand for food and feed resulting from rapid income and population growth.

Achieving these objectives becomes more critical in the face of increasingly unpredictable extreme weather events in the Asia-Pacific least developed countries resulting from the climate change consequences.

D. Infrastructural deficiencies

50. The Asia-Pacific least developed countries suffer from wide gaps in the levels and quality of infrastructural development that need to be closed within the shortest possible time. The limited availability and low quality of infrastructure constrains the contribution of infrastructure to economic growth through limiting the values of multipliers in terms of investment, employment, output, income, and ancillary development. The resource requirements for bridging or even narrowing these gaps are substantial and hence appropriate and innovative financing mechanisms are needed to meet the resource gap including the option of utilizing public-private partnerships.
51. The low quality of infrastructure disproportionately affects the poor and the rural people due to wide gaps in the quality of infrastructure between the urban and rural areas. Since most of the basic infrastructure in these countries has to come from the public sector, mobilization of finance, commitment to repairs and maintenance, reforms in governance and efforts to increase capacity, bringing better coordination, and paying closer attention to the environmental impact and the implications of climate change are issues that will need priority attention in the Asia-Pacific least developed countries.

E. Low level of human development

52. In general, many of the Asia-Pacific least developed countries have not performed well in health-related goals and targets compared with other MDGs. Although the countries have performed well on communicable diseases (e.g. malaria, tuberculosis, HIV/AIDS), the challenge is to sustain these achievements. In addition, with rising living standards, these countries are also facing increasingly higher incidence of non-communicable diseases including cardiovascular disease, cancer, chronic respiratory diseases, and diabetes.
53. Similarly, in the case of education, although the countries have expanded children's access to basic education, millions of children still remain out-of-school along with high drop-out rates. Even the children who are attending school, there are major concerns regarding the quality of their education. Low educational attainment in these countries is partly a consequence of low government spending on education which will need to be addressed in coming years.
54. Similarly, most of the Asia-Pacific least developed countries are still a long way from achieving gender equality despite the successes in achieving gender parity at different educational levels. Across these countries, women face both gender-based violence and severe deficits in health and education and in access to power, voice and rights at all levels in society and within the households.

F. High vulnerability, economic insecurity and lack of social protection

55. Over the last decade, economic insecurity has risen amid economic growth in the Asia-Pacific least developed countries. In most of these countries, many households are now facing higher levels of risks from multiple sources such as adverse family and household events, natural disasters, and greater exposure to external economic shocks (e.g. global economic crises).

Economic insecurity is exacerbated in the absence of comprehensive social protection systems in these countries.

56. Policies that provide social protection in times of adversity and reduce unacceptable levels of deprivation are important for the Asia-Pacific least developed countries both for reducing poverty and protecting the general population from the risk of falling into poverty as a result of unexpected shocks and disasters. Social protection systems are essential to attaining inclusive development through providing automatic stabilizers during periods of crisis by providing additional incomes to the poor and enabling them to maintain access to food and basic services.
57. The Asia-Pacific least developed countries lack an integrated, viable and effective social protection system to address such adversities through various types of programmes, such as employment generation measures, cash transfer programmes, targeted social services, and microfinance programmes. It needs to be acknowledged that the coverage of the social protection programmes in the Asia-Pacific least developed countries is among the lowest in the world.
58. The fragmented social safety nets that exist in these countries lack the framework of institutionalized welfare systems. These are not adequately funded, and are not coherent and do not provide coverage to protect the majority of the vulnerable populations. Along with reprioritizing public expenditures, significant efficiency gains can be realized through right set of reforms within the existing safety net systems which would allow the countries to consolidate existing programmes and expand scope and coverage of their social protection systems.

