



United Nations

Committee for Development Policy

**Report on the thirteenth session
(21-25 March 2011)**

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Note

Symbols of United Nations documents are composed of capital 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 thirteenth session of the Committee for Development Policy. At the session, the Committee addressed the following themes: education for all, issues related to the least developed countries (including monitoring of the development progress of Equatorial Guinea and Samoa), and migration and development.

Regarding the theme of the 2011 annual ministerial review, entitled “Implementing the internationally agreed goals and commitments in regard to education”, the Committee noted that many developing countries had achieved significant progress towards meeting the internationally agreed targets on education, including the provision of universal primary education. However, in many parts of the developing world, the quality of education provided is such that it does not improve cognitive skills and, all too often, there is a “learning crisis”. Urgent improvements are needed. The development and monitoring of indicators for the quality of education are essential to maximize the contribution education can make to equitable economic growth; the possibility of including these indicators in the Millennium Development Goals should be explored.

To keep pace with competitive and globalized markets and fast-changing technologies, education systems must be geared towards generating human resources with appropriate skills and flexibility to adjust to changing circumstances. Increasing attention must be paid to post-primary education and skills training, including on-the-job training, in order to consolidate the gains made in elementary education. Coordination between education and training providers and employers is necessary to strengthen the links between education and job opportunities. Education policies, together with labour re-training, should be placed in the broader context of macroeconomic and development strategies and should take into account the international mobility of labour. In turn, economic strategies must take into account the need to generate adequate labour demand for persons who emerge from national educational systems.

In preparation for the triennial review of the list of least developed countries to be undertaken in 2012, the Committee reviewed the criteria and indicators used to identify such countries. The Committee defined least developed countries as low-income countries suffering from the most severe structural impediments to sustainable development. While confirming the reliability of the current criteria used for least developed country identification, it proposed further refinements to the indicators, in particular to better reflect the structural vulnerability of countries to climate change.

The Committee also reviewed the recent development progress of Equatorial Guinea and Samoa. Samoa, scheduled for graduation in 2014, is recovering from twin crises, namely the economic and financial crisis in 2008 and the tsunami disaster in September 2009. The country is expected to return to its sustainable development path, largely owing to the rebounding of the manufacturing sector as well as rebuilding efforts by the Government and continuing support from the international community. The economic prospects of Equatorial Guinea, whose graduation was endorsed by the Council in 2009 but has not yet been taken note of by the General Assembly, continue to be favourable; the country has recently been classified by the World Bank as a high-income country. The Committee believes it

important that action be taken by the General Assembly to maintain the integrity of the least-developed category.

Lastly, the Committee considered the interaction between development and migration, in particular in the context of the recent global economic crisis. In its view, international migration has significant impacts on the development process and the functioning of modern economies. When adequately regulated, it can be a source of shared benefits for both the sending and receiving countries. However, migration should not be considered a substitute for a genuine national development strategy. The economic crisis has brought additional concerns, including negative effects on the welfare of migrants and increased anti-immigrant sentiment. The Committee calls for increased international cooperation and clearer progress towards creating an international framework for the regulation of migration flows, with a precise definition of rights and obligations affecting migrants in transit and in host countries, and for the promotion of measures to enhance the positive developmental impacts of migration and minimize its negative effects. Host Governments need to make further efforts to better protect vulnerable migrant population groups and should actively fight anti-migration reactions and xenophobic manifestations in their societies.

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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

Recommendation 1: towards the implementation of the internationally agreed goals and commitments in regard to education

1. Progress in meeting the numerical targets set in the Millennium Development Goals has not been matched by improvements in the quality of education provided. In many cases, the quality of education is so low that it does not improve cognitive skills or productivity levels. While it is important to monitor the progress towards achieving universal primary education and gender equality in education, increasing attention must be paid to the quality of education at all levels. In addition, new challenges have emerged, such as ensuring equitable access to education, addressing unemployment among educated workers, addressing the brain drain of skilled professionals and meeting the demands of lifelong learning. Accordingly, the Committee for Development Policy recommends that the Council consider:

(a) Requesting the United Nations Statistical Commission and other relevant United Nations agencies to propose indicators that can be used by policymakers and the international community to assess and monitor the quality of education on a regular basis. The development and monitoring of indicators for the quality of education is essential to maximize the contribution of education to equitable economic growth. The possibility of including such indicators in the Millennium Development Goals should also be considered. The Committee recommends that these quality indicators be initially established at the primary education level and subsequently extended to higher levels of education, including vocational and technical training;

(b) Initiating a process to review the adequacy of the support extended by the international community for education in developing countries. It is suggested that the review be based, *inter alia*, on the evaluation of educational reform programmes in order to determine which components of these programmes need to be further strengthened and supported.

Recommendation 2: refinement of the criteria for identifying least developed countries

2. The Committee defines least developed countries as low-income countries suffering from the most severe structural impediments to sustainable development. After a comprehensive review of the indicators and approaches used to identify least developed countries, the Committee confirmed the validity of the criteria and introduced refinements, in particular to better capture structural vulnerability caused by climate change. In this regard, it invites the Council to take note of the proposals contained in chapter III of the present report for implementation at the 2012 triennial review of the list.

B. Matters brought to the attention of the Council

1. Towards the implementation of the internationally agreed goals and commitments in regard to education

3. Governments should regard educational policies as an integral part of national development strategies. The macroeconomic context affects the pattern of demand for labour, and greater integration into the global economy has often made trade and foreign investment policies critical determinants of the types of knowledge and skills required. The educational system, including lifelong learning and skills training, should be organized so that the expansion of education is matched by the creation of opportunities for raising productivity by utilizing a better educated workforce. Coordination between education and training providers and employers is necessary to strengthen the links between education and job opportunities.

2. Monitoring of countries graduating from the least developed country category

4. The Committee reviewed the development progress in Equatorial Guinea and Samoa and took note of the efforts to rebuild the Samoan economy after the tsunami in 2009. It encourages Samoa, with the assistance of its development partners, to prepare a transition strategy for its graduation from the category in accordance with General Assembly resolution 59/209. In Equatorial Guinea, even with lower oil prices and reduced production of crude oil in 2009, per capita income remained at approximately 10 times the graduation threshold. The Committee brings to the attention of the Council the fact that the General Assembly has not yet acted upon the recommendation to graduate Equatorial Guinea. A prolonged delay may have negative implications for the category of the least developed countries in terms of credibility and equal treatment of countries. The Committee believes it important that the General Assembly take action in this regard.

