



**United Nations**

# **Committee for Development Policy**

**Report on the eighteenth session**

**(14-18 March 2016)**

**Economic and Social Council**

**Official Records, 2016**

**Supplement No. 13**

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*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

## *Summary*

The present report contains the main findings and recommendations of the Committee for Development Policy at its eighteenth session. The Committee addressed the following themes: expanding productive capacity for achieving the Sustainable Development Goals, as its contribution to the discussions on the theme adopted by the Economic and Social Council for its 2016 session; total official support for sustainable development; monitoring the development progress of countries that are graduating and have graduated from the list of least developed countries; and a proposal for a graduation diagnostics toolkit for improving the understanding of and preparation for graduation from the least developed countries category.

The success of the 2030 Agenda for Sustainable Development depends on the effective implementation of the commitments made by States Members of the United Nations and the international community. In the past decade, many least developed countries have achieved advances in increasing growth and external trade, while making only limited progress in achieving the structural transformation of their economies necessary for raising productivity and income. While expanding productive capacities in least developed countries is crucial for achieving sustainable development, this requires new policies at the domestic and international levels. These countries need to overcome their resource and capacity constraints, diversify their economies and increase the social accumulation of productive knowledge. Industrial, agricultural, social and economic policies are needed to support a dynamic structural transformation while at the same time ensuring that this transformation is to the benefit of all, in particular disadvantaged groups.

Governments of least developed countries need to build development governance

capabilities which actively promote development, ensure food security through investment in sustainable agriculture, and foster innovation and industrial and technological upgrading in cooperation with the private and academic sectors. It is also critical that positive synergies be created between productive capacities and social outcomes through investment in quality education and health care, adoption of socially inclusive and, in particular, universal social protection policies, and implementation of macroeconomic and financial frameworks that support capacity expansion and employment generation and increase resilience to external shocks. International support measures such as preferential market access and aid for trade need to be enhanced and to contribute not only to an increase in exports, but also to achieving the broader set of Sustainable Development Goals.

The Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) has launched a process of modernizing concepts and reporting criteria for development finance, aimed at mobilizing more public and private resources for the 2030 Agenda for Sustainable Development, and establishing sound, transparent and accountable international standards. As part of this process, a new measure is being developed, to be known provisionally as total official Support for sustainable development which will include non-concessional funds and encompass areas and instruments that are currently beyond the scope of official development assistance (ODA). The Committee considered issues related to the implications of total official support for sustainable development and stressed the importance of involving provider and recipient countries in the discussions of the new measure, using the Development Cooperation Forum as the most appropriate setting in this regard.

The Committee elaborated on a number of key principles which should form the basis for any new framework for financing for development. The framework should, in particular, preserve the

development purpose of its components and include only cross-border official flows. Moreover, it should be clearly understood that the framework is a complement to and does not substitute existing ODA commitments.

In its monitoring of the development progress of countries that are graduating and have graduated from the least developed country category, the Committee reviewed the progress of Samoa, which had graduated, and of Equatorial Guinea and Vanuatu, which are graduating from the category. Samoa has continued to achieve steady development progress, while remaining 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 its heavy dependence on the oil sector. While Vanuatu is recovering from a cyclone disaster which occurred in 2015 and is expected to return to its sustainable development path, the Committee expressed its concern about the negative impacts of recurring disasters on that country. The Committee highlighted the importance of the participation in the monitoring process of countries that are graduating and have graduated.

In response to the need for assisting least developed countries in improving their understanding of the type of least developed country-specific support to which they have access and the policy implications of the possible reduction of such support after graduation, the Committee reviewed a proposal from its secretariat for developing a toolkit. The objective of the toolkit is to assist least developed countries in better preparing for graduation, including through facilitating the gathering and sharing of information among national and international stakeholders and assessing the importance of the support measures for those countries' development progress. The Committee proposed that the secretariat further develop the toolkit concept by taking into account the inputs from and the needs expressed by least developed countries.





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## Chapter I

### **Matters calling for action by the Economic and Social Council or brought to its attention**

#### **A. Matters calling for action by the Council**

##### **Promoting productive capacity for sustainable development**

1. In response to the theme adopted by the Economic and Social Council for its 2016 session, entitled “Implementing the post-2015 development agenda: moving from commitment to results”, the Committee for Development Policy considered the question of expanding productive capacity of the least developed countries to enable them to achieve the Sustainable Development Goals. International support is crucial for expanding productive capacity in those countries. Many least developed countries have been experiencing re-primarization, deindustrialization and informalization of their economies as well as increased food insecurity. Given the diversity among least developed countries, national strategies and international support measures cannot be of the one-size-fits-all variety, but instead should be targeted at the various key conditions and governance capabilities affecting different groups of least developed countries. The Committee recommends that the Council:

(a) Call upon the Governments of least developed countries to design and implement strategies that aim to simultaneously accelerate economic growth, promote dynamic transformation of their economies and ensure that no one is left behind, that the disadvantaged are not made worse off and that the environment is not harmed. However, countries may need to address potential trade-offs and harness synergies between increasing productive capacity and other sustainable development objectives;

(b) Request the international community to strengthen support measures in favour of least developed countries. In this regard, preferential market access for least developed countries should be retained and enhanced, and aid-for-trade allocations should target countries most in need. These and other relevant measures should support structural transformation, enable building of innovation capabilities and contribute to the broader set of Sustainable Development Goals, including the goals of reducing inequalities and promoting gender equality;

(c) Urge the international community to strengthen international tax cooperation so as to guarantee that foreign investors make an adequate contribution to tax revenues in least developed countries, including in oil and mining and other natural resource sectors, and that adequate action is taken to avert illicit capital flows associated with tax evasion.

### **Total official support for sustainable development**

2. The Committee acknowledges the need for new data on development financing, as recognized by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) in its initiative to develop a new concept

and methodology for the measurement of the total official support for sustainable development.

3. The Committee recommends that the Council reiterate the call for donors to meet their official development assistance (ODA) commitments and for ODA to be reported separately from other flows. The different components of any new development financing framework should be registered separately under appropriate categories, such as climate financing, market-like instruments and ODA.
4. States Members of the United Nations, particularly developing countries and new providers, must be involved in all deliberations on any new framework for financing for development under conditions of full transparency and inclusivity. The Council should facilitate this process through the Development Cooperation Forum.