G. Climate change

59. Climate change continues to pose a significant risk to Asia-Pacific and, for some, represents the biggest threat to their survival and viability. Asia-Pacific least developed countries remain vulnerable to the adverse impacts of climate change and are already experiencing an increase in such impacts, including persistent drought and extreme weather events, sea-level rise, coastal erosion and ocean acidification, further threatening food security and efforts to eradicate poverty and achieve sustainable development.
60. Adaptation is a priority for the Asia-Pacific least developed countries, and the provision of sufficient, additional and predictable financial resources to implement climate change adaptation and mitigation projects and support national climate change priorities remains a significant gap. Where funds exist, accessing those funds remains a challenge, and capacity building efforts have not addressed this persistent problem. Asia-Pacific least developed countries can benefit from the full operationalization of the Green Climate Fund, taking into account that the Fund will play a key role in channelling, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private, at the international and national levels.
61. The global nature of climate change calls for the widest possible cooperation by all countries, to enable an effective and appropriate international response, with a view to accelerating the reduction of global greenhouse gas emissions. The Conference of the Parties to the United Nations Framework Convention on Climate Change the Convention provides that parties should protect the climate system for the benefit of present and future generations, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. In this regard, developed country

parties should increase technology, finance and capacity-building support to enable increased mitigation ambition and adaptation actions on the part of developing country parties.

H. Inadequate financial inclusion

62. An inclusive financial system offers access to financial products and services, especially to the poor, including obtaining credit and insurance on favourable terms and conditions and accessing payments services for undertaking transactions and remittances in a secure and cost effective manner. Households with access to financial services can improve their economic well-being while investing in children's education and enjoying better nutrition and health status than similar households without such access. Despite such advantages, the vast majority of the population especially the poor households in the Asia-Pacific least developed countries are typically excluded from accessing financial services offered by the formal financial sector.
63. In the Asia-Pacific least developed countries, the barriers to financial inclusiveness exist on both demand and supply sides. The demand side factors primarily include the limited capacity of potential clients to deal with the banks and the appropriateness of the products and services offered by the banks. On the supply side, the barriers cover the perception of the banks about the profitability and risks involved in dealing with poor customers and the costs of dealing with a large number of clients involved in small transactions. In general, development finance institutions and microfinance institutions in these countries have been more successful in reaching out to the poor and small and microenterprises.
64. In addition, public and technology-enabled networks such as post offices, telecommunications companies, and the Internet hold significant potential for bringing financial inclusiveness in these countries. The regulatory environment also needs to encourage diversity in the provision of financial services to increase the options available to the poor. A new range of products and services can be provided through innovative partnerships with NGOs, microfinance institutions, and other entities including mobile banking services.

I. Unsustainable pressure on natural resources and ecological imbalances

65. Poorly managed economic growth and the unsustainable patterns of production and consumption have largely relied on unplanned exploitation of natural resources, making the Asia-Pacific least developed countries increasingly vulnerable to adverse impacts of climate change and other unforeseen developments. In these countries, ecological imbalances are mostly reflected in the degradation of key natural resources such as forests and freshwater, and in unsustainable use of energy.
66. Although the impacts of these imbalances are not fully apparent in the short run, they pose challenges to the sustainability of development of these countries particularly those in the Pacific. The production system, especially of the agriculture sector, and the livelihoods of a large majority of the people living especially in the rural and fragile areas are also adversely affected because of increased frequency of droughts and other extreme weather events associated with climate change.

67. Along with expanding the 'new economy and green industries' through investments in renewable energy and in energy efficient technologies, addressing ecological imbalances of growth would also make substantial contribution to reducing poverty in these countries since the poor usually live in ecologically vulnerable areas and depend more on natural resources for their livelihood. A key to addressing the ecological imbalances will be greater use of technological innovations to reduce the adverse impacts of production and consumption activities on the environment and unsustainable pressures on natural resources.
68. It needs to be emphasized that the Asia-Pacific least developed countries which are disproportionately vulnerable to the consequences of climate change, do not have the financial resources and expertise to develop appropriate and new technologies. The United Nations Framework Convention on Climate Change (UNFCCC) recognizes these constraints by stressing that the developed countries need to provide support to these countries based on the principle of common but differentiated responsibilities. So far not much progress has been made both in terms of providing financing on preferable terms and in enhancing green market access opportunities to these countries.
69. Asia-Pacific least developed countries can use the flexibilities provided in the TRIPs Agreement to facilitate the adoption of environmentally sound technologies. Valuable opportunities are also available for sharing development experiences and best practices among these countries as well as other developing countries in the area of sustainable production and consumption. These countries may work more closely on bio-fuels, solar and wind power, waste management, and similar other areas.

