Comprehensive Study on the Impact of COVID-19 on the Least Developed Country Category

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This study was prepared by the Committee for Development Policy in response to the request from the Economic and Social Council (E/RES/2020/10) to undertake a comprehensive study on the impact of COVID-19 on the least developed country category. The guidance, analysis and ideas that Debapriya Bhattacharya and Taffere Tesfachew contributed are gratefully acknowledged. Special gratitude is also extended to José Antonio Ocampo, Sakiko Fukuda-Parr, Kevin Gallagher and Meg Taylor for their notable inputs. The study benefitted from valuable comments by all members of the Committee's Subgroup on LDC issues. Substantive support by the secretariat of the Committee was provided by Matthias Bruckner and Sergio Pires Vieira, under the guidance of Roland Mollerus, Secretary of the Committee. Contributions by Matthieu Boussichas and Vincent Nossek of the Fondation pour les Etudes et Recherches sur le Développement International, and Annette Becker, Leah Kennedy and Nancy Settecasi of the Department of Economic and Social Affairs are gratefully acknowledged. The study was edited by Laurent Gauthier.

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Abbreviations

ACT-Accelerator	Access to COVID-19 Tools (ACT) Accelerator
COVAX	COVID-19 Vaccine Global Access
DSSI	Debt Service Suspension Initiative
EVI	environmental vulnerability index
FDI	foreign direct investment
GDP	gross domestic product
GNI	gross national income
G20	Group of 20
HAI	human assets index
IDA	International Development Association
IMF	International Monetary Fund
LDC	least developed country
ODA	official development assistance
ODC	other developing country
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
WHO	World Health Organization
WTO	World Trade Organization

I Introduction

In 2020, the world was hit by the coronavirus disease (COVID-19) pandemic, with consequences the like of which had not been seen for decades or more. Even countries that managed to keep the new coronavirus at bay have suffered the severe socioeconomic consequences of lockdowns and the shock wave generated through the global economy. The Committee for Development Policy of the United Nations raised concerns about the negative impacts on the LDCs from the onset of the crisis, in early 2020 (United Nations, 2020a).[1] Even before the crisis, LDCs, including the most marginalized countries, were unlikely to achieve the SDGs, a core principle of which is "leaving no one behind". Beyond the potentially severe consequences for the sustainable development prospects of LDCs, the COVID-19 crisis also has repercussions on one of the core mandates of the Committee itself, namely, the identification of which countries qualify as LDCs. In February 2021, the Committee had to undertake its triennial review of the list of LDCs, an exercise that includes identifying which countries may be recommended for graduation from the LDC category. Over the past decade, LDC graduation has changed from an obscure detail of international development to a centre piece of global attention. The question of how graduating countries' progress may be sustained throughout and after the crisis has therefore raised important concerns.

These concerns have been shared at the political level, in the United Nations. In its latest annual resolution on the report of the Committee (resolution 2020/10), the Economic and Social Council recognized that COVID-19 severely affected the LDCs, including those graduating from that category, and was likely to have an impact on their sustainable development trajectories. It requested the Committee to undertake a comprehensive study, within existing resources, on the impact of COVID-19 on the LDC category and to closely monitor and incorporate fully into its triennial reviews the impact of the COVID-19 crisis on LDCs and countries graduating from the category of LDCs.

The present study has been prepared in response to the mandate. It has two main intended uses. First, it is an input to the 2021 triennial review, meant to enable the Committee to incorporate fully into its triennial reviews the impact of the COVID-19 crisis on LDCs and countries graduating from the LDC category. Second, it is an input to a possible contribution by the Committee to the forthcoming fifth United Nations Conference on the Least Developed Countries, to be held in Doha from 23 to 27 January 2022. As a result, the study contains suggestions for support for LDCs and graduating countries in the light of the COVID-19 pandemic.

The study consists of three main chapters. Chapter II contains a review of the impacts of COVID-19 in LDCs. A key challenge for the review is the evolving nature of the crisis. Countries that appear to have limited the spread of the virus can suddenly find themselves amid a severe outbreak. While breakthroughs in vaccine development are emerging, it is not known how effectively and fast they can be employed. Economic production and external financing can collapse as a result of lockdowns and lack of external demand, sometimes remaining subdued for long periods and sometimes rebounding swiftly. Against that background, the chapter discusses the spread of the pandemic in LDCs and explores factors that could explain why direct impacts in LDCs are, to date and on average, less pronounced than in developed countries and ODCs. The chapter then considers the extent to which key international transmission mechanisms, that is, merchandise trade, trade in services, in particular tourism, remittances, FDI, external debt flows and ODA, are affected. It demonstrates that LDCs have been particularly hard hit by negative impacts on tourism, remittances and manufacturing. It also tries to identify emerging signs of lasting recovery, finding at most mixed evidence. Next, it reviews domestic policy responses before discussing socioeconomic impacts and overall implications on the achievement of the SDGs. The chapter focuses on general trends on LDCs as a group, while also taking into account heterogeneity among LDCs and highlighting country examples.

Chapter III discusses the implications on LDC graduation by exploring the multiple linkages between the COVID-19 pandemic and the LDC criteria. On the basis of the findings in chapter II, an analysis of the relation between past shocks and LDC indicators and, where possible, forecasts for individual indicators, it assesses the risk of future regress in graduation eligibility. It finds that, while the pandemic almost certainly hampers future progress towards graduation, most countries that were heading for graduation appear on track to maintain graduation eligibility, despite possible setbacks in individual criteria scores. These results are then used to draw implications for the 2021 triennial review.

1 See also United Nations, Committee for Development Policy, "COVID-19 and graduation from the LDC category", 12 May 2020.

Chapter IV contains a review of ongoing international support for LDCs to address the COVID-19 pandemic, covering bilateral and multilateral institutions. While partners of LDCs have been swift in reacting to the crisis, responses have often fallen short of needs in LDCs and do not always focus on the specific challenges that they face. The chapter then identifies key policy areas that should be prioritized in the international response to the pandemic, focusing on global health, effective debt relief and support for a sustainable and inclusive transformation, with special attention bestowed on expanding productive capacities, including by bridging the digital divide. It also highlights the importance of extending support for LDCs in those areas to graduating and recently graduated countries. The conclusion is provided in chapter V.

In view of the different objectives and the rapidly developing situation, the study combined a number of methodological approaches. It is based on a review of existing literature, including academic literature, policy reports, policy briefs and blogs. It also used data analysis, including novel approaches to simulate scores for LDC criteria. Lastly, it greatly benefited from written input from key stakeholders in response to questionnaires and requests for specific input to chapters and sections.[2]

II Main impacts of the COVID-19 pandemic in least developed countries

The health shock: overview of the extent of COVID-19 in least developed countries

According to the latest data from Our World in Data, least developed countries[3] appear to be less affected by the COVID-19 pandemic than other developing countries, and far less than developed countries. The 7-day moving average of new cases per million people in LDCs has been consistently below the value in ODCs (see figure I).

LDCs also seem much less affected than other countries when looking at the number of cumulative cases: as at 8 March 2021, the number of people officially affected by the virus per million inhabitants was 1,629 in LDCs, 8,779 in ODCs and 52,271 in developed countries.

Those averages, however, mask a more heterogeneous reality, as some LDCs have relatively high infection rates. Figure II shows the evolution cases in selected LDCs, underscoring how both the levels and the timing of spread vary considerably.

Deaths caused by COVID-19 are also much lower in LDCs. As at 8 March 2021, the number of deaths per million people in LDCs was 30, compared with 213 in ODCs and 1,096 in developed countries (which is 37 times more than in LDCs).

Possible explanations for the lower incidence of COVID-19 in least developed countries

The fact that LDCs seem to account for only a very small proportion of the number of cases in the world (2 per cent), while accounting for 14 per cent of the world's population, requires further analysis.

A main, and often overlooked, factor has been effective policy responses by LDCs, which these countries have implemented despite their limited resources. Cambodia, for example, imposed a swift lockdown, closing schools and introducing travel restrictions. The conduct of awareness campaigns and building of a testing and contact tracing system were

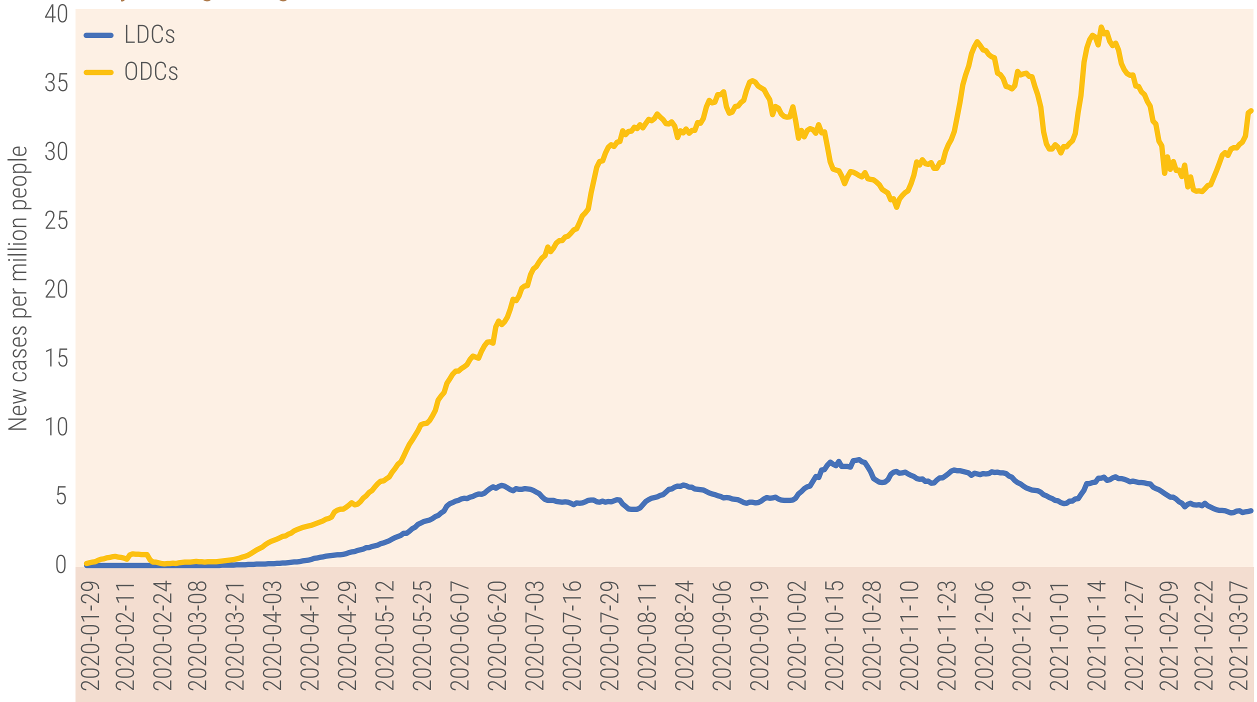
2 Valuable input was received from: Afghanistan, Austria, Bangladesh, Bhutan, Burkina Faso, Japan, Kuwait, Lao People's Democratic Republic, Lesotho, Myanmar, Nepal, Senegal, Republic of Korea, Timor-Leste, Turkey, European Union, Common Fund for Commodities, Economic and Social Commission for Asia and the Pacific, Food and Agriculture Organization of the United Nations, International Atomic Energy Agency, International Telecommunication Union, International Trade Centre, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, United Nations Capital Development Fund, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Educational, Scientific and Cultural Organization, United Nations Environment Programme, United Nations Office for Disaster Risk Reduction, UN-Women, World Food Programme, World Health Organization and World Trade Organization.

3 The list of LDCs is available on the Committee for Development Policy website.

Figure I

New cases per million people

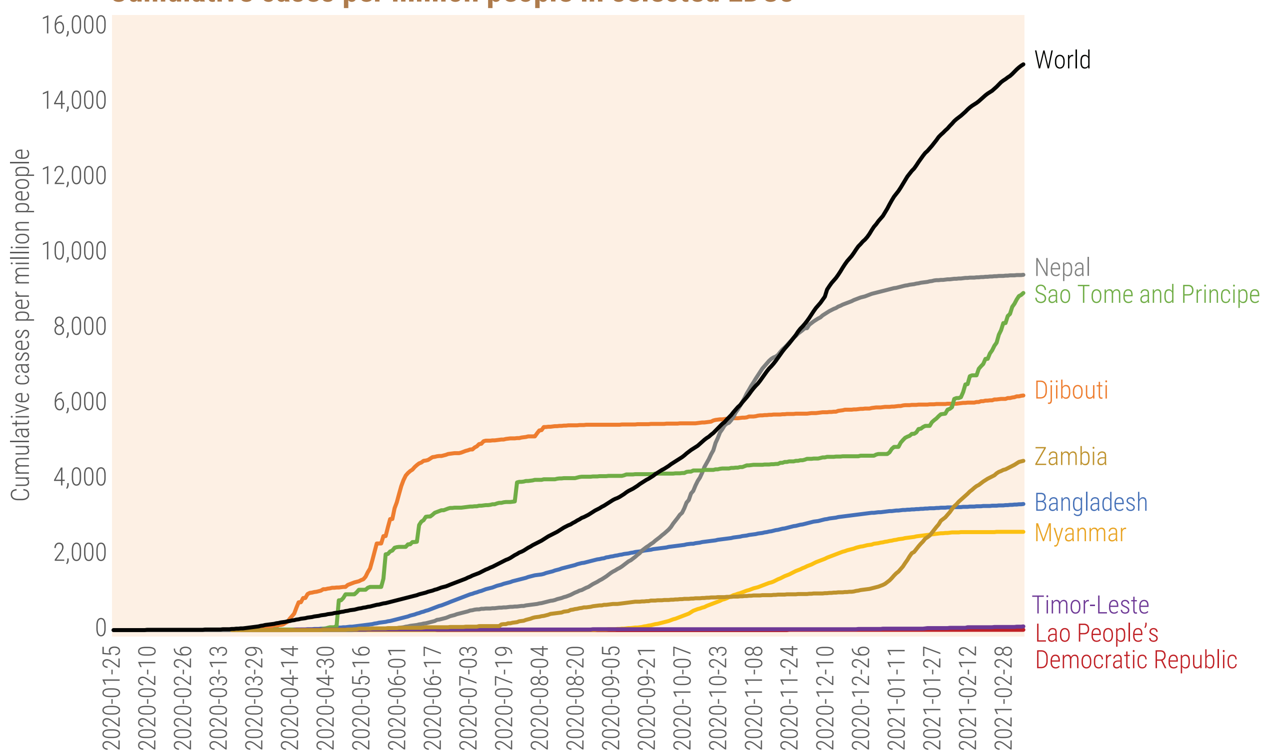
7 day moving average



Source: Our World in Data, COVID-19 Data Explorer database. Available at https://ourworldindata.org/coronavirus-data-explorer (accessed on 8 March 2021).

