

Productive capacities for the new Decade

Side event – LDC V PrepCom

Co-organized by UNCTAD, Enhanced Integrated Framework, the Committee for Development Policy and the Technology Bank for LDCs

Background

The development path followed to achieve the eligibility criteria for graduation has important implications for the challenges and vulnerabilities that each country will face after graduation, and the means at its disposal to address them. The dynamics that drive LDCs to achieve graduation matters also to their post-graduation performance. As UNCTAD argued, a country's development process continues indefinitely beyond its graduation point, and its subsequent success depends critically on the foundations built in the course of graduation. How graduation is achieved is thus as important as when it is achieved. The Committee for Development Policy identified at least three pathways leading to graduation with different implications for productive capacity and overall progress towards sustainable development. The EIF addresses the components of the productive capacity-building process in the LDCs through its dedicated windows of support.

In most cases, the challenges that countries face in the post-graduation period are reflections of those that they faced prior to graduation. They carry with them the weaknesses and impediments that characterized their economies during the pre-graduation period, such as underdeveloped productive capacities, lack of dynamic enterprises and infrastructure, limited technological capabilities and fragile institutions. Productive capacities are defined as the diverse competencies, resources, skills, infrastructure, technological capabilities, institutions, and knowledge systems that a country needs to produce progressively more sophisticated goods and services efficiently and competitively. If some, or all, of these essential elements of productive capacities are not developed before graduation, it is highly likely that the road to sustainable development after graduation will be rough and full of pitfalls.

As part of the preparation for graduation from the LDC category and the preparation of a smooth transition strategy, it is therefore essential that countries evaluate the level of development of their productive capacities at an early stage of their graduation process to identify the gaps and the policies to address them. Such evaluation could serve as a basis for formulating a strategy for 'graduation with momentum' and catch-up with other developing countries. To this end, countries meeting the criteria for graduation for the first time will benefit from a Productive Capacities Gap Assessment (PCGA), using UNCTAD's Productive Capacities Index (PCI). The PCI allows for statistical analyses, benchmarks, and assessment of existing gaps within and across countries and regions based on eight key components of productive capacities, namely: natural capital, human capital, energy, ICT, transport, structural change, institutions, and private sector. The Productive Capacities Gap Assessment will particularly assist LDCs and their development partners to identify strengths and weaknesses of past policies and strategies as well as agree on alternative development strategies for LDCs after 50 years of the establishment of the group. A new generation of policies and strategies are urgently needed, given the modest success achieved thus far in enabling as many LDCs as possible to meet the graduation criteria and to exit the group.

Objective

This event aims to provide a dialogue space for Geneva and New York-based member States and the UN community to explore innovative strategies to undertake a Productive Capacity Gap Assessment so as to reach a common understanding of its role in the context of a smooth transition strategy for graduation with momentum. It further helps foster an exchange of views with panelists from the LDC group, UNCTAD, CDP, the EIF and the Technology Bank for LDCs and define modalities to further assist the LDCs by articulating new-generation policies and strategies centered on the fostering of productive capacities and structural economic transformation.

Key questions to be addressed:

- What opportunities are there for LDCs to build back better from COVID-19 in strengthening productive capacity? How can the latter be financed?
- In preparing for smooth transition from the LDC category, what role will be played by the Productive Capacity Gap Assessment? What are the modalities to undertake it?
- How can LDCs, with the support of development partners, place fostering of productive capacities at the center of their domestic policies and strategies?
- How can the LDC5 conference contribute to expanding productive capacities of LDCs for sustainable development as a key part of the new programme of action?
- In a broader context, how can graduation support be coherently provided by the UN system?

Preliminary programme

Moderator: Mr. Jose Antonio Ocampo, Chair of the Committee for Development Policy

- H.E. Perks Clemency Ligoya, Ambassador of Malawi to the UN in New York and Chair of the LDC Group
- Ms. Isabelle Durant, Acting Secretary-General of UNCTAD
- Mr. Ratnakar Adhikari, Executive Director of the Enhanced Integrated Framework Executive Secretariat
- Mr. Joshua Phoho Setipa, Managing Director, Technology Bank for LDCs
- Mr. Taffere Tesfachew, Principal Advisor, Ethiopian Investment Commission and leader of the Committee for Development Policy Sub-Group on LDCs.

Followed by exchange of views and Q & A.

Contact information

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