3. Development and international migration in times of crisis

5. International migration is a powerful force of social change and has significant impacts on the development process and the functioning of modern economies. The economic crisis in 2008 had a negative effect on the welfare of international migrants and often exacerbated anti-migrant attitudes in host countries. International migration can be a source of shared benefits for the countries involved, if it is adequately regulated. In this regard, the Committee recommends that:

(a) Governments should take steps towards creating a multilateral framework to lay the foundations for regulating migration flows, with a precise definition of rights and obligations affecting migrants in transit and in host countries, and should promote of measures to enhance the positive developmental impacts of migration and minimize its negative effects;

(b) National legal frameworks should adequately reflect multilateral norms and recommendations regarding migration;

(c) Further efforts must be made to better protect vulnerable migrant population groups, including undocumented migrants, against abuse and exploitation. In addition, Governments should actively fight anti-migration reactions and xenophobic manifestations in their societies.

Chapter II

Quality education for all: meeting human resources needs in developing countries

A. Introduction

6. In 1990, the international community committed to providing universal education for all.¹ With the adoption of the Millennium Development Goals in 2000, the global community renewed its efforts to achieving universal primary education. These efforts have led to significant improvements in meeting numerical targets such as the net enrolment ratio in primary education and the adult literacy rate. However, new challenges that go beyond achieving quantitative targets have emerged; this includes the quality of education and the need to ensure increasingly equitable access to education, to avoid reproducing and perpetuating existing inequalities.

7. Education is an effective vehicle for promoting social cohesion and for improving citizenship and the quality of democracy. It contributes to the enhancement of a person's quality of life and to the exercise of her or his civil rights and duties. Education enriches a person's life by developing cognitive and social skills and by making people aware of their rights and obligations as citizens. Educated people often have a wider range of options to address challenges and adversity.

8. Education not only contributes to development. It is also crucial for enhancing human capabilities and promoting social and economic equity. Linking education to human resources development facilitates increased productivity. It is important to extend quality education to poor segments of the population and other disadvantaged groups in order to promote social mobility and reduce the existing inequality of opportunity, thus leading to accelerated and equitable growth. The creation of human capital through education and labour training facilitates investment, enhances the development and diffusion of new technologies and raises output per worker. However, the linkages among education, inequality, human capital creation and economic development and growth are complex and often specific to particular country contexts. Poverty may prevent children from attending school or from fully benefiting because they are malnourished or have not received proper care during infancy. Similarly, children from uneducated households often exhibit worse educational outcomes than children from educated households.

9. Many low-income countries have made remarkable progress towards achieving universal primary education. However, there are serious concerns about the content and quality of education, indicating the need for a paradigm shift in educational policies. To keep pace with competitive and globalized markets and fast-changing technologies, education systems must be geared towards generating human resources with appropriate skills and flexibility to adjust to changing circumstances. Increasing attention must be paid to post-primary education and skills training, including on-the-job training, in order to consolidate the gains made in elementary education. This is particularly true in countries where the working-age population is still growing, so that they can benefit from this "demographic dividend".

¹ See http://www.unesco.org/education/efa/ed_for_all/background/07Bpubl.shtml.

10. Rapid economic growth is usually associated with structural change and the adoption of new technology. National educational systems have to respond to the fast pace of technological developments and opportunities. Since economic growth creates demand for workers with higher education and upgraded skills, policymakers need to pay more attention to secondary and tertiary education. Primary education alone, even if efficiently managed, does not provide individuals with skills such as critical thinking, and communication skills that are highly rewarded in the labour market. Furthermore, it is necessary to upgrade the capacities of individuals already participating in the labour force to compensate for inadequate education received in the past and the skill obsolescence that occurs during one's working life.

11. With respect to the provision of higher levels of education, several issues require attention. These include identification of the types of skills needed in the labour market and how to supply them, the financing of education (privately, publicly or a combination of the two) and its provision through the public and/or private sector. It is also necessary to address equity and quality concerns and the challenges posed by the unemployment of educated individuals and the brain drain of highly skilled professionals. Beyond the goal of primary universal education, a whole range of second-generation challenges thus emerge. In this regard, there is a need to increase research and development with respect to education systems themselves as well as the framework of international support for education, in order to find adequate responses to these challenges.

B. Educational systems and development strategies

12. Enrolment has increased at all levels of education. Nevertheless, higher enrolment rates have not necessarily led to faster economic growth or increased productivity. There are various reasons for this. The quality of education provided may be so low that it does not improve cognitive skills or productivity levels. In fact, competency tests for school children in many parts of the developing world reveal that there is a learning crisis. There are instances where almost half of third grade students are unable to recognize a single letter or a substantial minority of 15- and 16-year-olds in school cannot read a basic story or do division.² On average, students in developing countries are found to need much more than five years of primary schooling to become functionally literate or numerate.³ Another reason may be that, in economies with limited technical progress, increased supply of more educated labour may affect the rate of return to education because demand does not increase in line with supply. In these contexts, education does not contribute to higher wages. To the extent that the quality of education is not adapted to the needs of the economy, educational qualifications may not serve as an efficient screening mechanism for employment purposes. In other instances, educated workers have been underutilized in economies experiencing macroeconomic instability and low job creation. These issues suggest that educational policies should be considered an integral part of the overall development strategy.

² Rebecca Winthrop, "Fostering African Growth through Education", keynote address to the USAID Africa Regional Education Workshop 2010, Dar-es-Salaam, United Republic of Tanzania, Brookings Institution, 2010.

³ Eric Hanushek and Ludger Woessmann, "The Role of Education Quality for Economic Growth", Policy Research Working Paper, No. 4122 (Washington, D.C., World Bank, 2007).

13. Different approaches to the design of national educational systems have implications for the pattern of development. Developing countries may educate either “widely” or “deeply”. The wide approach seeks to provide basic education to the entire population without emphasizing higher education. In contrast, the deep approach concentrates on providing some individuals with quality higher education, paying less attention to universal education at lower levels. These alternative approaches have different implications for equity and income distribution. Increasing returns to higher education along with unequal access may lead to widening income and social inequalities. The remedy lies in making the education system an integral part of an inclusive job creation growth strategy while improving access by the poor and other disadvantaged groups to all levels of education.