**Monitoring of countries that are graduating and have graduated from the list of least developed countries**

5. For some countries identified for graduation from the least developed country category, losing access to least developed country-specific financial support for addressing environmental vulnerabilities constitutes a major concern. In this regard, the Committee recommends that the Council invite the international community to ensure that least developed countries and recently graduated

countries have priority access to dedicated funds available for countries vulnerable to climate change and to other environmental shocks.

6. The Committee recalls General Assembly resolution 67/221 of 21 December 2012 on the smooth transition for countries graduating from the list of least developed countries and recommends that the Council invite trading partners of least developed countries to facilitate the phasing out of least developed country-specific trade preferences for a period appropriate for the development situation of those countries.
7. The Committee reiterates the recommendation, contained in its report on the seventeenth session<sup>1</sup>, that the Council request the participation of the secretariats of the regional commissions in the monitoring of countries that are graduating and have graduated from the least developed country category.

## **B. Matters brought to the attention of the Council**

### **Promoting productive capacity for sustainable development**

8. Least developed countries face the challenge of promoting the dynamic structural transformation of their economies while building the necessary capabilities and policy frameworks for sustaining productivity growth across the entire country. In

<sup>1</sup> See *Official Records of the Economic and Social Council, 2015, Supplement No. 13* (E/2015/33), chap. I.A, para. 3.

many least developed countries, improving agricultural productivity in a sustainable way by overcoming policy neglect of this sector and investing in sustainable agriculture, scaling up research and removing gendered constraints will be a priority, while increasing productivity in manufacturing, natural resource-based industries and tourism is also key in many least developed countries. There are, however, potential trade-offs between increasing productive capacity and other sustainable development objectives which need to be addressed by domestic and international policies.

9. Industrial policies, especially when combined with competition, can play an important role in expanding productivity. In most least developed countries, soft industrial policies that aim at raising investments in infrastructure, improving the coordination between the public and private sectors and increasing human capital are appropriate. Least developed countries may also choose from a wider range of policy measures, including vertical policies such as public-private joint research and development (R&D), promoting backward and forward linkages and domestic content requirements. While foreign direct investment (FDI) can be an important vehicle for industrial and technological upgrading in least developed countries, it requires parallel development of local capabilities in order to harness production linkages and promote local value creation. Least developed countries also need to ensure that their macroeconomic and financial policies are supportive of expanding capacities and ensure a fair distribution of benefits within their societies.



10. Synergies between productive capacity and the Sustainable Development Goals are enhanced by adopting inclusive social policies so as to ensure that everyone has access to improved nutrition, health, education and social protection. There is also a need to further close the gender gaps in education, employment opportunities, wages and distribution of unpaid care work in families and to address the issue of youth unemployment on a priority basis.

#### **Total official support for sustainable development**

11. The Committee emphasizes that the following principles should underlie any new concept of financing for development:
- (a) Funds should clearly support development objectives related to the 2030 Agenda for Sustainable Development<sup>2</sup> and should be aligned with country priorities;
  - (b) Development assistance is by its very nature a cross-border transaction and should therefore not include (although this is done, inappropriately, today) expenditure within the borders of donor countries, such as on refugee resettlement or the administrative costs of cooperation;
  - (c) Private financial flows should be counted separately from official development expenditure.

#### **Monitoring of countries that are graduating and have graduated from the list of least developed countries**

<sup>2</sup> General Assembly resolution 70/1.

12. The Committee reviewed the development progress of Equatorial Guinea and Vanuatu, earmarked for graduation in June 2017 and December 2020, respectively. It found that Equatorial Guinea continued to rely heavily on the hydrocarbon sector and experienced a significant imbalance between the high level of per capita income and the low level of its human assets. The Committee strongly encourages Equatorial Guinea to formulate and implement measures designed to promote human assets in its transition strategy. The Committee also highlighted the need for the country to address its economic vulnerability through diversification and technological upgrading. The Committee found that Vanuatu has been recovering from the devastating impacts of Cyclone Pam.
  
13. The Committee also reviewed the development progress of Samoa, which has graduated and is implementing its transition strategy. The Committee noted that Samoa continued to achieve steady development progress, despite its high vulnerability to economic and environmental shocks.
  
14. The Committee recalled General Assembly resolution 67/221 and reiterated the importance of the participation of graduating and graduated countries in the monitoring process, to ensure that country perspectives are reflected in the monitoring reports prepared by the Committee.

**Graduation diagnostics toolkit for improving the understanding and preparation of graduation from the least developed countries category**

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15. The Committee reviewed the experience of countries that are graduating and have graduated from the least developed country category and underscores the need for improving the capacity of least developed countries to address the implications of graduation in a systematic way. In this regard, the Committee brings to the attention of the Council the development by the Committee secretariat of a graduation diagnostics toolkit to facilitate the preparation of the design and implementation of a road map for countries progressing towards graduation.

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## Chapter II

# **Expanding productive capacity for achieving the sustainable development goals**

### **A. Introduction**

16. The international development policy debate increasingly emphasizes expanding productive capacity as an element key to achieving development progress, in particular in least developed countries. The shift in emphasis is reflected in the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020,<sup>3</sup> in which productive capacity is the first of the eight priority areas. In respect of the newly adopted Sustainable Development Goals, a number of Goals and targets refer directly to productive capacity, in particular Goal 8 (“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”) and Goal 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”). In addition, meeting other Sustainable Development Goals and targets (such as those on education, health and nutrition, institutions and energy) may further contribute to increasing productive capacity. Building productive capacity will also impact on a number of Sustainable Development Goals and targets (such as those on gender equality, employment, income growth, and natural resources).

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<sup>3</sup> A/69/95-E/2014/81.

17. Expanding productive capacity and achieving the Sustainable Development Goals require an integrated approach to development at the national and international levels. Whereas international support is required for essentially all developing countries, priority needs to be given to the least developed countries. Those countries have lower productive capacity as well as fewer resources and limited capabilities for expanding them. Focusing support to least developed countries towards on expanding productive capacity is a means of ensuring that no country is left behind. This support also needs to be designed in such a way as to leverage national-level efforts to ensure that no one is left behind at the national level.
  
18. Despite their increased economic growth and participation in global trade since the turn of the millennium, least developed countries have made only limited and uneven progress in dynamically transforming and diversifying their economies. Instead of improving efficiency in the use of available resources through the reallocation of labour towards dynamic activities, structural change in those economies has been largely characterized by re-primarization towards (often subsistence) agriculture and mining, very limited industrialization and informalization (which is often centred on service sectors with low, rather than high, productivity). If current trends persist, it is unlikely that the goals established under the 2030 Agenda for Sustainable Development will be met - and not only those goals directly related to the promotion of productive capacity. Consequently, new policy approaches to implementing the Sustainable Development Goals are needed at the domestic and international levels.

