

**Joint Meeting of the
General Assembly Second Committee and the Economic and Social Council
20 October 2021, 10:00 am–1:00 pm, United Nations Headquarters**

“Building productive capacities in Least Developed Countries, Landlocked Developing Countries, Small Island Developing States as well as Middle-Income Countries for more resilient recovery and sustainable development in the post-COVID-19 era”

**Informal summary
by the
Chair of the Second Committee and the President of the Economic and Social Council**

As the COVID-19 pandemic continues to disrupt the world, it is having devastating impacts on the economies and societies of Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), Small Island Developing States (SIDS) as well as Middle-Income countries (MICs).

The 2021 Joint Meeting of the Economic and Financial Committee of the General Assembly (Second Committee) and the United Nations Economic and Social Council (ECOSOC) was convened on 20 October 2021 on the theme: *“Building productive capacities in LDCs, LLDCs, SIDS as well as MICs for more resilient recovery and sustainable development in the post-COVID-19 era”*.

The Joint Meeting focused on the opportunities, challenges, key policies and investments needed to build productive capacities in LDCs, LLDCs, SIDS as well as MICs as a critical step for recovering better from the COVID-19 pandemic and getting on track towards achieving the SDGs in the Decade of Action and Delivery. The Meeting explored innovative solutions and enabling policies to facilitate and augment the resilience of these countries through building productive capacities.

Key messages

- The importance of resilient recovery from the pandemic was highlighted, focusing on the role that building productive capacities can play, along with long-term resilience to shocks.
- The pandemic has contributed to a reversal of SDG progress in some areas, and delayed action on many of the major transformations required to meet the 2030 Agenda and the SDGs.
- Most least developed, landlocked developing, small island developing, and middle-income developing nations will take several years to return to 2019 levels of gross domestic product (GDP) per capita.

- With limited productive capacities, these nations are limited in stimulating economic growth, diversifying economies, boosting resilience and integrating into the global community. Many face the risk of a lost development decade. If the international community fails to close this gap, the post-pandemic world will be even more fragile and unequal.
- Expanding productive capacities will enhance efforts to reach development goals, foster growth, create employment and develop infrastructure. Well-directed attempts to spur production will heighten developing country capacity to produce vaccines, combat poverty and address climate change, but will require structural economic transformation and risk-informed investments.
- The COVID-19 pandemic has set back production capacity, while nations that had previously invested heavily in this area have seen better economic results. Most countries with low productive capacities are relegated to supplying unprocessed commodities, with landlocked and small island nations further hampered by remoteness, small economies or narrow resources bases. The need to enhance productive capacity in agriculture was also highlighted, as well as shifting from low-value to higher-value added areas.
- Middle-income countries face diverse challenges in achieving sustainable development, including shortfalls in digital infrastructure, food and essential medicines.
- The international community has the capacities and knowledge to deliver concrete outcomes for people. There is need to open access to development financing. Strategies are also needed to assist disadvantaged economies to recover sustainably.
- The need to implement 2030 Agenda and other agreements aimed at assisting poorer nations was emphasized. Continuing efforts were also called for to develop productive capacities, infrastructure, diversification, growth of exports and access to science, technology and innovations.
- COVID-19 was the first major stress test for the reformed United Nations development system and its results have been positive.

Summary

Opening session

H.E. Ms. Vanessa Frazier, Chair of the Second Committee of the UN General Assembly, highlighted existing and future challenges faced by LDCs, LLDCs, SIDS as well as MICs and stressed that social and economic transformative measures are necessary to embark on a resilient and inclusive recovery from the COVID-19 pandemic. More than ever, the international community must support building productive capacities, including infrastructure and a green

energy sector. She also reaffirmed the commitment of the Second Committee to work together with ECOSOC.

H.E. Mr. Collen V. Kelapile, President of the Economic and Social Council, emphasized the devastating impact COVID-19 has had on developing countries. LDCs, LLDCs, SIDS as well as MICs have limited productive capacities, which constrain their ability to sustain economic growth, diversify their economies, boost resilience to shocks, achieve effective integration into the global economy and ensure the well-being of their people. Expanding productive capacities will not only have a positive impact but will also have constructive effects towards achieving the 2030 Agenda globally.

Building capacity – Setting the stage

Ms. Rebecca Grynspan, Secretary-General of the United Nations Conference on Trade and Development, stressed the uneven recovery from COVID-19 across countries as one of the main challenges for the international community. There is a large gap in productive capacities between developing and developed countries. The international community must pursue a global recovery that closes this gap and provide support to LDCs, LLDCs and SIDS. The Productive Capacities Index provided by UNCTAD can also help to achieve these objectives.

Mr. Courtenay Rattray, High-Representative for LDCs, LLDCs, and SIDS, identified the long-term development of human capital as one of the priorities to build productive capacity, as well as investment in infrastructure. He highlighted three measures that are needed now: (i) debt relief and other financial instruments; (ii) knowledge and skills transfer with participation of the private sector; and (iii) granting regulatory privileges that lead to an increase in exports with a high domestic value share, to avoid that developing countries continue missing out on capturing value addition.