Figure II

Cumulative cases per million people in selected LDCs



Source: Our World in Data, COVID-19 Data Explorer database (accessed on 8 March 2021).

among the key success factors in keeping infection rates low, while benefiting from strong support from international health partners (Nit and others, 2021).

The emphasis on prevention has also been key in Bhutan to maintain a very low rate of COVID-19 infections. As early as 11 January 2020, Bhutan was already drafting a national preparedness and response plan, which included a serious testing and tracing programme from the outset (Drexler, 2021). The Democratic Republic of the Congo used its recent experience with the outbreak of the Ebola virus disease to implement efficient protocols and measures to limit the spread of a COVID-19.[4]

In line with this observation, Leroueil (2020) also found that such LDCs as Angola, Bangladesh and Timor-Leste successfully undertook targeted investments and rapid institutional reforms building on existing structures and resources.[5] Such good practices could benefit other LDCs.

However, demographic factors (Garenne, 2020), such as the young population age in most African countries, may also have played a role in containing the spread of COVID-19. Moreover, geographical remoteness and limited mobility may have worked as a security barrier against the virus in some LDCs (Bhattacharya and Islam, 2020; Garenne, 2020).

Another hypothesis is that more infections remain undetected in LDCs than elsewhere because tests are less available (Bhattacharya and Islam, 2020). Indeed, testing is much lower in LDCs than in other countries. The Oxford COVID-19 Government Response Tracker also considers the testing policy as relatively weak in 25 of the 42 LDCs for which data were available. However, some LDCs, such as Bhutan or Rwanda, have adopted extensive testing policies, and the proportion of cases has remained low.

A last possible explanation is a low data quality in LDCs. Schellekens and Sourrouille (2020) estimate that the available data on the number of cases of and deaths caused by COVID-19 are biased as a result of an underestimation of those figures in developing countries, in particular the poorest countries.[6] However, overall policy responses have been found to be a stronger explanatory factor than low testing, poor health systems or underreporting (Chitungo and others, 2020).

Main international economic transmission channels

As the global economy is ravaged by the pandemic, LDCs face reduced external demand, falling prices of key commodities such as oil, a dramatic decrease in tourism activity, weakening FDI, debt challenges and an expected fall in remittances—a key source of foreign funding and support for household incomes in many LDCs.

Merchandise trade

Trade values

The COVID-19 pandemic has disrupted global trade, affecting graduating LDCs more severely than other countries (see figure III). The exports of those LDCs dropped sharply in the months of April and May 2020 and have not yet fully recovered.[7] Other LDCs also registered a significant decline in their exports but exceeded the pre-crisis levels from the beginning of the second half of 2020 onward.

In the second quarter of 2020, when the impact of the pandemic on trade was most severe, the value of world merchandise trade declined by about 21 per cent (see figure IV). In the third quarter of 2020, even though it was still down 4 per cent

4 See Anne Soy, “Coronavirus in Africa: five reasons why COVID-19 has been less deadly than elsewhere”, BBC News, 8 October 2020.

5 For a detailed analysis of policy responses in Asia and the Pacific, see Fukuda-Parr (2021).

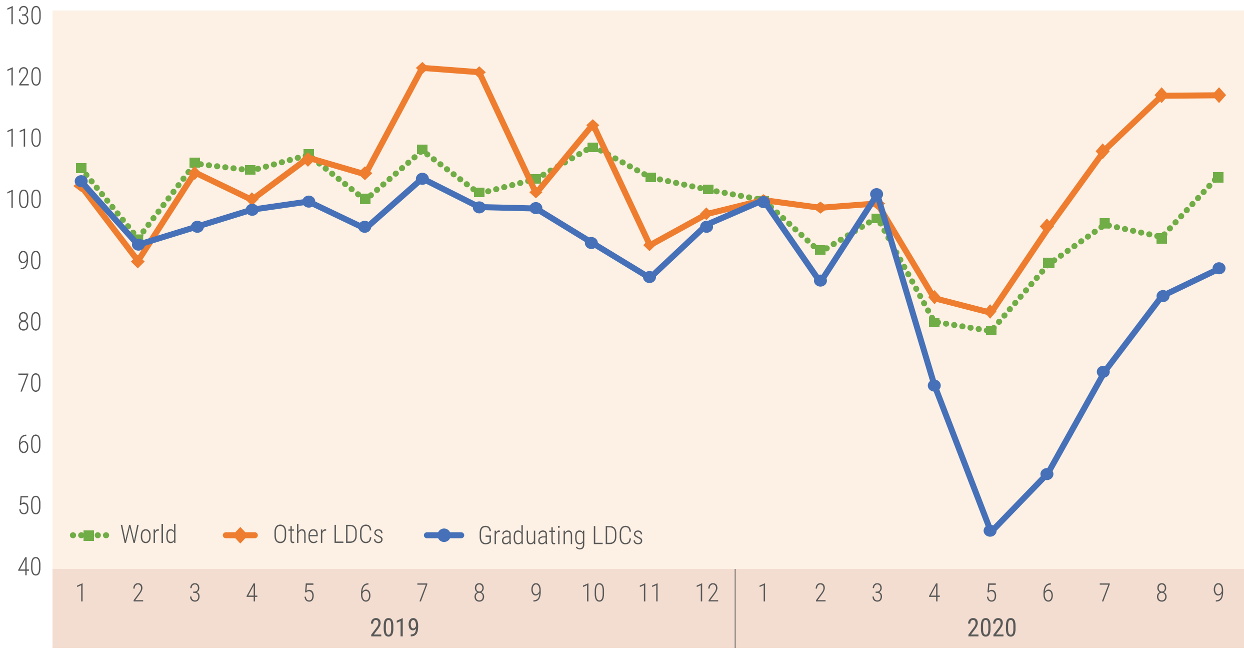
6 While excess mortality rates could in principle be used to produce unbiased estimates of COVID-19-related death rates, many LDCs lack the complete vital registration systems needed to determine all-cause mortality.

7 See table A.I.1, appendix A.I, for details. The data include Vanuatu, which graduated on 4 December 2020.

Figure III

Merchandise trade of graduating and other least developed countries from January 2019 to September 2020

Value index, January 2020 = 100

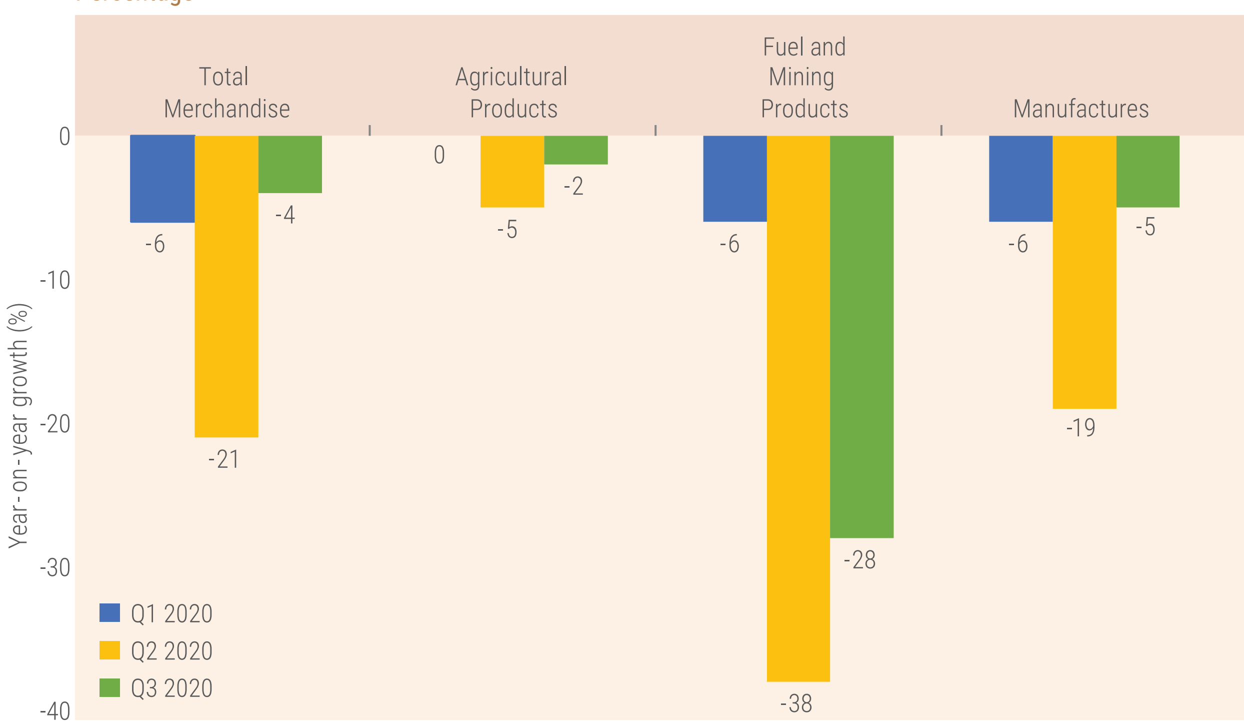


Source: Trade Data Monitor based on mirror data of 98 reporters (WTO, 2021).

Figure IV

Quarterly growth of world merchandise trade values by main sector in 2020 (year-on-year)

Percentage



Source: WTO (2021). WTO Estimate.

compared with the third quarter of 2019, merchandise trade registered a partial recovery. A breakdown of merchandize trade by major product groups shows that the value of trade in fuels and mining products and in manufactures from LDCs dropped the most during the COVID-19 pandemic, while trade in agricultural products showed some resilience (see figure IV).

Overall, it appears that trade value has plunged for LDCs, especially graduating LDCs, owing to the limited range of products exported to a few markets that were themselves affected by the pandemic (WTO, 2021). However, the effects of the COVID-19 pandemic have not hit all LDCs to the same degree and during the same quarter (see appendix A.I, table A.I.1). Angola, for example, was particularly hard hit, because the pandemic exacerbated a downward trend in prices for petroleum (-38 per cent for the first three quarters of 2020), while the impact of the pandemic in the Lao People's Democratic Republic was less severe (+1 per cent for the first three quarters of 2020), as its export structure is relatively diversified.

Global value chains

The COVID-19 pandemic has had an impact on global trade by disrupting global value chains, which were already affected by trade tensions between China and the United States of America and by technological changes. There is evidence that the pandemic has affected countries with forward linkages (those with exports that will be integrated into a final product) more, as shown by the decline in output, suggesting that the shock has been more severe on demand than on supply (World Bank, 2020a).

While there is need for further country-specific analysis, there is evidence that LDCs that are more fully integrated into global value chains, such as Bangladesh and Myanmar, are more deeply affected by the COVID-19 pandemic fallout on global trade (Blanchard and Olney, 2020). Given the importance of such chains as springboards for industrialization and employment creation, the effect of the pandemic on pre-existing trends, such as supply chain diversification, the shortening of supply chains through reshoring and nearshoring and the regionalization of value chains, may have important implications for the future development of LDCs.

International tourism

In LDCs, trade in services is dominated by tourism activities. In October 2020, UNCTAD recalled that tourism is considered a key sector of the economy in 42 of the 47LDCs[8] (UNCTAD, 2020a). Tourism receipts can be as high as 19 per cent of GDP for Cambodia and 17 per cent for Sao Tome and Principe.[9]

Globally, tourism is one of the sectors most affected by the crisis, owing mainly by the many restrictions on travel around the world. The number of commercial flights fell by 74 per cent between January and April 2020 (WTO, 2020) and have only recovered to a very low level to date.

Consequently, international tourist arrivals have declined by as much as 71 per cent between January and August 2020 compared with the same period in 2019, with several countries experiencing a complete standstill in international tourism since April 2020 (see World Trade Organization, 2020, and appendix A.I, table A.I.2).

Prospects for recovery remain uncertain and need to consider that international travel covers both tourism and business activities. The latter are not expected to reach again pre-COVID-19 levels, as new communications technology has become more popular and is expected to render some business travel redundant. However, tourism may recover earlier, even though re-establishing flight routes may take time.

8 Vanuatu was still an LDC in October 2020.

9 Five graduated countries are also particularly dependent on tourism: Botswana, Cabo Verde, Maldives, Samoa and Vanuatu.

External finance

Remittances

Remittances represent important external resources for some LDCs. Dwindling remittance inflows caused by deteriorating labour markets in migrant destinations would consequently decrease productive investments and consumption.

In initial estimates released in April 2020, the World Bank predicted a 20 per cent drop in remittances worldwide. However, newer estimates suggest a drop of 7.2 per cent in 2020 and 7.5 per cent in 2021 (World Bank, 2020d). Nevertheless, the projected declines in remittances are the steepest in recent history, and steeper than the 5 per cent decline recorded during the 2009 global recession (ibid.).

Nonetheless, some countries recorded a strong rebound after an initial decline, defying the projections and leading to remittances higher than pre-crisis levels. For example, in Nepal, remittances defied initial negative expectations, declining only by 0.5 per cent in the 2019/20 fiscal year (July to July) and increasing by 11 per cent during the first five months of the 2020/21 fiscal year.[10] In addition to stronger than expected efforts by migrants to support their families in need, a shift from informal to formal banking channels as well as savings of returning migrants are likely factors. Haiti has also observed an increase in remittances inflows since May 2020, driven by an increase in inflows from the United States.[11]

Foreign direct investment

According to the UNCTAD World Investment Report 2020 (UNCTAD, 2020b), FDI slightly increased in 2019 in all groups of countries classified by income level, except in the LDCs, where they decreased by 5.7 per cent. In 2020, FDI fell by 49 per cent worldwide in the first half of the year, mainly as a result of widespread lockdown measures, hindering the implementation of ongoing and announced investment projects (UNCTAD, 2020a).

In 2020, inward FDI flows to LDCs are expected to decline further (UNCTAD, 2020c). As an example, according to the latest IMF estimations, in 2020, the net FDI flows per capita are projected to decline in 22 of the 29 sub-Saharan LDCs.

LDCs highly dependent on oil and gas are particularly affected. A case in point is Mozambique, one of the top LDCs receiving FDI, where inward FDI has declined by 27 per cent, owing in part to delays in the implementation of an offshore gas project caused by the pandemic.

Tourism-dependent LDCs will also see a fall in FDI in that sector. Announced greenfield FDI projects, a key indicator of foreign investors' intentions, were already down in 2019 and contracted further during the first quarter of 2020 (UNCTAD, 2020a).