**B. Identifying priority areas for different groups of least developed countries**

19. Least developed countries vary with regard to economic structure and external conditions. Given the heterogeneity within least developed countries, one-size-fits-all policies are unlikely to yield benefits for all. While manufacturing offers great potential for achieving economies of scale and productivity growth, pursuing structural transformation through industrialization is unlikely to succeed in all countries, particularly in small and remote States such as the Pacific islands. Similarly, while trade integration potentially expands domestic demand and brings opportunities for industrial and technological upgrading and fast income growth, adoption of an export-led approach should not be to the detriment of industries catering to the domestic market in countries with large populations.
  
20. In a large number of least developed countries, low agricultural productivity is a major cause of food insecurity and a constraint on shifting economic activities towards manufacturing and modern services. In those countries, sustainable agriculture can be the backbone of economic development. This requires policies that boost productivity by providing access to advanced agricultural inputs, extension services, infrastructure and credit, as well as removing gender-specific constraints on the sector. At the same time, policies must prevent environmental degradation, protect the interests of smallholders and ensure that increased agricultural productivity contributes to enhanced food security.
  
21. Extractive industries such as oil and mining have been a major driver of economic growth in a number of least developed countries. Harnessing those sectors for

expansion of productive capacity and sustainable development requires industrial policies that build domestic linkages both downstream (with firms providing inputs to extractive firms) and upstream (with firms processing extracted resources) as well as policies that address natural resource-related inequalities and negative environmental impacts. Moreover, countries need to manage macroeconomic challenges associated with natural resource extraction, for example, through instituting stabilization funds and sterilizing sudden surges in monetary inflows.

22. As shown by the performance of several least developed countries, the low-skill segments of the manufacturing sector can be important entry points for structural transformation. Rising prices and wages in major non-least developed developing countries as well as the increasing importance of global value chains enlarge opportunities for least developed countries. At the same time, moving gradually from low-skill activities to medium- and higher-skill activities becomes increasingly important for raising overall productivity and increasing labour incomes.
23. For most small island least developed countries, fisheries and tourism will continue to be the main export-oriented economic activities. Ensuring that these sectors contribute to achieving the whole range of Sustainable Development Goals is therefore crucial. Given the importance of remittances, further harnessing economic links to the large diasporas will also be beneficial.

24. In addition to confronting the aforementioned differences between groups of least developed countries, strategies for productivity growth and structural transformation need to address cross-cutting issues. For example, in least developed countries affected by armed conflicts, reconstruction and prevention of (re-)emerging conflicts are a priority.
  
25. Different strategies are needed for different groups of least developed countries, taking into account specific features of the economy and its development trajectory. While country-specific policies are necessary, past experience has also indicated some common elements, naturally tailored to country characteristics, in those countries that have succeeded in promoting a sustainable dynamic transformation of their economy.

### **C. Building development governance capacity**

26. Expanding productive capacity requires an active and strong role for the State. Good “development governance” is concerned with getting the governance processes right and also with achieving specific developmental outcomes. Hence, it goes beyond “good governance”, which focuses on certain subsets of national-level mechanisms. Development governance relies on the ability of the State to promote development and facilitate a sustainable dynamic transformation of the economy while ensuring that costs and benefits are fairly distributed. The role of the State is critical because it is the largest economic and political actor in most



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national economies and the institution that implements the business and legal framework for development.

27. A successful developmental State requires political leadership that drives the process of moulding a national development vision in partnership with all relevant national stakeholders. Powerful and accountable planning institutions that have effective control over financial resources and are able to adapt plans to changing national conditions are also essential. Human capabilities need to be commensurate with evolving requirements. In earlier stages of development in particular, this requires meritocratic bureaucracies characterized by broad education in both social and technical fields and the pragmatic knowledge needed to prepare and implement national development plans.
28. For the purpose of developing successful governance capabilities, least developed countries could consider the experiences of other developing countries that successfully transformed their economies and adapt those approaches to their own national conditions. Such a learning-based approach is more promising than one underpinned by the attempt to emulate the institutions of advanced countries.

#### **D. Industrial policies**

29. Industrial policies can be an important instrument for promoting diversification and industrial and technological upgrading of domestic production structures, if they are tailored to national conditions and potential comparative advantages. Generally, for least developed countries, industrial policies need to take into

account the fact that most of those countries have small economies and are latecomers into global markets compared with developing countries that implemented industrial policies in the past. Moreover, given the important role of service activities in many least developed countries, industrial policies should target not only manufacturing but also services. Least developed countries need to weigh the benefits and costs of industrial policy instruments and take the scarcity of their resources into account. Least developed countries are also limited by the reduction in policy space arising from World Trade Organization and other international obligations, although the reduction is smaller than that experienced by other developing countries. Instead, lack of institutional and human capacities and resources are more binding constraints on industrial policy.

30. Industrial policies that use trade and fiscal instruments appear to be most successful when they are associated with increasing exposure to trade or foreign direct investment (FDI). Interventions such as export promotion or short-term tax holidays for new investors are often more promising than external tariffs or domestic content requirements. Instruments such as tax breaks for specific investments are beneficial only if those investments generate significant technology transfer and employment-creation. Generally, policies directed towards FDI promotion are effective in achieving structural transformation only when they are part of a broader effort to achieve industrial and technological upgrading. Instead of providing blanket subsidies for exports and FDI, countries should attract FDI to produce key inputs or to acquire the specific knowledge needed by the clusters of economic production with the ability to absorb them. This requires such host country policies as public-private joint research

programmes and training to develop local capabilities for progressing beyond assembling imported inputs. The higher the investment in domestic R&D, the greater the potential for absorbing and utilizing external research and innovation, which can further support and accelerate structural transformation.

31. In addition to adopting vertical (or sectoral) industrial policies (including tariffs, infrastructure provisions and tax holidays) supporting specific firms or industries, least developed countries can also utilize horizontal (“soft” or generic) industrial policies or processes whereby government, industry and private organizations collaborate on interventions that can directly increase productivity (such as support for research and development, quality standard regulations and business incubators). The idea is to focus attention on interventions that deal directly with the coordination problems that keep productivity low in existing sectors. In comparison with the more traditional approach to industrial policy, the soft approach reduces the scope for corruption and rent-seeking and is more compatible with the multilateral and bilateral trade and investment agreements that have been implemented by many least developed countries over the last decades. Under this approach, new institutional arrangements can facilitate the growth of innovation as a key input into the industrial upgrading process.

