

Report of the Committee on Development Policy
ECOSOC High-Level Segment, Friday, July 17, 9:00am
Statement by José Antonio Ocampo, Chair

Madame President,

Excellencies,

Distinguished delegates,

I am honoured to report on the twenty-second session of the Committee for Development Policy. The Committee's plenary meeting took place in New York, from 24 to 27 February 2020, days before the WHO characterized COVID-19 as a global pandemic.

Having provided an overview of the Committee's report to ECOSOC at the Management Segment earlier this year, today I will focus on the issue of multilateralism in the context of the decade of action, an issue that is particularly important as we celebrate the United Nations' 75th anniversary and of recovery from COVID-19, as stressed in the previous session of this Forum.

Madame President,

Even before the COVID-19 pandemic hit, lack of progress in addressing issues that are at the heart of the 2030 Agenda – inequality and climate change – was already holding back the implementation of the Sustainable Development Goals (SDGs) and threatening to reverse advances made.

With the pandemic, multiple dimensions of inequality have become more evident and have been exacerbated as the rift has expanded dramatically between those who have secure jobs, access to social security, adequate housing, sanitation and health care, and those who do not.

At the same time, despite a temporary slowdown in carbon emissions, the threat of climate change remains as serious as ever. As has been made painfully evident with recent extreme weather events, shocks of the kind expected as a result of aggravating climate change will push those left behind even further behind. Those already vulnerable will also suffer disproportionately from the long-term, cumulative impacts of climate change on food, fuel, water and public health.

Relaunching the global economy under old paradigms that do not place inequality and climate change at the front and centre of the global agenda will fail to put the world on the path established by the 2030 Agenda and will not ensure resilience in future crises.

To advance significantly towards the SDGs during this “decade of action”, States will need to strategically deploy the full range of policy instruments to catalyse and redirect innovation and investments towards equitable and green development. COVID-19 gives governments a unique opportunity to set the terms of public, private and third sector interaction, making the SDGs the

objectives to be achieved, and adopting innovative, participatory and gender-sensitive approaches to policy, regulation and partnerships.

A condition for the success of strategies to recover from COVID-19, address inequality and climate change, and meet the SDGs is a strong, supportive multilateral system.

The United Nations' 75th anniversary is an important moment for the renewal of commitment to multilateral rules and institutions. ECOSOC has an opportunity to promote an inclusive debate on how to ensure that the multilateral system is revitalized and effective in supporting equitable and sustainable development.

CDP has proposed five principles to guide the design of a new multilateralism, formulated through a series of recent consultations involving a group of stakeholders from the global policy, advocacy and research communities. Formulated before the COVID-19 crisis, these principles are ever more relevant:

- Global rules should be calibrated towards the overarching goals of social and economic stability, shared prosperity and environmental sustainability, and protected against capture by the most powerful players.
- States share common but differentiated responsibilities in a multilateral system built to advance global public goods and protect the global commons.
- The right of States to policy space to pursue national development strategies should be enshrined in global rules.
- Global regulations should be designed both to strengthen a dynamic international division of labour and to prevent destructive unilateral economic actions that prevent other nations from realizing common goals.
- Global public institutions must be accountable to their full membership, open to a diversity of viewpoints, cognizant of new voices, and have balanced dispute resolution systems.

Based on these principles, there are at least five issues within the multilateral system that need to be urgently reformed:

- Rules that limit the capacity of countries to implement progressive tax systems, mobilize fiscal resources, manage international capital flows and curb illicit financial flows.
- Provisions in global, regional and bilateral trade and investment agreements that limit the ability of countries, in particular least developed and other developing countries, to adopt policies to develop their productive capacities and industries in a way that would enable them to move towards equitable and sustainable development.
- Intellectual property rights rules that limit access to or increase the cost of technology related to essential goods, including medicines and inputs for smallholder farmers.
- The current fragmentation of environmental multilateralism, including the climate change architecture, which is incompatible with the interdependencies between global

environmental problems. The environment should not be relegated to a secondary status in the multilateral system.

- Governance arrangements that do not guarantee adequate representation of developing countries in international institutions.

The benefits of globalization will be enhanced in the longer run if the multilateral system and national industrial policies support the development of productive structures that address the great challenges faced by the global community.

More immediately, international cooperation needs to be stepped up to enable the poorest countries to address COVID-19. The multilateral response to COVID-19 should include the capitalization of all multilateral development banks; an issuance of the IMF's Special Drawing Rights by at least \$500 billion, and for the advanced economies to put their shares into a trust fund to finance programs in emerging market and developing economies; greater debt relief for low income countries and mechanisms to facilitate debt restructuring for other developing countries that may need it; and a coordinated use of regulations (controls) on international capital flows.