External debt

The level of external debt in LDCs was already rising before the 2020 crisis, from a low of 24 per cent in 2012 reached after the debt relief of the 2000s to 32 cent in 2019. The total external debt is mainly composed of public debt, but private debt in LDCs has also been increasing (World Bank, 2020c).

The ratio of external debt to GNI is, however, very heterogeneous among LDCs, with total external debt-to-GNI ratios in 2019 ranging from 141 per cent in Mozambique to less than 9 per cent in Timor-Leste. In some countries, such as Sao Tome and Principe, the public debt stock has declined in recent years as a result of debt relief, but they may still remain overindebted.

Over the past decade, LDCs have also seen a change in the composition of creditors, with an increasing importance of development partners from the global South. Figure A.I.2 in appendix A.I shows the external debt-to-GNI ratios of all LDCs by main creditor. Moreover, the share of concessional debt in many LDCs has been decreasing, while the level of debt service on external debt has been rising. In Angola and Zambia, for example, debt service represented more than 10 per cent of GNI in 2019.

10 See data on the current macroeconomic and financial situation provided by Nepal Rastra Bank (accessed on 17 February 2021).

11 See data on transfers received by the Bank of the Republic of Haiti (accessed on 17 February 2021).

In the light of the speed of public debt accumulation in LDCs, the COVID-19 crisis is exacerbating concerns over the ability of many of those countries to meet their debt repayments. As at 31 January 2021, the World Bank and IMF had assessed that almost half of the LDCs were at high risk of debt distress or already in distress, as follows:

- Four LDCs in debt distress: Mozambique, Sao Tome and Principe, Somalia and Sudan.
- Sixteen LDCs at high risk: Afghanistan, Angola, Burundi, Central African Republic, Chad, Djibouti, Ethiopia, Gambia, Haiti, Kiribati, Lao People's Democratic Republic, Mauritania, Sierra Leone, South Sudan, Tuvalu and Zambia.
- Eighteen LDCs at moderate risk: Benin, Bhutan, Burkina Faso, Comoros, Democratic Republic of the Congo, Guinea, Guinea-Bissau, Lesotho, Liberia, Malawi, Mali, Niger, Rwanda, Senegal, Solomon Islands, Togo, Vanuatu and Yemen.
- Eight LDCs at low risk: Bangladesh, Cambodia, Madagascar, Myanmar, Nepal, Timor-Leste, Uganda and United Republic of Tanzania.

Oil exporting LDCs are facing more serious challenges of debt sustainability. A case in point is Angola, the public debt of which is now expected to become extremely elevated and subject to heightened risks. The debt-to-GDP ratio is projected to reach 123 per cent in 2020, also reflecting a large currency depreciation and lower nominal output. Because oil exports are projected to remain subdued in the coming years, debt indicators will remain high. Total debt service is projected to exceed 100 per cent of fiscal revenues in 2020, even if this ratio will decline the following year (IMF, 2020a).

Zambia has become the first LDC to default on its debt since the beginning of the COVID-19 pandemic. The country was already facing high debt service payments before the pandemic, reaching 11 per cent of GNI in 2019. The pandemic precipitated the country into default, raising concerns over a potential wave of defaults in other highly indebted LDCs. It is important to note that 94 per cent of the total debt in Zambia is non-concessional (IMF, Database of Fiscal Policy Responses to COVID-19, accessed in December 2020).

Chapter IV discusses current initiatives to address debt issues and makes additional proposals.

Development cooperation

Official development assistance is of critical importance to LDCs. In 2018, the average ratio of ODA to gross national income was 10.8 per cent in LDCs and 3 per cent in ODCs However, despite some increase in 2019, the share of ODA devoted to LDCs in the gross national income of OECD Development Assistance Committee member countries reached only 0.09 per cent and thus remained well below the target of 0.15–0.20 per cent (Blosch, Cerabino and Elgar, 2020).

While it is still early to measure or predict the impact of the COVID-19 crisis on donor behaviour, based on an analysis of the evolution of aid over the past 60 years, OECD notes that ODA has proved to be a relatively stable resource, one less sensitive to donors' economic crises (Ahmad and others, 2020). This is to some extent corroborated by many political statements and practices during the current crisis[12] (see chap. IV). However, there are also risks to future ODA inflows if donor countries react to rising budget deficits by cutting their assistance to LDCs.

There is no detailed information on the impact of the COVID-19 pandemic on South-South cooperation, which has gained massively in importance over the past decades. As shown in chapter IV, there are indications that southern providers have supported LDCs significantly during the crisis.

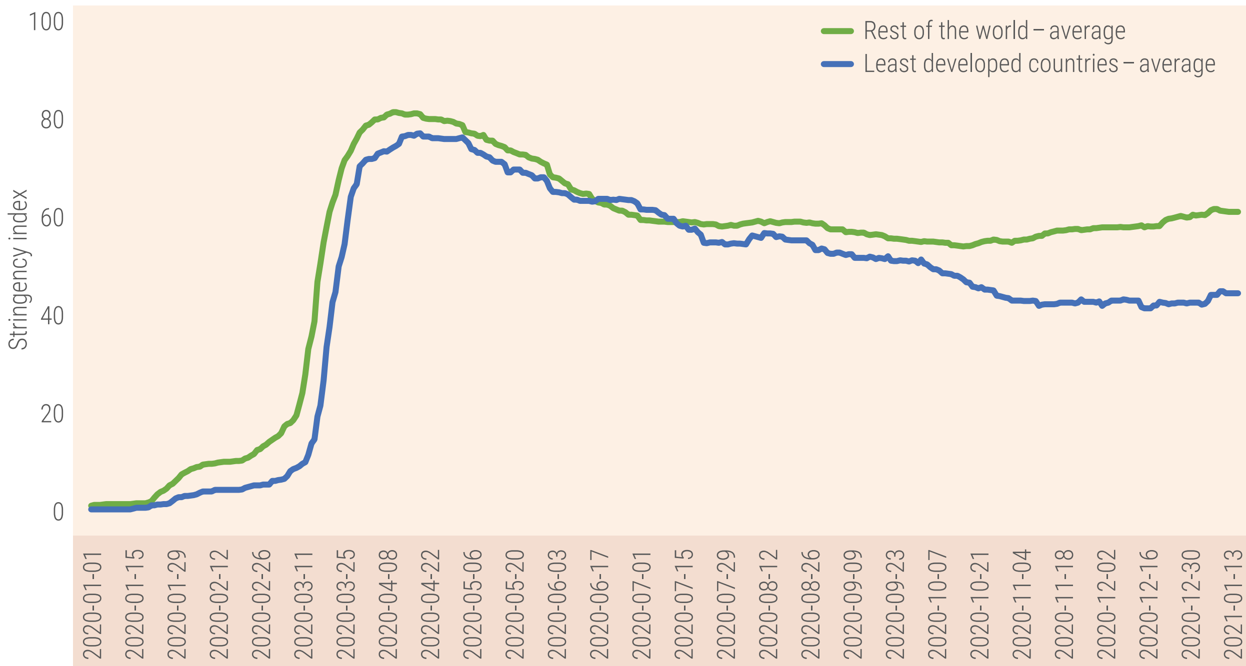
Domestic policy responses and fiscal challenges

According to the stringency indicator elaborated by the Oxford COVID-19 Government Response Tracker and OECD, the measures adopted by LDCs appear as restrictive as those in ODCs and in close timing (see figure V).[13] However, as the epidemic spread later in many LDCs, these measures seem to have played a preventive role initially.

12 See Donor Tracker: Supporting evidence-based advocacy for global development.

13 For detailed information on the stringency of LDC policy response, see CDP responses on COVID-19 in LDCs.

Figure V
Average stringency in least developed countries and the rest of the world



Source: Committee for Development Policy secretariat, based on Oxford COVID-19 Government Response Tracker.

Data from IMF[14] show that the additional fiscal expenditure induced by the COVID-19 crisis represents on average a lower share of GDP in LDCs, even though economic consequences may be disproportionately more devastating in LDCs. On average, fiscal responses in LDCs were only 2.6 per cent of their GDP in 2020, while they represented 15.8 per cent of GDP in developed economies (United Nations, 2021) (see figure VI).

The LDC average masks a great disparity in the size of the fiscal shocks (see appendix A.I, figure A.I.3), as several LDCs were able to implement more expansionary budgetary policies, especially among small island developing States. This is the case of Timor-Leste and Tuvalu, the financial resources of which also comprise sizeable wealth funds (see appendix A.I, figure A.I.3). Similar to other country groups, LDCs with larger fiscal responses typically spend significantly more to address the socioeconomic crisis.

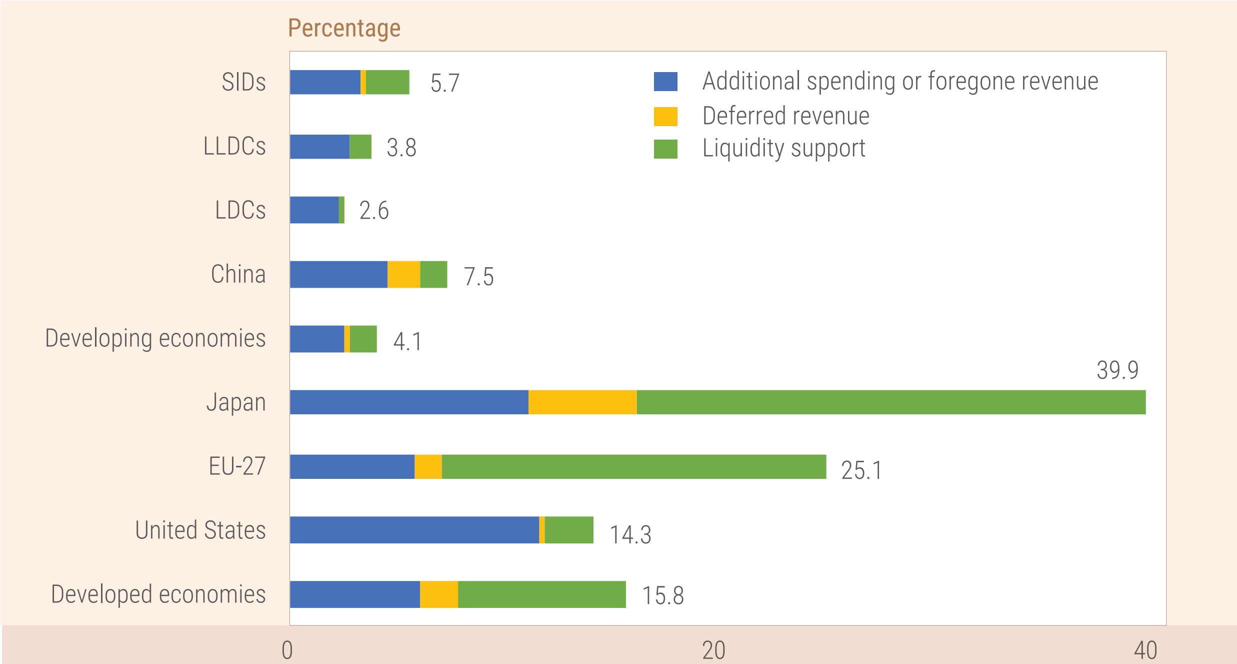
Overall, there is no doubt that the fiscal measures taken by LDCs to cushion those consequences are insufficient and would require more external support. IMF, for example, considers that low-income countries cannot cope with the current crisis on their own and risk losing a decade of progress.[15]

The additional spending to cushion the negative health, social and economic consequences will lead to widening budget deficits in many LDCs. Figure A.I.4 in appendix A.I shows the deficit-to-GDP ratio in LDCs, which on average is expected by IMF to rise from 2.9 per cent in 2019 to almost 6 per cent in 2020 and 5 per cent in 2021. There is a risk that LDCs may be forced to tighten their budgets prematurely in 2021, as options to gain access to external markets or increase domestic revenues in the short term are limited (IMF, 2021). These current additional fiscal pressures are aggravating debt sustainability (see sect. B.3 above) and access to international credit markets. The financing needs will be difficult to cover in several LDCs and are also likely to widen the SDG financing gap for years to come (OECD, 2020).

14 The fiscal monitor database is updated regularly. See IMF, Database of Fiscal Policy Responses to COVID-19.

15 Daniel Gurara, Stefania Fabrizio and Johannes Wiegand, "COVID-19: without help, low-income developing countries risk a lost decade", IMF Blog, 27 August 2020.

Figure VI
Fiscal response as share of gross domestic product



Source: United Nations (2021).
Abbreviations: EU-27, 27 European Union member States; LLDC, land-locked developing State; SIDS, small island developing State.

Overall development impacts

Negative short-term economic growth

The COVID-19 pandemic is expected to affect economic growth severely in LDCs, mainly because of their vulnerabilities to external factors, such as a drop in external demand, lower commodity prices and a sharp decline in tourism activities. The lockdown and other preventive measures have also weighed heavily on the economy, while the countercyclical policies are considered insufficient to offset the economic shock.

According to the latest projections and forecast of the Department of Economic and Social Affairs (United Nations, 2021), LDCs as a group will experience a contraction of economic output. GDP growth in 2020 is expected to be -1.3 per cent (see figure VII). Of 46 LDCs for which data are available, 37 will have experienced economic contractions in 2020. However, the range of GDP growth projections for 2020 is wide, from -8.5 per cent for Kiribati to 1.5 per cent for the United Republic of Tanzania (United Nations, 2021). These projections represent a significant slowdown from 2019 for almost all LDCs, with negative consequences for their fragile macroeconomic conditions. However, the impact on short-term growth has been less severe compared with the world's average and severely affected developing regions, such as Latin America, and countries, such as India. The dependence of LDCs on agriculture, generally a sign of their vulnerability, may have limited the impact as food production has actually increased in many places.

