

Economic and Social Council
Coordination and Management Meeting

**Presentation to ECOSOC of the 2018 Report
of the Committee for Development Policy (CDP)**

by

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Madam Vice President, Distinguished Delegates, Ladies and Gentlemen,

I am pleased and honoured to introduce the Report of the Committee for Development Policy on its 20th Session. The Committee met in plenary session in New York from 12 to 16 of March. We contemplated a diversified agenda, which ranged from long-standing development challenges to the examination of emerging issues. The development progress of the Least Developed Countries (LDCs) has been a core concern for the CDP since the creation of the category. This year, we conducted the triennial review of the list of LDCs to identify countries for inclusion into and graduation from that list. We also considered other pertinent aspects of the category, such as the monitoring of graduated and graduating LDCs and improved assistance for graduating LDCs. Our work goes beyond the LDC category.

We also focused on two other important issues: one related to multiple dimensions of the pledge to leave no one behind contained in the 2030 Agenda for Sustainable Development; the other related to how to enhance effectiveness of the voluntary national reviews (VNRs) of the implementation of the 2030 Agenda presented at the high-level political forum. Our chair – Mr. José Antonio Ocampo - will have the opportunity to further exchange views with you on our recommendations on leaving no one behind at the Council's high level segment session in July. Thus, my presentation today will focus on our main conclusions and recommendations on the LDC category and the VNRs.

Madam Vice President,

Concerning the triennial review of LDCs for graduation and inclusion, let me start with some preliminary background on the process and criteria.

The category of LDCs was established by the General Assembly in 1971. The CDP was instrumental in the creation of the category and has always played the leading role in defining the methodology for classifying countries as LDCs and to identify the areas where special support measures for these countries were most urgently needed.

The CDP understands LDCs as low-income countries suffering from severe structural impediments to sustainable development. We identify LDCs on the base of three criteria:

the GNI per capita, as a measure of income and the overall level of resources available in the country, and two composite indices that capture structural handicaps to development. These composite indices are: the human assets index (HAI) and the economic vulnerability index (EVI).

For a country to be included in the category, all three criteria have to be met at specific threshold values, and its population should be below 75 million.

To be eligible for graduation, a country would need no longer satisfy at least two criteria. Alternatively, GNI per capita would need to be at least twice as high as the normal income graduation threshold. This is called the “income-only” criterion, and needs to be verified also at two successive reviews. Graduation thresholds are set at a higher level than those for inclusion. Countries need to meet these graduation criteria at two successive triennial reviews.

Hence, leaving the LDC category is more difficult than joining it. But this is intentional, as it prevents movements in and out of the category which would be detrimental to a continuous progress towards sustainable development.

In making our recommendations, we do not rely on the quantitative indicators in the LDC criteria alone. We also assess the overall vulnerability of a country, the likely impacts of graduation on international support and seek the views of the country concerned.

This year’s triennial review identified one country that qualified for inclusion according to the quantitative criteria for eligibility. But the country is not being recommended for inclusion as the government indicated that they did not wish to join the category.

Turning to graduation, the Committee identified 12 countries that met the graduation thresholds: a historical moment for the category! Our review concluded with a recommendation for graduation for four countries as I will elaborate.

Bhutan, São Tomé and Príncipe, and Solomon Islands met the graduation criteria for the second consecutive triennial review. The Committee appreciated the efforts by the countries to make such impressive progress, and recommend them for graduation from the list. In line with General Assembly resolutions 59/209 and 67/221, the Committee advises the Council to re-iterate the importance of development partners to support smooth transition of Bhutan, São Tomé and Príncipe, and Solomon Islands.

Kiribati – This country was reviewed in 2012 and 2015. The Committee found the country eligible for graduation for the third consecutive time. We found the development progress made by the country has been sustained, and recommend the country for graduation.

