



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

THE LEAST
DEVELOPED COUNTRIES
REPORT 2019



The present and future of external development finance –
old dependence, new challenges



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The present and future of external development finance –
old dependence, new challenges



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UNCTAD

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Key Messages



ODA flows are insufficient to meet the needs of LDCs



LDCs must play a leading role in coordinating external finance



Sources of external finance and LDCs should agree and implement a new aid effectiveness programme



ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Disbursement rates

ODA FLOWS TO LDCs

AVERAGE DISBURSEMENTS GROWTH RATE



7%

Brussels Programme of Action



2%

Istanbul Programme of Action



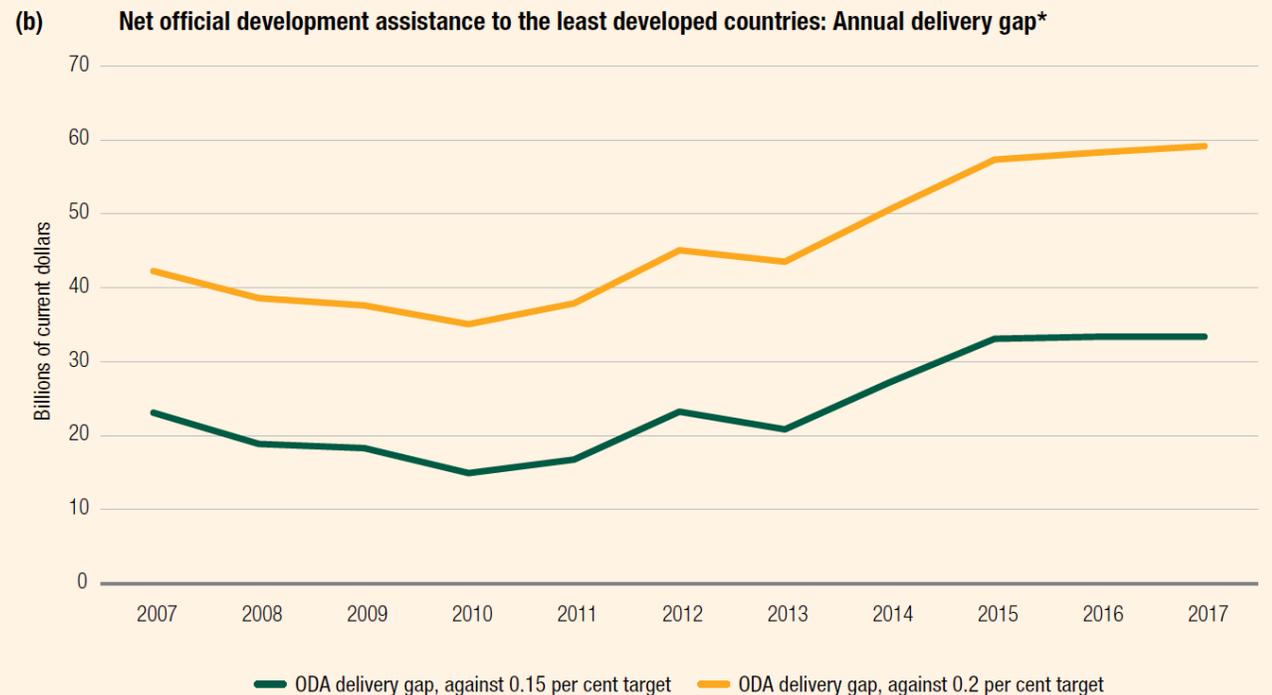
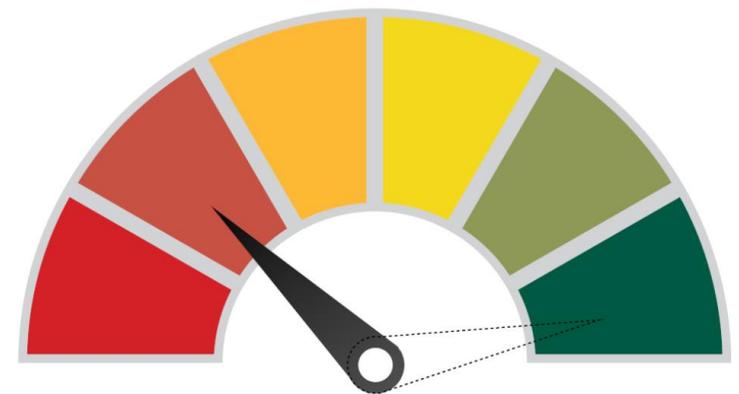
ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Volume gap

Contrary to donor pledges & The investments needed for LDCs to meet the SDGs

If donors had met **target 17.2** in 2017, LDCs would have received an additional **\$33–58 billion**



Source: UNCTAD calculations, based on data from the OECD International Development Statistics database.