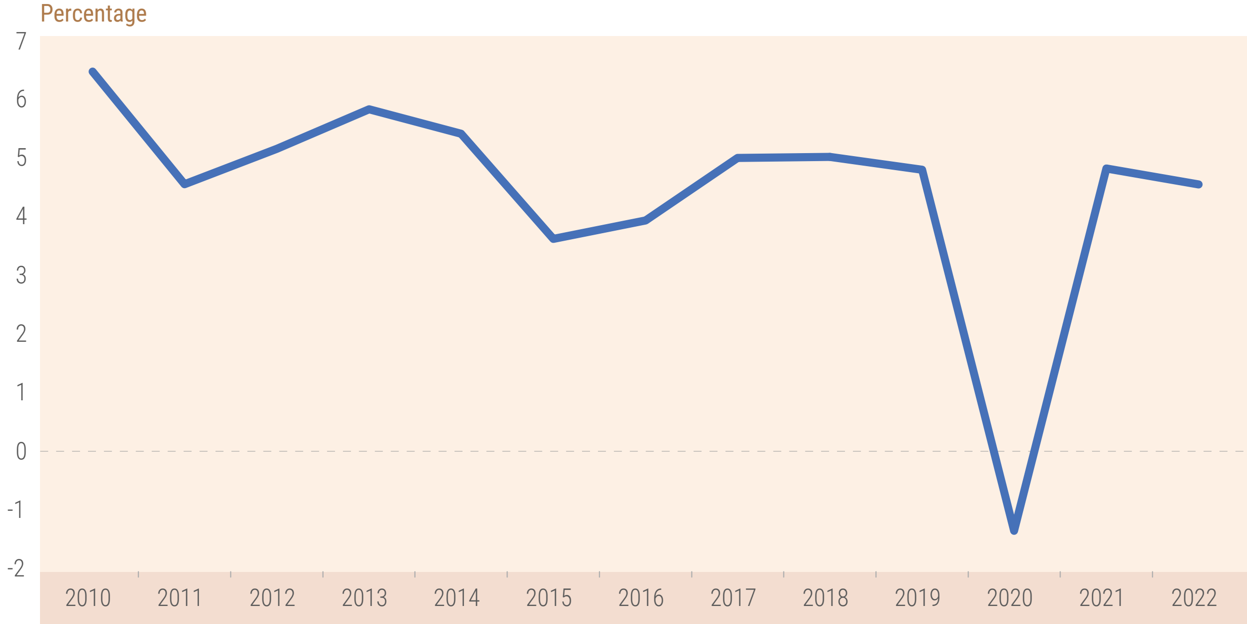
Should the headwinds related to the COVID-19 pandemic fade by mid-2021, economic activities are expected to resume in trading partner countries, and GDP growth in LDCs is expected to rebound in 2021, with few exceptions. The Department of Economic and Social Affairs forecasts a GDP growth of 4.9 and 4.6 per cent in 2021 and 2022, respectively. The rebound, however, may not be strong enough to offset the economic contractions experienced in 2020.

The five countries considered for a possible graduation at the triennial review in 2021 also present quite disparate economic situations (see figure VIII). Although Bangladesh, the Lao People's Democratic Republic and Myanmar will

Figure VII

Gross domestic product growth in least developed countries from 2010 to 2022

Percentage

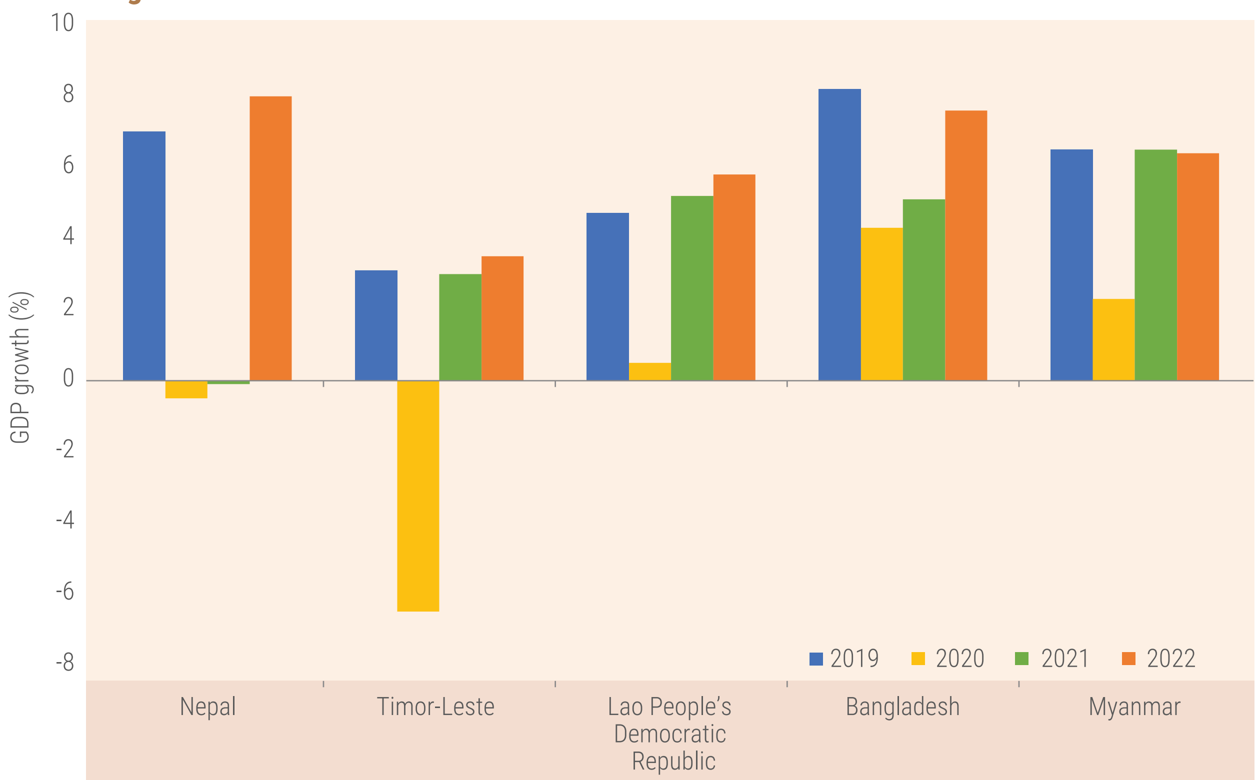


Source: United Nations (2021).

Note: GDP for 2020 is based on estimations, while GDP for 2021 and 2022 is based on figures from the World Economic Forecasting Model.

Figure VIII

Gross domestic product growth in the five least developed countries considered for graduation in 2021



Source: UN DESA (2021). 2021 and 2022 are forecast.

experience a significant slowdown in 2020, their manufacturing exports will remain resilient enough to maintain positive GDP growth. By contrast, Timor-Leste will be among the hardest hit economies in the LDC group in 2020.

Within the LDC group, the activity of industrial commodity exporting countries slowed markedly during the first half of 2020, reflecting the weakening demand in key trading partners and much lower commodity prices. This is the case, for example, of Angola, the Sudan and Timor-Leste.

A second group of countries facing deep economic contractions are islands relying specifically on tourism as a main engine of their economy, such as Kiribati, Sao Tome and Principe, Solomon Islands and Vanuatu. Finally, activity in many agricultural commodity exporting countries has also been affected, but less significantly than other LDCs.

Structural changes and medium-term growth slowdown

While some businesses, especially larger companies, are expected to rebound once the COVID-19 pandemic fades away, many others have gone bankrupt or face costly access to credit in order to stay afloat, preventing a full return to pre-crisis supply level. This is even more pronounced for small businesses operating in the informal sector, a reality in many LDCs. In addition, in order to adapt to the pandemic safety standards, many companies have had to adjust production and distribution operations, which will also change supply conditions in the medium term.

As a result, according to IMF, medium-term growth (measured as the cumulative GDP per capita growth from 2019 to 2025) will slow down. All country income groups are expected to experience a weaker medium-term growth than that projected before the pandemic, owing to a structural slowdown in China, a slow recovery of some oil prices and an overall modest economic expansion in developed countries (IMF, 2020b).

A more subdued medium-term growth represents a slower pace of development and a setback in the improvement of living standards, especially in LDCs, as they usually also face higher population growth and livelihoods in those countries are more fragile.

Poverty and inequality on the rise

After nearly 25 years of consistent poverty reduction, the COVID-19 pandemic is expected to reverse that global trend, as the toll is expected to be worse for the poor and vulnerable groups. According to the *Sustainable Development Goals Report 2020*, extreme poverty is expected to rise globally for the first time since 1998, from 8.4 per cent in 2018 to 8.8 per cent in 2020 (United Nations, 2020d).

The contraction of global GDP growth due to the COVID-19 pandemic, and likely increase in income inequality, will not only cause a large share of the population to slip back into extreme poverty, but it will also push those already in extreme poverty into deeper destitution (World Bank, 2020a).

There is substantial heterogeneity among LDCs, some of which had already observed rising poverty before the crisis. For example, the poverty rate increased from 36 per cent in 2000 to 52 per cent in 2018 in Angola and from 31 per cent in 2000 to 36 per cent in 2017 in Sao Tome and Principe.[16]

The aggregate poverty incidence in LDCs, which is estimated to have registered a stubborn 37 per cent level for women and 36.4 for men in 2019, is expected to increase by 2.4 percentage points for both groups (see UN-Women, 2020, annexes). As such, the COVID-19 pandemic will render it extremely difficult, if not impossible, for LDCs to achieve SDG1 by 2030 (see figure IX).

The COVID-19 pandemic is also expected to worsen inequalities, both vertical and horizontal, by disrupting the employment of low-skilled labour more severely, slowing down remittance flows and limiting employment prospects for less educated workers for several years to come (Furceri, Loungani and Ostry, 2020).

16 See World Bank, World Development Indicators database.

The impacts of the COVID-19 pandemic are not gender-neutral, as in many other crises. Women and girls are especially hurt by the resulting economic and social fallout. They are likely to be the first to be furloughed or laid off, owing to the male breadwinner norms. The unequal burden of unpaid domestic care work has also been exacerbated, leading to deteriorating mental and physical health and reducing time for paid employment and education (Staab, Qayum and Diallo, 2020).

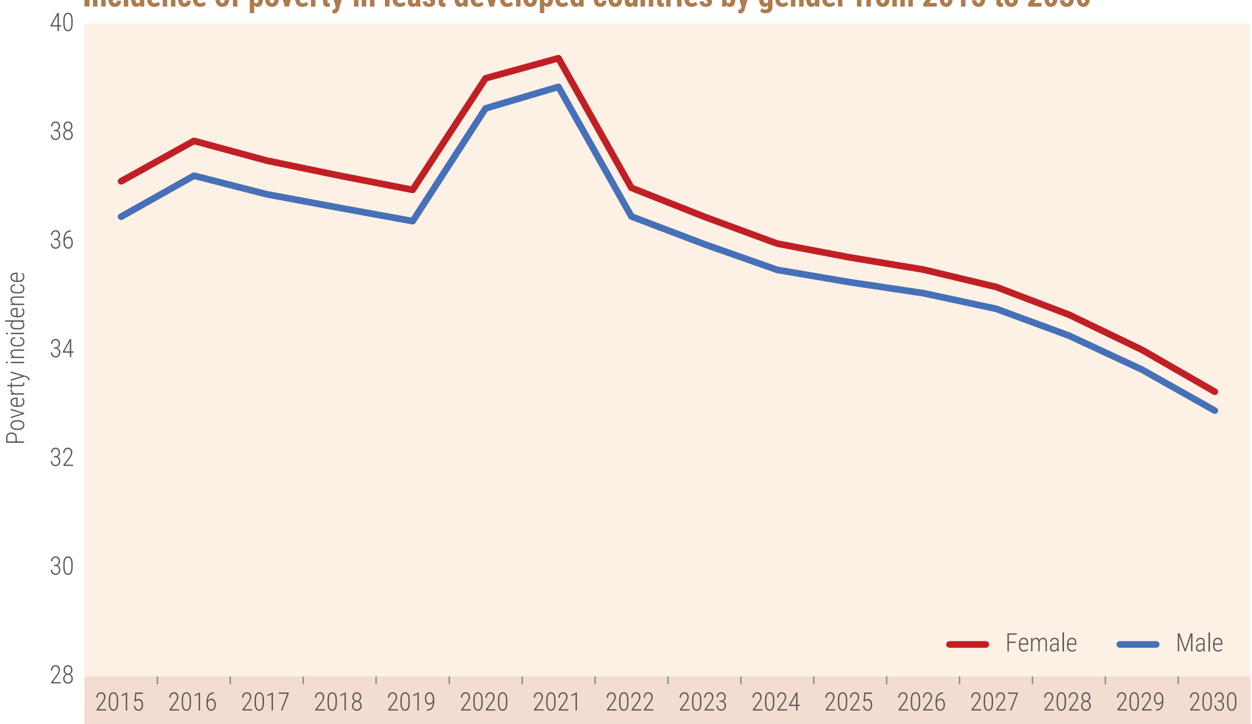
According to a new analysis commissioned by UNDP and UN-Women, it is expected that by 2021, some 435 million women and girls will be living on less than $1.90 a day, including 47 million pushed into poverty by the pandemic (UN-Women, 2020). More data are needed to estimate this trend more precisely in the specific case of the LDCs. Nevertheless, women will be at least as affected in LDCs as in ODCs.

The impacts are not just economic. The shift of funds to responses to the pandemic is hampering women's access to sexual and reproductive health. Violence against women is reported to have increased dramatically around the world, as a result of several factors related to the COVID-19 pandemic (e.g., job and income loses and unavailable support from social services) and has been exacerbated by stay-at-home orders, which trap women with their abusers, often with tragic consequences. All these factors are expected to derail the progress made in women's empowerment in recent years, including the achievement of SDG5 on gender equality.

Decline in employment and labour income

The workplace lockdowns have translated into a considerable decline in working hours, as a result of shorter working hours, the fact of being employed but not working, unemployment and inactivity, during the first three quarters of 2020. A detailed analysis of countries by income levels shows that, even though upper-middle-income countries and

Figure IX
Incidence of poverty in least developed countries by gender from 2015 to 2030



Source: UN-Women (2020).
Note: Data for 2020–2030 are poverty projections.

high-income-countries started to experience working-hour losses earlier in the year, lower-middle-income and low-income countries, which include almost all LDCs, were the hardest hit, experiencing more dramatic losses in both the second and third quarters (International Labour Organization, 2020).

The decline in working hours, and subsequent losses in income for workers, is more severe for workers in LDCs, as their businesses and workers are extremely vulnerable to and more easily disrupted by such shocks as the COVID-19 pandemic. A case in point is Myanmar, where 37 per cent of pre-crisis employment (7.3 million jobs) could be disrupted in 2020 (United Nations, 2020b). Disruptions include workers having to take unpaid leave, reduced earnings and working hours, or even complete loss of employment.

Lower-skilled labour tends to be more disproportionally affected. This is especially the case in the tourism and manufacturing sectors. Potential job disruptions in Myanmar could thus affect 51 per cent of employment in the manufacturing sector and 41 per cent in the accommodation and food sectors (United Nations, 2020b). The labour market challenges in LDCs are also aggravated by the return of migrants from countries laying-off migrants more disproportionately (see sect. B.3 on remittances above). In Myanmar, 150 000 workers had returned home by August 2020, increasing the labour supply and in dire need of livelihood opportunities.