J. Low integration with the new global context of development

70. The development gaps of the Asia-Pacific least developed countries also emanate from the new contexts of development with trade liberalization creating new challenges as well as new opportunities, technological revolution in ICT bringing in new dimensions of knowledge in development, and the increasing role of migration and remittances in domestic development.
71. One important element of national action in reducing development gaps in these countries is to build and maintain a social compact where the state is committed to reduce the poor's risks through ensuring good governance at all levels, maintaining macroeconomic stability, providing basic services and institutions, and securing citizenship.
72. For effectively mitigating the development gaps in the emerging global context, each Asia-Pacific least developed countries will have to address its own specific needs and constraints and exploit the opportunities for strengthening broad based and inclusive growth. Obviously, this would require these countries to spend more on basic social services, pursue a balanced approach to all three dimensions of development, boost intra-regional trade, create a receptive business environment for small and medium sized businesses, investment and technology flows with greater focus on regional economic integration, promote integrated markets, lower tariff and nontariff barriers, invest more in physical infrastructure, create robust transportation networks and information platforms, and install better regulatory structures.

K. ODA flows

73. In view of the severe structural disadvantages of the Asia-Pacific least developed countries, assistance through external resources such as ODA needs to play a key role in supporting their economic development and social progress. These countries need external resources to build their economic and social infrastructure especially for investing in basic services such as water, sanitation, energy, transport, shelter, health, and education. Such resources can also assist these countries in expanding their productive capacities, promoting FDI and trade, adapting technological innovations, fostering gender equality, ensuring food security, and reducing income poverty.
74. There is a need for a fundamental restructuring and refocusing of ODA flows to Asia-Pacific least developed countries. At the same time, it will be important to improve the quality of aid and increase its development impact by building on the fundamental principles of national ownership, harmonization, and managing for results.
75. This also requires aligning aid by sector with internationally agreed development goals and country priorities. For making ODA more effective, these countries need to address the gaps in existing institutions and governance structures while the donors need to increase the predictability of their support, reduce fragmentation, and promote national ownership.

IV. Way forward

76. The Meeting noted that the second half of the implementation of the Istanbul Programme of Action will happen within the framework of the Sustainable Development Goals (SDGs), and stressed that this opportunity should be sized by Asia-Pacific least developed countries.
77. The evidence on performance of the Asia-Pacific least developed countries brought out the necessity of a fundamental restructuring of the earlier approach for their graduation with more strategic, comprehensive and sustained strategies based on country-specific, focused, and realistic commitments on the part of the countries and the international community. Rather than treating the Asia-Pacific least developed countries as a group, the programme needed to adopt specific strategies fully taking into account the individual constraints, vulnerabilities, and potentials of each country.
78. The meeting observed that, in view of the emerging instabilities and vulnerabilities of the global economy, there was a need to refocus ODA attention on structural transformation of these economies through complementing export-led growth with strengthened role of domestic productive capacity, diversification of economic activities, improved technological capacity, and strengthened measures to stimulate a more inclusive and equitable economic growth. The ODA efforts needed also to pay more attention to agriculture and rural development, services, SME and private sector development, food and nutritional security, social protection and social services, and environmental concerns.
79. It was also recognized that the Asia-Pacific least developed countries varied significantly in terms of their physical environments and socio-economic characteristics. The size of population, for instance, varied from a few thousands in the small island states of the Pacific to more than 150 million in Bangladesh. The nature of their problems also differed widely along with potentials and development options.
80. The greatest challenge facing the Asia-Pacific least developed countries is to promote inclusive and sustainable growth and development for reducing

poverty and improving the quality of life of the people. In these countries, such growth requires measures to accelerate growth and diversify their economies along with a focus on agriculture and rural development, strengthen social protection, and enhance financial inclusion especially of the poor and disadvantaged groups. Moreover, economic insecurity remains pervasive in these countries along with high vulnerability in the labour market characterized by low wages, high job insecurity, and difficult conditions of work that undermine workers' fundamental rights.

