



Briefing on

# CDP work on LDCs

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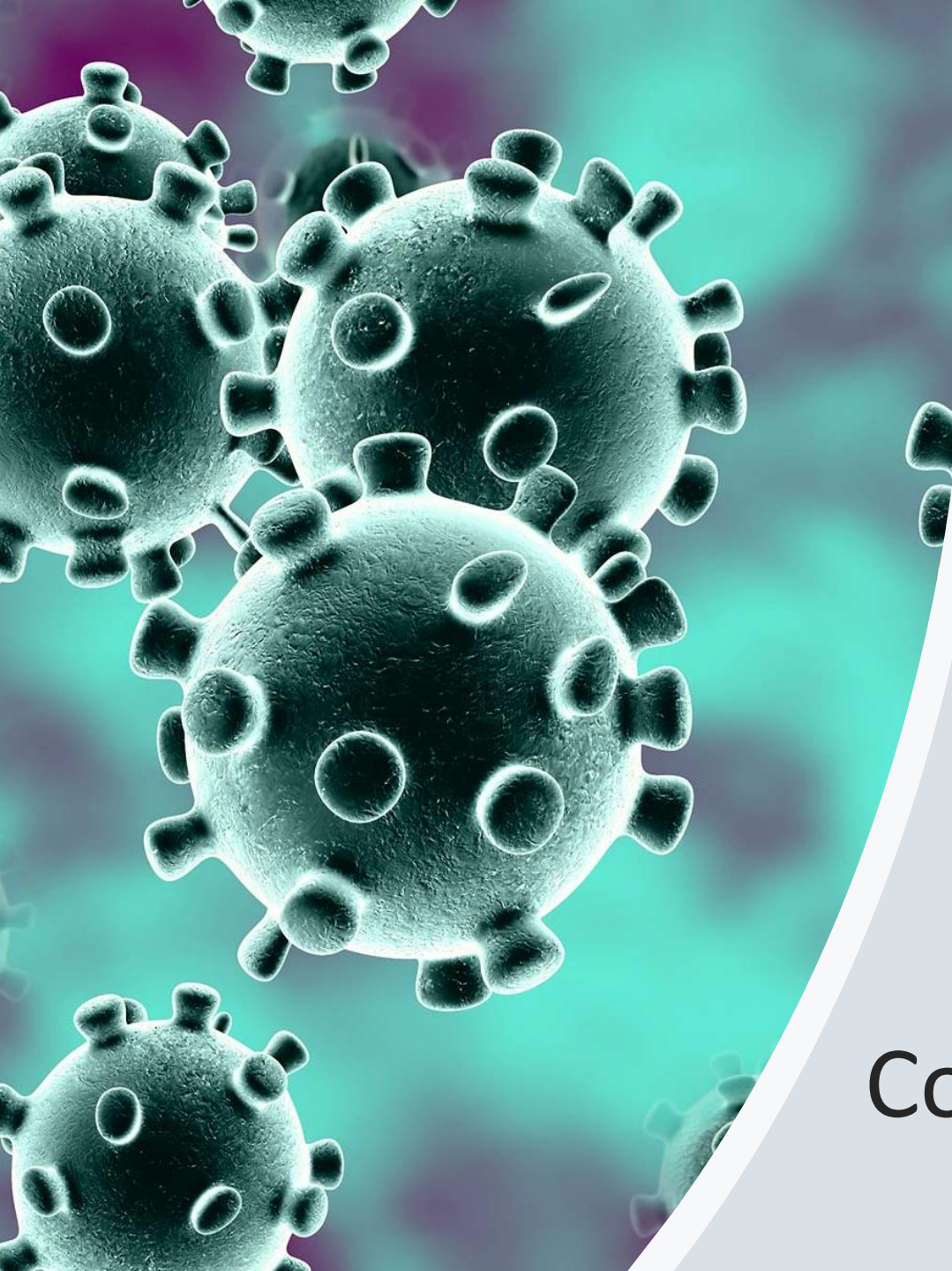
26 February 2021



