United Nations | Committee for Development Policy

18 July 2022

2022 ECOSOC High-Level Segment

9:00-9:30pm

Mr. President,
Excellencies,
Distinguished delegates,

The Committee for Development Policy met from 21-25 February, the very week in which yet another global crisis was triggered that will impact the global economy, and particularly the poorest countries, for years to come. The impacts of the war in Ukraine on least developed and other developing countries aggravate what was already a severe crisis generated by COVID-19, climate change and the persistent, complex and multidimensional structural challenges holding countries back from meeting the SDGs.

It is as clear as ever that developing countries need more than to advance incrementally on traditional development paths; more than to build back better. The kind of transformation we need will not be the result piecemeal approaches or of doing more of the same. It requires coherent, innovative, and integrated action.

It is in the context of compounding crises that, responding to this year's ECOSOC theme, the Committee has focused on the potential of industrial policies to address the multiple challenges of building forward with inclusiveness and resilience. Industrial policy has been central to the countries that have managed to advance on a path of structural transformation.

Post-pandemic industrial policies can draw important lessons from the past, such as the need to have clear goals; to be integrated in an economy-wide structural transformation strategy; to be time-bound; and to incorporate accountability mechanisms as well as transparent and inclusive decision-making processes.

At the same time, they will need to take into account new realities, challenges and opportunities, including those associated with the green and blue economies, digitalization, the need to build resilience to shocks and adapt to climate change. They should also meet the imperative of ensuring equity, including gender equality, and leaving no one behind.

Developing countries should be supported in their strategies to secure diversification and structural transformation rather than integrating into emerging value chains solely as providers of natural resources.

Production networks are moving away from the boundaries of the large corporation or conglomerate towards mosaics of firms cooperating across borders under diverse legal arrangements.

In this context, industrial policy requires a new generation of support services, such as providing adequate financing, technological services, business information and support to adopt better practices and export marketing services through public and joint private-public agencies.

Better integrating micro, small and medium-sized enterprises into broader productive networks requires building their capabilities, including technological capacity, as well as incentivizing larger firms to develop local supplier networks.

It also requires innovative financing solutions to lower the transaction costs that have kept many such enterprises outside the scope of interest of private capital and the opportunities in regional and global supply chains.

Financing frameworks need to be agile, inclusive and meet the needs of diverse firms and sectors operating in a decentralized and fragmented network. National development banks can play an important role in supporting firms and sectors with potential for productivity growth, as well as financial inclusion, along with multilateral development banks and as part of these broader frameworks. In countries where these institutions are already in place, governments should guarantee that they possess strong governance and risk assessment capabilities. In countries where they do not exist, they should be created.

Fulfilling the potential of industrial policy and productive capacity also requires effective regional and global frameworks, institutions and cooperation, including regional integration processes and broad South-South cooperation, oriented pragmatically to help developing countries overcome constraints in finance, technology and information.

Intellectual property frameworks need to be revised in a way that enables developing countries to participate in the co-development of technology rather than rely on the largely undelivered promise of technology transfer.

Innovative regional and global platforms should be explored to bring together elements of value chains, taking advantage of advances in technology and clean energy. Innovation in international cooperation on industrial policy starts with open dialogue across trade, climate, environmental and other relevant international arenas.

Excellencies,

The Committee for Development Policy has continued its analysis of the voluntary national reviews. It welcomed improvements in 2021 in the capture of the full range of aspects of the 2030 Agenda and in increased attention to previously underreported goals and targets, in particular those related to the environment.

However, the reports can do better in terms of sharing meaningful experiences and lessons learned and in reflecting how countries are advancing transformative and integrated aspects of the 2030 Agenda. More substantive discussions on national and international policies and strategies, and of challenges and constraints faced and support needed would lead to greater effectiveness of the VNRs as instruments to advance SDG implementation.

The review processes need to be made more inclusive, ensuring adequate representation of groups that are disadvantaged. The ongoing engagement of civil society in the review process, including through the presentation of shadow reports, is necessary to ensure independent input from a wide range of stakeholders.

As for its work on the least developed countries, the Committee welcomed the significant progress made towards graduation from the LDC category over the past decade and reviewed the development progress of recently graduated Vanuatu and of Angola, Bangladesh, Bhutan, the Lao People's Democratic Republic, Nepal, Sao Tome and Principe and Solomon Islands, all of which have their graduation dates already established by the General Assembly.

The Committee expressed its concern at the limited capacity of these countries to address the diverse challenges they face. Reduced fiscal space, a problem aggravated by the COVID-19 crisis, makes it difficult to conciliate short-term recovery with long-term sustainable development.

The Committee continued its work on an enhanced monitoring mechanism for countries that are graduating and have graduated from the least developed country category, including a crisis response process. Together with its secretariat, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and other partners, the Committee has also started to pilot iGrad (the Sustainable Graduation Support Facility), a country-led and partnership-based global platform of dedicated capacity development support for countries moving out of the least developed country category.

The Committee is deeply concerned that a significant number of least developed countries, particularly those in Africa, remain far behind on several issues, including vaccinations, and will struggle to achieve graduation. The external debt of many remains unsustainable and the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative is not delivering on its promises.

Least developed countries require support from the international community in line with the Doha Programme of Action, particularly to expand productive capacities, strengthen public health systems in preparation for future pandemics, build climate resilience and ensure the sustainability of external debt. Trade-related support measures for least developed countries should be extended for specific periods beyond graduation.

Finally, the Committee congratulates the Council on the work done over the course of this cycle on the review of its functional commissions and expert bodies, takes note of the recommendations that emerged from the process and will continue to work accordingly.

Thank you.