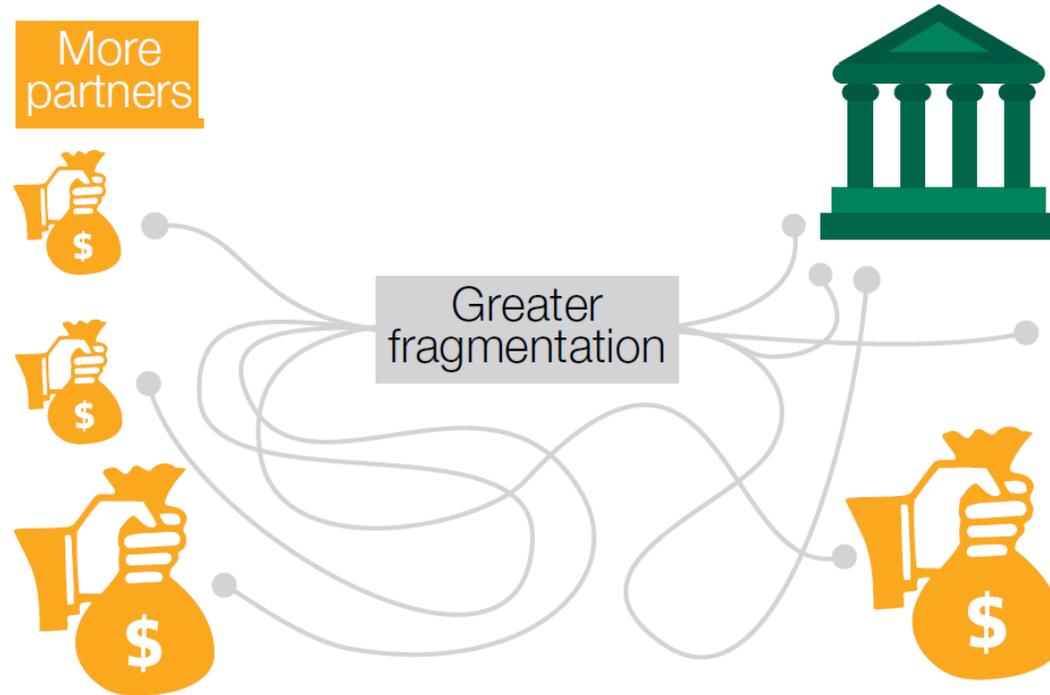
* In relation to United Nations targets for DAC donors.