C. Quality of education: equity and labour market outcomes

14. Over the last decade, insufficient attention has been paid to the quality of education, resulting in outdated curriculums, learning methods and poor educational outcomes, as mentioned above. The link between a country’s educational system and its economic performance is mediated through the labour market. If the educational systems add to workers’ skills and competence, there is potential for a virtuous circle leading to productivity growth and higher earnings that feed back into a larger demand for education. A crucial element of this virtuous circle is the quality of education.

15. To meet the demand for education beyond the basic levels, new institutions have been created; these institutions often offer a generalist type of education, which is less costly than technical or professional education. Reform of the educational system must take into account all providers of education. Private providers are now numerous in many countries. Both the increased demand for education and the availability of private financing from individuals have contributed to the increase in private educational institutions. However, in some contexts, the quality of education provided by private institutions is questionable, which calls for better regulation and improved quality control.

16. The importance of quality education is not limited to students in formal educational institutions. Lifelong learning and programmes to upgrade skills, including support for micro-entrepreneurs, are important vehicles for spreading new knowledge and skills needed to master new technologies. In addition, attention should be paid to workers who have not had the benefit of complete or quality education and who will remain in the labour force for many years. Without further training, these workers will be ill-equipped to adjust to the structural changes in the economy and will not benefit from potential mobility associated with economic growth. Training and skills upgrading can take place in classrooms, through distance education or in settings outside of educational institutions (apprenticeship and training in the workplace).

17. Connecting higher-level education and training systems with labour markets will often require reorienting the educational system, reforming the regulatory framework for the private provision of education, building effective partnerships between private and public employers on the one hand and educational providers on the other and building pathways between the formal and informal systems. A related question is whether low-income countries should aim at establishing national

universities that consciously try to link up with the “global network of centres of excellence”. The issue here is whether there will be enough scale economies to ensure quality. One option is to set up regional universities and to link these with national universities through collaborative network agreements.

18. Policymakers also need to ensure that there is increasingly equitable access to education, to avoid reproducing and perpetuating existing inequalities. Access to higher education, in particular in merit-based systems, is largely determined by the opportunity to access quality primary and secondary education. A comprehensive approach to education must be adopted in order to enhance equality of opportunity in future labour markets and increase the public returns to education.

19. The provision of quality tertiary education is costly, which raises the issue of financing and access. In some countries, tuition fees have been raised in order to overcome financial constraints, including in public sector institutions, which has resulted in low-income students being excluded. On equity grounds, students from high-income households should contribute to the financing of their own education by paying tuition fees. However, less affluent students should have their access to tertiary education facilitated by instruments such as scholarships, subsidized loans and reduced or subsidized tuition fees.

20. Another problem is unemployment among educated workers. Although, in developing countries, the provision of higher education has expanded and the number of students has increased, unemployment among educated and skilled workers is frequently high. The explanation largely lies in skill mismatches and insufficient employment generation.

21. Educational policies should also take into account the international mobility of labour. While the out-migration of highly skilled manpower (the brain drain) can have negative effects, countries can also benefit from “brain circulation”, or “reverse brain drain”, as well as temporary migration, both in terms of inward remittances and skills training (see also chap. V).

22. Lastly, it is important to bear in mind that the macroeconomic context affects the demand pattern, since employment and better paid jobs are largely dependent on the investment climate, trade policies, financial markets and the nature of capital flows. Counter-cyclical policies can have a significant influence on employment. Greater integration into the global economy has made trade and foreign investment policies critical determinants of the types of knowledge and skills needed. In many countries with emerging economies, domestic industrial linkages and the promotion of an investment-conducive environment have led to structural changes which have been accompanied by the required changes in the educational system in accordance with the needs of the productive sectors.

D. Conclusions and recommendations

23. Ensuring universal access to primary education should not be neglected. However, the fulfilment of quantitative targets must be accompanied by the fulfilment of “qualitative” goals. Priority must be given to improving the quality of education at all levels, and stressing the reduction of quality gaps that have negative implications for equity and social cohesion.

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24. The development and monitoring of indicators for the quality of education are essential to maximize the contribution education can make to economic growth with equity. The possibility of including indicators for quality of education in the Millennium Development Goals should be explored.
25. Better education for educators and the provision of adequate incentives for teachers are crucial in improving the quality of education provided and reducing the large quality gaps in education received.
26. Quality education, skills training and lifelong training are important not only for new entrants but also for individuals who are already in the labour market, since they may have educational deficiencies (quality and quantity of education and skills training received) or obsolescent skills.
27. Policymakers need to place education in the broader context of national development strategies to ensure effective and efficient interventions. In this regard, increased attention must be paid to coordination between higher education and skills development policies on the one hand and technology and innovation policies on the other, in order to upgrade national technological capabilities and raise productivity.
28. Increased cooperation and coordination between the public and private sectors is needed to address skill mismatches and unemployment of educated and skilled workers, and to avoid the potential negative effects of the out-migration of highly skilled manpower from developing countries, while taking advantage of opportunities for temporary or circular migration (see chap. V).
29. There is a need to rethink international support for education in the light of emerging challenges. International support must be based on the monitoring and evaluation of reform programmes to determine which components of the programmes have failed and which have succeeded. Assistance is also needed in establishing appropriate methods and approaches to assess learning outcomes on the basis of international standards and in collecting comparable and detailed information in this regard.

Chapter III

Issues related to the least developed countries and the graduation process

A. Introduction

30. In preparation for the 2012 triennial review of the list of least developed countries, the Committee for Development Policies re-examined the criteria for the identification of least developed countries, paying special attention to the question of whether climate change and conflict constitute structural impediments to the development of these countries. In its review, the Committee also took into account insights from recent research on economic development as well as improvements in data availability.

31. The Committee also considered the preparation of vulnerability profiles and impact assessments for the countries deemed eligible for graduation.

B. Criteria for the identification of least developed countries

32. The identification of least developed countries is currently based on three criteria: per capita gross national income (GNI), human assets and economic vulnerability to external shocks. The latter two are measured by two indices of structural impediments, namely the human assets index and the economic vulnerability index.⁴

33. After a comprehensive review of the indicators and approaches used in the identification of least developed countries, the Committee reconfirmed the soundness of the criteria in assessing the inclusion as well as the graduation of countries from the least developed country list. It also reconfirmed the need (a) to maintain the inter-temporal consistency of the list and equity among countries; (b) to maintain stability in the criteria; (c) for flexibility in the application of the criteria; and (d) for indicators used in the calculation of the indices to be methodologically robust and available for all countries concerned.