United Nations  
CDP  
Committee for  
Development Policy

# Outline

1. Impact of Covid-19 on LDCs
2. The 2021 Triennial Review of the LDC category
3. Monitoring of graduating and graduated countries
4. LDC5 contributions



# Impact of Covid-19 on LDCs

## Main findings

- ▶ COVID-19 pandemic spread less rapidly and less severely in LDCs than in the rest of the world
  - Effective policy responses by LDCs key factor
- ▶ Socio-economic fallout of pandemic a lot more devastating for LDCs
  - Economies dependent on tourism and fossil fuel exports most affected
  - Service reduction in health, education with long-term impacts
- ▶ Limited fiscal space key constraint to response
  - In developed economies the size of fiscal stimulus per capita has been 580 times higher
- ▶ Important support provided by development partners, but far below what is needed
- ▶ DSSI - short-term relief and additional fiscal space, but insufficient
  - LDCs spend more in servicing debt than strengthening health sector
- ▶ The health crisis is still evolving, and socio-economic crisis will last even longer
- ▶ Stalling or reversing years of progress towards achieving SDGs
  - Most LDCs were not on track even before the crisis
  - Returning to pre-Covid-19 situation neither feasible nor advisable

# Recommendations

## Health

- Vaccines – ‘global public good’ as action
  - ➔ Need to go beyond COVAX
  - ➔ Make available to LDCs at zero or minimal costs
  - ➔ Placing LDCs at the end of the queue violates ‘Reaching the furthest behind first’ commitment
- Scaling up support to public health systems
  - ➔ Support sharing of successful experiences among LDCs

## Finance

- Strong debt relief, debt service suspension not enough
  - ➔ Include new bilateral donors, private creditors
  - ➔ For LDCs, also support multilateral debt relief
  - ➔ Channel debt relief into sustainable development
- Enhancing financial support
  - ➔ Grants as primary modality for LDCs
  - ➔ Recapitalize MDBs and RDBs
  - ➔ Issuing and reallocating Special Drawing Rights
  - ➔ Global insurance mechanism for this and next pandemic; climate risks
    - ➔ Provide to LDCs at no or minimal cost

## Support structural transformation for sustainable development in LDCs

- Expanding productive capacity
  - ➔ Lack of PPE and other basic health products as wake-up call
- Digitalization as priority
- Renewable energy investments, powering up rural firms and informal sector