ODA flows are insufficient to meet the needs of LDCs

Modalities

Challenges with ODA



Increasing complexity, difficult coordination

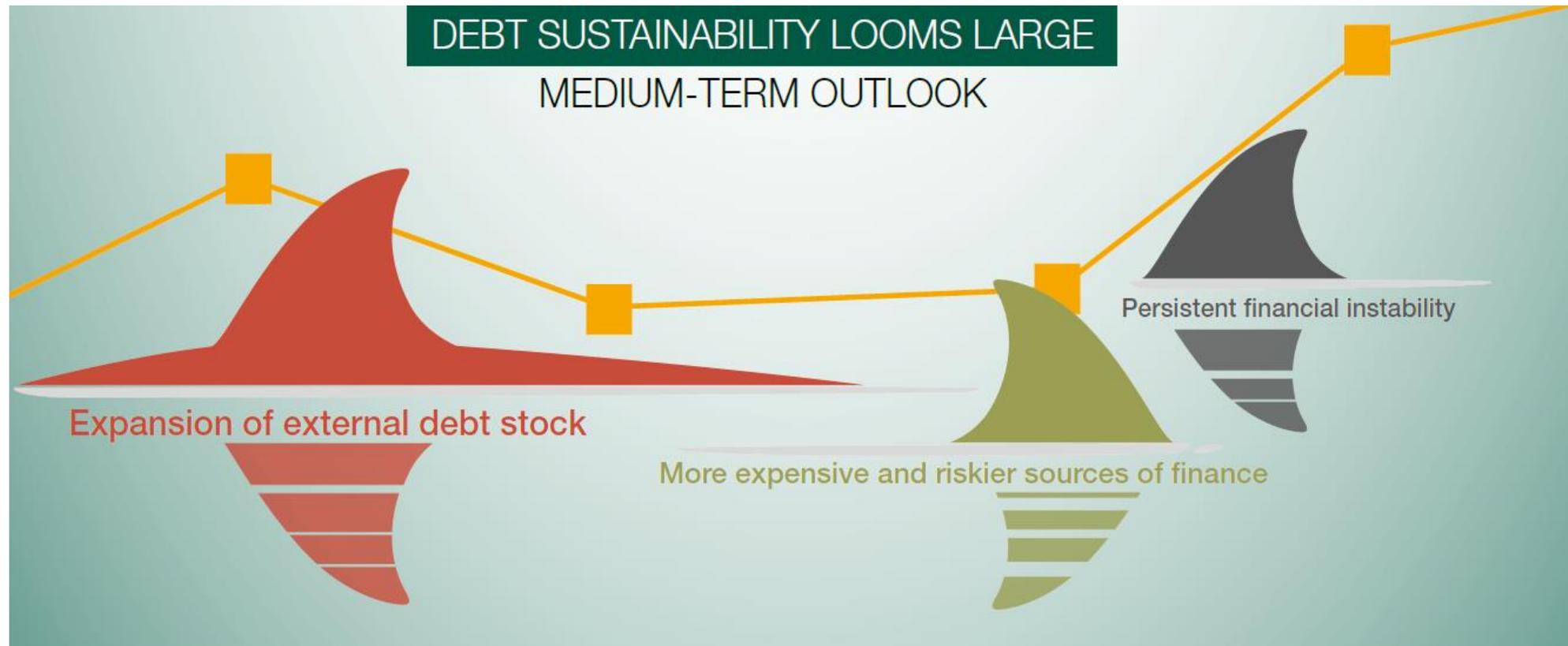


ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Less concessional and more complex aid instruments lead to rising debt stock

\$146b (2007) ↗ \$313b (2017)