34. The Committee defines least developed countries as low-income countries suffering from the most severe structural impediments to sustainable development. All three prongs of sustainable development (economic, social and environmental) are relevant. While the social dimension had already been incorporated into the human assets index to a large extent, the Committee considered that the environmental component had not been sufficiently taken into account.

C. Climate change and the identification of least developed countries

35. The importance of the broader climate change-development nexus has been discussed by the Committee since 2007 (see E/2008/33 and E/2010/33). Two dimensions are important, namely resilience and vulnerability. Climate change is expected to increase climate variability as well as the intensity and frequency of

⁴ *Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures* (United Nations publication, Sales No. E.07.II.A.9).

extreme events; it also constitutes a permanent shock to variables such as temperature, precipitation and sea level. Climate change is strongly interrelated with other environmental problems such as the loss of biodiversity and desertification.

36. Climate change also has strong impacts on the social and economic dimensions of sustainable development. There is mounting evidence that climate change is already occurring and that it will affect development, including agricultural production, health outcomes and water availability. Least developed countries are likely to be especially vulnerable.

37. Many current indicators used to identify least developed countries capture relevant aspects of climate change vulnerability. The Committee noted that two of the key areas expected to be affected by climate change, namely agriculture and health, appear to be adequately covered by the existing least developed country indicators.

38. While climate-related extreme events are already addressed by the economic vulnerability index, the link between climate change and natural disasters can be strengthened by refining the natural disaster component of the index. In particular, the specific vulnerabilities of coastal zones can be captured by a new indicator (see below).

39. The Committee acknowledged the potential impact of climate change on water availability, ecosystems (for example, forests) and biodiversity that might increase vulnerability, but could not identify suitable indicators.⁵

D. Role of conflict in the identification of least developed countries

40. The Committee for Development Policy has addressed the implications of conflict for development in the past (see E/2005/33). The correlation between least developed country status and conflict incidence is strong. Conflicts have a negative impact on development progress, often reversing previously achieved gains, exacerbating existing vulnerabilities at the household level and creating forms of destitution from which significant parts of the population struggle to recover.

41. Conflict exhibits a strong recurrent pattern, since many post-conflict countries relapse into a new conflict situation. A conflict trap is an impediment to development. However, it is difficult to determine whether conflict is a strictly exogenous risk.

42. Indicators for occurrence, frequency and social impacts of conflict are strongly correlated with existing least developed country indicators. Moreover, it is not easy to identify indicators for vulnerability to conflict. Accordingly, the Committee reaffirmed the recommendation made in 2008 that conflict issues would best be treated in vulnerability profiles, as appropriate.

⁵ See background note CDP2011/EGM/13.

E. Refinement of existing indicators

1. Gross national income per capita

43. The Committee agreed to retain the income criterion as measured by GNI per capita based on the World Bank Atlas method.

44. The Committee recalled earlier discussions on income distribution (see E/2010/33). It noted that unequal income was already reflected (partially and indirectly) in the human assets index. Identifying least developed countries on the basis of income distribution could bias results towards countries pursuing policies that result in greater income inequality and discourage corrective policies. However, it decided that the issue of income distribution could be one of the concerns addressed in the vulnerability profiles.

2. Human assets index

45. The Committee agreed that human capital status should continue to be reflected in the human assets index by indicators related both to the level of health and nutrition and the level of education. Four indicators are presently used:

- (i) percentage of population undernourished;
- (ii) under-five mortality rate;
- (iii) gross secondary school enrolment ratio;
- (iv) adult literacy rate.

46. The Committee decided to retain all four components of the index. The indicator for percentage of population undernourished has been used since 2006 and found satisfactory. Whereas life expectancy may be better suited to capture impacts felt predominantly by adult populations, data on child mortality is generally more reliable and more widely available.

47. The Committee discussed the two education indicators. Gross secondary school enrolment provides limited information on human capital and the presence of high drop-out rates in some countries is a concern. Comparability of literacy rates across countries may also be a problem.

48. The Committee is of the view that average years of schooling may be a better indicator for human capital than school enrolment and literacy rates. It could also indicate resilience to major challenges. However, data are not currently available.

3. Economic vulnerability index

49. The economic vulnerability index has two main components, an exposure index and a shock index. The exposure index comprises four sub-indices representing size, location, economic specialization and a new, specific sub-index reflecting structural environmental vulnerability. The shock index comprises sub-indices of natural shocks and trade shocks. The economic vulnerability index will henceforth contain eight indicators in total:

- (i) Population;
- (ii) Remoteness;

- (iii) Merchandise export concentration;
- (iv) Share of agriculture, forestry and fisheries in gross domestic product (GDP);
- (v) Share of population living in low elevated coastal zones;
- (vi) Instability of exports of goods and services;
- (vii) Victims of natural disasters;
- (viii) Instability of agricultural production.

50. The Committee discussed whether resilience was incorporated into the least developed country criteria. It noted that GNI and the human assets index were relevant factors for resilience, as were certain components of the economic vulnerability index, including population size and economic structure. Resilience is also strongly influenced by policy measures, which are outside the scope of the economic vulnerability index or human assets index, which measure structural impediments. The Committee therefore found that resilience was adequately treated in the least developed country criteria.

51. The Committee agreed that size of a country measured by population was an appropriate measure for the exposure of countries to shocks, since small countries have fewer possibilities for economic diversification and are more prone to trade shocks. In addition, most small countries are highly exposed to natural shocks, which often affect the whole country.

52. The Committee confirmed the relevance of remoteness, as measured by the current indicator.

53. Merchandise export concentration is a measure of exposure resulting from a concentrated export structure. It comprises goods but not services, although the latter are significant for the development of several low-income countries. The United Nations Conference on Trade and Development (UNCTAD) is currently developing an export concentration indicator covering trade in both goods and services. The Committee welcomes this effort and will consider its possible inclusion at a later date.

54. Share of agriculture, forestry and fisheries in GDP refers to exposure owing to the structure of production. This indicator provides important information on the vulnerability of countries because agriculture, fisheries and forestry are particularly subject to natural and economic shocks.