81. In addition, economic insecurity and vulnerability are exacerbated by rising incidence of natural disasters fuelled by climate change and environmental degradation. Economic growth in these countries has not been inclusive enough precluding a commensurate growth of decent and productive employment in the formal sector. As a result, livelihood insecurity and disparities in opportunities and incomes, assets and wealth are rising rapidly making the growth process more unequal and unacceptable.
82. In the past, the Asia-Pacific least developed countries successfully weathered the global economic crisis for which timely and prudent national policies emphasizing short term responses to the external shocks played an important role. For sustaining the growth momentum, these countries need to find new sources of demand to deepen their dynamism mainly through rebalancing their economies in favour of greater domestic and regional consumption. More specifically, the Asia-Pacific least developed countries need to focus on critical imbalances that characterize their economic growth.
83. With the global economy still struggling to return to a sustained growth path, the external environment facing the Asia-Pacific least developed countries still remains less favourable compared with any period in the recent past. The slowdown of world trade has weakened the demand for goods and services (exports) originating from least developed countries both in developed countries and in emerging economies. In addition, the Asia-Pacific least developed countries have been confronted with a heightened volatility of commodity prices and capital flows.
84. For moving forward, it was therefore important to adopt country-specific strategies and actions within the framework of the IPoA. This was necessary since, despite similarities in the overall status of development, the nature and degree of the constraints facing each country was different and these needed country-specific actions. Moreover, although the nature of actions may be similar, their relative priority may be different in view of the country realities.
85. The Meeting observed that sustainable development must ensure that economic growth was more closely aligned and integrated with environmental and social dimensions. The SDGs would include the unfinished agenda of the Millennium Development Goals and a new set of goals related to energy, industrialization, infrastructure development, sustainable consumption and production, management of natural resources, and climate change. The transformation that is at the core of that agenda is what is required for least developed countries to overcome their structural challenges.
86. In his Synthesis Report: "The Road to Dignity by 2030", the United Nations Secretary-General lays out a development framework for the proposed SDGs and makes the case for deepening partnerships for finance, trade, as well as science and technology. The Meeting noted that those are precisely the areas in which Asia-Pacific least developed countries require support for promoting real structural transformation.

87. In view of that, the Meeting stressed that Asia-Pacific least developed countries should be active participants in the SDG processes and agreed on the following set of recommendations for moving forward in the implementation of the Istanbul Programme of Action in the Asia-Pacific region:

Recommendations

88. Least Developed Countries, development partners and the UN System are urged to meet the commitments and implement the actions agreed in the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020, including those related to mobilizing financial resources for development and capacity building;

Least Developed Countries

89. Least developed countries are encouraged to formulate comprehensive strategies for meeting the IPOA goals, including for financing and sustaining their graduation, in accordance with their national plans and priorities, including the achievement of sustainable development goals, with active support of the UN system and their development partners;
90. Asia-Pacific least developed countries need to build their productive capacities through advanced technological means for moving up in the higher value production chain to be able to produce more, new and sophisticated goods and services. They need to continue improving policy and regulatory environment necessary for expansion of modern business sector including SMEs. In that connection, countries are encouraged to formulate coherent and integrated strategy for increasing economic productivity and diversification, addressing cross-sectoral constraints such as infrastructure, human capital, supportive regulatory and taxation policies and activation of key markets. Industrial policies are particularly important for least developed countries to build productive capacities, diversify their economies and promote structural change;
91. Least developed countries are encouraged to continue to invest in improving education and health that are needed to prepare their population to take the development opportunities when they arise, to facilitate the move out of low productive and low-value-added agriculture to high value-added agriculture and industry and services, and to have a skilled labour force that can add-value to products and services. In that context, creation of conditions for employment of skilled labour force would constitute an important part of sustainable development in the LDCs;
92. In view of the importance of science, technology and innovation (STI) for productive capacity development, least developed countries are encouraged to continuously strengthen their STI base by devoting increased resources to that end. Development partners are requested to extend all possible assistance to the LDCs in that regard;
93. Least developed countries, with support from their development partners and the UN System, are encouraged to promote more sustainable patterns of consumption and production, which are expected to bring about the real transformation required for graduation of the least developed countries' category in a sustainable basis;
94. Least developed countries are encouraged to implement needed structural reforms to create a more favourable macroeconomic environment with appropriate incentives to attract long term public and private investment in

required infrastructure development, economic diversification, increase of productive capacity and job creation in support of graduation on a sustainable basis;

