Paradigm shift to boost economic development
HALFWAY TO 2030
High Impact Initiatives at SDG Action Weekend, 2023

The SDGs are essential but we are off track

World leaders made a historic global promise to secure the rights and well-being of all peoples when they adopted the 2030 Agenda and the Sustainable Development Goals (SDGs) in 2015. This Agenda recognizes that collectively, we can deliver a better future for all. However, the Agenda is a promise, not a guarantee.

Over the past eight years, the world has seen unprecedented mobilization around the SDGs and we have made significant progress on some fronts, laying the critical foundations for our future success. However, now halfway to the 2030 deadline, we are not halfway there – in fact, we are only 15% of the way.

To keep the promise, we need a fundamental pivot

It will take more than rhetoric or increased attention to deliver the promise. We cannot stay wedded to current ways of working. Everything we do, in every corner of our world, will need to evolve for us to advance.

The fundamental pivot we need at the core of the 2030 Agenda demands that countries reorient economies, ways of working and mind-sets to ensure the rights and aspirations of all can be achieved while preserving our climate and natural environment.

This change will take everyone

In many ways, the foundations for transformation are right in front of us - the technical know-how, institutional infrastructure, global financial resources and proven programmes – but we need to channel these resources more effectively. This is the critical moment for political leadership and bold action from national governments; for the international community to come together in common purpose; and for all partners on the SDG journey to take their contribution to the next level. We start tomorrow, by accelerating what works today.

THE HIGH IMPACT INITIATIVES AT SDG ACCELERATION DAY
SUNDAY, 17 SEPTEMBER

As we look to the future, our goal is simple: to generate renewed momentum, strengthen political leadership and channel tangible, integrated and coordinated support behind national plans and priorities. As part of the global effort to meet this challenge, the United Nations development system is mobilizing behind 12 high impact initiatives which provide a platform to help take SDG progress to scale. This platform will enable us to learn, evolve and scale what works with greater coordination and collaboration. The platform cuts across three major areas: economic and social transitions, means of implementation, and a core aspect of the cross-cutting issue of gender equality.

- Energy Compacts: Scaling up ambition to deliver on SDG7
- Nature Driving Economic Transformation: Leveraging the power of biodiversity and nature to drive equitable economic progress
- Food Systems Transformation: Transforming food systems for a sustainable world without hunger
- Transforming Education: Learning to build a better future for all
- Global Accelerator: The Global Accelerator on jobs and social protection for just transitions
- Digital Public Infrastructure: Scaling inclusive and open digital ecosystems for the SDGs
- The SDG Stimulus; Scaling up long-term affordable financing for the SDGs
- Transforming4Trade: Paradigm shift to boost economic development
- Local2030 Coalition: Pushing key transitions and achieving the SDGs by 2030
- FutureGov: Building public sector capabilities for the future
- Power of Data: Unlocking the data dividend for the SDGs
- Spotlight Initiative: To eliminate violence against women and girls
VISION FOR IMPACT

International trade has been an engine for development for decades. However, trade has not been inclusive. Increased inequalities are particularly evident in Least Developed Countries (LDCs), where economies reliant on one or few commodities are left highly vulnerable to shocks. These countries need support with improving productive capacities to diversify their economies. Productive capacities are the resources, entrepreneurial capabilities and production linkages that determine a country’s ability to produce goods and services that will help it grow. The Productive Capacities Index (PCI), diagnoses the areas where countries may be leading or falling behind, spotlights where policies are working and where corrective efforts are needed. It suggests a roadmap for future policy actions and interventions under each of its eight components: human capital, natural capital, energy, ICTs, structural change, transport, institutions and the private sector. Enacting changes across these components requires a paradigm shift from narrow, sector-based and short-term projects to evidence-based, holistic and long-term economy-wide programmes that ensure policy coherence.

The Paradigm Shift encompasses:

• **Multi-sector economic analysis**: Use National Productive Capacities Gap Assessments (NPCGAs) to analyze gaps and potential across the eight components of productive capacities with 42 dedicated indicators.

• **Domestic policy development**: Comprehensively analyze domestic policies and programmes and provide guidance on policy transformation to support the development of productive capacities.

• **Holistic Productive Capacities Development Programmes**: Enact Programmes to foster economy-wide productive capacities and structural transformation at the country-level, while also shifting from sporadic and narrow sector-based interventions to a holistic and integrated programmatic approach.

This High Impact Initiative particularly supports strategic pillars for socio-economic development such as agriculture, agro-processing, manufacturing, creative economy, and blue economy, with an emphasis on human capital development. The means of action will be based on the recommendations of the NPCGAs and vary from country to country. However, the Initiative enables the replication of good practices and lessons learned in different countries to economies at similar stages of development.