#### **E. Creating positive synergies**

32. Governments need to ensure that there is a positive synergy between social outcomes and increases in productive capacity. This can be achieved through

adoption of policies that build positive social outcomes (such as poverty eradication, health and well-being, quality education for all, reduced inequality, gender equality, full and productive employment and decent work) into the transformed structures of production, rather than policies underpinned by the attempt to grow first and redistribute later. For the creation of positive social outcomes, attention must be given not only to the amount of investment in services, such as education and health, but also to quality and access. Inclusive social policies, in particular those targeting women and girls, are essential. Special attention also needs to be focused on improving the employment prospects of youth, women and other disadvantaged groups.

33. Of equal importance is having the necessary social protection policies in place to shield people from the eventual costs and negative impacts resulting from structural transformation. In many cases, potential trade-offs--for example, between improving infrastructure through large-scale investments in dams, for example, and displacement of local populations, or between large-scale plantations or agro-processing facilities and the livelihoods of smallholders--can be addressed through benefit-sharing approaches. Other potential trade-offs, for example, between increasing employment in low-skill manufactures and unsafe working conditions, may disappear once the negative impact on productivity of increased staff turnover and absenteeism are factored in. However, this requires an understanding of the risks of negative synergies between productive capacity and social outcomes and the putting in place of measures to counteract them.

## F. Supportive macroeconomic and financial policies

34. The key to rapid economic growth in the developing world is a combination of strategies aimed at the dynamic transformation of production structures, with appropriate macroeconomic conditions and stability. Thus, macroeconomic policies should support capacity expansion and increase the resilience of the economy to external shocks and internal crisis, reducing external and internal imbalances, while orienting the key policy tools (the interest rate, the exchange rate and financial regulation) towards capacity expansion. Rather than target only inflation, monetary policy needs to accommodate these multiple objectives. Least developed countries with access to exchange rates as a policy instrument should aim at maintaining stable and competitive real effective exchange rates. Establishing fiscal rules and, for commodity-dependent least developed countries, stabilization funds can help ensure that fiscal policy is counter-cyclical. While capital account management can also contribute to increased stability of the macroeconomic framework, it is no substitute for sound fiscal and monetary policy. Most least developed countries have space within which to increase tax shares by broadening tax bases and increasing the progressivity of tax regimes, thereby providing additional financial resources for capacity expansion.

35. Policies should ensure that the financial sector contributes to economic growth, financial stability and equity. The most pressing needs centre around access to finance by the poor and marginalized groups, agricultural finance and financing of small and medium-sized enterprises, as well as infrastructure financing. Addressing these needs requires improved regulation and supervision of the sector

as well as enhancement of the role of inclusive finance vehicles such as microfinance, mobile banking and credit unions and their further integration into the regulatory framework. Giving stronger roles to national development banks can also be important, but this requires sufficiently strong governance capabilities. Least developed countries should aim, whenever possible, at reducing dependence on foreign savings, lowering foreign indebtedness and maximizing domestic savings. Capital accumulation needs to be funded mainly through the strengthening of indigenous savings and banking institutions, and incentives for firms to invest.

#### **G. International support for expanding productive capacity**

36. The main thrust of international support to enhancing productive capacity in least developed countries has been a better integration of these economies into the global trading system through improving both demand and supply conditions. Providing preferential market access has aimed at removing the constraints of small domestic market size and offsetting higher costs due to structural constraints. Preferences have evolved over time and are increasingly being provided not only by developed but also by developing countries. Yet, coverage of markets and products is still incomplete, while rules of origins, product regulations and administrative procedures often remain as barriers to trade. Nevertheless, preferential market access has been successful in boosting least developed countries exports, on average. Further increasing coverage and simplifying access to preferential schemes remain important, in particular as their impact varies among providers.

37. The main beneficiaries of trade preferences are least developed countries in Asia that specialize in garment exports. Remote Pacific least developed countries still lack the potential for exporting goods and most African least developed countries remain commodity exporters. Preferential market access has not yet enabled least developed countries to move towards more skill-intensive and higher-productivity manufacturing activities, while the impact of enhanced market access on social and environmental outcomes requires further investigation. The implementation of the World Trade Organization waiver allowing for preferential access in services could play an important role, but only if it includes sectors and modes of supply in which least developed countries have a potential comparative advantage.

38. As improved market access does not directly solve the problem of the lack of productive capacity, supply-side oriented support to infrastructure-building, enhancing firm productivity and trade policy reform, as envisioned under the Aid for Trade initiative,<sup>4</sup> can be instrumental. However, there is an urgent need to shift Aid for Trade allocation towards countries most in need of such support, i.e., the least developed countries in particular. A more precise definition of Aid for Trade is also needed to enable the evaluation of its impacts and effectiveness. In many least developed countries, support is also needed for better identifying and addressing trade constraints. Moreover, additional resources should be channelled

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<sup>4</sup> The Aid for Trade initiative, inaugurated by the World Trade Organization in 2005, is a platform for providing support to developing countries, in particular least developed countries, to help them develop their capacity to trade.

to regional projects, as some trade-related issues, such as that of transport corridors, can be tackled only within a regional framework.

39. Aid for Trade projects need to consider their impact on trade as well as on different groups (for example, formal versus informal workers, male versus female workers, and large versus small businesses) so that inequality does not rise in recipient countries. There is potential for Aid for Trade to become aid for innovation, if support for basic research and science and technology becomes part of it. To strengthen national ownership, matching Aid for Trade with dedicated domestic support may be explored further.
  
40. International cooperation in trade and investment can be coupled with international tax cooperation, as increased trade and investment flows are in certain cases also linked to illicit flows out of developing countries. Improved tax cooperation can help least developed countries increase their tax revenues by curbing tax evasion and ensuring a fairer distribution of natural resource rents among foreign investors, national Governments and local populations.



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## Chapter III

### **Total official support for sustainable development**

#### **A. Introduction**

41. At its 2012 high-level meeting, the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) launched a process aimed at modernizing concepts and updating reporting criteria for development finance. The process has aimed at (a) restoring the credibility of official development assistance (ODA) measurement, (b) mobilizing more resources for implementation of the 2030 Agenda for Sustainable Development and (c) increasing the impact of development cooperation through better leveraging of both public and private resources for sustainable development. This process has entailed pursuit of the objective of establishing sound, transparent and accountable international standards for measuring and monitoring development finance for the 2030 Agenda.
42. The OECD/DAC process has led to an updating of ODA, with a review of some criteria and registration procedures. It has also resulted in the study of a new measure of financing for development, complementary to (and broader than) ODA, provisionally called total official support for sustainable development. It is expected that the process will be finalized in late 2016.

