



PRESS RELEASE



UN OFFICE OF THE HIGH REPRESENTATIVE FOR THE LEAST DEVELOPED COUNTRIES,
LANDLOCKED DEVELOPING COUNTRIES AND SMALL ISLAND DEVELOPING STATES

Least Developed Countries to maintain strong economic growth in 2006 - UN

United Nations, 24 January 2006 – Least Developed Countries (LDCs) will continue to have the highest economic growth rate in the world this year, the UN has said.

The *World Economic Situation and Prospects 2006* issued in New York today projects that LDC economies will grow by 6.6 percent in 2006, a slight decrease from the 6.8 growth rate registered in 2005. By contrast, developing countries as a whole will grow by 5.6 percent, also a slight decline from 5.7 percent recorded in 2005. Developed economies will show a slight improvement from 2.4 percent in 2005 to 2.5 percent. World output will grow by 3.3 percent, up from 3.2 percent in 2005.

LDCs have recorded the highest economic growth rates in the world since 2001, averaging 6 percent per annum.

The report says that higher prices for raw materials, improved political stability and sound macro-economic policies have spurred the relatively high economic growth rates realised by the Least Developed Countries.

“Improved political and economic governance have directly contributed to sustained growth rates of above 5 percent during the past three years in countries such as Cape Verde, Madagascar, Mozambique, Senegal, the United Republic of Tanzania and Zambia,” the report says.

The UN points out, however, that growth performance varied widely within LDCs, with only 19 countries registering a per capita GDP growth of more than 3 percent in 2005. This was an improvement from 15 countries in 2004. In 2006, 18 LDCs, out of the 41 for which sufficient data is available, are expected to grow by more than 3 percent. There are currently 50 countries characterised as LDCs.

“The most vulnerable LDCs are the net oil importers that suffer from high oil prices, do not gain from higher, non-oil, primary commodity prices and have limited access to external

financing,” the report says. It points out that the competitiveness of the manufacturing sector remains weak in most LDCs, contributing little to export growth.

Welcoming the modest gains made by LDCs at the World Trade Organisation’s Hong Kong Conference in December last year, the report emphasises the importance of building supply-side capacity in the LDCs and helping them to cope with the adjustment costs of trade liberalisation.

The report calls for continued increases in development assistance and debt relief to enhance the prospects of the LDCs achieving the Millennium Development Goals.

Commenting on the report, the UN High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Anwarul K. Chowdhury, said it was encouraging that the efforts of LDCs to improve governance and economic performance were paying off. He emphasised, however, that there was no room for complacency and greater efforts were needed on the part of LDCs and their development partners to accelerate economic performance.

“The economic performance of a good number of LDCs is commendable. It should serve as an encouragement to both LDCs and their development partners to re-double their efforts to achieve and sustain annual growth of at least 7 percent that is needed to meet the development goals of the Brussels Programme of Action for LDCs,” he said.

“The international community needs to act faster to meet fully its commitments on development assistance, aid for trade and debt relief for LDCs to achieve the level of economic performance needed to make a significant dent on poverty,” he added.

For further information, please contact: Fred Kirungi, Advocacy and Outreach Officer, United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. Tel: (917) 367-3431. Email: kirungi@un.org. Website: <http://www.un.org/ohrls/>