At the same time, we are deeply concerned that the country is extremely vulnerable and that existing LDC-specific support measures are not adequately addressing this vulnerability. This situation is not unique to Kiribati but others, such as Tuvalu. Indeed, there is a gap in international support to countries which have achieved a level of development beyond LDC status but yet remain extremely vulnerable. There is a need for an effective mechanism to ensure that extremely vulnerable countries such as Kiribati or Tuvalu support targeting these vulnerabilities. In this regard, we further recommended the creation of a category of countries facing extreme vulnerability to climate change and other environmental shocks as a possible framework for providing needed support.

Nepal and Timor-Leste – the Committee found these two countries eligible for the second consecutive review. However, the sustainability of the development progress is not assured, and the countries will be reviewed again at the next triennial review in 2021.

Bangladesh, Lao People’s Democratic Republic, and Myanmar – these three countries were found these three countries eligible for graduation for the first time at this review.

Finally, we monitored the progress of countries that have graduated.

Angola and Vanuatu – these two countries that are currently graduating have continued to make steady progress, although they remain structurally vulnerable, particularly to commodity price fluctuation and environmental shocks.

Equatorial Guinea, Maldives, and Samoa - these three graduated in previous years.

Maldives and Samoa have continued to achieve steady development progress, while they remain vulnerable to economic and environmental shocks. The Committee noted the imbalance between per capita income and the level of human assets in Equatorial Guinea and their heavy dependence on the oil sector, which is currently causing macroeconomic challenges for the country.

Madam Vice President,

We are pleased to see the increasing attention and policy commitment to graduation from the LDC category. At the same time, we are concerned that existing support to a smooth transition from the LDC category simply delays the loss of LDC-specific support. In this regard, we found that there is an opportunity for the international development community to develop an incentives package aimed at mitigating the impact of graduation from the LDC category. The Committee initiated discussions on how it can engage and make proposals for the design and implementation of such a package, which could include analytical inputs, advisory services and new forms of concrete development cooperation aimed at furthering their development progress.

Relatedly, we continue to be concerned that many countries preparing for graduation still face challenges in fully understanding the type of international support measures from which they benefit and the policy implications of the possible loss of such support after graduation. To that end, the Committee’s Secretariat has developed a web-based platform, known as Gradjet, which provides information and analysis on graduation and makes tailored suggestions as to the activities which governments might wish to undertake before, during and after graduation. We encourage you to make use of this tool which will be available by the end of this year.

Let me now turn to the other issue we discussed in March, the voluntary national reviews (VNRs) of the implementation of the 2030 Agenda presented at the high-level political forum for sustainable development in 2017.

The Committee undertook a content analysis of the reports submitted, focused on some key priority themes, namely leaving no one behind, and addressing trade offs through integrated policies. The aim of our analysis is to encourage countries to address critical challenges in promoting the necessary ambitious and transformative agenda. Thereby, we hope that the effectiveness of the VNR process for sharing experiences among countries

that accelerate the implementation of Agenda 2030 can be further enhanced. We plan to continue this type of analysis in the coming years for a range of critical cross-cutting issues.

We found that while the over-arching objective of leaving no one behind was emphasized in almost all VNRs, only a few had explicit strategies on promoting this objective. With respect to trade offs and integration amongst goals and targets, very few countries addressed this issue. More substantive information in the VNRs on the specific approaches that are being adopted to pursue these themes would help make this process more effective as a way of sharing experiences amongst countries and for developing partnerships amongst stakeholders.

Given the importance of addressing trade-offs for achieving progress towards sustainable development and the inherent difficulties in finding solutions for them, more attention in the voluntary national reviews to describing concrete trade-offs and policy mechanisms for addressing them could significantly increase the value of the reviews for sharing experiences that accelerate the implementation of the 2030 Agenda.

The Committee plans to share and discuss the analysis more widely within the VNR Lab, the new informal platform for learning and sharing at the 2018 HLPF that will be organized by the Department for Economic and Social Affairs in close cooperation with VNR countries. We are looking forward to seeing many of you at the VNR Lab.

Madam Vice President,

The Council will have an important role to play in supporting, guiding and monitoring various global development agenda. The challenges are tremendous and the time is ripe for concerted global action for the benefit of all. The Committee feels privileged that it can contribute to this process and support your work by providing analysis and policy advice to you.

I thank you for your attention.