43. In the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) (para. 55),<sup>5</sup> Heads of State and Government and High Representatives affirmed that they would “hold open, inclusive and transparent discussion on the modernization of the ODA measurement and on the proposed measure of ‘total official support for sustainable development’” and that “any such measure [would] not dilute commitments already made”. The United Nations, however, has not endorsed total official support for sustainable development as a metric for monitoring implementation of commitments under the 2030 Agenda.

### **B. Changes in ODA**

44. Currently, OECD understands total official support for sustainable development as additional to, broader than and separate from ODA. However, as long as ODA is part of total official support for sustainable development, the new components of total official support will be conditioned by the updates made to ODA. Until now, three main changes to ODA have been adopted by the OECD/DAC:

- A new criterion was defined for measuring concessional loans as part of ODA<sup>6</sup>, taking into account the grant element only (and not the total face values of loans), demanding minimum thresholds of concessionality and assessing concessionality based on lower and

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<sup>5</sup> General Assembly resolution 69/313, annex.

<sup>6</sup> DAC High Level Meeting Final Communique, 16 December 2014, annex 2. Available at <http://www.oecd.org/dac/OECD%20DAC%20HLM%20Communique.pdf>.

differentiated discount rates. Both thresholds and discount rates are defined in accordance with a country's level of income.

- The ODA reporting directives on peace and security expenditures were updated, in order to clarify the eligibility of activities involving the military and the police as well as activities aimed at preventing violent extremism. These changes implied a slight enlargement of this component of ODA.
- The official provision of private sector instruments (equity, credit enhancements and guarantees) should be counted as ODA, while the flows generated by such effort should be counted as total official support for sustainable development.<sup>7</sup> To be counted as ODA, private sector instruments need to have the development and welfare of recipient countries as the primary objective and to provide finance that is additional. However, it is still not clear how both requirements can be assessed unambiguously.

45. OECD/DAC reiterated that the ODA system remains relevant and credible and argued that ODA should continue to be used to indicate donors' budgetary efforts and to monitor established commitments (0.7 per cent of donors' gross national income (GNI) for developing countries; and 0.15-0.20 per cent of donors' GNI for least developed countries).

### **C. The new measure of total official support for sustainable development**

46. Total official support for sustainable development is intended to serve as a new and more comprehensive measure of development cooperation, taking into

<sup>7</sup> See DAC High-level Meeting communiqué, 19 February 2016, annex I.

account the increasing importance of new donors, including South-South cooperation, private foundations and charities, and new financial instruments, such as market-like instruments and mechanisms for climate change financing. The new measure is also intended to reflect the broadening of the global development agenda, including mechanisms of public financing in areas not covered by ODA and not yet reported on in a systematic manner.

47. In 2014, OECD/DAC ministers agreed that the measure of total official support for sustainable development would<sup>8</sup>

- Complement and not replace ODA.
- Potentially cover the totality of resource flows (both concessional and non-concessional) to developing countries and multilateral institutions in support of sustainable development and originating from official resources.
- Include core activities that promote and enable sustainable development (including global public goods) when they are deemed relevant for the 2030 Agenda and aligned with developing countries' priorities.
- Make a clear distinction between official support and flows mobilized through official interventions (and between flows and contingent liabilities).
- Capture and report resources on a gross cash-flow basis while also collecting and publishing net flows so as to ensure full transparency.

48. Total official support for sustainable development will involve a substantial broadening of the traditional concept of ODA, including areas and instruments

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<sup>8</sup> See DAC High-level Meeting communiqué, 16 December 2014, annex 3.

that are now beyond the scope of ODA. The following are among the non-ODA components that will likely be part of total official support for sustainable development:

- Expenditures related to the economic development and welfare of developing countries funded with low or non-concessional flows.
- Enablers of development, particularly those expenditures related to security and peace building beyond ODA, such as for United Nations-mandated peace missions or long-term refugee costs (costs in the first year can be registered as ODA).
- Expenditures related to fighting climate change, including non-concessional finance addressing mitigation or adaptation concerns, as well activities connected with those purposes, such as carbon market flows.
- Expenditures related to other global public goods when deemed relevant for development, which include contributions to several standard-setting multilateral organizations.
- Market-like instruments and resources leveraged from the private sector through official means and not computed as ODA. This could include equity and mezzanine finance, export credits and amounts mobilized by guarantees.

#### **D. Challenges and uncertainties and moving forward**

49. A more comprehensive measurement of official support for sustainable development is legitimate, but the initiative may also be motivated by (a) the declining importance of ODA in financing for development, particularly in middle-income countries, (b) the need to offset the increasing economic and political relevance of new donors in recipient countries and (c) the demand on the

part of some DAC donors that their “effort” in terms of expenditures that are not duly reported in ODA statistics be recognized. Therefore, the Committee for Development Policy urges OECD/DAC to demonstrate unequivocally that the new concept represents a response to current complexity as regards all (new and old) providers and instruments in support of sustainable development and not a means through which to address the specific concerns of traditional donors.

50. The Committee emphasized that there needs to be an explanation of why a more comprehensive approach to development cooperation necessitates the introduction of a new measure rather than clarification and better measurement in the different areas of development finance that already exist. Creating a new measurement of official support is a complex exercise. Before the measure of total official support for sustainable development is adopted, there is a need to address issues of terminology, to establish the premises of cooperation, to define the perimeter around what can be counted and to identify registering and monitoring procedures. Until now, there have been visible shortcomings in most of these areas.
  
51. The Committee noted that it is not clear how the participation of non-DAC members and other stakeholders is being operationalized. Most of the technical discussions are occurring within OECD/DAC, with a few emerging donors being invited as observers and experts within the United Nations system being invited to participate in their own capacity.

52. If total official support for sustainable development is to serve as a comprehensive and inclusive measure of development cooperation, the process should guarantee that the perspectives of both providers and recipients are reflected in its definition and that developing countries (new providers and recipients) take part in the process. In this regard, discussions on total official support for sustainable development should also be conducted within the Development Cooperation Forum, where provider and recipient countries are represented within a context of greater inclusiveness.

53. Under total official support for sustainable development, the plan is to register those resources leveraged from the private sector through official means, an area regarded by OECD/DAC as a “growing priority”.<sup>9</sup> However, there is the risk that some official funds support private activities instead of catalysing resources in favour of recipients’ development strategies. Therefore, the Committee urges caution in this area, and underlines the need to clarify terms such as “additionality” or “catalysing”, on which the registration of private flows associated with official interventions is based.