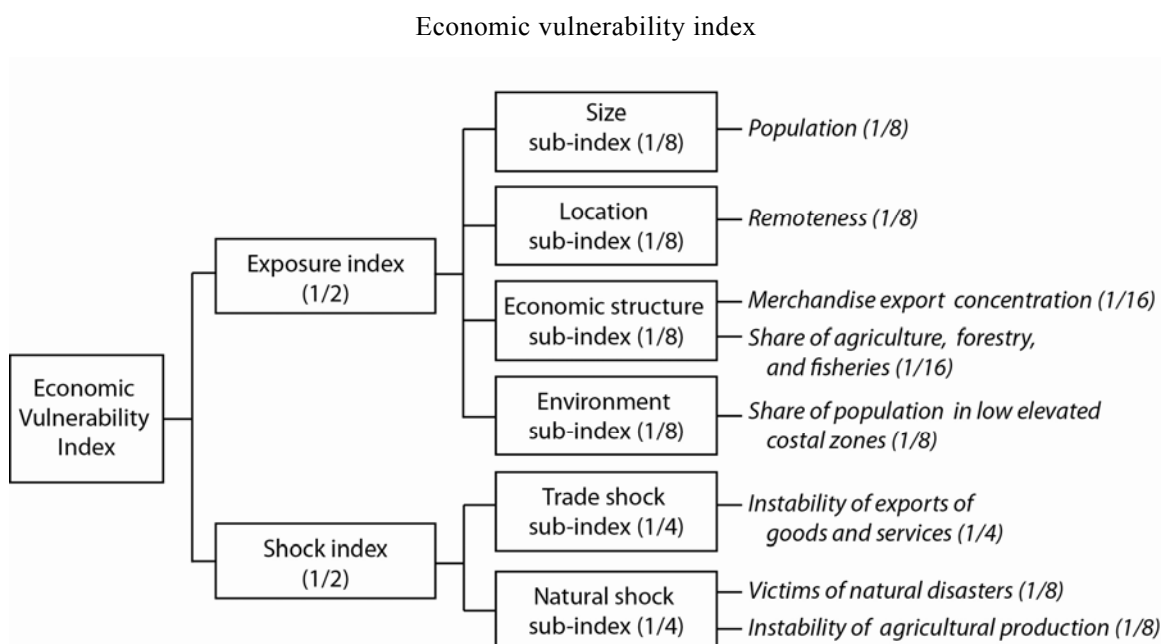
55. A new indicator for the percentage of population living in low elevated coastal zones has been adopted to capture vulnerability to coastal impacts associated with climate change. This population-based indicator reflects the exposure of population and economic assets better than alternative indicators based on land area only. Low elevated coastal zones are defined as areas contiguous to the coast below a certain elevation threshold. If the new indicator is available for the upcoming least developed country review, an elevation threshold of three metres will be used. The alternative is the currently available indicator using a 10-metre threshold. Both indicators are or will be available from the Center for International Earth Science Information Network at Columbia University.

56. The indicator for instability of the exports of goods and services reflects an important source of structural vulnerability for many low-income countries, affected by fluctuations in world markets.

57. The indicator for victims of natural disasters replaces the previous indicator for homelessness caused by natural disasters. It is defined as the share of population killed or affected by natural disasters, namely people requiring immediate food, water, shelter, sanitation or medical assistance. It includes the previous disaster indicator, which is defined as people requiring immediate assistance in form of shelter. It improves coverage of natural disasters by including weather and climate-related disasters such as drought and extreme temperatures, other weather and climate-related disasters such as floods and storms, as well as geophysical disasters such as earthquakes or volcanoes.

58. The indicator for the instability of agricultural production reflects natural shocks, in particular impacts of droughts and disturbances in rainfall patterns. In the absence of suitable drought-specific indicators, it can be regarded as an appropriate proxy for the relevant weather-variability-related impacts of climate change.

59. The structure and weights of the economic vulnerability index are set out in the diagram below; the numbers in parentheses indicate the weights of the components and indicators in the total index.



Note: the figures in parentheses indicate the weight of a particular component or index in the economic vulnerability index.

60. In summary, the following refinements are proposed to be incorporated into the revised economic vulnerability index:

(a) The “smallness” component is renamed the “size sub-index”, a more generic term;

(b) The structural index is now called the “economic structure sub-index” in order to improve clarity;

(c) A new index, the “environment sub-index”, is introduced into the exposure index. It includes the indicator for “share of population living in low elevated coastal zones”;

(d) The indicator for homelessness caused by natural disasters is replaced by an indicator for victims of natural disasters;

(e) All four sub-indices of the exposure index will have equal weights, whereas until now, size (smallness) has been given a weight of 50 per cent.

4. Possible future considerations

61. The Committee also discussed whether gender equity and lack of shelter could provide information for identifying least developed countries but decided not to include additional indicators. It suggested that future reviews of the least developed country criteria might include a reassessment of the desirability of including such indicators. The possibility of adding other environmental indicators could also be considered.

F. Application of the criteria

62. The Committee reconfirmed the current approach used in the identification of least developed countries: for inclusion, all three criteria must be satisfied at given threshold values. To ensure that any country graduating from the category is able to continue and sustain its progress with minimal risk of having its development disrupted, eligibility for graduation requires a country to meet two, rather than only one, of the three criteria. In addition, thresholds for graduation are established at a higher level than those for inclusion. To be recommended for graduation, a country must be found eligible at two successive triennial reviews.

63. The Committee confirmed the rule that a sufficiently high and sustainable level of GNI per capita — at least twice the graduation threshold — renders a country eligible for graduation, even if it does not reach the graduation threshold for either the economic vulnerability index or the human assets index. This is because high per capita income indicates greater availability of resources for the implementation of policies required to improve a country’s human assets and confront structural constraints.

64. The eligibility for inclusion and graduation with regard to structural impediments depends on the distribution of human assets index and economic vulnerability index scores in a reference group of countries comprising least developed countries and other low-income countries. The Committee agreed that for the upcoming review, developing countries with income below the graduation threshold of the income criterion, namely 20 per cent above the low-income threshold determined by the World Bank, should be included in the reference group.

G. Vulnerability profiles and impact assessments

65. For countries that meet the graduation criteria, a vulnerability profile will be prepared by UNCTAD and an impact assessment will be conducted by the Department of Economic and Social Affairs during the year prior to the next triennial review. The Committee agreed that the profiles should give the overall background of a country's economy and development situation, verify any disparity between the data used by the Committee and national statistics, and address any issues that are important for the development progress of potentially graduating countries but cannot be adequately captured by available indicators. These issues may include the reliance of economies on unrequited transfers, a country's income distribution and its conflict risk, where applicable. Quantitative information in the profiles should provide comparative data on other countries in similar situations.