Overall, there is a consensual understanding that the COVID-19 pandemic will affect labour markets to a much greater extent than past crises, and the effect is expected to be more pronounced in LDCs, where the informal sector is more prevalent and there is little or no coverage by any form of public social protection. This will also have medium- to long-term consequences on different human development assets in LDCs and the achievement of the SDGs.

Potential disruption in the health system with long-term negative effects

In addition to the direct health impact and increase in mortality due to COVID-19, it is expected that mortality will also increase as a result of indirect effects on the health system. In particular, if the COVID-19 pandemic causes widespread disruption to health systems and reduced access to food, large increases in maternal and child deaths are to be expected.

During the latest Ebola outbreak, use of health services decreased by 27.6 per cent and inpatient services by 44.3 per cent in high-incidence areas of West Africa (Roberton and others, 2020). Similar disruptions due to COVID-19 have already been observed in several LDCs, affecting both the provision and use of reproductive, maternal, newborn and child health services.

In Haiti, for example, a total of 47 per cent of women surveyed reported not having access to either maternal health or family planning services during the pandemic. Access to health services has become more difficult for 82 per cent of households owing to closed facilities or lack of resources to cover costs. Community leaders, health workers and non-governmental organizations also reported fear of contagion in health facilities as an important factor.

These observations lead to the conclusion that the COVID-19 pandemic could reverse years of progress in reducing maternal and child deaths, especially in LDCs with limited capacity to cope with the surge in demand and continue to provide adequate health assistance. The pandemic will therefore reverse decades of improvement in health outcomes and throw progress in reaching SDG3 further off track (United Nations, 2020c).

UNICEF is tracking the reduction in health, child protection, nutrition and Water, Sanitation and Hygiene for All services. As of September 2020,[17] average estimates of service reduction in LDCs was 13 per cent, even though UNICEF also reported several instances of new or increased services and the possibility that low reduction rates may also indicate low levels of pre-pandemic health services. Figure A.I.5 in appendix A.I shows average service reductions in 38 LDCs.

17 See UNICEF, Tracking the Situation of Children during COVID-19 database.

Education inequalities aggravated by the technological divide

The duration of school closures varies greatly among countries, leading to different impacts on the number of days of in-person teaching and learning lost, and ultimately on learning losses. Disruptions to education systems as a result of school closures have also brought school feeding programmes to a halt in many LDCs.

Even though countries across the world have experienced school closures, the average days of instruction missed in low-income and lower-middle-income countries is two to three times more than in high-income countries (United Nations Educational, Scientific and Cultural Organization, UNICEF and World Bank, 2020).

As a response, many Governments have shifted efforts towards remote learning. Not surprisingly, there are stark differences among income groups on the modalities used, reflecting the great inequality in access to technology. For example, online platforms were used in 95 per cent of high-income countries but only 64 per cent of low-income countries. Although these differences preceded COVID-19, the pandemic has further exacerbated the digital divide, with a disproportionate impact on poorer communities within and across countries.

In the longer term, prolonged absence from school is associated with lower retention and graduation rates and worse learning outcomes, in particular among segments of the population that are already disadvantaged.

Food insecurity on the rise

Even before the onset of the COVID-19 pandemic, hunger, as measured by the prevalence of undernourishment, was already on the rise. The pandemic is now aggravating that trend. Preliminary assessments based on economic growth scenario forecasts suggest that the total number of undernourished people may increase by 83 to 132 million people in 2020 (Food and Agriculture Organization of the United Nations, 2020). The World Food Programme estimated that the number of people facing acute food-insecurity would increase from 135 million to 265 million by the end of 2020,[18] with Burkina Faso, South Sudan and Yemen being at risk of famine in 2021 if the situation further deteriorates.

The situation is particularly critical in LDCs, which are affected by disruptions to imports and the effect of mitigation measures on supply chains and distribution networks. Cross-border trade disruptions will also contribute to food insecurity, as it prevents the movement of food from areas with a surplus to those with a deficit.

The pandemic will further increase food insecurity in LDCs that suffer from both a high dependence on agricultural imports and a depreciation of their currencies. A case in point is Haiti, where soaring food prices are a major concern. In August, according to the "Food Basket Bulletin", the value of the food basket had increased by 29 per cent on an annual basis. This increase in food prices was directly linked to the peak period of the COVID-19 pandemic, during which the country faced a sharp depreciation of the gourde against the United States dollar (-12 per cent between April and June 2020), in a context of heavy dependence on food imports.[19]

Overall attainment of the Sustainable Development Goals further compromised

The COVID-19 pandemic is expected to slow down or even reverse some of the gains made in the realization of the SDGs, as indicated in the *Sustainable Development Goals Report 2020* (United Nations, 2020c). In more than half of the LDCs, where the incidence of extreme poverty is above 20 per cent, a fall in income per capita and remittances will aggravate monetary poverty, but it may also have long-lasting effects on other dimensions of poverty, especially for the most vulnerable segments of the population (World Bank, 2020b). Deprivation is thus expected in other dimensions such as education, potentially with an increase in child labour, and sanitation.

18 World Food Programme, "COVID-19 will double number of people facing food crises unless swift action is taken", 21 April 2020.

19 Figures based on the response from the WHO office in Haiti to the questionnaire prepared by the Committee for Development Policy.

Even before the pandemic, it was increasingly unlikely that several SDGs would be achieved by 2030 in several parts of the world, in particular in many LDCs. As an example, the Committee for Development Policy alerted the Economic and Social Council already in 2018 (see document E/2018/33) that the world was not on track to achieve SDG1, which is central to the principle of "leaving no one behind". The same observation was made in the *Sustainable Development Goals Report 2020* (United Nations, 2020c).

The COVID-19 pandemic not only threatens to throw LDCs back many years in achieving SDGs on poverty, hunger, health and education, but it also exacerbates inequalities, further jeopardizing the achievement of SDG5 on gender equality and women's empowerment and SDG10 on reducing inequalities. Without putting human rights at the centre of the response to the pandemic, inequalities could increase even more during the recovery phase. While short-term reduction in environmental pollution may appear as progress towards achieving the SDGs focused on the environment, the pandemic may impose additional challenges in the long term. Resources spent on addressing immediate recovery needs may reduce further the scope for financing a green and sustainable transformation of economies, in particular in LDCs.

However, the crisis must not be an excuse for failing to achieve the SDGs. Rather, policy responses must put the SDGs first, to build equal and inclusive societies resilient to future shocks (United Nations, 2020a). These responses cannot be devised at the national level only, and require instead international cooperation within a reinvigorated multilateralism. To bring the world on track towards achieving the vision embedded in the 2030 Agenda for Sustainable Development, they must include a focus on the most vulnerable countries, the LDCs.

III Impact on least developed country graduation

Background and current graduation eligibility

The present chapter considers the impacts of the COVID-19 pandemic on LDC graduation by linking the negative impacts on development discussed in the previous chapter to the graduation eligibility determined by the LDC criteria.[20] The analysis distinguishes among LDCs on the basis of their current graduation status, for two main reasons. First, the Committee for Development Policy needs to pay special attention to the five countries that are considered for a possible recommendation for graduation in the 2021 triennial review. The emphasis has been therefore placed in the present chapter on the question of whether those countries are likely to remain eligible in spite of COVID-19-related challenges. Similarly, the Committee will pay special attention to the impact of the pandemic on graduating and recently graduated countries that it monitors annually and alert the Economic and Social Council in case where the impacts on graduation warrant further actions. During the triennial review, the Committee also identifies LDCs that meet the graduation criteria for the first time and that may, therefore, require specific attention between 2021 and the subsequent triennial review, in 2024. Second, the graduation process provides a timely opportunity for graduating countries to identify policy areas and support needs and to develop actions to address them, in consultation with their development partners. Consequently, the results of the present study and subsequent advice by the Committee on policy priorities and support needs may be particularly relevant for countries that may be graduating after the triennial review, that are already graduating or that are implementing their smooth transition strategies.[21]

Table 1 below groups LDCs in accordance with their graduation status and lists the criteria met in terms of the graduation thresholds. Countries become eligible if they meet two out of the three criteria (GNI per capita, HAI and EVI) or the income-only criterion, which requires a GNI per capita at least twice the normal graduation threshold.

20 For the latest LDC criteria, see LDC Identification Criteria and Indicators.

21 For an overview of the different stages of the graduation process, see Graduation from the LDC category and United Nations, 2018.

Table I

List of least developed countries by graduation status

With scheduled graduation date where available

Group	**Countries** (with scheduled graduation date, where available)	Criteria met
Graduating countries	Angola (12/2/2024)	Income only
	Bhutan (13/12/2023)	Income-only; GNI per capita, HAI, EVI
	Sao Tome and Principe (13/12/2024)	GNI per capita, HAI, EVI
	Solomon Island (13/12/2024)	GNI per capita, HAI
Countries recommended for graduation before 2021	Kiribati	Income only; GNI per capita, HAI
	Tuvalu	Income only; GNI per capita, HAI
Countries considered for graduation in 2021	Bangladesh	GNI per capita, HAI, EVI
	Lao People's Democratic Republic	GNI per capita, HAI, EVI
	Myanmar	GNI per capita, HAI, EVI
	Nepal	HAI, EVI
	Timor-Leste	GNI per capita, HAI
Countries meeting the eligibility criteria for the first time	Cambodia	GNI per capita, HAI
	Comoros	GNI per capita, HAI
	Djibouti	Income only
	Senegal	GNI per capita, HAI
	Zambia	GNI per capita, HAI
Remaining LDCs	30 countries	

Source: Committee for Development Policy secretariat.

Possible impacts on least developed country criteria and graduation eligibility in future triennial reviews

Impact of the COVID-19 pandemic on least developed country indicators

A review of the literature and inputs received, together with additional analysis, reveals that nine of the 15 LDC indicators can be expected to be clearly negatively affected by the COVID-19 pandemic. Table 2 below provides a brief overview of the main linkages between the pandemic and all LDC indicators. Whereas the income criterion consists of a single indicator, HAI consists of six and EVI of eight.

The LDC criteria scores for the triennial review in 2021 are based on data up to 2019, and therefore do not include any COVID-19-related impacts. These impacts are expected to be most visible in the subsequent triennial review, in 2024. As GNI per capita and four of the EVI indicators are based on three-year averages, data pertaining to 2020 and 2021 will be considered in the 2024 triennial review. Possible short- and long-term impacts on export and agricultural instability would lead to elevated EVI scores for many years, as these indicators use 20 years of data. While HAI indicators use the latest available data (so that short-term impacts might not be visible in the 2024 review), estimation techniques employed for the health indicators and time lags in data collection and production imply that both short- and long-term impacts may be visible in 2024 and beyond. COVID-19-related impacts on LDCs are expected to be heterogenous, not only because direct impacts differ across LDCs, but also because LDCs have different kinds of vulnerabilities. To illustrate this, appendix II contains a heatmap of those supplementary graduation indicators that reflect vulnerabilities particularly relevant in times of COVID-19. It shows that limited human assets and lack of productive capacities are key drivers of the heightened susceptibility of LDCs to COVID-19-related impacts. LDCs that managed to make more progress towards graduation appear less vulnerable than other LDCs.

Table II

Linkages between the Covid-19 pandemic and the least developed country indicators

LDC indicator	Main impact of the Covid-19 pandemic
GNI per capita	Decline in economic activity due to lockdown and reduced domestic and external demand reduces GNI. Additional impacts: pressure on balance of payments, changed expectations on future economic activity or reactions to monetary policy responses could affect exchange rates; economic disruptions and responses could affect inflation; increased mortality and changed fertility rates could affect population numbers; long-term negative impacts from increased poverty, reduced educational achievements and possibly reduced provision of public goods would affect future growth rates; long-term impacts on national and global production and consumption structures could also affect GNI per capita in LDCs, but the direction of change is unclear
Under-5 mortality rate	Only small direct impact due to low expected and observed mortality of children; potentially significant indirect impacts due to reduced access to and use of health and social services, reduced access to nutritious food and possible increase in poverty
Maternal mortality ratio	Indirect impacts due to reduced access to and use of health and social services
Stunting prevalence	Indirect impact due to possible increase in poverty and reduced access to nutritious food; mostly visible in the long term
Gross secondary school enrolment	Possible decline due to increased poverty, long-term school closures, lack of access to remote learning and increased dropouts; negative impact on enrolment expected to be smaller than impacts on completion rates and learning outcomes
Gender parity index for gross secondary school enrolment	The enrolment of girls could decline more than that of boys, for example as a result of early marriages
Adult literacy rate	Reduced access to education could reduce the number of young people who become literate. This could reduce future progress in increasing literacy, but not decrease current levels
Share of agriculture, forestry and fisheries in GDP	Agriculture production expected to decline less, if at all, than other sectors, such as mining, manufacturing and hospitality services, implying that the share of the agricultural sector might even rise; medium-term decline in agricultural activity, for example following reduced access to or affordability of agricultural inputs, could lead to lower shares of the sector in LDCs, but this appears less likely
Remoteness and landlockedness	Owing to the uneven impact of the COVID-19 pandemic on trade, geographic trade patterns and, therefore, remoteness scores may change, but the direction of change is unclear
Export concentration	Export products may be affected differently by the COVID-19 pandemic, with an impact on export concentration, but the direction of change is unclear
Export instability	Increase expected given the strong decline in exports in 2020 and the expected rebound in 2021/22
Share of population in low elevated coastal zones	No impact
Share of population in drylands	No impact
Agricultural instability	Possible negative impacts if access to agricultural inputs and value chains impaired
Victims of disasters	Epidemiological disasters not included in current indicator

Source: Adapted from Bhattacharya and Islam (2020).

Quantifying possible impacts for the 2024 triennial review

Given the constantly changing information on COVID-19 itself and the lack of real-time information on the LDC indicators and their components, quantifying possible impacts is inherently difficult. The results in the present section should therefore not be understood as forecasting 2024 triennial review outcomes, but rather as an illustration of possible consequences. The overall approach is cautionary, focusing on negative risks, and three scenarios have been considered. The first scenario is based on reviewing past changes in the LDC criteria over three-year intervals. Even though the

COVID-19 pandemic is the most severe global shock in the past decades, countries have faced severe idiosyncratic shocks in the past, the impacts of which may reveal information on the extent to which criteria scores can realistically worsen. To account for the specific nature of the pandemic shock, corrections have been made for changes attributed to indicators not affected by the pandemic and for impacts clearly attributable to non-comparable shocks (e.g., armed conflict), and clearly identified risk factors for country groups have been taken into account. Appendix III describes the approach in more detail. In this scenario, the income criterion is affected most strongly. GNI per capita is generally more volatile than HAI and EVI, not only because the latter two are composite indices, but also because it is subject to both real (economic and population growth) and nominal (inflation and exchange rate) fluctuations.