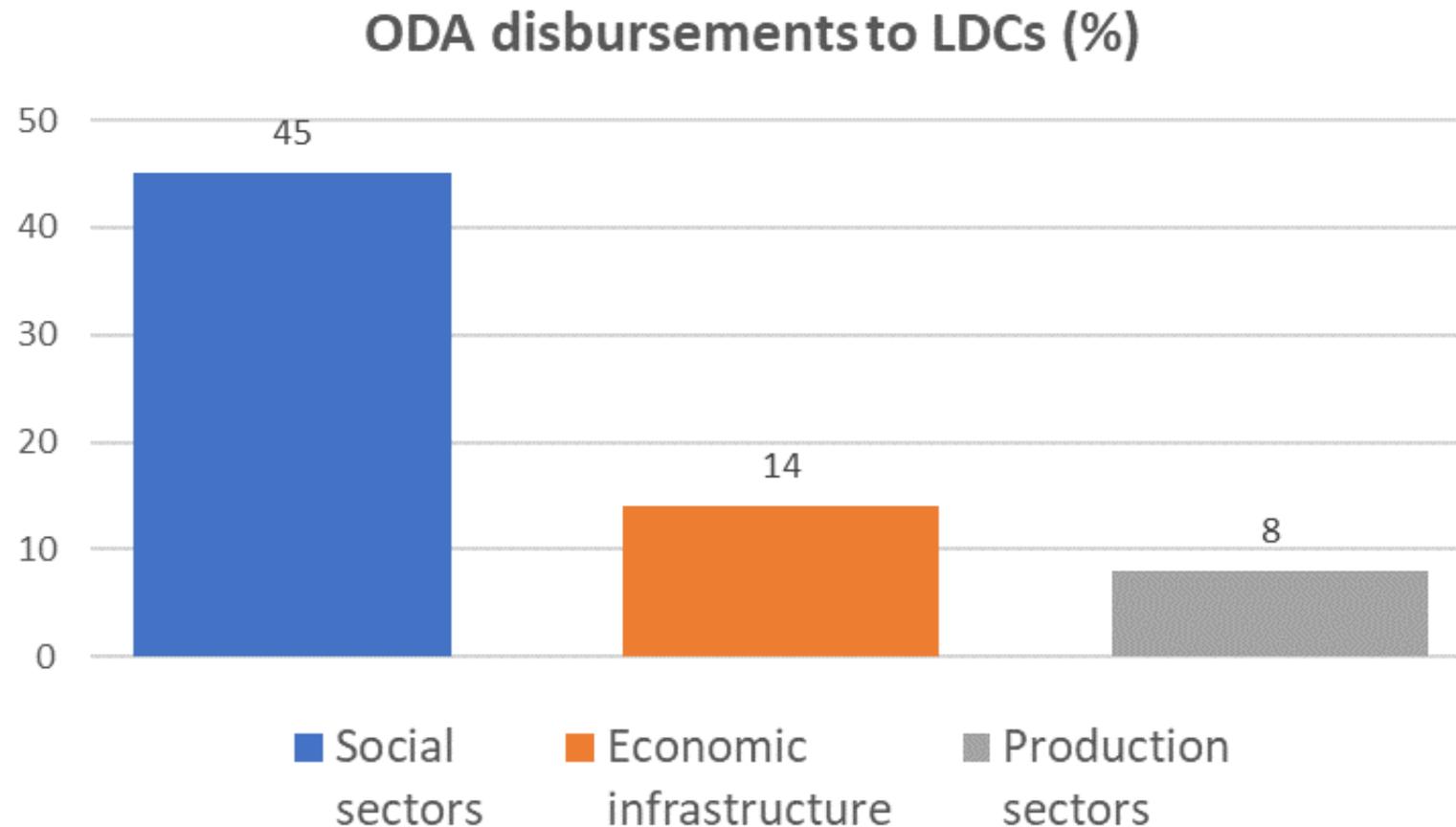




LDCs must play a leading role in coordinating external finance

Challenges with ODA

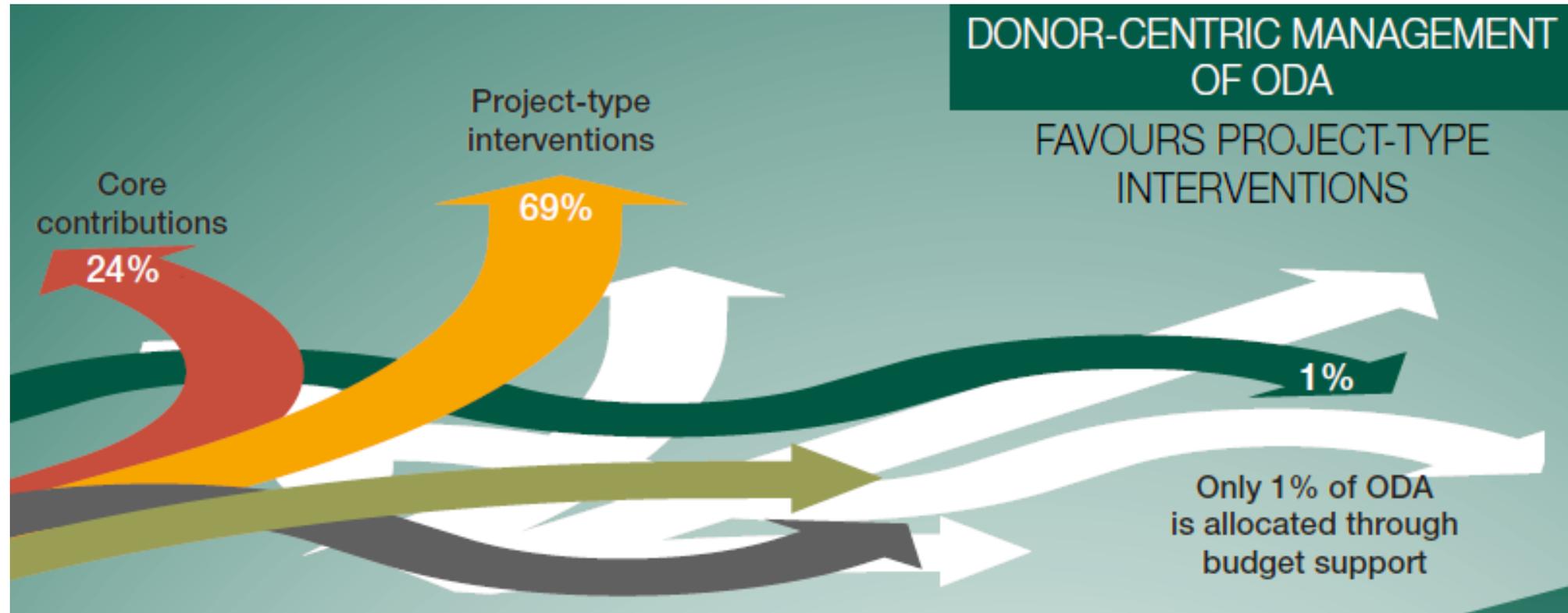
The need to improve aid allocation





LDCs must play a leading role in coordinating external finance

ODA delivery complicates fiscal management in the LDCs



...and risks contributing to a domestic brain drain



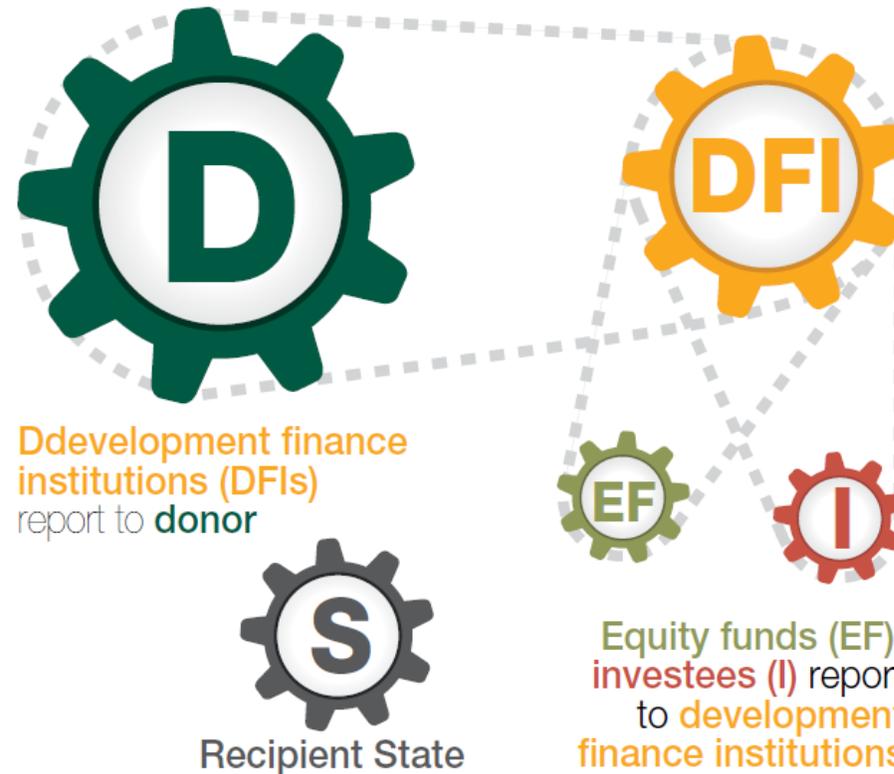
LDCs must play a leading role in coordinating external finance

Challenges of private development cooperation

Accountabilities between actors

For example:

- Blended finance
- Little alignment with national development goals





Sources of external finance and LDCs should agree and implement a new aid effectiveness programme

Implementing a new, comprehensive aid effectiveness programme

Actions by LDCs on national coordination of external finance

- Strengthen State capacity
- Implement aid ownership, and reinforce aid alignment, and mutual accountability



Sources of external finance and LDCs should agree and implement a new aid effectiveness programme