54. The Committee recommended that total official support for sustainable development be based on principles reflecting the understanding that:

- It offers a comprehensive vision of the official financing for development landscape, including the contribution of the new providers through South-South cooperation.

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<sup>9</sup> DAC High-Level Meeting final communiqué, 25 February 2016, para. 10.

- It preserves the developmental purpose of its components and their clear alignment with the recipient country's priorities, rejecting mechanisms (such as export credits) that support mainly donors' interests.
- It accounts for cross-border flows only. Neither domestic costs associated with refugees nor administrative expenses or other in-donor-country expenditures should be part of total official support for sustainable development. The provision of sufficient funds for refugees should be encouraged separately.
- Expenditures on global public goods should be registered as total official support for sustainable development only if they involve cross-border transactions.
- It refers to official flows mobilized for developmental purposes. Private flows mobilized with official support should be reported separately.
- ODA should be maintained as a separate measure and should remain the basis for monitoring donors' commitments.
- Different components (climate finance, peace and security expenditures) should be accounted for separately, as should financial mechanisms (such as grants, loans and equity investment) that are part of total official support for sustainable development.
- Total official support for sustainable development should provide a transparent and balanced measure of each mechanism, accounting for the costs and benefits for the recipient countries.



## Chapter IV

### **Monitoring the development progress of countries that are graduating and have graduated from the list of least developed countries**

#### **A. Introduction**

55. The Committee for Development Policy is mandated by the Economic and Social Council (see Council resolution 2013/20 of 24 July 2013) to monitor the development progress of countries earmarked for graduation from the least developed country category and to include its findings in its annual report to the Council. The present report includes the cases of Equatorial Guinea and Vanuatu, which are earmarked for graduation in 2017 and 2020, respectively.

56. In its resolution 67/221, the General Assembly requested the Committee to monitor the development progress of countries that had graduated from the least developed country category and to include its findings in its annual report to the Council. The monitoring was to be conducted, in consultation with the Governments of those countries, on a yearly basis for a period of three years after graduation became effective and triennially thereafter, as a complement to two triennial reviews of the list of least developed countries. Accordingly, the Committee reviewed the progress made by Samoa, which had graduated in 2014.

## B. Monitoring the development progress of countries that are graduating

### Equatorial Guinea

57. In 2009, the Committee recommended Equatorial Guinea for graduation,<sup>10</sup> and in its resolution 2009/35 of 31 July 2009, the Economic and Social Council endorsed the recommendation. In its resolution 68/18 of 4 December 2013, the General Assembly took note of the endorsement by the Council of the recommendation of the Committee. The country is scheduled to graduate in June 2017.

58. Owing to its hydrocarbon resources, Equatorial Guinea achieved high levels of national income. The country's GNI per capita is currently 12 times higher than the graduation threshold established at the 2015 triennial review (see table). While falling oil prices and declining oil production are likely to lead to a reduction in export revenues in the near future, the national income will remain at a high level in the medium term, supported by an increase in natural gas output.

#### Monitored countries that are graduating and have graduated

	<i>GNI per capita</i> (United States dollars)	<i>Economic</i> <i>vulnerability index</i>	<i>Human assets index</i>
Graduation threshold (2015 review)	> 1 242	< 32.0	> 66.0
Equatorial Guinea	15 250	35.7	55.1
Vanuatu	3 090	48.3	80.6

<sup>10</sup> See *Official Records of the Economic and Social Council, 2009, Supplement No. 13 (E/2009/33)*, chap. V., sect. C, para. 20.

Samoa	4 006	41.2	94.9
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Source: Committee for Development Policy secretariat. .

59. The Committee found a significant imbalance between the high level of income per capita and the low level of human assets. The human assets index score has been low, and not comparable with that of countries with similar levels of income, and it has not improved much during the monitoring period.
60. The Committee received with appreciation the input provided by the Government of Equatorial Guinea to the monitoring exercise.<sup>11</sup> The Committee reviewed the information carefully and advised the country to formulate a transition strategy that addressed its economic vulnerability through economic diversification and highlighted the need for improved human assets.

## Vanuatu

61. The graduation of Vanuatu was postponed by the General Assembly until 4 December 2020 following the devastating impact of Cyclone Pam, which struck the country in March 2015 (see Assembly resolution 70/78 of 9 December 2015). National income per capita for Vanuatu had increased steadily for years, but declined slightly in 2015. Nevertheless, it is expected that the country will continue to experience a level of income per capita well above the income

<sup>11</sup> Equatorial Guinea, Ministry of Economy, Planning and Public Investment, and United Nations Development Programme (UNDP), “Dependence on the oil sector and the process of graduation of Equatorial Guinea”, October 2015.

graduation threshold established at the 2015 triennial review of the list of least developed countries (see table).

62. The Committee found that Vanuatu is on its way to recovery from the impact of Cyclone Pam. Although economic growth has been resumed, owing to the rebuilding efforts of the Government and continuing support from the international community, rebuilding the economy, in particular the vital tourism sector, requires continuing attention. The relatively high level of human capital in Vanuatu, evidenced by the high values of its human assets index, is likely to be of particular importance in this regard. However, the Committee noted with great concern the devastating consequences of recurring natural disasters on the country.

63. In its resolution 67/221, the General Assembly invited the Governments of graduating countries, with the support of the consultative mechanism, to report annually to the Committee on the preparation of the transition strategy. Vanuatu has not yet reported to the Committee on the preparation of its transition strategy. The Committee notes that the extended graduation period will allow Vanuatu, with the support of its development and trading partners, to intensify the efforts towards preparing a smooth transition strategy.

### **C. Monitoring the development progress of countries that have graduated**

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**Samoa**

64. Samoa graduated from the least developed country category in January 2014. The country has continued to make progress since graduation, and the recovery from the impact of Cyclone Evan in 2012 is almost complete. The country's GNI per capita is more than three times the graduation threshold established at the 2015 triennial review (see table). Samoa has also maintained high levels of human capital, as indicated by its score on the human assets index. However, the country remains vulnerable to economic and environmental shocks.
65. The Committee welcomes the effort made by the Government of Samoa, in the implementation of its transition strategy, to minimize the possible negative impacts due to graduation. The transition strategy has been an integral part of Samoa's national development strategy. Graduation has had no significant impact on the development progress of the country.

