



Reasons and consequences of the non-application of the least developed country category by UN development system entities*

Over the years, the LDC category has been useful to attract political support within intergovernmental negotiations but to a much lesser extent to attract explicit assistance for LDCs, including from the UNDS. The numerous references to LDCs in the 2030 Agenda show the significant level of political support for LDCs. Given the declining share of expenditures for operational activities for development of the UN system in LDCs, the Committee urges that the prominent place of LDCs in the 2030 Agenda prompts UNDS entities and other UN specialized agencies (including the World Bank and the IMF) to

use the LDC category more in establishing country priorities and in the delivery of their work programme. Although all UNDS entities recognize the LDC category, they do not all provide LDC-specific international support. While the mandate of some specialized agencies may not closely relate to LDCs, this is a concern for agencies whose aim is to promote sustainable development. Most UNDS entities do not have specific graduation support programmes or mechanisms for LDCs. As a result, these organizations may not always be able to support a smooth transition of graduating and graduated countries.

1. Introduction

The Political Declaration on the “Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020¹, reiterated in ECOSOC resolution 2016/15, invited the CDP to look into the reasons for and consequences of the non-application of the LDC category by some United Nations development system (UNDS) organizations. In response, the Secretariat of the Committee conducted a survey to collect information on the recognition and application of the LDC category by entities from the UNDS², as well as the various types of support measures made available by these entities to the LDCs.

In line with the terminology used in the mandate given to the CDP, UNDS entities are considered to be in ‘recognition

of the LDC category’ when confirming their position in the related survey question. UNDS entities are categorized under ‘non-application of the LDC category’ when an organization does not offer LDC-specific International Support Measures (ISMs).

2. Findings

All the UNDS entities that responded to the survey recognize the LDC category and all entities make contributions in various degrees with their activities to the development efforts in many LDCs. Some entities responded that their work is not development related and did not fully respond to all the questions posed in the survey.

• Excerpt from Committee for Development Policy, Report on the nineteenth session, See Official Records of the Economic and Social Council, 2017, Supplement No. 13 (E/2017/33)

1 General Assembly resolution 70/294, paragraph 118

2 As contained in Annex 1 of paper “The UN development system and its operational activities for development: Updating the definitions” https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/documents/2016/qcpr_sgr_terminology_paper.pdf

The World Bank and International Monetary Fund (IMF) responded that they do not recognize the LDC category. In their responses, both these entities reported they are not part of the UNDS. However, they are specialized agencies of the UN system, and they cooperate with the UNDS in carrying out their mandate and take into account, as appropriate, the findings and recommendations of the Quadrennial Comprehensive Policy Review (QCPR) of operational activities for development of the United Nations development system.

While the survey responses indicate that the UN development system entities recognize the LDC category, the recognition does not translate into a consistent application of priorities and budget allocation and there are large variations in the type and level of LDC specific assistance. Assistance is often based on the entities' own policies, priorities and criteria, which may not necessarily relate to LDC status.

All UNDS entities surveyed recognize the LDC category by referencing LDCs in their programme priorities and strategic planning documents. Some UNDS entities also have percentage budget targets for their core budget allocated to LDCs. Some others have established LDC-specific funding mechanisms or programmes for LDCs. Other UNDS entities have "related" (not LDC-specific) Trust Funds. In this regard, the Committee noted that a number of LDC-specific support measures, including Trust Funds, have in recent years become less relevant as a mechanism for disbursing assistance. Furthermore, most UNDS entities provide support for travel of LDCs to participate in their international meetings and related processes. Few UNDS entities receive budget contributions from LDCs, and if LDCs contribute, they do so under special conditions.

It is often unclear how the stated LDC priority of UNDS entities translates into the budget allocation for LDCs because most entities do not have operational guidelines with clear budget targets, nor rules for budget allocations to LDCs. This may result in unpredictable resource flows to LDCs. Furthermore, most UNDS entities group LDCs alongside other country groupings to assign similar priority status and special priority treatment. Country groupings frequently mentioned as priorities alongside the LDCs are the Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS). Other thematic groups are also mentioned as priorities alongside, or instead of, the LDCs, hence there are only a few specific UNDS entities' programs for LDCs.

UNDS entities do not always have specific graduation support programs or mechanisms for LDCs. Overall, the continuous UN entities' engagement after graduation is mainly determined on the basis of mutually agreed Country Programme Frameworks (where available) and in the context of the United Nations Development Assistance Framework (UNDAF). Most entities continue to support LDCs after graduation but it is often based on the requests received. As-

istance is also often reviewed on a case-by case basis, but there is no established institutional approach for the phasing out of LDC specific benefits. As a result, the entities may not always be able to support a country's smooth transition process, which the Committee thought may be of particular concern as graduating countries need to adjust to changes for their development.

There is a need for UNDS entities to go beyond the mere recognition of the LDC category and provide access to LDC-specific international support measures. The Committee found that additional efforts are needed to reduce existing differences in the LDC category application and improve the overall coherence and application of LDC specific international support measures. The Committee confirmed the findings contained in QCPR resolution 71/243 of December 2016, in which the General Assembly expressed its serious concern at the fact that the share of expenditure for operational activities for development of the United Nations system in the LDCs is declining.

3. Way forward

The Committee noted that while the mandate of some UNDS specialized agencies may not closely relate to LDCs, it is a particular concern that agencies whose aim is to promote sustainable development do not consistently apply the LDC category. The Committee also looks with concern that the World Bank and the IMF do not recognize this category. The Committee finds that some of the reasons for the non-application of the LDC category are not clear and should be further studied. The Committee could further analyze how to implement such an approach, taking into account the mandates of UNDS entities.

The Committee further noted that over the years, the LDC category has been useful in attracting political support within intergovernmental negotiations and, to some extent, for attracting LDC-specific support. The numerous references to LDCs in the 2030 Agenda show the significant level of political support for LDCs. Given the declining share of expenditures for operational activities for development of the UN system in LDCs and the prominent place of LDCs in the 2030 Agenda, the Committee urges all UN agencies to make active use of the LDC category in establishing country priorities and in the delivery of their work programmes.