

**3 October 2024**

09:00 a.m. – 12:00 p.m. (UTC+3)

Raddison Blu, Upper Hill – Nairobi, Kenya

## Consultation between the Government of Kenya and key development partners based in Nairobi on a new development paradigm

### Background

Development policies need to be adjusted and adapted to changing circumstances: Policymakers in developing countries need to implement policies and strategies to address socioeconomic challenges and improve the standards of living of their citizens. This requires putting in place holistic and integrated programmes that enable the tapping of comparative advantages and addressing key binding constraints to development. This means that the new holistic approach must provide a durable foundation to support the implementation of national visions and development plans to transform economies and build resilience to unforeseen shocks. It also hints at an urgent need to shift away from the current practice of traditional, fragmented, and short-term interventions towards multi-sectoral, comprehensive, and long-term, program-based approaches to development. The holistic approach to development policy formulation and implementation in developing countries should enable economies to break free from the commodities-driven growth model and establish a new development paradigm, which is driven by knowledge and technology-intensive production transformation. Such an approach is vital for countries to break the vicious circle of poverty, and underdevelopment. It is equally important to help countries avoid the low-level equilibrium trap and the risk of becoming stuck in the lower-middle income category.

The new development approach should also be designed to harness comparative advantages and relieve some of the most pervasive binding constraints, as well as redesign institutional and policy frameworks envisioning the transformation of national economies. Moving away from traditional and disjointed efforts will involve applying new ideas, drawing lessons from successful experiences and practical approaches in evaluating where countries have fallen short in their industrialisation agendas, and will require designing a new path forward.





Holistic Productive Capacities Development Programmes (HPCDPs) provide this opportunity, marking a new opening in development-focused efforts, which are comprehensive and multidimensional. They aim to strengthen the underlying framework for development by fortifying and, where necessary, establishing the enabling economic inputs and systems needed to connect public and private sectors for job creation, trade, growth and inclusive development. This foundation is ultimately what will support countries in achieving their structural transformation goals. HPCDPs are multi-annual, comprehensive programmes, which emanate from careful assessments of countries' gaps and limitations in fostering productive capacities and structural economic transformation. They build on evidence-based and data-driven assessments using the Productive Capacities Index (PCI), which serves as the basis for the formulation of National Productive Capacities Gap Assessments. The holistic programmes are designed to tap into the comparative advantages of countries and relieve their key binding constraints to development. They aim at building economy-wide, national productive capacities, accelerating economic and export diversification and advancing structural transformation, in order to enable the achievement of the objectives of national development strategies, and to ensure inclusive and sustainable development.

By using a comprehensive approach to development and optimizing the necessary pillar interventions and ensuring synergies, Holistic Programmes enable a more efficient utilization of resources, while producing tailored impacts on the desired sectors of the national economies and on the overall development processes. They intend to enable countries to harness their comparative advantages to reach their full economic potential. Transforming Kenya's potential in agriculture requires the development of a comprehensive and sustainable agro-processing sector, with the necessary support services and inputs in place. The country also holds great promise for the development of a vibrant private sector comprised of value-added manufacturing and services that rely on technologically sophisticated and digital resources. Moreover, the vast natural resources of the blue economy can be fostered in an inclusive, environmentally conscious and sustainable manner. In leveraging such comparative advantages, holistic programmes can support countries to expand decent jobs, reap the benefits of a youth dividend, through the fostering of productive capacities, the creation of decent and well-remunerated jobs and the creation of enhanced linkages between and among key economic sectors. It enables countries to frame their development in a forward-looking, long-term and inclusive perspective to track progress towards sustainable development. At their core, holistic programmes provide countries with a foundation for building an ecosystem of prosperity.

## Contacts

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