# 2021 Triennial Review

# Refined LDC criteria and their indicators

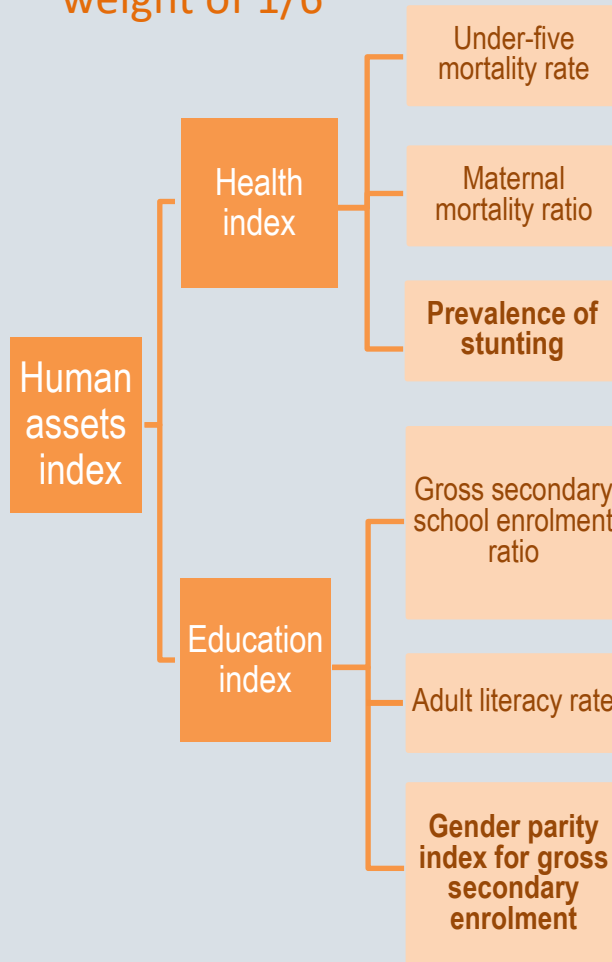


GNI per capita



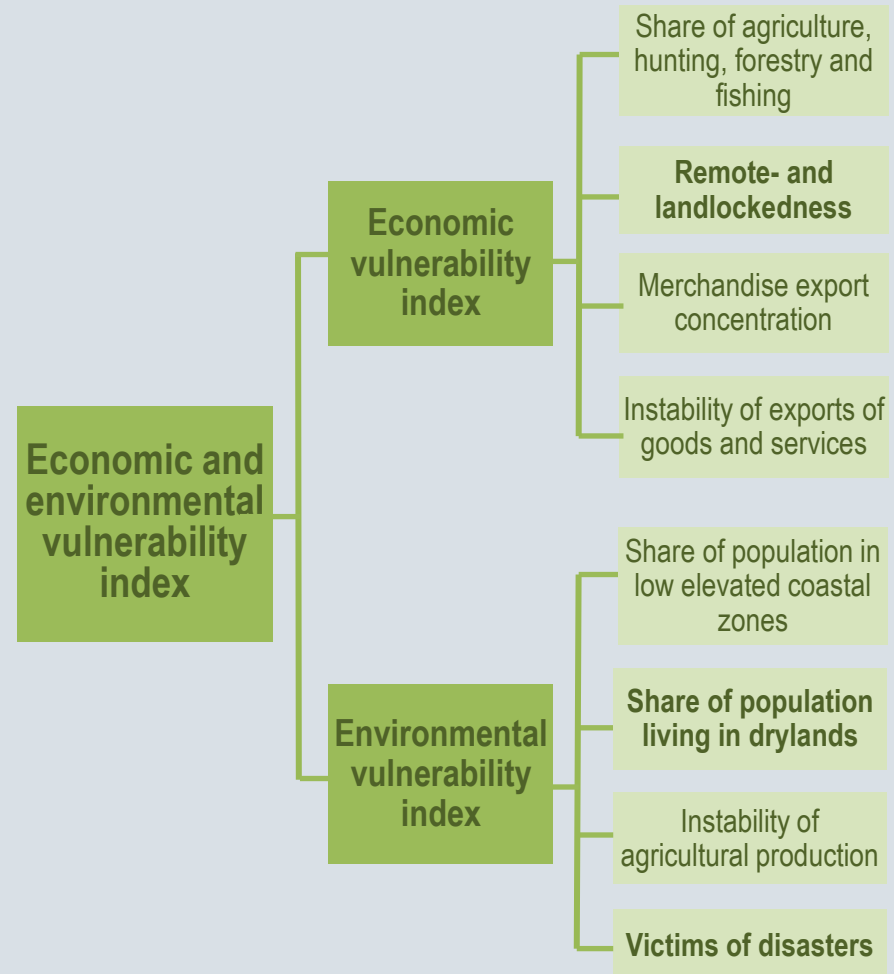
Human assets index (HAI)

All indicators have an equal weight of 1/6



Economic and environmental vulnerability index (EVI)

All indicators have an equal weight of 1/8



# Eligibility rules

## Inclusion

Country meets inclusion thresholds **for all three criteria**

Country must agree to its inclusion

**For the first time, no country was found eligible for inclusion in 2021**

## Graduation

Country passes graduation thresholds of **any 2 criteria** or alternatively, GNI per capita is at least twice the graduation threshold (**'Income-only' rule**)