Voices from the field – Priorities for action post-COVID-19 - Ministerial Panel

H.E. Mr. Raul Cano Ricciardi, Vice Minister of Economic Relations and Integration, Paraguay, as a minister from an LLDC, urged the international community to provide assistance to expand productive capacities in developing countries. He highlighted three areas of support for developing countries to expand their productive capacities: (i) technical support, (ii) assistance for infrastructure and (iii) assistance in the development of human capital. Human capital development regressed significantly in landlocked developing countries in 2020 and 2021.

H.E. Ms. Paula Gopee-Scoon, Minister of Trade and Industry, Trinidad & Tobago, shared insights as a minister from a SIDS country. She urged the international community to close the digital divide by helping developing countries to build a digital infrastructure. Building domestic productive capacities is pivotal to the development process of small island developing States. To this end, the Government of Trinidad and Tobago is, for example, implementing several capacity-building initiatives aimed at building the competitiveness of businesses with focus on SMEs.

Productive capacities for recovery and rebuilding – An expert’s perspective

Mr. Taffere Tesfachew, Team Leader of the LDC Sub-Group, UN Committee for Development Policy, and Senior Advisor, Tony Blair Institute for Global Change, urged the developing countries to focus more on regional trade as source for national productive capacities. Developing productive capacities enables countries to produce goods and services that will allow them to move up the value chain and catch up with more developed economies. There are numerous and diverse policy instruments that vulnerable economies can utilize to develop their productive capacities.

Interactive dialogue

During the interactive dialogue that followed the speakers, 29 Member States took the floor.¹

Many countries see vaccine inequity as one of the biggest obstacles for developing countries currently to expand their productive capacities and build sustainable and resilient economies. Some called for opening vaccines patents and for more support for LDCs, LLDCs, SIDS as well as MICs to expand their production capacities.

Several countries supported the index on productive capacities since it gives developing countries the possibility to focus on the most needed factors to expand their productive capacities. A few countries also highlighted the importance of multidimensional vulnerability index, as suggested in the *Our Common Agenda Report* by the Secretary-General in September 2021. One country emphasized digital literacy as one of the main factors for expanding productive capacities.

A lack of financial resources makes it hard for developing countries to finance their recovery. A number of countries called for fundamentally improving the international debt architecture, since developing countries cannot build back better if they are constrained by debts. One country called for redesigning international aid to make sure that the countries that need it most are supported.

A number of countries also highlighted the importance of building productive capacities in developing countries to be more resilient towards future shocks. Another country added that a reduction of dependency must be a focus so that developing countries are not as vulnerable to shocks in donor countries.

Several countries reaffirmed their commitment to assist developing countries to support a green and sustainable recovery, including through partnerships. One country called for flexible approaches for foreign investors to financially support developing countries. One country highlighted, in addition to the importance of North-South cooperation, also the importance of South-South cooperation in order to achieve the 2030 Agenda.

¹ Bangladesh, Bolivia, Cameroon, Canada on behalf of CANZ, China, Dominican Republic, Ethiopia, European Union, Fiji on behalf of the Pacific Islands Forum, Gambia, Ghana on behalf of the African Group, Guatemala on behalf of the Like-minded Group of Developing Countries, Indonesia, Kazakhstan on behalf of the LLDCs, Kenya, Lao People’s Democratic Republic, Lesotho, Malawi on behalf of the LDCs, Malta, Mexico, Morocco, Nigeria, Pakistan, Philippines, Russian Federation, Senegal, Somalia, United Kingdom, United States.

Closing remarks

Mr. Liu Zhenmin, Under-Secretary-General for Economic and Social Affairs, highlighted that the brunt of the pandemic's negative impact is being borne by LDCs, LLDCs, SIDS and other countries in special situations. He noted the impact on the most vulnerable people, notably women and girls. The Joint Meeting sent a strong message on the strong link between a country's production structure and its level of human development, which should be strengthened further as it is crucial to achieving the SDGs. Developing a modern and inclusive ICT infrastructure and promoting digitalization are also critical. The Meeting also emphasized the need for LDC, LLDCs, SIDS and MICs to rapidly scale up investment for structural transformation.

The President of the Economic and Social Council noted that the Joint Meeting had offered multiple and rich ideas for a better understanding of the situation and efforts related to building productive capacities in countries in special situations and MICs. The meeting sent a message of conviction that building productive capacities is a critical ingredient for recovering better from COVID-19 and realizing the SDGs. The ambition, scope and integrated nature of the 2030 Agenda has challenged us to change the way we think, act and live.

The Chair of the Second Committee concluded by stating that the Joint Meeting had reaffirmed the commitment for building productive capacities in LDCs, LLDCs, SIDS, as well as MICs. Science and technology have made possible a world where we can continue to work and learn despite the pandemic. These are the visible underpinnings for building productive capacities. There is a need to continue to further build productive capacities and mobilize investments and innovation to respond to the global COVID-19 crisis and achieve the SDGs.