Critically, rapid universal access to tests, treatments and, when available, quality-assured vaccines must be ensured in all countries with need prioritized over the ability to pay, in line with the 2030 Agenda pledges of leaving no one behind and reaching the furthest behind first.

Madame President,

When the fifth UN Conference on Least Developed Countries takes place, it will be in a context very different from what we had expected when the Istanbul Program of Action was drafted. In addition to its consequences on lives and health, the COVID-19 pandemic is expected to weigh on the global economy for years to come, imposing new challenges for the LDCs, including those that had made remarkable progress towards graduation.

In this regard, I would like to call your attention to a statement made by the Committee for Development Policy on May 12, regarding its deep concern about those impacts, which will be taken into consideration at its Triennial Review of the LDC category in February 2021.

LDCs, including graduating countries, require support from the international community now more than ever. We need a multilateralism that works for those countries.

I thank you very much for your attention.

Annex:

Statement by the Committee for Development Policy: Covid-19 and graduation from the LDC category. 12 May 2020

Covid-19 threatens to have devastating effects on the least developed countries (LDC). Their public health systems are often underdeveloped and unable to cope with widespread pandemic. Lockdowns and social distancing measures to stop the spread are more difficult to implement and

can have particularly debilitating impacts on livelihoods. Moreover, LDC economies have little resilience to shocks such as the collapse of global demand, exacerbating the socio-economic consequences of the crisis.

The Committee for Development Policy (CDP) is deeply concerned about the possible negative impacts of the Covid-19 crisis on LDCs. The Committee is also anxious that Covid-19 may negatively impact the preparations of LDCs that are graduating and those to be considered for graduation at the next triennial review. The objective of this note is to inform stakeholders on how the CDP intends to address these impacts of Covid-19 in its work on LDCs.

The next triennial review of the list of LDCs is scheduled to take place from 22-26 February 2021, in accordance with the mandate of the CDP. The intention is to undertake the review at this date unless Covid-19 related disruptions would make it impossible. At the triennial review, the CDP will, as usual, consider the scores - based on the established LDC criteria (i.e., gross national income per capita, human assets index and economic and environmental vulnerability index) - for all United Nations Member States in developing regions. The LDC criteria for the 2021 triennial review will be calculated on basis of the most recent data available at the end of 2020 and will include data up to 2019. Hence, the LDC criteria scores will not show the impact of Covid-19.

At the 2021 triennial review, the CDP will decide whether to recommend the following five countries for graduation, provided they continue to meet the criteria: Bangladesh, Lao PDR, Myanmar, Nepal, and Timor-Leste. In making this decision, the CDP will not only consider the LDC criteria scores, but also additional information in the form of supplementary graduation indicators and country-specific analysis. This material will include information on Covid-19 and its impacts. In obtaining and reviewing this information, the CDP will also consult with the countries concerned. In case any of these countries are recommended for graduation, the CDP will also draw on this information, inter alia, for suggesting priorities and support needs required to ensure a smooth transition from the LDC category.

At the 2021 triennial review, the CDP will also identify countries that meet the criteria for graduation for the first time. The LDC indicators will not reflect the impact of Covid-19 in 2021. However, the CDP will start reviewing information on Covid-19 and its country-specific impacts after countries that meet the graduation criteria for the first time have been identified. The relevant information will also be reflected in the additional material to be considered at the subsequent triennial review scheduled for 2024.

In 2021, the CDP will also undertake its annual monitoring of countries that have graduated or are graduating from the LDC category. The CDP has resolved to further strengthen its internal monitoring procedures and will give specific attention, among others, to the impact of Covid-19 on these economies.

It will also inform the United Nations Economic and Social Council (ECOSOC) on these impacts, including on the priorities and support needs required for a smooth transition from the category.

For these purposes, the CDP and its Secretariat have started and will continue to gather information on and monitor the extent to which Covid-19 has spread in LDCs and assess the actual and anticipated impact on these countries. It will also monitor the response measures taken by LDCs themselves and the international community to mitigate the negative impact of Covid-19. The information gathering and monitoring will be constantly updated and available at <https://www.un.org/development/desa/dpad/least-developed-country-category/covid-19-and-theledcs.html>.

As the situation evolves, the CDP will continue to assess whether Covid-19 has further impacts on the triennial review, and the countries concerned.

See also: Committee for Development Policy (2020), *Development Policy and Multilateralism After COVID-19*: https://bit.ly/CDP_After_COVID19