95. Trade facilitation and paperless trade have important implications for a country's export competitiveness. Least developed countries should endeavour to further implement trade facilitation measures, apply the tools developed by international organizations and take full advantage of assistance and support such as those embedded in WTO Trade Facilitation Agreement and other Aid for Trade initiatives;
96. The development of Asian Highway and Trans-Asian Railway networks and other connectivity networks, including maritime connectivity, continues to benefit least developed countries by enhancing connectivity and facilitating trade with neighbours on regional and sub-regional basis. However, there exists tremendous potential for a greater utilization of regional transport networks through the development of intermodal facilities, such as dry ports, and greater integration of modes. Least developed countries, with support of development partners, are encouraged to increase investment in transport infrastructure and services along intermodal transport corridors serving least developed countries;
97. Least developed countries are encouraged to take steps to strengthen social protection, create decent and productive work for all, ensure basic services on health and education, and promote non-discriminatory economic, legislative and socio-cultural norms for all;
98. Domestic financing is critical for graduation and least developed countries are encouraged to explore options to find the required fiscal space, including through administration reforms to increase efficiency of tax collection and allocation, and implementation in order to tackle tax evasion and fraud;
99. Foreign direct investment (FDI) can provide opportunities for learning and adoption of technology and is an important source of private development financing and job creation for least developed countries. Countries are encouraged to maintain favourable investment climate, including predictable business environment, and to build up regulatory capacities to increase the positive knowledge spill-over effects of FDI in accordance with national development plans and strategies, while effectively controlling speculative inflows;
100. Least developed countries are encouraged to find appropriate ways to harness remittances for sustainable development and graduation, by creating incentives and mechanisms for its use in productive investment in increasing human capital and productive capacities;
101. Least developed countries are encouraged to continue to explore pooling public and private resources and expertise, including through public-private partnerships (PPPs), to finance their physical infrastructure investment;
102. It is critical for least developed countries to effectively use available resources, including ODA, in areas that have direct impact on sustainable development and their graduation, making sure that these investments ultimately reduce vulnerability and increase resilience of their economies;
103. Disaster risk reduction is a common and constant challenge for the least developed countries of the Asia-Pacific region, and it should be actively

addressed by these countries and their development partners, with support from the UN System, in the implementation of the IPoA;

104. The private sector is a critical stakeholder for the implementation of the IPoA. Therefore, governments in least developed countries, with support from the development partners and the UN System, are encouraged to actively engage the private sector, especially the SMEs, in all efforts towards least developed countries' graduation and sustainable development;
105. Least developed countries are encouraged to strengthen data, statistics and information systems to monitor progress towards the goals of the IPoA and the SDGs as well as progress towards facilitating their graduation with active support of the UN system and their development partners;
106. Least developed countries are encouraged to continue sharing their experiences, including after graduation, in formulating and implementing strategies for closing their graduation gaps, as well as to explore further options to learn from each other;

Development partners

107. Official development assistance (ODA) remains a critical source of development finance for the least developed countries. Development partners should expeditiously meet their ODA commitments, including the commitments to achieve the target of 0.15% to 0.2% of GNP for ODA to least developed countries, in accordance with the IPoA and provide at least 50 per cent of the net ODA to LDCs;
108. Development partners are encouraged to take into account the least developed country graduation criteria or its indicators in the allocation of ODA, as agreed upon in the UN General Assembly Resolution A/67/221, to allow for proper alignment of ODA with the evolving needs of least developed countries and to avoid sudden changes in ODA flows when countries graduate;
109. Development cooperation should go beyond ODA and include facilitating more intra- and inter-regional trade and supply chains, building regional infrastructure along least developed countries' intermodal transport corridors, facilitating mutually beneficial flows of labour, technology transfer, and promoting flows of investments for increasing productivity and building productive capacities;
110. In view of the particular challenges and existential threats faced by least developed countries, specially Pacific Islands and countries with low-lying coastal belts, due to the impact of climate change and sea-level rise, development partners are encouraged to assist these countries, including after graduation, in mobilizing concessional resources, including new and additional financing, for the implementation of climate change adaptation measures;
111. Developed trading partners should provide full duty-free and quota-free (DFQF) market access to all products from all least developed countries as decided at the 6th WTO Ministerial Conference in Hong Kong, China in 2005 and building on the decision of the 9th WTO Ministerial Conference held in Bali in 2013, for promotion of exports and increasing the share of least developed countries in world trade;