66. The impact assessments should address the expected implications of the loss of least developed country status. Both vulnerability profiles and impact assessments should be submitted in a timely manner, to allow potentially graduating countries to react and offer comments.

Chapter IV

Monitoring of countries graduating from the category of least developed countries

67. By its resolution E/2010/9, the Economic and Social Council requested the Committee to monitor the recent socio-economic 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. Samoa is the only country currently earmarked for graduation by the General Assembly. The present report also includes Equatorial Guinea, which was recommended for graduation by the Committee in 2009. That recommendation was endorsed by the Council in July 2009 but is yet to be acted upon by the General Assembly.

68. The graduation of Samoa was postponed by the General Assembly until 1 January 2014 following a devastating tsunami that struck the country on 29 September 2009 (see resolution 64/295). Samoa's national income per capita increased steadily for years, but declined slightly in 2009 to \$2,840. Nevertheless, it is very likely the country will continue to have a level of income per capita well above the income graduation threshold to be established at the 2012 triennial review of the list of least developed countries.⁶

69. The tsunami struck Samoa when it was recovering from the negative impacts of the global financial and economic crisis of 2008-2009. Although economic growth has returned, rebuilding the economy, in particular the vital tourism sector, requires continuing attention. The relatively high level of human capital in Samoa, evidenced by the high values of the human asset index, is likely to be of particular importance in this regard. The Committee notes that the extended graduation period will allow Samoa, with the support of its development and trading partners, to intensify the efforts to prepare a smooth transition strategy in accordance with General Assembly resolution 59/209.

70. Equatorial Guinea was recommended for graduation in 2009 owing to its high level of GNI per capita, which is several times above the income graduation threshold, although the country did not meet the graduation threshold set for the two other criteria.⁷ Even with lower oil prices and reduced production of crude oil in 2009, per capita income remained as high as \$12,420 (about 10 times the graduation threshold). In fact, the World Bank classified Equatorial Guinea as a high-income country in 2010.

71. Some components of the human asset index suggest a slow but steady improvement in social indicators. However, the Committee notes that additional efforts are urgently required for Equatorial Guinea to achieve a health status commensurate with its income level, in particular in terms of child mortality.

⁶ The income graduation threshold is to be set at 20 per cent above the three-year (2008-2010) average of the low-income threshold determined by the World Bank. The 2009 threshold was \$995.

⁷ This is in accordance with the established rules for graduation, which provide that countries with GNI per capita exceeding at least twice the graduation threshold will be eligible. See *Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures* (United Nations publication, Sales No. E.07.II.A.9).

72. The Committee notes with great concern that the General Assembly has not yet taken action on the graduation of Equatorial Guinea. It would like to draw attention to the possibility that prolonged inaction in this regard may decrease the credibility of the least developed country category as a whole and may raise concerns about ensuring equal treatment of countries found eligible for graduation.

Chapter V

Migration and development in the light of the crisis

A. Introduction

73. International migration is a powerful force of social change and cultural interaction and has significant impacts on the development process and the functioning of modern economies.⁸

74. Globalization has produced a marked increase in migratory pressures in the last three decades. Between 1980 and 2010, the number of international migrants grew at an annual average rate of 2.6 per cent. Approximately 214 million people were international migrants in 2010, corresponding to a little more than 3 per cent of world population.⁹ Despite its unequal regional distribution, international migration is increasingly a global phenomenon.

75. The economic crisis that struck in 2008 has affected the flows of international migration. The deterioration of labour market conditions in destination countries seems to have slowed migratory flows and has led various Governments to announce new restrictions in their immigration policies. Nevertheless, migratory pressures will persist owing to: marked inequalities in real salaries and living standards among countries; diverging demographic dynamics between developed (with stable and increasingly ageing populations) and developing countries (increasing and young populations); the spread of lifestyles and consumption habits from developed societies to the rest of the world; and the reduced cost of transport. The effects of climate change and other environmental damage will also likely contribute to migratory flows in the future.

76. International migration can have a positive impact on the development of both origin and receiving countries. When it is adequately regulated, migration can be a source of shared benefits for many of those involved.

77. Despite its positive developmental impacts, migration should not be considered a substitute for a genuine national development strategy. At the same time, migration involves costs, both for the countries of origin (breakdown of family structures, destruction of emotional ties, loss of human capital, waste of social capital, etc.) and for recipient countries (for example, the challenges of integrating new migrants in receiving societies). This underlines the necessity for adequate national and international policies on migration.

B. Remittances and the flow of human capital

78. Migrants workers' remittances constitute an important source of finance for migrant families and developing countries. Remittances reached more than

⁸ Additional information can be found in the forthcoming Committee for Development Policy background paper by José Antonio Alonso entitled "Emigración y Desarrollo: Los Efectos de la Crisis".

⁹ See the Department of Economic and Social Affairs database "Trends in International Migrant Stock: The 2008 Revision". In many cases, these figures do not include undocumented migrants.

\$443 billion in 2008, \$325 billion of which went to developing countries¹⁰ — a figure that is nearly three times the amount of official development assistance (ODA). The effects of remittances on families, communities and countries of origin are generally regarded as positive in terms of reducing recipients' poverty and vulnerability.

79. In addition to remittances, migration creates a social international network that provides the basis for new businesses supplying services to migrants. New political and cultural relationships are also established between migrant associations and their communities of origin, creating a kind of transnational social capital. Migrants are also carriers of new values, customs, attitudes and skills, which they transfer to their communities of origin.

80. Migration is highly selective and heavily affects the youngest, most dynamic and best-trained members of the population. In fact, throughout the 1990s, the growth rate of international skilled migration nearly tripled that of unskilled migration.¹¹ This trend is largely the result of the selective migration policies increasingly applied by recipient countries; the rising technological intensity of economic growth; and the increasing internationalization of universities in the developed world. As a result, in every group of countries, the percentage of qualified workers in the migrant population is higher than in their home populations, and the gap is the widest for low-income countries of origin.

