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**Summary of Panel Discussion on “Sustained economic growth for social development, including the eradication of poverty and hunger: the normative and policy dimension”**

**COORDINATION SEGMENT  
Palais des Nations, Geneva, 7 July 2006**

The panel discussion on policy approaches to achieve economic growth, poverty eradication and development, under the theme of ECOSOC’s coordination segment was chaired by the Vice-President of ECOSOC, **H.E. Mr Hjálmar W. Hannesson**. The Minister of State of Finance, Planning and Economic Development of Uganda, **H.E. Professor Semakula Kiwanuka**, **Mr. Jim Harvey**, Head of Livelihoods Advisers Group, United Kingdom’s Department for International Development, **Mrs. Nora Lustig**, Leader of the Poverty Group in the Bureau for Development Policy, UNDP, and **Mr. Yash Tandon**, Director of the South Centre in Geneva, participated as panelists.

**Mr. H. W. Hannesson** opened the dialogue emphasizing that economic and social issues needed to be dealt with in a comprehensive, coherent, as well as context-specific manner. The panel discussion aimed to focus on the ongoing debates on policy approaches and the experiences and lessons learned by various development partners and the developing countries.

**Mr. Semakula Kiwanuka** described Uganda’s progress on the MDGs, in particular through its Poverty Eradication Action Plan, which was introduced in 1997 and aims at reducing the incidence of poverty to 10 per cent of the population by 2017. So far, Uganda has been most successful in reaching the goals of HIV/AIDS and primary education, including for girls. He further mentioned that, to achieve the latter, the government had made primary education free, but not compulsory. Unlike Uganda’s performance on other goals, Mr Semakula Kiwanuka said his country’s performance on health related goals was less impressive. He concluded by stating that the MDGs will not be attained if investments are made only in the social sectors. Increased funding in all sectors is therefore essential for attaining the MDGs, overall economic growth and sustainable development. Faced with a huge energy crisis in his country, he called the international community, especially the G8 to fulfill the pledges made at Gleneagles in 2005 and called for greater emphasis on Aid for Trade.

**Mr. Jim Harvey**’s intervention focused on three main messages: Firstly, that economic growth was the single most important way of pulling people out of poverty and that poor people in developing countries needed a decent work that meets their basic needs. Secondly, tackling inequality is necessary for poor people to participate in growth because inequality limits the benefits of growth. Thirdly, reducing poverty sustainably means ensuring that growth today doesn’t come at the cost of environmental failure tomorrow. Because pro-poor growth and broader growth are inextricably linked,

measures are necessary to ensure that growth is equitable and sustainable, in particular by increasing the share of economic growth accruing to and benefiting poor people and increasing resource use efficiency. That will require a big mind-shift, that of seeing the environment as an opportunity, instead of a threat or limitation.

**Ms. Nora Lustig** said that the MDGs were based on the principle that investing in human capital would accelerate growth, in the long run, and that the empirical evidence showed that addressing poverty traps had a positive effect not only on the lives of people, but also on growth. She further suggested that National Development Strategies should not rely solely on trickle-down economic growth, but should include pro-MDG policies, in particular those that are pro-growth. Also, it was important to ensure broad consistency between macroeconomic and growth policies and pro-MDG policies and finally, to set minimum standards for all population groups and regions that do not solely rely on the performance of national averages. Ms. Lustig concluded by stressing that countries should define their strategies with the input of local knowledge on which policies are best suited and knowing that some trade-offs between short-term growth and investment in social sectors might be inevitable.

**Mr. Yash Tandon** argued that development is not something imposed on countries from the outside, but is instead “a self-description by the people who seek development”. The countries of the South have not won their economic independence and must do what the early industrialized nations did in their own time, i.e. encourage the industrialization of their countries, including by using tariffs and subsidies, as required by each country’s circumstances. Also, he stated that aid should not be accepted by developing nations if it is to be used as a leverage to agree to trade arrangements.

In the interactive debate, speakers raised various issues. First of all, differences in *policy approaches to development* were brought up by many participants, all of whom stressed that economic growth was not an end in itself, but a means to eradicate poverty. **Mr. Harvey** underlined that countries should not focus on “useless growth”, but rather pay attention to the poverty elasticity of growth. **Mauritania** suggested that the current approach to development should be thought through in light of the analysis that puts human development forward as the path to further growth and that ECOSOC was best placed for this type of discussions. Also, **Finland, on behalf of the European Union** said that investing in the social sector should not be considered as a cost, but as an investment towards greater competitiveness and growth. In that regard, **Venezuela** underlined that their development model, including the use of oil revenues, focused on human development.

With regard to *national policies*, the discussion revolved around several concerns. First, on comments on *education* by **Nigeria and Mauritania**, whose representative pointed that education often represented an opportunity cost for the poorest households, **Mrs Nora Lustig** urged all countries to think about addressing not only the supply-side constraints of education, but also the demand-side constraints, including by supporting interventions such as “conditional cash transfers”, which provide families with incentives to send their children to school.

**The European Union** underlined that a *bottom-up approach* is needed in order to ensure that growth is pro-poor. On the same line, the **United States** said that it is to the individuals and communities themselves to develop a national consensus on what is best for them. Democracy was also a key factor to development. It also expressed the necessity of continuously testing ideas and programs and adjusting them accordingly, as well as providing reliable data. Responding to the question of **Benin** on whether corruption was a pre-requisite for or an outcome of development, **Ms. Lustig** said that empowering communities and increasing their participation in the development process was a means to prevent corruption, which she saw as being an inherent element of development. **Mr. Semakula Kiwanuka** underlined that there was no single model to development, while **Benin** stressed the importance of country-ownership of development processes.

Finally, on the issue of *trade* and the access of developing countries to markets, **Mr. Semakula Kiwanuka, Mr. Harvey** and **Mrs Lustig** agreed that the challenge was to address the supply side of production, i.e. to ensure that developing countries can overcome the production constraints and take advantage of existing markets, rather than to focus solely on agricultural subsidies. **Mr. Tandon** stressed that this issue should be dealt with pragmatism, depending on each country's specificities. Like the developed nations during their industrialization period, developing countries should have the right to develop and industrialize, including by selective implementation of instruments such as subsidies and tariffs. On the whole, he concluded that there were several areas of agreement: (1) the need for a bottom-up approach; (2) the importance of growth, as a means for further development, while human development is the overall objective; (3) the importance of data; (4) the need for practical goals and solutions, instead of ideological debates; and (5) finally the necessity to fight corruption. The disagreements arose, according to him, when it comes to put abstract principles into practice.