In the second and third scenarios, the analysis based on past shocks has been combined with explicit estimates for four of the indicators: GNI per capita, export instability, under-5 mortality rates and maternal mortality ratios (see appendix III for details). For forecasting GNI per capita in 2024, the forecasts by the IMF *World Economic Outlook* of October 2020 for GDP growth, GDP deflator and exchange rates have been used, together with forecasts for population growth from the Population Division of the United Nations. Alternative GDP growth forecasts by the Department of Economic and Social Affairs and the World Bank have been used for robustness checks. While the IMF forecasts have been used as given in scenario 2, the assumption in scenario 3 is a delay in recovery by one year, in the sense of no growth in income in 2021. Similarly, the *World Economic Outlook* forecasts for export growth for 2020 to 2022 have been used to forecast export instability values for 2024. In scenario 3, the assumption of an additional permanent shock to exports of 10 per cent for 2020 to 2022 has been made.

Even though a small but growing literature has emerged that researches the impact of COVID-19 on child and maternal mortality (Roberton and others, 2020),[22] systematic forecasts on future under-5 mortality rates and maternal mortality ratios remain unavailable, as substantial information on direct and indirect mortality impacts is not available yet for most countries. Consequently, country-specific estimates on indirect impacts of COVID-19 on child and maternal mortality by Roberton and others have been considered. However, those estimates are based on identical reductions of health service provision and use during the pandemic, rather than country-specific information. Moreover, health service use may have resumed by 2022 (the year for which information will be used in the 2024 triennial review), successful policy interventions may have reversed interruptions in 2020, or surveys used to derive international mortality estimates may be unable to detect COVID-19 impacts. Nevertheless, the estimates by Roberton and others may still be informative to quantify risks of worsening performance in under-5 mortality rates and maternal mortality ratios. As noted in chapter II, many countries observed various disruptions in health services, in particular in spring 2020, though many also managed some “catching-up” later in 2020. Scenario 2 envisages intermediate reductions of services over 6 months, whereas scenario 3 uses the most extreme (and unlikely) scenario in the study by Roberton and others, with high reductions over 12 months.

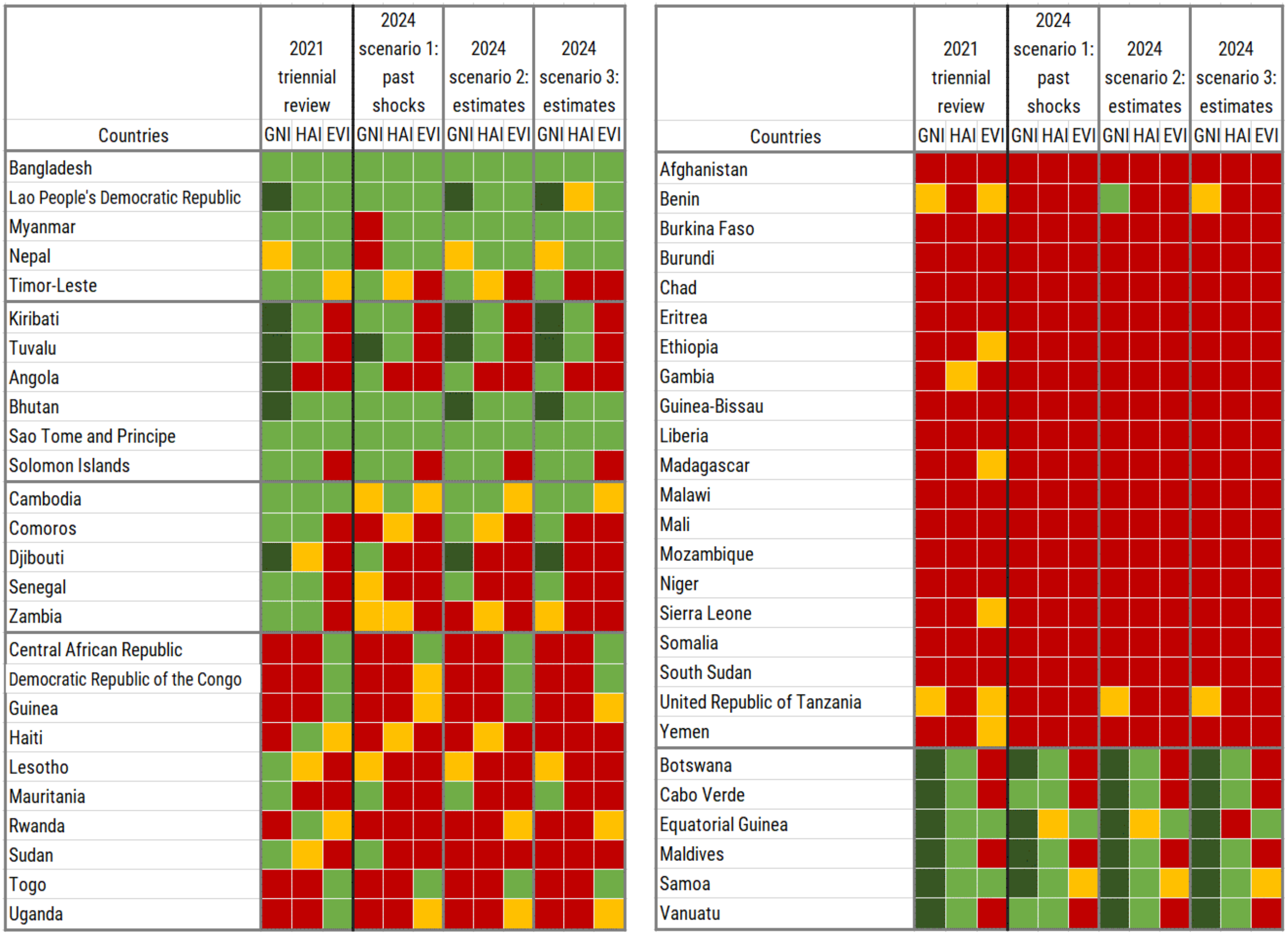
These three scenarios have been used to calculate hypothetical LDC criteria scores for the 2024 review, which have been compared with the 2021 values to assess risks to eligibility. The results are summarized in figure X, which lists all LDCs and, at the bottom, graduated countries, sorted by graduation status.

Figure X shows that, despite the significant expected impacts on such indicators as health service use, poverty rate or GDP growth discussed in the previous chapter, the risks of negative impacts on graduation eligibility appear to be more limited. There are two main reasons for this. First, LDC indicators and criteria are geared towards reflecting medium- and long-term trends, so that temporary shocks are by design and intention only partially reflected. In fact, whereas the scenarios (except for GNI forecasting) are designed towards worsening criteria scores, it is well possible that the negative impacts of the COVID-19 pandemic will translate for many LDCs into reduced or stalled progress towards the LDC graduation criteria, rather than outright regression. Second, most graduating countries or countries considered for graduation have passed graduation thresholds with significant margins, so that a worsening of criteria scores caused by the pandemic has not moved those countries below the thresholds. Several countries have also met all three criteria, so that even a pushback on one criterion would not cause ineligibility.

22 See also the subsequent literature listed at Global Health, The Lancet, vol. 8, Issue 7 (July 2020).

Figure X

Possible impacts of COVID-19 pandemic on graduation eligibility in three scenarios



Source: Committee for Development Policy secretariat.

Note: Green: countries meeting the graduation threshold (dark green: countries meeting the income-only threshold); orange: countries failing to meet the graduation threshold but passing the inclusion threshold; red: countries failing to meet any threshold. Countries are ordered in accordance with their status in the graduation process at the time of the 2021 triennial review of the list of LDCs. Countries already graduated from the list are at the bottom.

Nevertheless, there are several countries facing significant negative risks to graduation eligibility:

- Timor-Leste misses eligibility in all three scenarios, owing to its small margin in meeting HAI. Even though it meets the income threshold in all scenarios, its medium- to long-term income eligibility may also be questionable, owing to the uncertain prospect of its oil and gas industry and the planned depletion of its wealth fund over the next decade.
- Angola misses graduation eligibility in all three scenarios but would not meet thresholds to be readmitted to the LDC category. Its income has been declining since 2018, and the country failed to invest sufficiently in social sectors and export diversification during its long oil-driven boom. The gloomy GNI forecasts are less the result of negative economic growth, which IMF expects to recover in 2021, as that of the massive devaluation of its currency in 2020, which is expected to persist and not be fully compensated by higher inflation.
- Among countries meeting the graduation criteria for the first time in 2021, Cambodia and Djibouti miss eligibility in the first scenario, and the Comoros, Senegal and Zambia in all three. This is caused by relatively low margins, as well as, in the case of Zambia, expected devaluation.
- Of the 10 countries meeting one criterion, 7 appear at risk of failing it in the future. This underscores that deteriorating the prospects of future graduations could be a key impact of the COVID-19 pandemic on LDCs.

Implications for the 2021 triennial review

The results have direct implications for the 2021 triennial review, which differ not only by risk to future eligibility, but also by graduation status.

For countries to be considered for graduation in 2021 that appear at risk of failing the eligibility criteria in 2024 (i.e., Timor-Leste), a deferment by the Committee for Development Policy to the 2024 triennial review can be justified by the findings of the present study (as well as by the detailed country assessments and the arguments put forward by the Government during the consultations). The deferment would also allow the Committee to review in 2024 whether the risks to graduation eligibility associated with the COVID-19 pandemic (and other factors) have materialized. Should Timor-Leste no longer meet the criteria, no further action would be required, as the country would have the same status as any other non-eligible LDC. Should the country continue to meet the criteria, the Committee could take appropriate action on the basis of the information available in 2024.

For countries that can be assumed to remain eligible on the basis of their meeting the LDC criteria in 2024 and beyond, the impacts of the COVID-19 pandemic would not justify deferring a recommendation by the Committee to graduate them. However, the significant negative impacts of the pandemic must be factored into the graduation process. First, addressing graduation in parallel to addressing the pandemic poses additional demands on planning processes. Second, if the pandemic interrupts ongoing structural transformation processes, LDC-specific international support measures, such as duty-free and quota-free market access, remain valuable for a longer period. This might call for prolonging the time during which countries may have access to such measures. Third, the pandemic might re-emphasize existing support needs or reveal new ones that could be met by development partners. These needs could be addressed through the consultative mechanism that graduating countries are invited to set up with their development and trading partners.

There are four complementary ways in which the graduation process of these countries can address the impacts of the COVID-19 pandemic. The first is an extended preparatory period prior to graduation. In principle, countries could graduate in the fall of 2024 or early 2025, depending on the date on which the General Assembly takes note of the recommendation for graduation by the Committee. Whereas the standard length of the preparatory period is three years, the actual length is determined by the Assembly, that is, collectively by the States Members of the United Nations. However, the Committee will include in its recommendation a statement as to whether the standard three-year preparatory period is appropriate or whether an extended period, not exceeding five years, is appropriate. Disasters have been used in the past as justification for extending preparatory periods on an exceptional basis in ongoing graduations (Maldives in 2005, Samoa in 2010 and Vanuatu in 2015), and a pandemic such as COVID-19 certainly justifies a similar treatment. During the preparatory period, the country remains an official LDC with access to LDC-specific international support measures. An extended preparatory period becomes binding on all providers (or at least on those for which the official LDC list is mandatory) without need for additional negotiations. Given the global nature of COVID-19, providing a longer preparatory period for all countries recommended for graduation in 2021 because of the pandemic may be more appropriate than resorting to country-specific justifications.

The second route is an extended, but still limited, transition period after graduation during which LDC-specific support is withdrawn. Transition periods differ according to providers. For example, the European Union currently continues to grant duty-free quota-free market access for three years after graduation, while countries such as Australia and Canada often provide even longer periods. Other countries, such as China or Japan, typically withdraw trade benefits relatively quickly. Most recently, the General Assembly adopted a resolution inviting development and trading partners to grant Vanuatu access to existing international support measures for five years after graduation in those areas (trade, aid for trade and travel support) that Vanuatu had identified as priorities in its transition strategy, as it has been hard hit by the COVID-19 pandemic and Cyclone Harold earlier in 2020. Moreover, the LDC Group at WTO proposed to extend all LDC benefits under WTO for graduating countries for a period of 12 years (WTO, document WT/GC/W/807, annex). Collective negotiations on extending transition periods reduce bargaining costs and increase leverage, in particular if negotiations are part of broader negotiation processes, such as the fifth United Nations Conference on the Least Developed Countries or the

WTO General Council. Country-by-country approaches, however, might facilitate focus on those international support measures most valuable to the country concerned.

The Committee includes in its graduation recommendation suggestions for policy priorities and support needs, such as proposals for extending the transition period of specific international support measures, where relevant. Moreover, the Committee is highlighting the need for longer transition periods for some of those measures in its input to the fifth United Nations Conference on the Least Developed Countries. Naturally, such proposals require additional negotiations or voluntary actions by development and trading partners to become effective.

Third, the COVID-19 pandemic further underscores the need for additional support during and after graduation for a certain time period to address graduation-related challenges. The country-specific suggestions by the Committee, as well as its broader proposal on graduation support for the fifth United Nations Conference on the Least Developed Countries (see also chap. IV), provide entry points. These could be important inputs to the aforementioned consultative mechanism, as well as to deliberations in relevant international fora.

Fourth, the COVID-19 pandemic also highlights the importance for the Committee to monitor graduating countries. An enhanced monitoring mechanism (see chap. IV) would enable the Committee to alert the Economic and Social Council and the international community of the need for further action on graduation, whether by means of extending the preparatory period or by means of additional support.

The four points above would also apply to currently graduating and recently graduated countries, enhanced monitoring being particularly important. Overall, currently graduating countries are using very few existing international support measures or have already secured alternative preferences. Additional support may therefore be more effective in addressing COVID-19-related impacts on graduation than extending preparatory and transition periods, even though the increased burden on national development planning processes needs to be taken into account. Similarly, enhanced monitoring would also assist in reviewing and addressing the impacts of the pandemic on recently graduated countries.

Special consideration is also necessary for countries meeting the graduation criteria for the first time. While more information on the impacts of the COVID-19 pandemic on those countries will be available in 2024, when the Committee considers a possible recommendation, most of them meet the criteria only marginally and appear at risk of failing the graduation criteria in 2024. Relevant United Nations entities should therefore carefully monitor the progress of those countries in the coming years, including vis-à-vis the LDC criteria and the new supplementary graduation indicators. The countries themselves and their development partners should also use the time until the next triennial review to build knowledge on graduation in order to prepare themselves for possible future graduation.