Country must meet criteria at **two consecutive reviews**

No automatism: **additional information** is taken into account



# Country-specific information

+*CDP country rapporteurs*



+*Analytical documents*



Graduation assessment  
Impact assessment  
Vulnerability profile

+*Country consultations*



Country-level meetings  
UN RC and UNCT at EGM  
Country at EGM

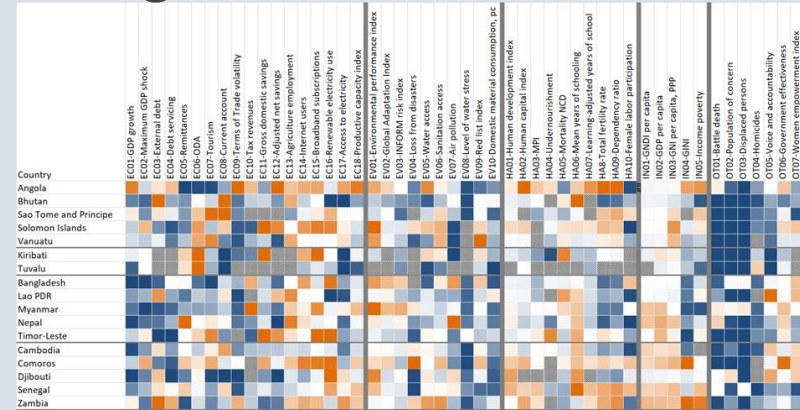
+*Written country statement to Plenary*

## The way forward

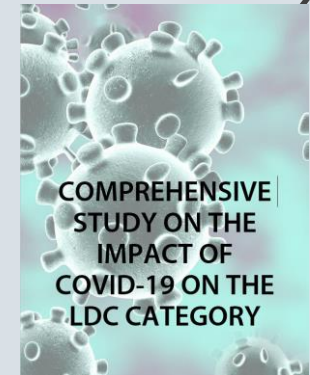
➔ CDP will continue piloting rapporteurs, graduation assessment statement and country-level meeting, in addition to the established procedures

# Other additional information

+*Supplementary graduation indicators*



+*Covid-19 study*



# Graduation – Past recommendations

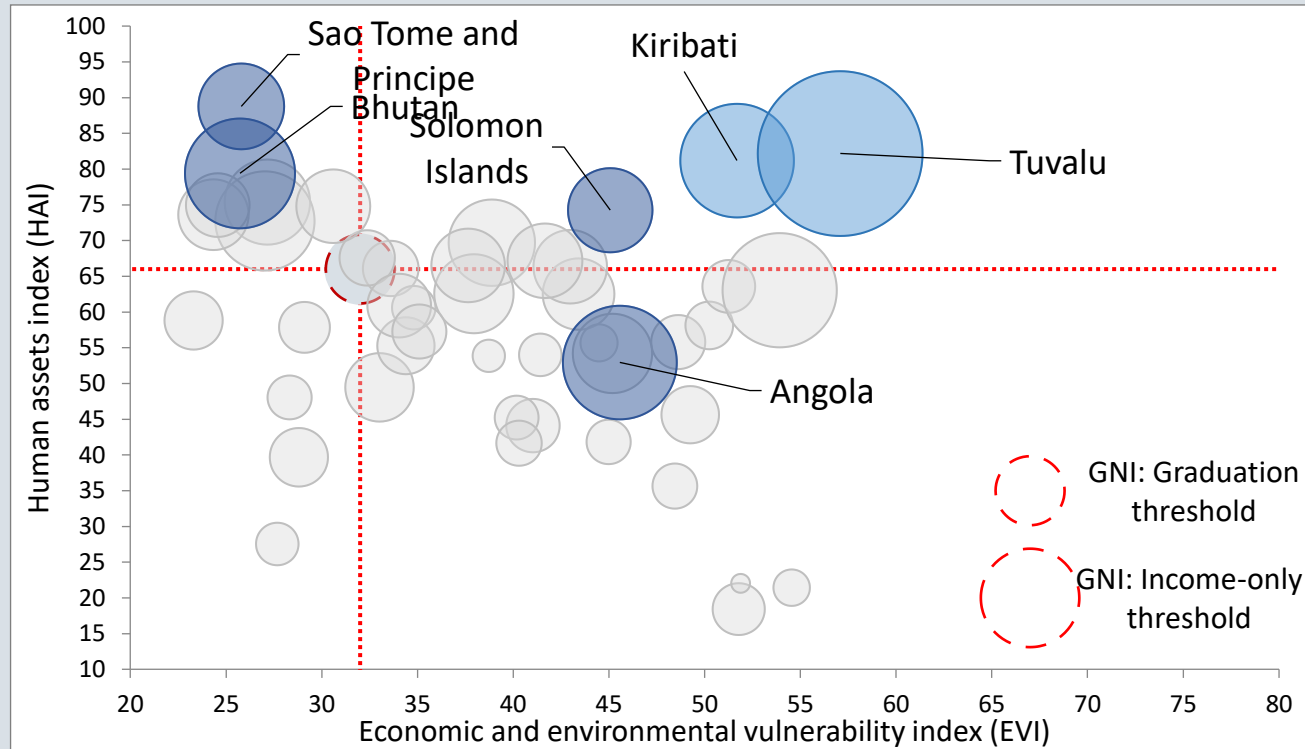
LDCs scheduled to graduate:

Angola – 2024

Bhutan – 2023

São Tomé and Príncipe – 2024

Solomon Islands – 2024



LDCs already recommended by CDP but decision deferred by ECOSOC:

Tuvalu

Recommended by CDP  
in 2012

Kiribati

Recommended by CDP  
in 2018

- ➔ CDP reiterates its recommendations for both countries
- ➔ Extended 5-year preparatory period
- ➔ Calls for special international measures to address extreme vulnerability to climate change

# Graduation – First eligibility in 2021

LDCs fulfilling graduation thresholds for the first time (first eligibility):

Cambodia

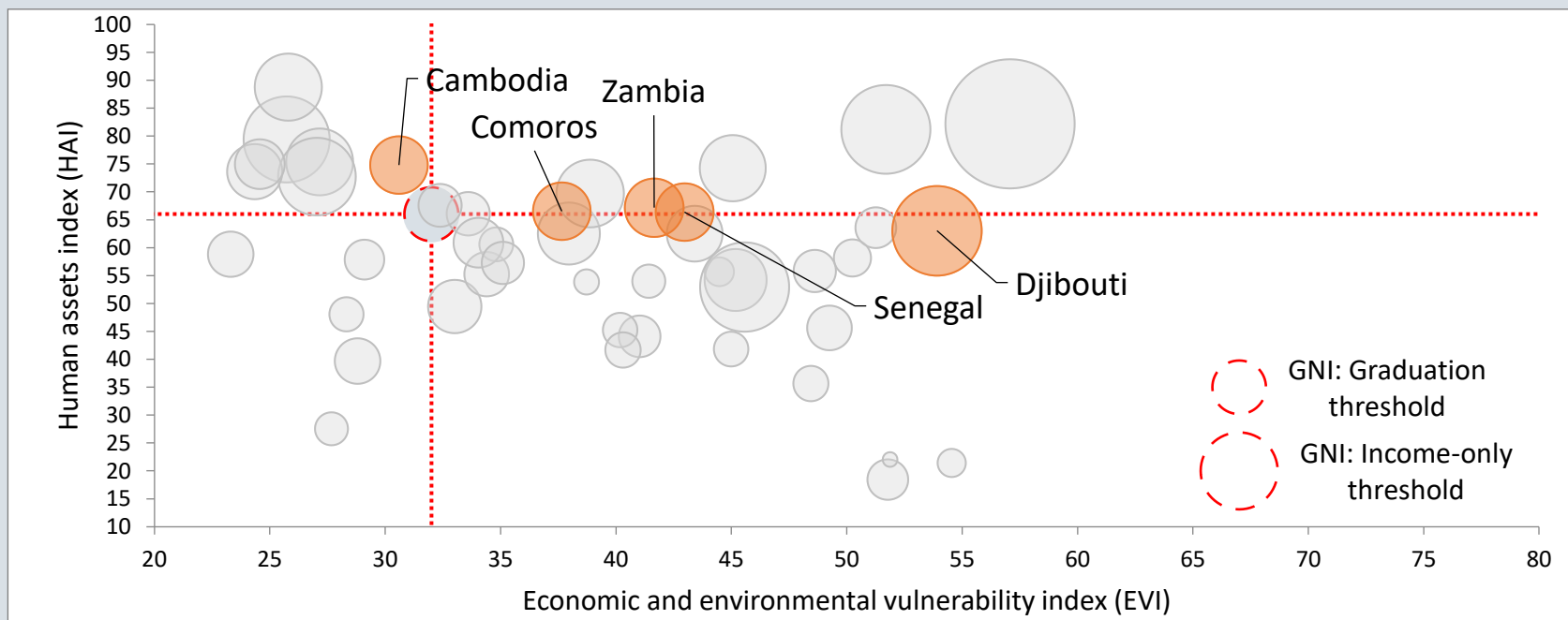
Comoros