**D. Strengthening smooth transition measures and country monitoring**

66. The Committee reiterated that some graduated countries remain highly vulnerable to climate change and environmental shocks. Those countries would require continued international support to retain access to climate-specific financial resources. In this regard, the Committee emphasized the need for establishing a framework of international support for vulnerable countries in addition to the least developed country category. One option suggested by the Committee was for the international community to consider the economic vulnerability index, or

some of its elements, as part of their criteria for allocating ODA. This could ensure priority access to funding for those countries vulnerable to climate change and other environmental shocks.

67. During the process of graduation, some countries face significant challenges and uncertainties in addressing the possible consequences of the loss of preferential market access. The Committee is of the view that, in accordance with General Assembly resolution 67/221, trading partners should facilitate the phasing out of least developed country-specific trade preferences for a period appropriate for the development situation of graduated countries.

68. The Committee noted a likely increase in the number of the monitoring reports that needed to be prepared for the annual sessions of the Committee, as more and more least developed countries make progress towards graduation. Since the preparation of the monitoring reports would exceed the capacity of the Committee secretariat, the Committee reiterates the recommendation that the Council request the secretariats of the regional commissions to prepare a brief overview of a selected set of indicators and relevant information established on a country-by-country basis, for use in monitoring the development progress of the countries that are graduating and have graduated.

## Chapter V

### **A graduation diagnostics toolkit for improving the understanding of and preparation for graduation from the least developed countries category**

#### **A. Introduction**

1. Least developed countries have been receiving special international support through measures adopted by the international development community for addressing their structural constraints. Over the years, the Committee for Development Policy and its secretariat within the Department of Economic and Social Affairs of the United Nations Secretariat have provided background information and research findings related to the identification of least developed countries and documentation of the international support measures available for these countries.<sup>12</sup>

2. Because details on these support measures are dispersed over a wide range of sources and not easily identifiable, least developed countries face difficulties in obtaining information on the range of available least developed country-specific support. In response to the need for a single source of information on all the measures, the Committee secretariat developed the Support

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<sup>12</sup> See *Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures*, 2<sup>nd</sup> ed. (United Nations publication, Sales No. E.15.II.A.1). Available at [http://www.un.org/en/development/desa/policy/cdp/cdp\\_ldcs\\_handbooks.shtml](http://www.un.org/en/development/desa/policy/cdp/cdp_ldcs_handbooks.shtml). See also the report of the Committee for Development Policy on the fourteenth session (12-16 March 2012) (*Official Records of the Economic and Social Council, 2012, Supplement No. 13* (E/2012/33), chap. 5 on strengthening provisions for a smooth transition from the least developed country category. Available at [http://www.un.org/en/development/desa/policy/cdp/cdp\\_ecosoc/e\\_2012\\_33\\_en.pdf](http://www.un.org/en/development/desa/policy/cdp/cdp_ecosoc/e_2012_33_en.pdf). See further Ana Luiza Cortez, Ian Kinniburgh and Roland Mollerus, “Accelerating development in the least developed countries through international support measures: findings from country case studies”, CDP background paper, No. 22 (ST/ESA/2014/CDP/22, October 2014). Available at [http://www.un.org/en/development/desa/policy/cdp/cdp\\_background\\_papers/bp2014\\_22.pdf](http://www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2014_22.pdf).

Measures Portal for Least Developed Countries, which also provides access to research and analysis related to the utilization of least developed country-specific support.<sup>13</sup>

## **B. The need for bridging the knowledge gap**

3. Despite the availability of the complete catalogue of international support measures at the Support Measures Portal for Least Developed Countries, many countries preparing for graduation still face barriers to fully understanding the type of least developed country-specific support that they are actually benefiting from and the policy implications of the possible loss of such support after graduation. This is due to a multitude of factors, such as least developed countries' institutional capacity constraints on assessing the potential benefits, a high turnover in key government institutions and the complexity inherent in the design and implementation of those measures. Additionally, to make an impact, support measures often need to be complemented by other policy interventions and by improvements in productive capacity.

4. Least developed countries preparing for graduation have expressed concern over the possible lack of continued support after graduation. In this regard, the General Assembly has adopted resolutions in which it recommended that least developed country-specific support should be phased out only in a gradual and predictable manner, thereby supporting graduated countries in their effort to achieve a smooth transition from the least developed country category.<sup>14</sup> Only a few development partners and

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<sup>13</sup> Available at [www.un.org/ldcportal](http://www.un.org/ldcportal). In its resolution 67/221, the General Assembly provided a mandate for the continuous updating and improvement of the Portal (see para. 6 thereof).

<sup>14</sup> General Assembly resolutions 59/209 and 67/221.



multilateral institutions have introduced predictable phase-out mechanisms which alleviate the concerns of graduating countries.

5. To prepare for graduation, the international community encourages least developed countries to prepare and implement a smooth transition strategy. However, there is no common understanding of what such a strategy should be. Some countries have understood it to be a new development plan which needs to be formulated for implementation after graduation. In reality, the smooth transition strategy is much more straightforward: it should be mainstreamed into existing development strategies instead of constituting a new stand-alone plan.

6. A transition strategy should identify those actions that a country may need to take, with the support of its development partners, to mitigate or offset potential negative consequences stemming from the withdrawal of least developed country-specific support for the implementation of existing development plans. To put together such an action plan, countries need to identify the least developed country-specific support that they are receiving, the sectors to which the support is directed and whether such support will be discontinued after graduation and if so, when and how.

### **C. Designing a toolkit to facilitate the development of a graduation road map**

7. The increasing number of least developed countries identified for graduation reinforces the need to assist these countries in preparing a graduation road map to enable them to gain a better understanding of the least developed country-specific support that is being utilized.

Such a road map should lead to a raising of awareness on how to prepare for graduation and the eventual phasing out of the support measures. In this regard, least developed countries would benefit from a toolkit that helps identify the international support measures being used by the country (with the Support Measures Portal for Least Developed Countries serving as a starting point for the collection of such information) and supports the analysis of the possible impact of graduation from an early stage.

8. The toolkit should facilitate least developed countries' efforts to identify approaches to addressing the possible reduction of international support, better preparing for graduation, and reducing the uncertainty surrounding graduation, and thereby facilitate their smooth transition from least developed country status and the convergence of their trajectory with that of other developing countries.

Objectives of the toolkit: least developed countries should be able to:

- Map out the type of least developed country-specific support currently used and available.
- Disaggregate support by sector and determine the extent to which various support measures affect each sector.
- Assess the importance of the selected international support measures for the countries' development progress.
- Enhance interministerial collaboration and private sector involvement in identifying the priority international support measures used by the country and their linkages with development policies.
- Identify policy priorities in the use of international support measures and their phase-out.
- Establish communication with key development and trading partners early on in the graduation process.