IV International support for least developed countries

As described in chapter II, the severe impact of the crisis is exacerbating already existing problems in many LDCs. Government responses to the questionnaire sent out by the Committee for Development Policy on the impact of the crisis show that the additional public expenditure needed to combat the pandemic and its consequences has had crowded out other essential public expenditure. This implies a likely worsening of problems already existing before the crisis and an increased need for external assistance.

Review of ongoing international support

Overview

The sudden and global nature of the crisis and its magnitude have led technical and financial development partners to react quickly to minimize its impact in the most vulnerable countries. While financing needs remain uncertain, the World Bank estimated that pandemic-related external financing gaps for IDA countries, some two thirds of which are LDCs, could be in the range of $25–100 billion per year.

As a result, a multiplicity of support initiatives has emerged, targeted at three areas: managing the health emergency; cushioning the economic and social shock; and preparing for the post-COVID-19 reconstruction period. In addition, creditors have started to consider suspending debt service payments and possible debt restructuring or cancellation.

A detailed review of this support is difficult, not only because of the evolving nature of the crisis, but also because available information often does not distinguish between additional support and the reallocation of existing programmes.

The ongoing analysis[23] of flows reported to the International Aid Transparency Initiative shows for 2020 a worrisome significant decrease in commitments and a slight decrease in disbursements of ODA from bilateral partners.[24] However, both commitments and disbursements of international financial institutions have significantly increased, while other development financing flows[25] have been declining from all groups of providers. Overall, commitments for development financing have thus slightly decreased in 2020, indicating the risk that financial support will be insufficient when LDCs need to rebuild. The analysis also indicates a shift towards multilateral support, which may provide opportunities for more coherent international support. While the analysis does not directly provide information on LDCs, the increase in the share of development financing going to countries with high poverty rates and the decline of the share going to upper-middle-income developing countries could point to a slight increase in attention directed to LDCs.

Multilateral support

Key information on multilateral initiatives is listed below. It should be noted that the amounts mentioned cannot simply be added, as funding amounts may include funding from not only bilateral but also multilateral partners. Information is as of mid-December 2020.

- The Access to COVID-19 Tools (ACT) Accelerator is a major global initiative to coordinate efforts in four pillars: diagnostics, treatments, vaccines and health systems. Under the vaccine pillar, COVAX, the GAVI Alliance has created an advance market commitment system that has enabled 92 low- and middle-income countries, including all LDCs, to participate in the mechanism. Secured funding for the ACT-Accelerator is \$5.6 billion, including \$2 billion for the COVAX advance market commitment, while funding gaps amount to \$27.6 billion and \$5 billion, respectively. This has been far from sufficient for universal vaccination, resulting in a highly inequitable distribution. Most of the population of high-income countries should be vaccinated by 2021, but that of low-income countries is not expected to be before the end of 2023, if ever. While COVAX was put in place as a multilateral and multi-stakeholder partnership to ensure equitable distribution, bilateral contracts have consumed most of the supply. At the time of writing, the wealthiest countries, which account for 16 per cent of the global population, had secured 60 per cent of the 72 million available doses, thus leaving little of the limited supply to the rest of the world. The Secretary-General of the United Nations has called on Member States and companies to take action to ensure that vaccines against COVID-19 are made a global public good that is universally accessible.
- The WHO COVID-19 Technology Access Pool promotes the sharing of intellectual property and scientific knowledge. While it could accelerate the development and manufacturing of relevant health products, it has been supported by 41 countries only and received very limited financial support.
- In April 2020, the United Nations adopted the Framework for the Immediate Socioeconomic Response to COVID-19, covering five pillars: (a) health first: protecting health services and systems during the crisis; (b) protecting people: social protection and basic services; (c) economic response and recovery: protecting jobs, small and medium-sized enterprises, and the informal sector workers; (d) macroeconomic response and multilateral collaboration; and (e)

23 See Development Initiatives (2021).

24 A more comprehensive analysis is available in the Financing for Sustainable Development Report 2021 *of the Inter-Agency Task Force on Financing for Development of the United Nations*.

25 This includes other official flows (for example, non-concessional development financing or export credits) and any other development flows reported by official actors.

social cohesion and community resilience. Guided by the framework, as at 28 October 2020, 109 of 131 United Nations country teams had finalized socioeconomic response plans, covering 38 of the then 47 LDCs. In addition, essentially all United Nations entities that provided input to the present study reported that they had integrated COVID-19 into their operational and analytical work.

- To leverage those plans, the Secretary-General of the United Nations has set up a COVID-19 response and recovery trust fund, which to date had received funding of $64 million, or 6 per cent of its target.
- The WHO Strategic Preparedness and Response Plan coordinates COVID-19 support in the area of health. It has received $1.6 billion in funding (of the targeted $1.7 billion) from countries, multilateral funds and programmes, philanthropic institutions and the private sector.
- The Office for the Coordination of Humanitarian Affairs coordinates the Global Humanitarian Response Plan for COVID-19 to assist 63 vulnerable countries where humanitarian and health needs appear more urgent. Funding requirements amounted to $10.3 billion for 2020, including $4.7 billion for the LDCs, of which 34 per cent have been funded.
- IMF provides emergency support through two dedicated mechanisms: the Rapid Credit Facility, available to low-income countries, and the Rapid Financing Instrument, available to all IMF members. It also provides debt relief through the Catastrophe Containment and Relief Trust, available to 29 poor and vulnerable countries, 28 of which are LDCs. Moreover, it provides support through its Extended Credit Facility and other existing programmes. IMF provides funding to 83 countries for a total amount of more than $100 billion, including $8 billion for 37 LDCs. Of that amount, $4.3 billion are from the Rapid Credit Facility, $1.8 billion from the Extended Credit Facility and other funds, $1.5 billion from the Rapid Financing Instrument and $470 million from the Catastrophe Containment and Relief Trust. While LDCs receive only a small fraction of overall IMF support, their share in the most concessional forms are far higher, with 55 per cent for the Rapid Credit Facility and 96 per cent for the Catastrophe Containment and Relief Trust.
- The World Bank Group announced that up to $160 billion in financing would be available by June 2021 to address the crisis in developing countries. Actual commitments as of September 2020 stood at $43 billion, including $25 billion for IDA countries (which include all LDCs except Angola). These amounts include the COVID-19 Fast Track Facility, which funds projects in 80 countries for a value of $5 billion, of which $1 billion goes to 34 LDCs.[26] In addition, the International Finance Corporation and the Multilateral Investment Guarantee Agency also implement projects in selected LDCs and in regional projects benefiting LDCs, for an amount of $645 million for the Corporation and $471 million for the Agency.
- The African Development Bank created a $10 billion fund in April 2020 to help African countries to deal with the health and socioeconomic crisis, while the Asian Development Bank set up a $20 billion fund in April 2020 to fight COVID-19 and its consequences. As of November 2020, support by the Asian Development Bank for LDCs in Asia stood at $2.1 billion. In the Americas, the Inter-American Development Bank has announced a $60 million grant to Haiti, in addition to reassigning existing funds.[27]

Bilateral support

Team Europe, which includes the European Union and its member States, the European Investment Bank and the European Bank for Reconstruction and Development, has committed more than €38 billion ($46 billion) to help developing countries to cope with the COVID-19 crisis. This includes development cooperation and humanitarian assistance by the European Commission to LDCs in an amount of about €2.6 billion.

26 See World Bank Group's operational response to COVID-19 projects list.

27 For an assessment of multilateral and regional development bank responses, see Humphrey and Prizzon (2020).

The OECD Development Assistance Committee member countries all report on their projects to combat COVID-19 and its consequences, often including on the overall amounts made available. However, the lack of precise data by recipient country makes it generally impossible to assess the portion of those amounts that flows to LDCs. Examples of development assistance to combat COVID-19 include: $1.6 billion from the United States Agency for International Development;[28] $1.9 billion from France for action in the most vulnerable countries;[29] $1.38 billion reallocated by Germany,[30] with additional funds of $3.77 billion to be provided in 2020/21 and an additional $550 million for humanitarian assistance; $1.5 billion from Japan for the fight against the pandemic, and up to $4.5 billion as loans to support developing economies;[31] $500 million from the Republic of Korea for humanitarian assistance and health system support (of which some 45 per cent are for LDCs), with long-term socioeconomic support under discussion; $3.6 million from Portugal in the form of bilateral support, in addition to support for multilateral institutions often targeted to Portuguese-speaking LDCs; and $7.8 million from Austria for support for individual LDCs.

Southern providers have also increased their support, although information is often sparse. China has pledged $2 billion in aid over two years, with priority for developing countries.[32] India has contributed $14 million to a COVID-19 emergency fund (to 90 countries) and directly supported neighbouring LDCs with $2.8 million.[33] In January 2021, India also started donating COVID-19 vaccines to neighbouring countries. Turkey provided more than $1 million in financial assistance to 10 LDCs, in addition to donating medical equipment, food aid and other assistance. Kuwait, Qatar, Saudi Arabia and the United Arab Emirates also provided support both directly to countries and through multilateral channels.

Debt Service Suspension Initiative

In April 2020, the G20 adopted the Debt Service Suspension Initiative, available to IDA countries and LDCs that are current on debt service to IMF and the World Bank, that is, a total of 72 countries.[34] Participation is conditional upon committing to using the gained fiscal space for crisis management expenditure, not incurring further non-concessional debt during the suspension period and being fully transparent with regard to public sector financial commitments.

Initially, only public debts contracted with bilateral donors from the Paris Club of Industrial Country Creditors and the G20 were covered. However, the G20 agreed on 13 November 2020 not only to extend debt suspension until June 2021 but also to strengthen coordination among Paris Club and other G20 members and include private creditors by requiring debtors to seek similar debt treatment from all other official bilateral and private creditors.[35] It is not clear, however, what the involvement of multilateral actors will be.

Importantly, the new DSSI framework also paves the way for debt cancellation or forgiveness “in the most difficult cases”[36]. As of February 2021, Chad, Ethiopia and Zambia had already decided to use the new framework. However, in contrast to the earlier Heavily Indebted Poor Countries Initiative, debt cancellation will be considered on a case-by-case

28 See USAID’s COVID-19 response.

29 France, Ministry of Europe and Foreign Affairs, “COVID-19: Aid to Africa”, 17 February 2021.

30 Germany, Federal Ministry for Economic Cooperation and Development, Emergency, “COVID-19 support programme: we will either beat COVID-19 worldwide or not at all”, 2020.

31 Japan, Ministry of Foreign Affairs, “Japan’s aid policies to COVID-19 for developing countries”, December 2020.

32 China, Ministry of Foreign Affairs, “President Xi Jinping makes statement at the virtual event of the opening of the 73rd World Health Assembly”, 18 May 2020.

33 Shemin Joy, “India committed COVID-19 aid to 150 countries, says Prime Minister Modi”, Deccan Herald, 29 October 2020.

34 For more details, see World Bank, “Debt Service Suspension and COVID-19”, 12 February 2021.

35 See G20 Finance Ministers and Central Bank Governors, statement of the Extraordinary G20 Finance Ministers and Central Bank Governors’ Meeting (virtual), Riyadh, 13 November 2020.

36 Ibid.

basis, in a much less systematic way. On the other hand, it will entail coordination among more creditors, since non-traditional donors and the private sector should be involved in the negotiations.

As at 1 March 2021, the potential savings offered by the initiative amounted to $10.1 billion for all 41 LDCs for which estimates were available.[37] Of those 41 LDCs, 30 had requested to benefit from the DSSI, which represents a potential gain of $7.9 billion. The potential gain varies greatly from country to country: nearly 16 per cent of GDP for Bhutan, which does not participate in the DSSI, but less than 1 per cent for 26 LDCs (see figure A.I.6, appendix A.I, for details).

Despite the welcome reprieve that debt suspension could give to participating LDCs, the DSSI has been criticized as insufficient (see, for example, Fresnillo, 2020) and Volz and others (2020)). From an LDC perspective, the main issues include:

- Limited uptake by LDCs. Only 29 of 42 eligible LDCs are participating. Non-participating LDCs include countries such as Haiti and the Lao People's Democratic Republic, which are at high risk of defaulting and would potentially realize substantial savings. The persistent stigmatization of IMF programmes and the fear of repercussions on financial ratings are possible explanations.[38]
- Insufficient involvement of private creditors. While the extension agreed in November creates incentives to include private creditors, it remains to be seen whether these are effective.
- Insufficient scope. Potential savings of the DSSI are only a relatively small fraction of external debt servicing in 2020 and 2021, and even much smaller if compared with total external debt. Moreover, mere suspension of debt servicing risks postponing problems, rather than solving them. While the new framework acknowledges the issue, its effectiveness may be questionable. A key reason for the limited scope is the exclusion of multilateral lenders from the DSSI, even though they account for more than a third of total external debt stocks and their role as providers of development financing is increasing, as discussed above. IMF is providing some debt relief under its Catastrophe Containment and Relief Trust (see above) outside the DSSI, but there are currently no debt relief mechanisms put in place by the World Bank or regional development banks.
- Lack of speed. While being part of the DSSI, Zambia defaulted on its debt in November 2020,[39] highlighting the urgency of the problem.

Priorities for enhanced support for least developed countries

The review above shows a multitude of international support initiatives highly relevant to the LDCs. At the same time, however, it also shows that the proposed initiatives fall short of the support needs. The amounts mobilized by the international community to assist LDCs may seem large, but the needs and funding requirements of most of them were so great before the crisis that the additional funding may not be adequate to meet the challenges that these countries face. Scaling-up will be therefore paramount to reduce the risk of LDCs slipping further behind. The review also shows that these initiatives typically do not specifically target LDCs but subsume them under broader concepts of vulnerable countries. It would be advisable to call for targeted priority support for LDCs within broader initiatives and to consider LDC-specific modalities. This applies not only to efforts directly targeted at the COVID-19 pandemic and its impacts, but also to broader initiatives that could provide global insurance against future pandemics and other global threats, in particular non-linear climate risks. Scaling-up should not increase debt burdens further, reinforcing the need to use grants as the primary modality of support for LDCs. The Financing for Development in the Era of COVID-19 and Beyond Initiative, co-led by Canada, Jamaica and the United Nations, already contains many policy options targeted or highly relevant to LDCs. Development partners should accord particular attention to those options. Beyond such general recommendations, several areas deserve priority consideration.

37 There were no data for Kiribati, South-Sudan and Tuvalu, while Eritrea and the Sudan were excluded owing to arrears in payment to IMF.