I. LDCs need to take a more proactive role to ensure that external finance from all sources is directed to national development priorities

- Improve aid coordination
- Adopt mechanisms for efficient disbursement and preserve fiscal space
- Align aid with national development plans



Sources of external finance and LDCs should agree and implement a new aid effectiveness programme

II. Actions by the international community in support of LDCs

- Strengthen technical support to LDC governments, aligned with their national development priorities
- Traditional donors should adhere to commitments reaffirmed in the SDGs
- Ensure adequate representation and effective voice for LDCs in multilateral discussions on ***systemic issues***



Sources of external finance and LDCs should agree and implement a new aid effectiveness programme

A new aid effectiveness programme

Will allow LDCs to steer the processes of structural transformation and achieve sustainable development



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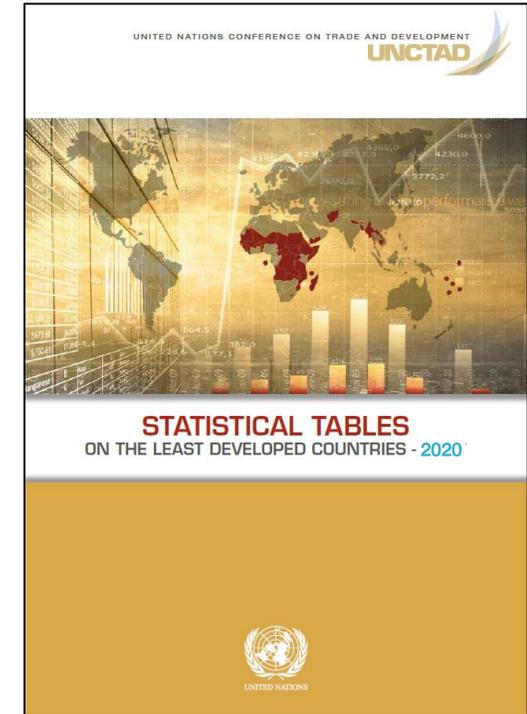


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Thank you

Coming soon:



LDC V