9. The toolkit-generated information may include such details as the country's status vis-à-vis the graduation criteria, background information about least developed country-specific support measures, an assessment of the importance of least developed country-specific support for a country's development progress, contact details of development and trading partners and suggested sources of related information. Users' inputs would complement the more general information generated by the toolkit and could include details on stakeholder and partner discussions as well as research inputs, and impact and development policy analysis.

#### **D. Least developed country users of the toolkit**

10. The proposed graduation diagnostics toolkit can be beneficial for government and private sector stakeholders during the various stages leading up to a country's graduation. For instance, the toolkit could assist least developed countries not yet identified for graduation and that have expressed an interest in acquiring a better understanding of the possible implications of graduation from the least developed country category. Similarly, the use of the toolkit could support relevant stakeholders in countries identified for graduation for the first time in better understanding the existing level of access to least developed country-specific support and, in this regard, improving their contribution to and understanding of the impact assessments prepared by the Department of Economic and Social Affairs. For least developed countries identified for graduation for the second time, the use of the toolkit could bring an increased level of understanding of the possible implications of graduation and alleviate concerns regarding the prospect of leaving the least developed country category. For least developed countries preparing a smooth transition strategy, the toolkit could assist in the

collecting and assessing of information on least developed country-specific support likely to be phased out and, in this respect, serve as an input to the transition strategy.

## **E. Next steps**

11. The Committee reviewed the toolkit proposal and provided feedback. Discussions focused on the need to ensure that the toolkit would be used by least developed countries, sustainability after completion and how to seek collaboration from other development partners. The Committee highlighted the importance of the proposed toolkit in better preparing least developed countries for graduation and encouraged the secretariat of the Committee in respect of its further development through inputs from least developed countries and development partners.

12. The design and implementation of the toolkit are envisaged under a capacity development project on strategies for mitigating the impact of graduation from the least developed countries category, to be implemented by the Committee secretariat over the period from 2016 to 2019. During the design of the toolkit, capacity development activities will focus on receiving inputs from different groups of stakeholders in graduating and graduated countries. This should increase the prospects for effective use of the tool by least developed countries. At the plenary session of the Committee in 2017, the progress achieved will be reviewed and further inputs and guidance will be provided.

## Chapter VI

### Future work of the Committee for Development Policy

69. The Committee for Development Policy will continue to align its work programme to the needs and priorities established by the Economic and Social Council, with a view to contributing effectively to the Council's deliberations and assisting it in the performance of its functions.
  
70. Considering the wide range of options for addressing the themes adopted by the Economic and Social Council and the Committee's objective of developing in-depth analysis on the wide-ranging aspects of the 2030 Agenda for Sustainable Development, the Committee proposed the undertaking of a multi-year work programme. In preparation for its nineteenth session in 2017, the Committee will engage in work on the theme "Graduating and graduated countries: lessons learned in developing productive capacity". The contribution of the Committee will be a continuation of its earlier work on developing productive capacities, with a focus on factors advancing the development progress of least developed countries towards graduation from the least developed country category. In parallel with its work on this theme, which will be presented to the Council at its 2017 session, the Committee will initiate its research and analysis on the theme "Leaving no one behind" as a key feature of discussions related to the Sustainable Development Goals. The outcome of the Committee's examination of this theme will be presented to the Council during its 2018 session. In view of the ongoing discussions at the multilateral level on issues related to a new framework for the

financing of sustainable development, the Committee also proposes continuing to examine the theme of development cooperation finance and present its analysis as an input to the sessions of the Council on an annual basis.

71. In accordance with the provisions of Economic and Social Council resolution 2013/20 and General Assembly resolution 67/221, for its session in 2017, the Committee will also monitor the development progress of the following countries graduating and graduated from the least developed country category: Angola, Equatorial Guinea, Samoa and Vanuatu.

## Chapter VII

### Organization of the session

72. The Committee for Development Policy held its eighteenth session at United Nations Headquarters from 14 to 18 March 2016. Twenty one members of the Committee and observers for several organizations within the United Nations system attended the session. The list of participants is contained in annex I.
73. The Department of Economic and Social Affairs of the United Nations Secretariat provided substantive services for the session. The Chair of the Committee during 2013-2015, José Antonio Ocampo, opened the session and welcomed the participants. The meeting proceeded with the election of the members of the new Bureau: : José Antonio Ocampo (Chair), Sakiko Fukuda-Parr (Vice-Chair) and Keith Nurse (Rapporteur). Subsequently, the Vice-President of the Economic and Social Council, Frederick Musiiwa Makamure Shava, addressed the Committee. The Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs also addressed the Committee. Statements are available at [http://www.un.org/en/development/desa/policy/cdp/cdp\\_statements.shtml](http://www.un.org/en/development/desa/policy/cdp/cdp_statements.shtml)
74. The agenda for the eighteenth session of the Committee is contained in annex II.

## Annex I

### List of participants

1. The following members of the Committee attended the session:

Lu Aiguo

José Antonio Alonso

Giovanni Andrea Cornia (by video)

Le Dang Doanh

Diane Elson

Marc Fleurbaey

Ann Harrison

Rashid Hassan

Stephan Klasen

Keun Lee

Zenebework Tadesse Marcos

Vitalii Meliantsev

Leticia Merino

Keith Nurse (Rapporteur)

José Antonio Ocampo (Chair)

Tea Petrin

Pilar Romaguera



Onalenna Selolwane

Lindiwe Majele Sibanda

Dzodzi Tsikata

Juree Vichit-Vadakan

2. The following entities of the United Nations system were represented at the session:

Food and Agriculture Organization of the United Nations

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

United Nations Conference on Trade and Development

United Nations Industrial Development Organization

World Bank

## Annex II

### Agenda

1. Introductory and organizational session.
  2. Informational session: the work of the Committee for Development Policy in context.
  3. Inaugural session.
  4. Working methods of the Committee for Development Policy.
  5. Promoting productive capacity for sustainable development.
  6. Overview of the work of the Committee for Development Policy on the least developed country category.
  7. Total official support for sustainable development.
  8. Monitoring of countries graduating from the least developed country category.
  9. Defining the work programme of the Committee for Development Policy for the period 2016-2018.
  10. Development of a toolkit for improving the understanding and preparation of graduation from the least developed country category.
  11. Adoption of the report of the Committee for Development Policy on its eighteenth session.
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