Briefing on

CDP work on LDCs

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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)**
- Health index
  - Under-five mortality rate
  - Maternal mortality ratio
  - Prevalence of stunting
- Education index
  - Gross secondary school enrolment ratio
  - Adult literacy rate
  - Gender parity index for gross secondary enrolment

All indicators have an equal weight of 1/6

**Economic and environmental vulnerability index (EVI)**
- Economic vulnerability index
  - Share of agriculture, hunting, forestry and fishing
  - Remote- and landlockedness
  - Merchandise export concentration
  - Instability of exports of goods and services
- Environmental vulnerability index
  - Share of population in low elevated coastal zones
  - Share of population living in drylands
  - Instability of agricultural production
  - Victims of disasters

All indicators have an equal weight of 1/8

All indicators have an equal weight of 1/6

All indicators have an equal weight of 1/8
Eligibility rules

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**

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

COMPREHENSIVE STUDY ON THE IMPACT OF COVID-19 ON THE LDC CATEGORY
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
  - CDP reiterates its recommendations for both countries
  - Extended 5-year preparatory period

- **Kiribati**
  - Recommended by CDP in 2018
  - 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.
- Support to graduating countries by development and trading partners more important than ever
  - Extending access to relevant ISMs for an appropriate period; support to address challenges arising from Covid-19; capacity-building;...

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

Nepal
- 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.

Timor-Leste
- 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.

Myanmar
Monitoring of graduating and graduated countries
Countries to be monitored

Graduating countries: Angola, Bhutan, São 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.
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