OVERVIEW: TRANSFORMING4TRADE

This High Impact Initiative will provide political guidance for holistic, multisectoral and multiyear programmes to foster productive capacities and structural economic transformation. It operates in several inter-related economic policy areas simultaneously, with an intent to move the development model away from short-term and narrow sector-based interventions. The new approach is based on a clear identification of comparative advantages and key binding constraints to development. It blends NPCGAs, which apply the multidimensional PCI, with a careful examination of domestic policy and institutional challenges to articulate key pillars of the holistic programme.

The High Impact Initiative has three core pillars:

1. **Generate high-level political support**: Calls for member States to recognize that a “business as usual” approach to development is no longer an option. Thus, a paradigm shift anchored on the holistic economic development model to foster economy wide productive capacities and structural transformation is needed.

2. **Formulate comprehensive country programmes**: Countries are encouraged to adopt the new approach to development by formulating and implementing multiyear “Holistic Productive Capacities Development Programmes” to achieve inclusive and sustainable development including the SDGs and beyond. The Programmes will be based on robust NPCGAs using the PCI, review of domestic policy and institutional landscapes, empirical study and multistakeholder consultations at the country level.

3. **Gather consensus on the need for mobilizing adequate and predictable financing for the "Holistic Productive Capacities Development Programmes"**: Experience shows that to drive the HII success going forward, regular, sufficient and predictable financing is needed. Contributions for the initiative could be collected from multiple sources, including financing from member States and funding from the private sector and civil society.
Case Study - "Reducing Angola’s Reliance on Oil": Since 2018, the European Union is financing the first pilot initiative in Angola with the goal to reduce the nation’s heavy oil dependency, and address low productive capacities, persistent poverty and inequality, by focusing on human capital development and institutional capabilities. The initiative encompasses seven areas: (i) Commercial Diplomacy; (ii) Cultural and Creative Industries; (iii) Entrepreneurship training; (iv) Identification of products with potential for exports and their value chain development; (v) Investment Policy Review and Promotion; (vi) Trade Facilitation; and (vii) Transport and Logistics. As a result, UNCTAD has built capacities of 2,800 individuals and 680 institutions, leading to improved working methods for modernized and more coherent policies, diversified economic activities and exports, improved trade procedures, and increased investment in green sectors and economy-wide productive capacities.

PLAN FOR 2023 SDG ACTION WEEKEND

Transforming4Trade organizers hope to sensitize member States and development partners to the paradigm shift needed for development policy formulation and implementation, and gain buy-in and support for a shift towards a holistic, multisector and multyear, evidence-based approach to economic development. In addition, the objective is to gather consensus on the need for regular, sufficient and predictable financing for the initiative. Organizers aim to announce five more countries to benefit from a Holistic Productive Capacities Development Programme, and receive expressions of interest from target countries and partners.

ROADMAP TO 2030

This initiative’s long-term goal is to serve as a platform for formulating and implementing Holistic Productive Capacities Development Programmes to address multiple development challenges through new generation policies. By 2030, we aspire to extend our assistance to a minimum of twenty countries including Least Developed Countries (LDCs), Small Island Developing States (SIDS), landlocked developing countries (LLDCs) and other structurally weak and vulnerable countries. Additionally, the initiative will aim to mobilize Member States, the UN System and other agencies to implement the holistic approach to economic development and give priority to building productive capacities. This will be achieved through a shift in domestic policies and global development partnerships, using the PCI, NPCGAs and Holistic Programmes as tools for change.

Timeline and deliverables for progress:
• 2024: The UN System adopts the holistic approach to economic development into Common Country Assessments (CCAs) and forthcoming Programmes of Action for SIDS and LLDCs.
• After 2024: Develop a focus group of interested development partners and Holistic Programme target countries to discuss the way forward to secure regular, sufficient and predictable financing for the HII and prioritize support delivery.
• 2030: Mainstream the holistic approach to economic development; Mobilize at least $200 million USD; Develop and start implementing Holistic Programmes in at least twenty more countries; Conduct and disseminate research on good practices and lessons learned.

Metrics for success:
• Number of Holistic Productive Capacities Development Programmes developed
• Number of partners expressing agreement with the paradigm shift for development policy
• Number of stakeholders trained through HII programmes
• Number of countries whose national development plans identify the sustainable strengthening of productive capacities as a priority
• Number of CCAs integrating the holistic approach to economic development
• Holistic approach to economic development integrated into Programmes of action for SIDS and LLDCs

Roles and responsibilities of partners:
UNCTAD will manage the platform for the development and implementation of Holistic Productive Capacities Development Programmes. This includes research teams producing NPCGAs for target countries, who will gather inputs from focus groups of interested development partners, Holistic Programme target countries and Collaborating Agencies. UNCTAD will monitor progress, coordinate stakeholders, share best practices, convene meetings to review progress and manage partnership outreach.

For more information on Transforming4Trade, please contact Mussie Delelegn (mussie.delelegn@unctad.org) or Olivier Combe (olivier.combe@unctad.org).

For an overview of the High Impact Initiatives visit the Transformative Actions action tab on the SDG Summit website.