

**Economic and Social Council
High Level Segment**

**General Debate
Statement of the Committee for Development Policy
to the Economic and Social Council
by
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Chairperson of the Committee for Development Policy (CDP)
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Mr. President, Distinguished Delegates, Ladies and Gentlemen,

It is a great honour for me to present the contribution of the Committee for Development Policy to this year's high-level segment. Eradicating poverty in all its forms and dimensions is indeed a central objective of sustainable development that requires attention and policy actions at the highest level.

Our committee decided to explore this year's ECOSOC theme from the angle of building productive capacities in countries that have graduated or are graduating from the least developed country category. There are three reasons why the CDP views this angle as important.

First, building productive capacities is key to poverty eradication. Increased productive capacities enable structural transformation towards more productive activities and sectors, ideally creating enough decent jobs to reduce poverty on a broad scale. Eradication of poverty also requires targeted interventions, which in turn demand resources and, therefore, economic growth.

Second, poverty is most widespread and persistent in LDCs. Hence, for achieving the goal of eradicating poverty everywhere, special attention must be given to countries that face the most severe structural impediments in building productive capacities – the LDCs.

Third, there is a lot to learn and a lot to share from the concrete experiences made by countries that have graduated and are graduating from the LDC category. The Committee identified those policies that have worked or have not worked in bringing these countries towards graduation. We truly believe that their lessons learned will help other LDCs in making development progress and the international community in assisting them in this endeavor.

Mr. President,

Building productive capacities for sustainable development requires integrated policies in five areas: I) development governance; II) policies for creating positive synergies between building productive capacities and social outcomes; III) macroeconomic and financial

policies that support productive capacity expansion and increase resilience to external shocks; (IV) industrial and sectoral policies and; (V) international support measures in the areas of trade, official development assistance and international tax cooperation.

Whereas these five policy areas are important for every LDC, and for developing countries in general, the concrete policies will vary.

In fact, one of the important findings of our work is that there is no one-size-fits-all. We identified three different pathways that countries are following towards graduation. In all pathways, peace and security, as well strong national ownership of the development agenda and building development oriented institutions are critical foundations.

A first pathway to graduation is through rapid income growth from natural resource exploitation. However, without sufficient investments in human assets and a lack of economic diversification, this pathway has not moved countries towards achieving the sustainable development goals. In fact, we observed that despite strong economic growth, large parts of the population often remain in poverty.

Weak development governance is the key constraint that prevents countries on this pathway from channelling natural resource revenues into social sectors. Despite available public resources and stated prioritization of social sectors and economic diversification, low transparency and lack of good development governance have caused expenditure patterns to neglect social sectors.

A second pathway combines income growth with investment in human assets. Countries on this pathway are typically small economies, with limited scope for economic diversification. Instead, they specialize in sectors such as tourism or natural resources. Therefore, they often continue to be economically vulnerable and, in some cases, face persistent inequalities. Many countries on this pathway are also very vulnerable to natural disasters and climate change. At the same time, they have been generally successful in eradicating most forms of poverty.

Good development governance in these countries facilitated not only human assets development, but also prudent macroeconomic policies, as well as a pragmatic and strategic application of industrial and sectoral policies. They placed great emphasis on social policy from the beginning of their development trajectory, adopting policies aimed at ensuring food security, creating opportunities for education, and easier access to health care services.

For many countries on this pathway, international cooperation has also been instrumental. A critical issue in this regard has been their capacity to effectively coordinate donor support. In this regard, mainstreaming ODA in national development planning and adopting sector-wide approaches to programming have been fundamental. Some of these countries have

also benefitted from their diasporas, by adopting far-sighted diaspora and remittances policies that mobilized resources and knowledge needed to expand productive capacities.

A third pathway is characterised by investments in human assets and structural transformation towards higher productivity manufacturing and services. This pathway is primarily suitable for larger economies. It leads to a steady, albeit slow progress towards sustainable development, including the eradication of poverty. In these countries, agriculture and rural development have been the launching pad of development. This required investments in rural infrastructure and agricultural reforms focusing on small-scale farmers. Land use and tenure reforms that improved the rights of women, as well as public support to farmers through agricultural extension services and subsidizing inputs have also proven successful. This, in turn, increased human assets through the reduction of malnutrition, as well as sustained growth and the transfer of labour from agriculture to more modern sectors.

On this pathway, the state plays an active and crucial role in designing appropriate policies in all relevant areas. This includes creating and adapting development-focused governance structures. As in the second pathway, countries placed strong emphasis on health and education, in line with the view that 'social policies' are needed right from the beginning of structural transformation. Successful policies have been often oriented at closing gender gaps in health and education, as well as at deploying 'health extension workers' throughout the country to achieve almost complete coverage with public health programmes.

Experience of countries on this pathway also shows that international support on trade can be instrumental. Duty-free and quota-free market access can integrate LDCs into the global economy. But it only works if LDCs have sufficient latent capacity and if they adopt complementary domestic policy reforms. As only few LDCs have benefited significantly from preferential market access and other trade-related support, there is a clear need for greater industrial and technological upgrading along with a proactive negotiating capacity.

Mr. President,

I am aware that the Rapporteur of our Committee, Professor Keith Nurse, already briefed you on the other topics that we addressed this year during the Coordination and Management Meetings. Let me, however, highlight some key issues.

As requested by the Council, we looked into the reasons for and consequences of the non-application of the LDC category by some United Nations development system organizations. We found that while almost all UNDS entities recognize the LDC category, there is no consistent application in priority setting and budget allocation. We also made concrete recommendations on how to move towards more consistent support to LDCs.

In preparation of the 2018 triennial review of the LDC category, we reviewed and confirmed the graduation criteria while embarking on a multi-year programme for a comprehensive

criteria review. As the CDP might be able to recommend additional countries for graduation in 2018, it is important that the United Nations development system and development partners provide adequate support to graduating countries during the transition period. Our monitoring of countries graduating and graduated from the LDC category also underscored the importance of graduating countries to develop a smooth transition strategy and the need for development partners to support the implementation of such strategies.

Mr. President,

The CDP is fully aware of the significance of the 2030 Agenda for Sustainable Development and the critical role of the United Nations as a whole to implement it. The Economic and Social Council plays a central role in reviewing progress and providing guidance for achieving the SDGs. Our Committee continues to be at your disposal to support you in these tasks.

I thank you for your attention.