

Economic and Social Council
Coordination and Management Meeting

Presentation to ECOSOC
2017 Report 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 Report of the 19th Session of the Committee for Development Policy held in March this year. As in the past, this year's CDP Report examines several sustainable development issues of relevance for the Council's current and future deliberations.

This year, the Committee addressed the following themes. First, we considered lessons learned from developing productive capacities. Second, we discussed a number of issues on least developed countries (LDCs), including monitoring the development progress of graduating and graduated countries, the outline of a multi-year programme on a comprehensive review of the LDC criteria, a review of the recognition and use of the LDC category by United Nations development system entities, and the LDC graduation platform. We also looked into the issue of total official support for sustainable development (TOSSD).

At the Council's high-level segment session and High Level Political Forum (HLPF) on 17 July, the CDP will have the opportunity to exchange views with you on our recommendations on the first issue, the promotion of productive capacities. Therefore, today's presentation will address the other two issues, namely LDC-related issues and TOSSD. I will elaborate on our key conclusions and highlight the recommendations put forward for your consideration.

Mr. President,

The Committee reviewed the development progress of Angola, Equatorial Guinea and Vanuatu. Angola is scheduled for graduation in February 2021. Equatorial Guinea just graduated earlier this month. And Vanuatu is scheduled to graduate on December 2020.

Angola and Equatorial Guinea continue to experience an economic slowdown owing to lower international oil prices. Both countries are characterized by an imbalance between the relatively high level of per capita income and the low level of human assets. The Committee acknowledges that the Government of Angola initiated the preparation of its smooth transition strategy, addressing economic vulnerability through diversification. The Committee strongly encourages Equatorial Guinea to urgently formulate and implement measures designed to promote human assets.

Vanuatu has been recovering from Cyclone Pam but its vulnerability to external shocks remains high. The Committee recommends that the

Government of Vanuatu start a dialogue with trading and development partners to prepare a smooth transition strategy.

We also reviewed the development progress of Samoa, which graduated in 2014 and is implementing its transition strategy. The Committee noted that Samoa continued to achieve slow but steady development progress, despite its high vulnerability to economic and environmental shocks.

The Committee recalled General Assembly resolution 67/221 and reiterated the importance of the participation of graduating and graduated countries in the monitoring process, in order to ensure that country perspectives are reflected in the monitoring reports prepared by the Committee.

The Committee regularly reviews the LDC criteria, based on a consistent set of principles. The 2016 Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action recognized the importance of the reviews by the CDP of the graduation criteria for the LDCs, and recommended that the reviews be comprehensive, taking into account all aspects of the evolving international development context, including relevant agendas. That mandate, reiterated subsequently by the Council, warrants a review of the criteria that is broader than the one usually undertaken in the context of a triennial review of the LDC category.

To fulfil the mandate, the Committee decided to conduct a comprehensive review of the LDC criteria by 2020. The CDP will focus on five agendas: the 2030 Agenda for Sustainable Development; the Addis Ababa Action Agenda; the Paris Agreement; and the Sendai Framework for Disaster Risk

Reduction, and the IPoA itself. In the multi-year work programme, the Committee will start with reviewing the basic structure of the LDC criteria and its application principles. And then we will assess to what extent the LDC indicators reflect the global development agendas, and identify areas of insufficient coverage. Next step will be to assess to what extent the indicators used for monitoring the relevant agendas reflect structural impediments to sustainable development. We will further assess whether incorporation of indicators identified in step iii improves identification of LDCs. Finally, the CDP will identify additional indicators and assess whether their incorporation improves identification of LDCs.

The Comprehensive High-level Midterm Review also invited the Committee to look into the reasons for and consequences of the non-application of the LDC category by some United Nations development system organizations. In response, the Secretariat of the Committee conducted a survey to collect information on the recognition of the LDC category by entities of the United Nations development system, as well as the various types of support measures made available by those entities to the LDCs.

While the survey responses indicate that the United Nations development system entities recognize the LDC category, the recognition does not translate into a consistent application of priorities and budget allocation. And there are large variations in the type and level of LDC-specific assistance. Assistance is often based on the entities' own policies, priorities and criteria, which may not necessarily relate to LDC status. The findings are surprising, given that the LDC category is the country group which was officially

adopted by the United Nations for providing priority on development assistance.

