

Report of the Committee for Development Policy on its eleventh session

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Geneva, 29 July 2009

Mister Vice-President, Distinguished Delegates:

I am honoured to introduce the Report of the Committee for Development Policy. In this year's Report to the Council, the Committee has made recommendations on four important development issues.

The first substantive section of the Report deals with international cooperation for health and, in particular, the importance of tackling inequalities. The Committee's findings and recommendations on this issue were reported to the High-Level segment of the Council's deliberations earlier this month and I am pleased that some of our concerns were reflected in the Ministerial Declaration. Let me not elaborate therefore on this issue, but mention that the Committee will publish a more elaborate analysis on the effectiveness of the global health partnerships in a new CDP Policy Note that will be available soon.

The second substantive issue addressed in the Report, and also reported to the High-Level segment of the Council's deliberations earlier this month, focuses on the implications of the current global financial crisis for developing countries. The Committee reiterates the call it made in last year's report, prior to the intensification of the global financial crisis, for enhanced compensatory finance to deal with the consequences of trade and financial shocks affecting developing countries.

Additional compensatory finance is needed, and it should be made accessible without restrictive policy conditions. Aware of the recent changes to make the IMF financing framework more flexible, the Committee recommends that the Council continues to address the issue of conditionality attached to compensatory finance and the need for policy space for effective countercyclical policy action in its consultations with the Bretton Woods institutions.

The third substantive section of the Report summarizes the Committee's discussions on climate change and development. The recommendations focus in particular on financing requirements of developing countries for making the necessary investments towards mitigation and adaptation. In our view, the current financial architecture for addressing climate change is becoming increasingly complex. The proliferation of largely uncoordinated climate funds does not seem to be a very productive way forward. While there are an increasing number of funds, the gap between available resources and what is needed remains excessively wide. Moreover, it is not entirely clear whether existing resources for mitigation and adaptation programmes are directed to countries where the needs are greatest. In this regard, the Committee recommends that the Council urgently reviews the financial architecture for addressing climate change at next year's

Development Cooperation Forum, pursuing greater policy coherence and a stronger focus on sustainable development.

The fourth substantive section of the Report summarizes the outcome of the Committee's triennial review of the list of LDCs. As in the past, the Committee reviewed the current LDCs as well as those identified by the World Bank as low-income countries.

In making its recommendation to the Council, the Committee applied three criteria to identify LDCs: gross national income per capita and two indicators of structural handicaps to growth and development.

For this year's triennial review, a country is considered for inclusion in the list of LDCs if the three-year average of its income per capita is below \$905. The graduation threshold under the income criterion is established twenty percent higher at \$1,086.

The two other criteria refer to the level of human development of a country, measured by the Human Asset Index, and its vulnerability to exogenous economic shocks, measured by the Economic Vulnerability Index.

With regard to inclusion, the two countries found eligible have expressed their wish not to be considered for it.

With regard to graduation from the list, the Committee reviewed the four countries found eligible for graduation in 2006: Equatorial Guinea, Kiribati, Tuvalu and Vanuatu.

The 2009 review confirmed that Equatorial Guinea is eligible for graduation with a per capita income level of almost \$9,000, which is eight times higher than the income graduation threshold.

The Committee has taken into account the reservations expressed by the Government of Equatorial Guinea on the population data used in the calculation of GNI per capita. It concluded that even with revised population data, per capita income would be well above twice the graduation threshold. The CDP therefore recommends that Equatorial Guinea be graduated from the list of LDCs.

Kiribati is no longer found eligible for graduation as it did not meet the income criterion.

In the case of Tuvalu, found eligible, the Committee noted that ODA as a share of GNI is exceptionally high and its other main sources of income are volatile with negligible primary income generated by productive domestic economic sectors. In view of extreme "smallness" and the lack of productive activities, the Committee questioned the sustainability of the present level of income.

In the case of Vanuatu, also found eligible, the Committee noted the doubts raised about the correct level of its Human Assets Index and about the sustainability of the registered improvements.

Finally, the Committee has not recommended the graduation of Tuvalu and Vanuatu at this present review. Yet, both Tuvalu and Vanuatu fulfilled the graduation criteria and will therefore be considered for graduation at the triennial review in 2012.

As requested by the Council, the Committee reviewed the development progress of the graduating countries, Maldives and Samoa. We noted the continued positive development progress of both countries and strongly stress the urgency of developing a smooth transition strategy with the support of development partners.

In this respect, the Committee advises that, in line with GA resolution 59/209, the Council reiterate the importance for development partners to implement concrete measures in support of countries' transition strategies for ensuring a durable graduation. In particular, the continued access by graduated countries to the resources of the Enhanced Integrated Framework for Trade-related Technical Assistance to LDCs and of the United Nations Framework Convention on Climate Change Adaptation Fund is of importance.

The Committee also noted that Cape Verde, which graduated from the category in December 2007, has made satisfactory progress. However, the country remains economically vulnerable and sustained efforts are needed to achieve success in the structural transformation and upgrading of the economy.

Additionally, the Committee notices that most countries that are earmarked for graduation are small-island developing States. These countries and their development partners are to be congratulated on successfully escaping from the "poverty trap" that plagues the LDCs. At the same time, these countries face the special challenges associated with small-island economies. In this regard, the upcoming review of the Mauritius Strategy provides an excellent opportunity for the international community to strengthen cooperation and delineate new measures in support of these economies.

Finally, Mister Vice-President, allow me to deviate for one moment from our report.

As you know, the term of the current membership of the Committee expires by the end of the year. I wish to express to you on behalf of all members of the Committee, our appreciation for having been invited to contribute to the very important work carried by the Council, and for the opportunity to develop the views we shared with you over the past 3 years.

My colleagues have all given their best, fully and generously. We have been very well served by the Secretariat. On a personal note, this will be my last time to address the Council as a member of the Committee after many years of service, with a particular interest for the LDCs. Much was done, but much is still to be done in this quest, we all share, of improving the living standards in an equitable and sustainable manner, in particular for the LDCs.

I am very grateful for the privilege to have worked closely with you.

Thank you.