Djibouti

Senegal

Zambia

- ➔ CDP will consider these countries for possible graduation recommendation in 2024, if they remain eligible
  - ➔ Risk some of those countries will fail meeting the graduation thresholds in 2024, mainly due to Covid-19
- ➔ Need to carefully monitor their development vis-à-vis the LDC criteria and supplementary graduation indicators
- ➔ Encourage these countries to build knowledge on graduation and its possible impacts and create graduation awareness



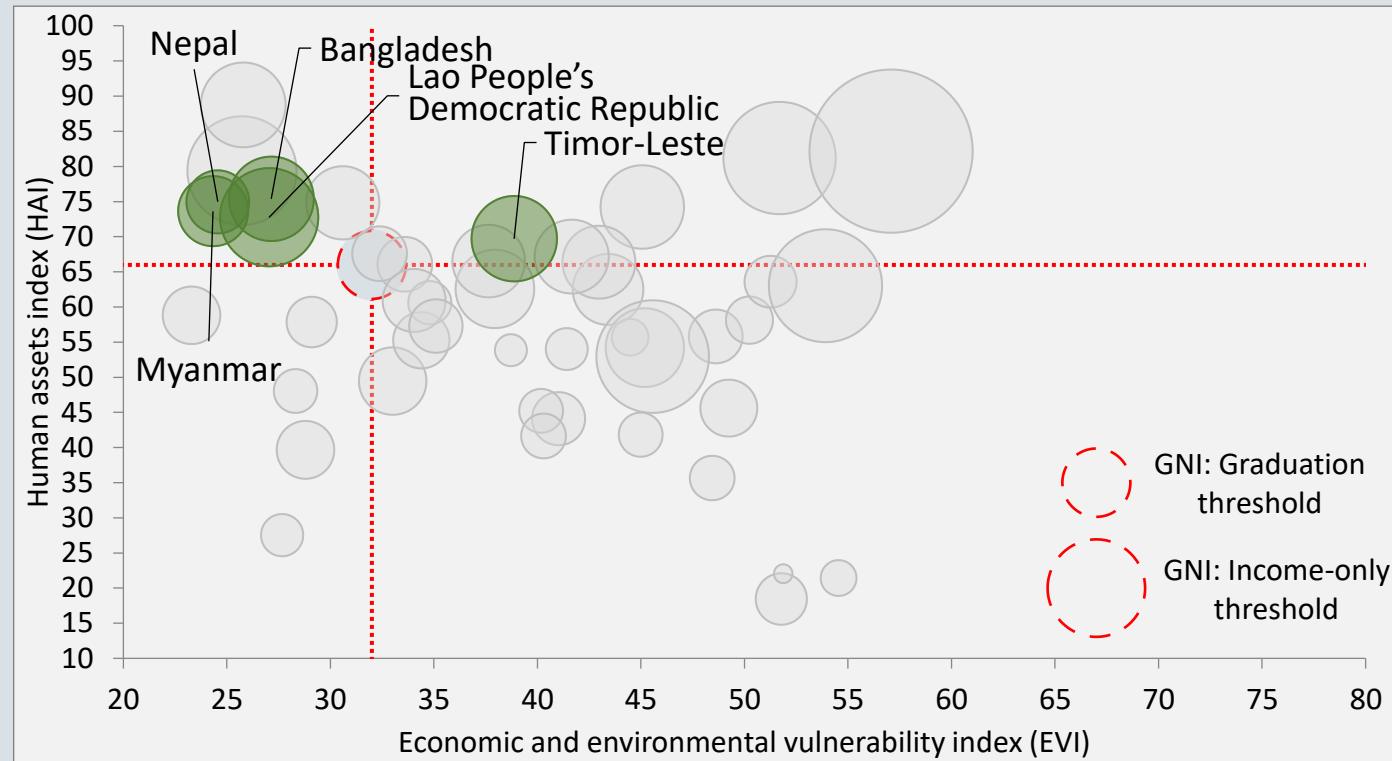
# Graduation – Countries considered by CDP for graduation recommendation in 2021