81. Empirical evidence suggests that the effects of the migration of skilled workers are mixed. Even if it can have some positive effects, such as encouraging nationals to improve their skills, excessive migration of qualified workers can have a significant effect on the development of host countries in terms of loss of human capital.

C. Effects of the crisis

82. The current crisis has severely affected economic growth and employment, especially in developed countries. The impact on migrants has been greater where previous growth was based on sectors with a large presence of migrant workers. Female workers have been hardest hit in the manufacturing and services sector and, less so, in the domestic and care sector. The issue of gender inequality gains renewed relevance since many female migrants are restricted to care-related tasks, addressing the needs of the aged and the young as well as the sick and the disabled.

83. The crisis has also had an impact on migratory flows not only owing to increased returning migratory flows, but also because some Governments have announced reduced immigration quotas. In addition, the increased difficulties of finding employment may reduce migratory pressure. Meanwhile, "voluntary return" programmes have not succeeded as expected because of persistent inequalities between sending and receiving countries, the high degree of integration that many

¹⁰ Sanket Mohapatra et al., "Outlook for Remittance Flows 2011-12", Migration and Development Brief 13 (Washington, D.C., World Bank, 2010).

¹¹ Andrew Mountford and Hillel Rapoport, "The Brain Drain and the World Distribution of Income and Population", CReAM (Centre for Research and Analysis of Migration) Discussion Paper Series, No. 0407 (London, University College London, 2007).

immigrants have achieved in destination countries and uncertainties about obtaining new visas.

84. Remittances seem to have been less affected than migration flows. In 2009, remittances to developing countries fell by 5.5 per cent to \$307 billion. Remittances in 2010 are expected to have recovered their previous level and to have grown by 6 per cent. Forecasts indicate that this upward trend will continue in the next two years.

85. Anti-immigration sentiment, which is never entirely absent, has re-emerged in many host countries. Immigration has become a subject of debate in recent election campaigns in many developed countries. In some, there has been a noticeable increase in the popularity of political parties that are anti-immigration and a rise in xenophobic messages. In addition, some Governments have initiated distinctly aggressive policies towards migrants, and native populations increasingly perceive migrants as a threat in the job market and as competitors for the use of public services.

D. Shortcomings of excessively restrictive regulation

86. There is a clear contradiction between the need of developed countries for migrant populations to support growth and the restrictive approaches used to regulate migratory flows. As a result, a large undocumented migrant population has emerged in host countries. This has negative consequences not just for the migrants themselves but for the contributions they make to host societies and for social cohesion. Undocumented immigrants are not under the protection of the law and are vulnerable to abuse, extortion and exploitation. The problems associated with informal migration also affect the second generation, producing downward assimilation and marginalization, which reinforce social and racial stereotypes among the native population. Mafias and crime flourish around informal migration, fostering smuggling and trafficking. Tackling this problem through border enforcement alone tends to convert migration into a security issue. While States have the right to regulate access to and citizenship in their countries, they also have a duty to protect and respect the basic rights of anyone present in their territory, regardless of their administrative status. Migrants constitute an especially vulnerable section of the population, and Governments of destination countries need to increase their efforts to tackle all forms of abuse and exploitation, xenophobia, exclusion and marginalization and to crack down on human trafficking.

87. An emerging trend is the increasing desperation that leads people to cross borders, only to become victims of violent crimes. Violence related to international cross-border migration has accelerated with the economic crisis and is becoming a permanent and growing aspect of international migration. Special efforts should be deployed to protect vulnerable migrants, especially women and young people, by providing relevant social programmes.

88. Legal migrants should be guaranteed the same rights as nationals with respect to, inter alia, working conditions and right of association, and should be placed under the protection of law. It is also necessary to abolish hiring practices that tie the foreign worker directly to the sponsoring employer, since this facilitates abuses by unscrupulous employers. Governments need to regulate the mobility of migrants once they have settled in their host country in a flexible manner.

89. Where labour market needs are linked to seasonal work (for example, tourism or agriculture), Governments should develop suitable regulation on temporary migration. Although it is clear that such immigrant workers must return to their home countries, the possibility of rolling over permits for successive seasons should be considered. For this type of programme to work properly, authorities, employers and unions in both countries should be involved. Sharing responsibilities with countries of origin (with respect to pre-migration screening and selection, facilitating return, etc.) should also be a key element of such programmes.

90. However, national solutions are insufficient. The global nature of the phenomenon requires an international approach to complement national efforts to regulate incoming migrants. The migratory cycle does not begin when a foreigner tries to cross a border, but when a person decides to look abroad for prospects that are denied in his own country. It is only through the involvement of countries of origin (and transit) that fair and efficient regulation of migratory processes can be developed. Yet, migration is an area that lacks a formal international regime; there is no agreed regulatory framework or specialized labour migration organization in the multilateral system.¹² The text that most explicitly refers to labour migration, the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, has been ratified by only 41, predominantly migrant-sending, countries.

91. While there is wider agreement on the opportunities for more active international cooperation based on networks (such as the numerous regional consultative processes), dialogues (such as the Global Forum on Migration and Development) and certain institutions (such as the International Organization for Migration (IOM)), it would be desirable to integrate these efforts in a more global and coherent framework. The Global Migration Group tries to partially fulfil this aim by coordinating among different United Nations agencies.

92. The key to achieving such integration is to find incentives for both origin and host countries to take part in cooperative action. Changes are required in other international interactions to generate more effective development opportunities through trade, technology, debt treatment and international finance. International migration is largely a consequence of the asymmetries in the international system and will persist as long as they are not corrected through a fairer distribution of individual and development opportunities.

E. Recommendations

93. The Committee for Development Policy makes the following recommendations:

- (a) Improving national and international normative frameworks
 - (i) National legal frameworks should adequately reflect international norms and recommendations on international migration, including the International Convention on the Protection of the Rights of All Migrant Workers and

¹² The International Organization for Migration (IOM) has increased its membership and expanded its initial mandate beyond the repatriation of refugees; however, it is outside the United Nations system, lacks regulatory power, and its activity is mainly limited to service provision by Member States on a project basis.

