

**Presentation to ECOSOC of the 2008 Report of the
Committee for Development Policy (CDP) by
Ms. Willene Johnson
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Mr. President, Distinguished Delegates, Ladies and Gentlemen,

1. I have the honour of presenting to you the Report of the tenth session of the Committee for Development Policy (E/2008/33), held in New York from 17 to 20 March this year.
2. The Report addresses three major themes. The first is the theme adopted for this year's Annual Ministerial Review "Implementing the internationally agreed goals and commitments in regard to sustainable development". The Committee's findings on how climate change can affect the achievement of sustainable development goals and recommended actions to counteract its negative impact on improving people's welfare were reported at the time of the high-level segment of ECOSOC earlier this month. It should be recalled that already in last year's report the Committee emphasized that climate change would exacerbate poverty and seriously hamper development efforts, that adaptation issues needed to be more forcefully addressed and that a new partnership between developed and developing countries was required to confront climate change and sustain development. In this regard, it is most encouraging that this year's Ministerial Declaration [para 16] explicitly recognizes the urgency of addressing adaptation needs of vulnerable countries and mobilizing additional financial resources for meeting the priority objectives of sustainable development [para 39]. It is the Committee's view that achieving the millennium development goals while at the same time dealing with climate change requires access by developing countries to sufficient funds and knowledge as well as the development of new technologies.
3. The second substantive section of the Report focuses on the need for a development-supportive international financial architecture. The Committee's analysis regarding this theme was already presented to the Council by our Chairperson, Ricardo Ffrench-Davis, in a statement to the high-level policy dialogue with the Heads of international financial and trade institutions. In view of the current worsening economic outlook and the inadequacy of existing compensatory finance instruments developing countries are suffering from the negative impact of external shocks. The report emphasises the urgent need to reform the existing official compensatory financing architecture so as to avoid inefficiency and unnecessary costs to developing countries by reducing the need for high levels of international reserves and – more importantly – by helping to prevent recessive losses in employment and output. In this regard, the Committee suggested that the

Council address this issue in its consultations with the Bretton Woods institutions and ensure that the theme of compensatory finance is also considered at the Follow-up International Conference for Development to be held in Doha in November this year.

4. The third substantive chapter of our Report focuses on the methodology for identifying the least developed countries and I will elaborate a bit more on this issue. The identification of these countries is currently based on three criteria: on gross national income (GNI) per capita and on two indices of structural handicaps to growth and development: the human assets index (HAI) and the economic vulnerability index (EVI).
5. The Committee was guided in its work by ECOSOC resolution 2007/35, in which the Council requested the Committee “to continue developing a consistent set of criteria that can be applied to all recommendations regarding the inclusion in and graduation from the list of least developed countries, with due account being taken of economic vulnerability as a structural characteristic of the least developed countries”.

In this regard, we thoroughly assessed a suggestion of revising the way the criteria for identification of least developed countries is applied by making it compulsory for a country to meet the EVI threshold for graduation in order to be considered eligible for graduation, independently of the fact that the country already fulfilled the graduation requirement related to two other criteria, namely, the GNI and HAI. The Committee has come to the conclusion, however, that following this approach would run against the logic of the established criteria for designating least developed countries. A high EVI score by itself should not prevent a country from achieving a steady pace of economic growth and development. This is evidenced by quite a few developing countries which have been able to achieve sustained income per capita growth and high levels of the human development, despite having a high EVI.

6. The Committee also reconfirmed the current approach used for the identification of countries for inclusion in the group of LDCs, that is, countries falling within the threshold levels on all three criteria are to be recommended for inclusion.
7. In order to ensure that any country graduating from the category should be able to continue and sustain its progress with a minimal risk of having its development disrupted or reversed, the following rules are applied:
 - Eligibility for graduation requires that a country fail to meet two, rather than only one, of the three inclusion criteria;
 - Thresholds for graduation are established at a higher level than those for inclusion; and
 - To be recommended for graduation a country has to be found eligible at two successive triennial reviews.
8. Mr. President, the Committee also reviewed a number of proposed refinements in the measures used for gross national income criteria, human assets and economic vulnerability to be used in the triennial review of the list in 2009. For instance, the Committee assessed how adequately EVI reflected the environmental factors of vulnerability and concluded that EVI already included some elements that capture—to

some extent-- sources of economic vulnerability generated by the natural environment. In this regard the Committee did not propose changes to the existing measures due to the need to further establish how climate change can represent an additional structural impediment to development in low income and least developed countries as well as due to the deficiencies in the currently available information. In sum, the Committee reconfirms that the current procedures and criteria for identification of the LDCs rely on the best presently available methods and information.

9. The Committee also deliberated on the contents of the vulnerability profiles and impact assessments to be conducted for countries that have been found eligible for graduation for the first time. While the vulnerability profile should give the overall background of a country's economy and development situation, the impact assessment should address the expected implications of the loss of least developed country status, in particular in regard to development finance, technical assistance and international trade. In addition to the criteria scores, these two documents will provide us with information to decide whether a country found eligible at the previous triennial review should be recommended for graduation. I would therefore stress the importance of securing the cooperation from the development partners of the countries concerned in providing information on likely treatment extended to the country if graduation becomes effective.
10. The Committee also reviewed the smooth transition process for graduating countries as set out by General Assembly resolution 59/209. The Committee noted that for many countries identified for graduation, the reluctance to graduate, although sometimes expressed as dissatisfaction with the criteria, seemed to be grounded in uncertainty about the implications of losing the benefits of the LDC status. In this regard, the Committee proposed that an expert group could be convened to consider the phasing out of the special support measures available for the least developed countries in a predictable and orderly manner with a view not to disrupt the development progress of the graduated country.
11. Furthermore, the Committee emphasized that it would continue to monitor the development progress of countries that have graduated from LDC status and that it would report to the Council on the findings as a complement to the triennial review of the list of LDCs.
12. Mr. President and distinguished delegates, I look forward to your reaction to the main aspects and findings of the Report. CDP hopes that the analyses and recommendations contained in its Report will enhance the ECOSOC discussion on development issues and lead the way to practical solutions and policies.

Thank you.