LDCs deferred by CDP in 2018 (third eligibility):

- **Nepal**
- **Timor-Leste**

LDCs meeting criteria for the second consecutive time:

- **Bangladesh**
- **Lao PDR**
- **Myanmar**



Horizontal recommendations due to Covid-19

- ➔ Extended five-year preparatory period for all countries recommended for graduation in 2021
- ➔ Analyze at 2024 triennial review if extension is needed
- ➔ Improve monitoring system; pay special attention to Covid-19 impacts; alert ECOSOC if action is needed

# Graduation – 2021 CDP recommendations

Bangladesh

➔ **Graduate all three countries** from the list of LDCs in line with General Assembly resolutions 59/209 and 67/221.

Lao PDR

➔ **Support to graduating countries** by development and trading partners more important than ever

Nepal

➔ Extending access to relevant ISMs for an appropriate period; support to address challenges arising from Covid-19; capacity-building;...

Timor-Leste

➔ **Defer the decision to the 2024 triennial review**, due to continued concerns about the sustainability of the country's development progress.

Myanmar

➔ **Defer the decision to the 2024 triennial review**, due to concerns on negative impacts of the state of emergency declared by the military on Myanmar's development trajectory and graduation preparation; inability to review at this time

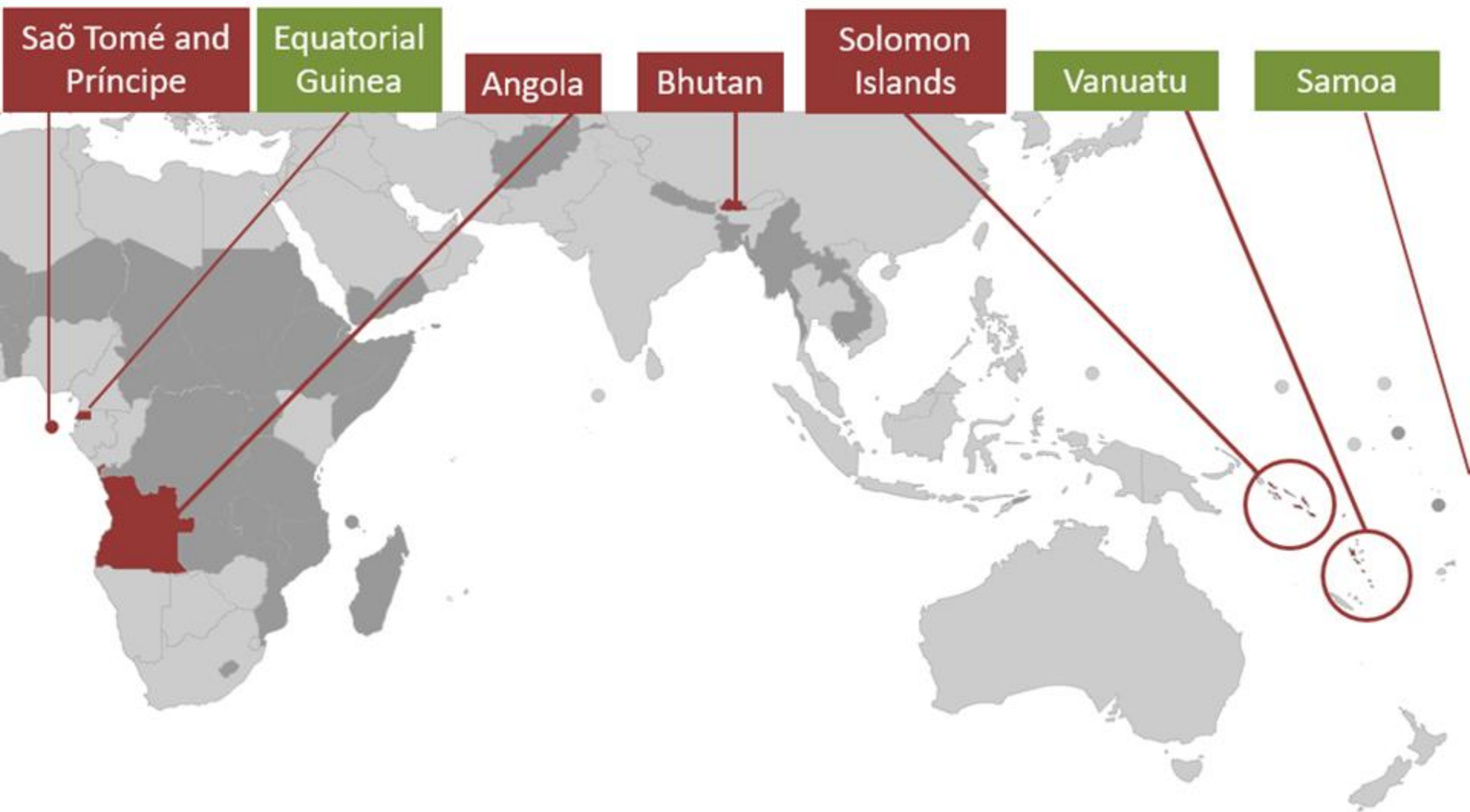


Monitoring of  
graduating and  
graduated countries

# Countries to be monitored

**Graduating countries: Angola, Bhutan, Saõ Tomé and Príncipe, Solomon Islands**

**Graduated countries: Equatorial Guinea, Samoa, Vanuatu**



# Graduating countries

The Committee monitored the development situation of the four graduating countries:

Angola

Bhutan

São Tomé  
and Príncipe

Solomon  
Islands

- ➔ **Bhutan** is the only country that submitted its report on the preparation/implementation of the smooth transition strategy.