112. Developing countries, declaring themselves in a position to do so, are encouraged to provide DFQF market access to least developed countries, in view of their increasing importance as export markets for traditional and potential new products of least developed countries;
113. Trading partners should adopt transparent and simple rules of origin applicable for imports from least developed countries, according to the guidelines agreed at the 9th WTO Ministerial Conference held in Bali in 2013, so that preferential schemes are effectively utilized and cost of compliance remains as low as possible;
114. Development partners are encouraged to adopt special support measures for least developed countries to fully benefit from regional economic cooperation and integration, in support to their graduation and sustainable development;
115. Trading partners should grant specific preferential treatment to services and service suppliers of least developed countries, in accordance with the waiver decision adopted at the 8th WTO Ministerial Conference in Geneva in 2011 and in line with the provisions agreed at the 9th WTO Ministerial Conference held in Bali in 2013. Such preferences should be granted preferably by 31 July 2015, which can help increase the current low participation of least developed countries in trade in services;
116. Trading partners should provide enhanced financial and technical assistance in helping least developed countries fulfil the necessary Sanitary and Phytosanitary Agreement (SPS) and Technical Barriers to Trade Agreement (TBT) requirements, aiming at facilitating exports from least developed countries;
117. In accordance with UN General Assembly resolutions A/59/209 and A/67/221, development partners are encouraged to continue to support least developed countries after graduation, considering the evolving needs and capacities of the graduated countries;
118. All development partners, including the international financial institutions (IFIs), should recognize and use for operational purposes the least developed countries' category and criteria to increase coherence of international support towards the least developed countries and expedite implementation of the IPoA;
119. Development partners are strongly encouraged to support the least developed countries in building robust science, technology and innovation base to facilitate the transfer and absorption of technologies in these countries, increase of their productive capacities, and promote sustainable development. In that regard, development partners should provide strong and sustained support to the UN Technology Bank for least developed countries, to make it seminal institution, and the International Investment Promotion Centre for the least developed countries;
120. New and additional finance for climate change should also be aligned with the overall development finance. All projects, strategies and programmes should contribute both to development towards and beyond graduation and where appropriate to climate change adaptation.

United Nations System

121. The UN System including ESCAP should continue to provide assistance to least developed countries in designing appropriate graduation and transition strategies, including promoting economic diversification, assisting them for more effective regional integration, facilitating means for transfer of technology and innovation, assisting them in reducing their trade costs, mobilization and effective use of financial resources and strengthening data and information systems in support to sustainable graduation;
122. The least developed countries' graduation indicators should be mainstreamed in the Global Accountability and Monitoring Framework for the sustainable development goals and associated targets;
123. UN should involve the LDCs more closely in the formulation and monitoring of graduation criteria and indicators;
124. The UN System including ESCAP should continue to promote sharing of knowledge and experiences and dissemination of good practices in developing and implementing strategies for least developed countries' implementation of the IPoA and graduation on a sustainable basis;
125. The UN system, especially OHRLLS, was encouraged to operationalize the UN Technology Bank for the least developed countries as early as possible, and coordinate with development partners, to pursue the establishment of UN Secretary-General's proposed UN International Centre for Investment Promotion for least developed countries.
126. The UN system including ESCAP, ITC and UNCTAD were encouraged to work with least developed countries to build their productive capacity including in areas of trade facilitation, supply chain development, services, agro-processing and private sector and SME competitiveness.