Members of Their Families, adopted in 1990 and the Multilateral Framework on Labour Migration, adopted by the International Labour Organization (ILO) in 2005;

(ii) To reduce the presence of undocumented migrants, Governments should base their regulatory policies on more realistic estimates of their needs for a foreign workforce, in terms of both stable and temporary jobs;

(iii) Migratory policies in host countries should be defined through agreements with the countries that are their main source of migrants;

(iv) Governments should make greater progress towards creating an international framework to lay the foundations for regulating migration flows, with a precise definition of the rights and obligations of migrants in transit and in host countries;

(v) The international dialogue created by the Global Forum on Migration and Development should be further developed. The informal mechanisms based on regional consultative processes on migration should be maintained and reinforced. Specialization and coordination among international organizations with migration competencies should be improved;

(b) Host country policies to combat the effects of the crisis

(i) The current problems caused by permanent migration in host countries compound the need for renewed attention to developing formulas for temporary migration, including circular migration;

(ii) Permanent migrants should not only have access to unemployment and other welfare benefits, but should benefit from active employment policies in host countries;

(iii) Host countries should strengthen their support for circular migration, for example by issuing multiple re-entry visas. Relevant policies should be defined in agreement with sending countries;

(iv) Governments should make renewed efforts to fight anti-migrant reactions and xenophobic sentiments in their societies;

(c) Maximizing benefits, minimizing costs

(i) Transaction costs of remittances need to be reduced further by improving the transparency of fees and exchange rates charged by the different remittance-senders, facilitating the access of migrants to formal financial institutions and increasing competition in such markets. Mechanisms and policies (technical assistance, training programmes, complementary finance, etc.) should be established to help families make use of remittances in a way that would have a greater impact on development;

(ii) Home country Governments and private companies should provide financial and business advisory programmes and services to returning migrants;

(iii) Further efforts are required to protect vulnerable migrant population groups, including women and children and undocumented migrants, against abuse and exploitation and to ensure respect for their basic human rights;

(iv) Receiving countries need to take into account the development impact of the recruitment of qualified human resources from developing countries with limited human capital. In cases where destination countries have active policies to attract professionals from developing countries, the possibility of giving compensation to countries of origin should be considered;

(v) International support should be extended to universities and research centres in developing countries and to their programmes to attract national professionals who are living abroad. For instance, innovative temporary contracts could be introduced by including incentives for skilled migrants to return. This could be used to convert temporary migration into an additional phase of the training cycle.

Chapter VI

Future work of the Committee for Development Policy

94. The Committee for Development Policy will continue to align its work programme with 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.

95. For its forthcoming fourteenth session, the Committee will undertake work on the theme of the 2012 annual ministerial review, entitled "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals". The Committee is likely to examine the ways in which productive capacity and employment should be enhanced, focusing on, inter alia, institutional reforms, the mobilization of domestic resources for capital accumulation and the design of pertinent industrial and labour market policies.

96. The Committee will also undertake the triennial review of the list of least developed countries in 2012, in accordance with Council resolution 1998/46. In addition, and as requested by the General Assembly in its resolution 59/209, it will also monitor the development progress of Cape Verde and the Maldives, the two countries that have graduated from the category.

97. As a follow-up to the Fourth United Nations Conference on the Least Developed Countries, the Committee will review the existing smooth transition mechanisms to identify how they can be further strengthened or improved and better monitored.

98. The Committee will continue its work on the international development agenda beyond 2015, considering emerging alternative development models that could contribute to a sustained improvement in human well-being. To be compatible with the achievement of the Millennium Development Goals, such new development paradigms are expected to address the food, trade, financial and climate crises and growing inequality that have beset the world economy during the last 10 to 20 years.

Chapter VII

Organization of the session

99. The Committee for Development Policy held its thirteenth session at United Nations Headquarters from 21 to 25 March 2011. Eighteen members of the Committee, as well as observers from several organizations within the United Nations system, attended the session. The list of participants is contained in annex I to the present document.

100. The Department of Economic and Social Affairs of the Secretariat provided substantive services for the session. The Chair of the Committee opened the session and welcomed the participants. Ambassador Miloš Kotereč, Vice-President of the Economic and Social Council and Permanent Representative of Slovakia to the United Nations, addressed the Committee, followed by the Under-Secretary-General for Economic and Social Affairs, Sha Zukang. Their statements are available from www.un.org/esa/policy/devplan.

101. The agenda for the thirteenth session and the list of documents before the Committee are contained in annexes II and III.

Annex I

List of participants

1. The following members of the Committee attended the session:
 - Bina Agarwal
 - José Antonio Alonso
 - Lourdes Arizpe
 - Giovanni Andrea Cornia
 - Ricardo Ffrench-Davis
 - Sakiko Fukuda-Parr
 - Norman Girvan
 - Philippe Hein (*Rapporteur*)
 - Mulu Ketsela (*Vice-Chair*)
 - Thandika Mkandawire
 - Adil Najam
 - Hans Opschoor
 - Patrick Plane
 - Victor Polterovich
 - Fatima Sadiqi
 - Frances Stewart (*Chair*)
 - Milica Uvalic
 - Yu Yongding
2. The following entities of the United Nations system were represented at the session:
 - Department of Economic and Social Affairs
 - International Monetary Fund
 - United Nations Conference on Trade and Development
 - United Nations Development Programme
 - United Nations regional commissions
 - United Nations Relief and Works Agency for Palestine Refugees in the Near East
 - World Meteorological Organization

Annex II

Agenda

1. Inaugural session.
2. Adoption of the agenda and organization of work.
3. Education beyond the ABCs: input to the 2011 annual ministerial review.
4. The United Nations development agenda beyond 2015.
5. The upcoming Fourth United Nations Conference on the Least Developed Countries and project on capacity-building for least developed countries.
6. Preparations for the 2012 triennial review of the list of least developed countries.
7. International migration in times of crisis.
8. Future work of the Committee for Development Policy.
9. Adoption of the recommendations of the Committee for Development Policy report.

Annex III

List of documents before the Committee at its thirteenth session

<i>Title or description</i>	<i>Document symbol</i>
1. Provisional agenda	CDP2011/PLEN/1
2. List of documentation	CDP2011/PLEN/2
3. Beyond education for all: meeting the human resources needs in less developed countries	CDP2011/PLEN/3
4. Alternative development strategies for achieving the Millennium Development Goals in the post-2015 era	CDP2011/PLEN/4
5. Report of the Expert Group Meeting on climate change, conflicts and other issues related to the review of the criteria for the identification of least developed countries	CDP2011/PLEN/5
6. Migration and development: the effects of the crisis	CDP2011/PLEN/6
7. Monitoring of graduating countries from the category of least developed countries	CDP2011/PLEN/7

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