

Expanding productive capacity: Lessons learned from graduating LDCs

Matthias Bruckner
CDP Secretariat, UN DESA

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CDP work on LDCs

Reviews triennially the list of LDCs

Recommends countries for inclusion and graduation

Developed and refined the criteria and procedures for identifying LDCs



Background

CDP work programme 2015-2017 on productive capacity

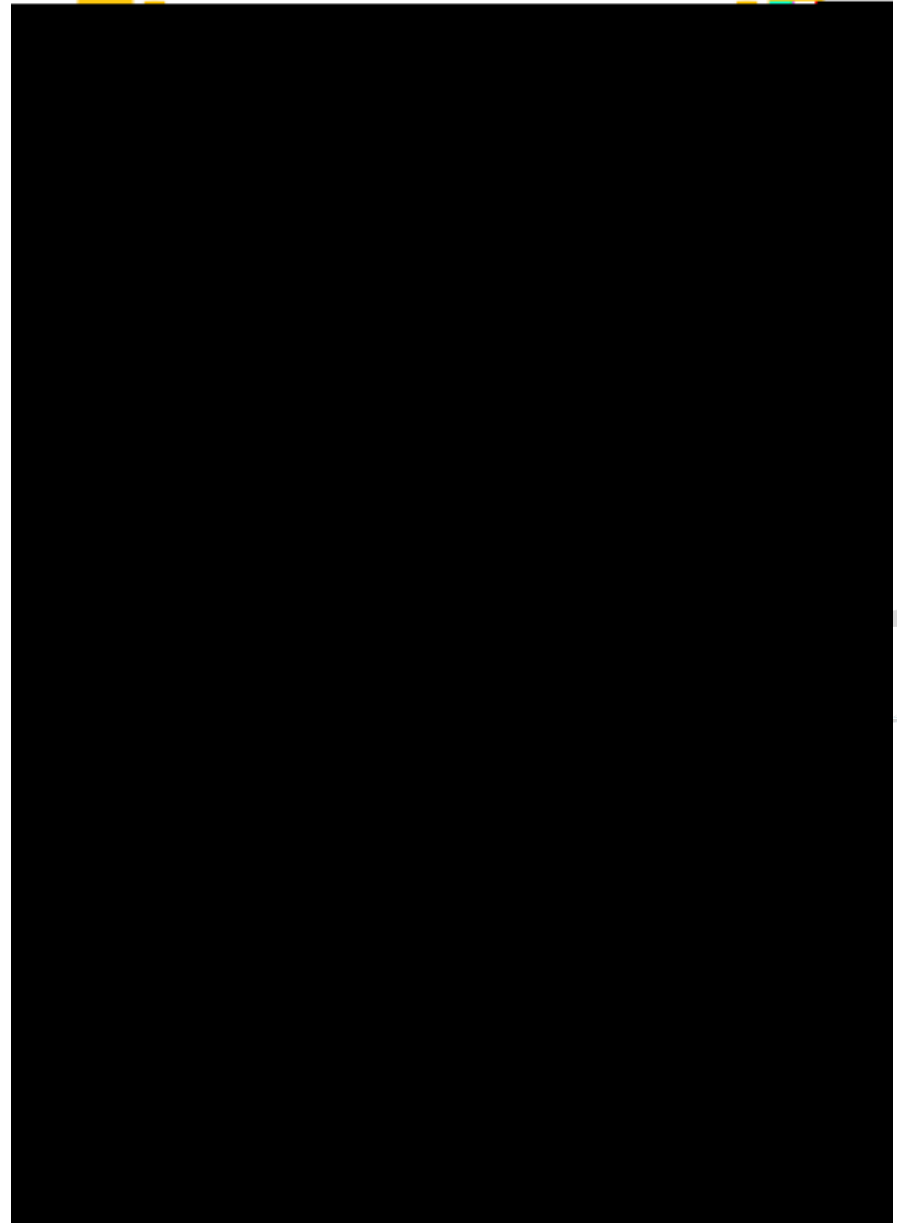
Phase 1: Development of framework and policy strategies

Phase 2: Identify actual policies and strategies chosen by graduating LDCs

Main outputs



CDP Framework on
expanding productive
capacity for achieving
the sustainable
development goals



Graduation pathways

Graduation requires generating income, building human assets and/or reducing economic and environmental vulnerability

Graduation related, but not identical to building productive capacity for sustainable development

Pathway I: Rapid economic growth through resource extraction. Small progress in HAI and EVI

Pathway II: Economic specialization and investments in human assets

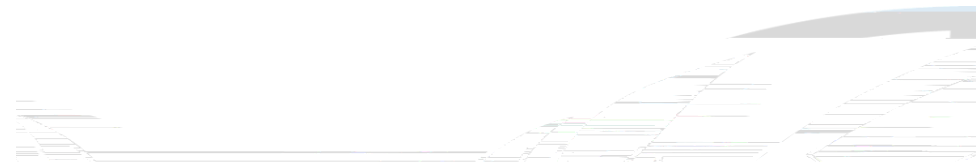
Pathway III: Investment in human assets and (often slow) structural transformation

Pathways are no choice variable

Main lessons - Pathway I

Angola, Equatorial Guinea

Oil drives rapid economic growth



Main lessons - Pathway II

Landlocked: Botswana, Bhutan

SIDS: Cabo Verde, Maldives, Samoa, Vanuatu, Solomon Islands

Income channeled into building human assets

Vulnerability remains high; exogenous

Absence or restoration of conflict critical

Good development governance main factor

State legitimacy, national vision

Economic specialization: natural resources or services (tourism)

Economic growth and environmental sustainability are linked

Linkages to rest of economy small, as are employment effects

Often persistent inequalities

Policies for harnessing external sources of finance

FDI, ODA, bilateral agreements, remittances