United Nations development system entities do not always have specific graduation support programmes or mechanisms for the LDCs, either. Assistance prior to, during and post graduation is often reviewed on a case-by-case basis, and there is no established institutional approach for the phasing out of LDC-specific benefits. While benefits extended on a case-by-case basis are helpful for LDCs, such ad-hoc policies will add difficulties and uncertainty to the graduating and graduated countries when they formulate medium and long term transition strategy. The Committee views this lack of guidance on smooth transition with particular concern, as graduating countries need to adjust to changes in support for their development with limited information.

Additional efforts are needed to reduce existing differences in the LDC category application and improve the overall coherence and application of LDC-specific international support measures. The Committee confirmed the findings contained in resolution 71/243 adopted on 21 December 2016 on the quadrennial comprehensive policy review, in which the General Assembly expressed its serious concern at the fact that the share of expenditure for operational activities for development of the United Nations system in the LDCs is declining.

Mr. President,

I am pleased to inform you that the Secretariat of the Committee is making progress in developing a web-based graduation toolkit. As presented to the Council last year, the platform aims to facilitate LDCs' efforts to understand and address the possible reduction of international support, and reduce the uncertainty surrounding graduation, and keep their development trajectory on a sustainable path.

In particular, the platform will help countries map out and assess the type of LDC-specific support currently used and available. It enhances inter-ministerial collaboration and private sector involvement in graduation. It also assists the identification of policy priorities in the use of international support measures and their phase-out. Finally, it facilitates communication between government ministries and other stakeholders as well as with key development and trading partners, and help lay the groundwork for a useful smooth transition strategy.

When the platform is completed, we recommend that countries, relevant agencies and bilateral partners make full use of the platform and that United Nations and bilateral development partners contribute to the platform with information and analysis on the LDCs' graduation.

Mr. President,

Please let me now to turn to the issue of financing for sustainable development. As a follow-up to its discussions during the plenary in 2016, the Committee considered issues related to the implications of a new development finance concept, provisionally known as TOSSD.

As you are aware, the Development Assistance Committee (DAC) is developing the TOSSD concept as part of a review of Official Development Assistance (ODA), aimed at monitoring and measuring flows that could be considered developmental but are not currently captured in ODA. The DAC is defining the new procedures for registering ODA, but many aspects of TOSSD remain imprecise in our view, despite its significance for the 2030 Agenda for Sustainable Development.

A number of questions still need to be clarified.

Firstly, how is a new concept like TOSSD better than improving the measurement of already defined areas of development finance? Rather than aggregating different flows and expenditures into two overlapping measures, that is, ODA and TOSSD, it may be better to recognize that flows are different in nature, have different purposes and generate different impacts.

Secondly, should TOSSD collect all financial instruments with development impact even if development is not their primary purpose? There could be many uncertain cases, such as, credits and private funds mobilized by official resources for various purposes.

Finally, should TOSSD rely only on provider-sourced data, if cross-border flows are supposed to take a recipient perspective? In that case, how can the statistical capacities of developing countries be strengthened so that they are able to report on flows they wish to report?

Let me remind you that the main purpose of the process of redefining aid is not to increase artificially the volume of development resources, but to increase the level of transparency and accountability among providers and to provide developing countries with a clearer understanding of the sources of their development financing. We emphasize that the interests of the recipient should remain paramount. Only cross-border resources that are oriented to countries' development priorities as their primary purpose should be counted as development finance. Donors' contribution to global public goods should be counted separately from total official support for sustainable development. Private resources leveraged by official funds should also be counted separately from total official support for sustainable development.

Levels of transparency and inclusiveness of the process of defining TOSSD should be improved. Because TOSSD involves actors outside the DAC, the Committee emphasized that a more representative and inclusive body, such as the Economic and Social Council, must play a more prominent role in the definition and follow-up of the new concept. The proposed involvement of the HLPF, the ECOSOC forum on financing for development and the Statistical Commission is most welcome and needs to include all relevant technical and political aspects in order for TOSSD to be useful for monitoring the implementation of the 2030 Agenda for Sustainable Development.

Mr. President,

The CDP is fully committed to do its utmost to assist the Council in achieving its mandates and will continue to align our work to the priorities of the Council.

I thank you for your attention.