- ➔ CDP welcomed the decision by the GA to grant **Angola** an additional preparatory period of 3 years.
- ➔ Key issues: Debt sustainability; productive capacity; economic diversification; investments in human assets; addressing Covid-19 impacts



# Graduated countries

The Committee monitored the development situation of the three graduated countries:

Equatorial  
Guinea

- ➔ **None** of the countries have submitted their report on the implementation of the smooth transition strategy.
- ➔ COVID-19 and disasters require **increased support** to address these challenges.
  - ➔ Welcomed recent GA resolution on **Vanuatu**

Samoa

Vanuatu

- ➔ CDP continues to be concerned about **Equatorial Guinea's** declining income level, high inequality, low level of human assets, and limited diversification.

5th UN Conference on the Least Developed Countries  
January 2022 in Doha, Qatar



Input to LDC5  
preparatory process

## Expanding Productive Capacity

- ➔ CDP reiterates its proposal on “Expanding productive capacity for sustainable development” as organizing framework of the next programme of action

## Assistance to LDCs to address impacts of Covid-19

- ➔ Vaccines and public health
- ➔ Debt relief and scaled-up concessional external financing
- ➔ Support structural transformation

*(See earlier slide for details)*

Improved  
monitoring  
mechanism  
for  
graduating  
and  
graduated  
countries

- ➔ Need to increase incentives for countries to participate
- ➔ Incorporate crisis response process
- ➔ CDP will present proposal at the Asia-Pacific Regional Review, in Bangladesh, Dhaka

Improved  
support  
measures  
for  
graduating  
countries

- ➔ CDP reiterates its call for improved support measures for graduating countries and highlights its call for concrete proposals to be presented at the Asia-Pacific Regional Review
- ➔ Graduation Support Facility, currently piloted in Vanuatu, will be reviewed and could be launched during LDC5