38 World Bank, "Debt service suspension initiative: Q&As", 21 December 2020.

39 BBC News, "Zambia on brink of defaulting on foreign debt", 13 November 2020.

Access to vaccines and strengthening public health systems

As noted above, programmes to give LDCs access to vaccines and essential medicines exist. Priority access or specific modalities for LDCs within programmes such as the ACT-Accelerator could be important. However, the COVAX initiative remains severely underfunded, contributing to the high risk that LDCs will come last in global vaccination efforts. Failing to achieve universal access to vaccination would not only violate the "leaving no one behind" principle but also hamper efforts towards a global economic recovery. An effective mechanism for equitable access to vaccines needs to go beyond procuring vaccines by mobilizing the global manufacturing capacity, including in LDCs, to a much larger extent. This underscores an important link between expanding access to COVID-19 vaccines and expanding productive capacities. Considering vaccines as a global public good, as called for by the Secretary-General, among many, requires massively scaling up production, which in turn may include removing obstacles created by intellectual property rights. For example, the WTO General Council is currently considering a proposal tabled by India and South Africa to suspend certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights while the pandemic is ongoing, which is a very welcome initiative.

The pandemic also demonstrated that pharmaceutical interventions, treatment technology and lockdowns are insufficient. Effective responses to COVID-19 and any possible future pandemic require robust public health infrastructure and enabling testing, tracing and isolation as the backbone of pandemic control. However, public health remains severely underfunded in most LDCs, despite its relatively low costs. This highlights the need for the international community to support national efforts to build public health capacity.

Additional attention and support should be given to the sharing among LDCs of their experience in designing and implementing national pandemic response policies, as many LDCs have used different strategies to control the spread of the disease effectively. Importantly, the sharing should include experiences in ensuring that pandemic control does not only aim at containing the spread of the disease but also at managing the socioeconomic crisis and rising inequality. The pandemic has also shown that many non-State actors in LDCs have been able to develop innovative technical solutions to mitigate the crisis, be they for the distribution of food and medicines, the use of community radio or the development and adaptation of health tools and personal protective equipment. Such solutions should be supported by the international community and included in shared-learning programmes.

Effective debt relief

As noted above, the DSSI is not sufficient to address the debt vulnerabilities of many LDCs. As a matter of fact, many LDCs and development partners have highlighted the importance of including debt issues in a response to the COVID-19 crisis. Whereas the debt vulnerabilities of several LDCs preceded the pandemic, the ongoing crisis has aggravated the crisis in those countries and spread it to new ones. More comprehensive debt relief proposals, going beyond the DSSI framework, are therefore needed. The Heavily Indebted Poor Countries Initiative that started in 1996 and the subsequent Multilateral Debt Relief Initiative provided extremely useful experiences and led to debt relief of more than $100 billion for 37 countries, of which 31 are LDCs. However, debt relief mechanisms in the context of COVID-19 need to address six key elements of the current debt landscape.[40]

a. **Composition of bilateral creditors**. Non-Development Assistance Committee countries have emerged as key bilateral creditors, with China alone holding almost 20 per cent of all public and publicly guaranteed debt of all LDCs combined. This dominant role is even more pronounced when looking at scheduled debt servicing over 2020 and 2021, where the share of China amounts to more than 25 per cent and the share of other non-Development Assistance Committee countries to more than 11 per cent. However, the importance of creditors varies widely by LDC, underscoring that debt relief mechanisms need to involve a range of key creditors.

40 For the debt landscape, see also figure A.I.2 in appendix A.I, which shows the total external debt-to-GNI ratios in LDCs, by main creditors. See also United Nations (2019) on the challenges for debt restructuring caused by the changing composition of debt.

b. Involvement of multilateral financial institutions. The World Bank is the largest single creditor to LDCs. Jointly, all multilateral creditors account for more than half of the total public and publicly guaranteed debts of LDCs. Even though the share falls to 28 per cent when considering debt servicing over the next two years, debt relief by multilateral institutions is still essential. The IMF Catastrophe Containment and Relief Trust programme is important but requires scaling-up, and other multilaterals need to be included. The observed shift in ODA from bilateral to multilateral providers during the pandemic further underscores this issue, as multilateral financial institutions often provide support in form of loans. Involving such institutions in debt relief requires that they be provided with adequate resources to provide debt relief. As noted by Volz and others (2020), this could be achieved, for example, by means of bilateral contributions, the proceeds of gold sales or the issuance of new special drawing rights and the establishment of a special fund allowing LDCs to benefit from unused special drawing rights.

c. Private creditors. While debt to private creditors is relatively less important for many LDCs than for non-LDCs, which have better access to bond and credit markets, it is nevertheless a key issue for some LDCs. This highlights the importance of incorporating debt to private creditors in debt relief programmes. A key issue is also the need to resolve differing views on the classification of certain important lenders, such as the China Development Bank, as either official or private creditors.

d. Private debt. Although debt relief necessarily focuses on public and publicly guaranteed debt, external debt by private (non-government) firms often not only exacerbates external imbalances but also affects government finances, owing to implicit guarantees. While private debt is generally lower in LDCs than in non-LDCs, not least because of more limited access to international credit markets, it is an issue in several highly indebted LDCs.

e. Focus on LDCs. Debt problems are not restricted to LDCs, and many LDCs have been able to avoid external debt problems. Moreover, international debt issues have traditionally been discussed by and in the context of multilateral financial institutions, which do not recognize the LDC category for operational purposes. The lack of a debt relief mechanism exclusively for LDCs should therefore not be surprising. The explicit recognition of LDCs in the eligibility criteria of the DSSI would be welcome, even though this would affect only Angola. Still, as LDCs represent about three quarters of DSSI-eligible countries and about half of the total debt of DSSI countries, there is a risk that the specific situation of LDCs may not be adequately addressed.

f. Channelling debt relief into sustainable development. There already exist proposals designed to link debt relief to the 2030 Agenda (see, for example, Volz and others (2020) for a proposal by on debt relief for a green and inclusive recovery, or Yue and Nedopil Wang (2020) for a proposal specifically on the Chinese debt). The proposals include several elements for such linking: a commitment by beneficiaries of debt relief by public creditors to policy reforms in line with the 2030 Agenda; a debt swap of privately held debt with “haircut” for new green recovery bonds; and, for countries not requiring debt relief, debt swaps and the issuance of new SDG-aligned debt instruments. In its call for a global recovery initiative, the European Union also called for linking debt relief to investments in sustainable development.

Supporting a sustainable development transformation in least developed countries

There is already general recognition that the COVID-19 pandemic has underscored the need for supporting LDCs in a sustainable and inclusive transformation. From a global perspective, calls for building back better after the COVID-19 will remain elusive if they are not backed by concrete actions to support the most vulnerable countries, that is, the LDCs. In fact, and as highlighted by the Committee for Development Policy already in 2018, LDCs were not on track to achieve the SDGs even before the pandemic. Accordingly, for purposes of international support, the current pandemic should not be seen as a one-time shock for LDCs that requires special assistance, but more as evidence of pre-existing vulnerabilities (see also United Nations Conference on Trade and Development, 2020c) that require more coherent and continuous support.

One key area that the COVID-19 pandemic has highlighted is the digital divide. While this has been identified as an obstacle to development for a long time, the pandemic has made it an even more pressing issue. Without widespread and affordable access to the Internet, remote learning in times of school closures becomes far more difficult, disrupting years of progress in school attendance, worsening learning outcomes and further hampering efforts to build human capital. This could reduce labour productivity gains in the future and, thereby, future economic growth.

Moreover, the low level of adoption of e-commerce platforms limits the possibility for firms in LDCs to adapt to disruptions in global value chains and market structures. These effects underscore the importance of improving the technological capabilities of LDCs needed in any case to enable firms in those countries to use the digital technology of the so-called fourth industrial revolution and harness digital connectivity. Expanding technological capabilities requires increased spending on science, technology and innovation in LDCs. This effort needs to be based on thorough analytical work and to draw lessons from experiences made by LDCs (see, for example, United Nations Conference on Trade and Development, 2020c). Digitization requires not only investments in infrastructure and human capital, but also in institutional and regulatory capacity, as well as the development of new approaches to competition governance. For all those components, efforts by LDCs themselves require additional international support.

From a broader perspective, the COVID-19 pandemic has reinforced the importance of expanding domestic productive capacities in LDCs. The precipitous increase in demand for medical supplies, such as personal protective equipment, following the outbreak of COVID-19 has generated important lessons for countries with limited productive capacities, such as LDCs. Lacking the domestic capacity to produce those essential medical supplies at the required standard, most LDCs resorted to importing them from countries that have the productive capacities to manufacture them. Unfortunately, this posed two types of problems: first, a shortage of foreign exchange, which is a perennial problem in LDCs; and second, soon after the outbreak of the pandemic, export restrictions on those supplies by producing countries, which stockpiled them to meet their own needs. Thus, even when foreign exchange was available, importing the essential medical supplies became a challenge. This situation has highlighted how important it is for LDCs to build domestic productive capacities, in particular at a time of economic crisis and global pandemic.

The crisis also underscored the familiar lesson of the perils of limited export diversification, which in itself is largely rooted in a lack of productive capacities. The COVID-19 pandemic might also accelerate the trends of reshoring or near-shoring of production processes or of the diversification of suppliers within global value chains. Expanding productive capacities implies moving into higher value-added activities within those chains and minimizing the negative impact of reshoring and accelerating post-pandemic recovery by producing a diverse range of high-value products for export. The particularly strong shock on oil exporters highlights the perils of relying on fossil fuel exploitation as a main source of income. More broadly, there is a need for designing and implementing green industrial policies that reflect the realities of LDCs. Resources spent for the recovery should include investments in climate adaptation and resilience-building, to ensure that the response to the immediate threat posed by the pandemic does not limit preparedness for the looming climate crisis. These findings imply that expanding productive capacity for sustainable development has become even more imperative than before the pandemic.

Role of fifth United Nations Conference on the Least Developed Countries in addressing the impacts of COVID-19

The postponement of the fifth United Nations Conference on the Least Developed Countries to January 2022 provides an opportunity to steer international attention and support for LDCs towards addressing COVID-19 impacts, achieving the SDGs and supporting a global transition towards equitable and sustainable development. The Committee for Development Policy has already recommended that the LDCs and their development partners consider the theme "Expanding productive capacity for sustainable development" as an organizing framework for the new programme of action for the decade 2021–2030. As explained above, this proposal has become even more relevant and urgent in the light of the COVID-19 pandemic. Adopting the proposed framework will not only give the programme of action a focus, but it will also present a coherent and integrated approach to addressing the three priority areas discussed in section B above or other policy areas. If LDCs are to achieve the SDGs in a balanced manner, it is critical that they pursue a development strategy focused on the development of productive capacities.

In the light of the discussion in chapter III, it is also important that the measures adopted at the fifth Conference include consideration of smooth transition provisions for countries graduating from the LDC category. By bringing the issue of graduation to the forefront of the international policy debate, the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011–2020 created a momentum for an increased number of LDCs to meet the criteria for graduation. However, it will be during the implementation of the Doha programme of action that most graduations will occur. As noted earlier, improving graduation support in the context of the COVID-19 pandemic may include extending access to critical LDC-specific international support measures for a limited number of years. However, the Committee has already called for new and innovative forms of assistance for graduating countries and is developing concrete proposals to that effect. The proposals will reflect the change in the international development financing landscape, highlighting the roles not only of traditional development partners, but also of partners from the global South and of private philanthropic institutions. Facilitating access to existing non-LDC-specific financing mechanism will be an important element, making the Committee's proposals for an effective graduation support facility particularly relevant.

The evolving nature of the COVID-19 pandemic and its impacts also underscores the importance of an effective monitoring mechanism for graduating and recently graduated countries. As such, the fifth United Nations Conference on the Least Developed Countries provide an important opportunity to endorse forthcoming proposals by the Committee to enhance the existing mechanism by embedding monitoring more formally in the graduation process (including with regard to possible extensions of the preparatory period), by establishing crisis response processes to allow for rapid interventions in cases of sudden crises and emergencies, and by linking monitoring to graduation support more explicitly.

V Conclusion

Available data indicate that, overall, the COVID-19 pandemic has spread less rapidly and less severely in LDCs than in the rest of the world. One of the main reasons for this has been the early and effective health response adopted by many LDCs despite their limited resources. However, demographic factors and data limitations could also partly explain this assessment, and the picture could change during successive waves of the pandemic.

The socioeconomic fallout of the pandemic may be a lot more devastating for LDCs than the health shock. Limited export diversification has heightened their vulnerability to the impact of the pandemic on global trade. International tourism remains at a standstill almost one year into the crisis, with severe impacts on employment in many LDCs. Manufacturing exports have improved more recently, but it is still too early to assess the consistency of the rebound. Falling prices of such commodities as oil and gas have had a lasting impact on several LDCs.

The financial situation in LDCs has become more challenging, with a fall in FDI and remittances, and almost half of LDCs are at high risk of, or already in, debt distress. Limited fiscal space has meant that the fiscal response to the pandemic of most LDCs has been inadequate. The DSSI has alleviated financial pressures in some LDCs but is clearly insufficient. In their fiscal responses to date, developed countries have spent nearly 580 times more per capita than LDCs.

The COVID-19 pandemic has severely affected economic growth in LDCs. A partial rebound is forecast in 2021, but nearly all LDCs will experience a weaker medium-term growth than projected before the pandemic, leading to a setback in the improvement of living standards.

The pandemic is expected to reverse a consistent global trend in poverty reduction for the first time since 1996. In LDCs, the aggregate poverty incidence is expected to have increased by 2.4 percentage points, to almost 39 per cent, in 2020.

The economic downturn caused by the pandemic will also push those already in extreme poverty into deeper destitution. Consequently, the prospects of eradicating extreme poverty by 2030 are even slimmer than before the pandemic.

The pandemic is also expected to worsen inequalities. In LDCs, women and girls have been more affected by the economic and social fallout of the COVID-19 pandemic, as they rely more on the informal sector and are burdened by an increase in unpaid care work. The impacts are not just economic. The shift of funds to the pandemic response is hampering women's access to sexual and reproductive health, while violence against women has increased around the world.

The COVID-19 pandemic poses a risk of significantly disrupting health services in LDCs, potentially reversing progress in combating diseases and malnutrition and in reducing mortality rates. With regard to education, the pandemic has highlighted the great inequality in access to the technologies required for remote learning, disproportionately affecting poorer communities. Overall, the pandemic will stall progress towards achieving the SDGs or even reverse years of progress in many LDCs.

Owing to its severe development impacts, the COVID-19 pandemic may also affect graduation from the LDC category. Nevertheless, most countries that are already graduating or are recommended for graduation at the 2021 triennial review appear at low risk, if any, of falling back below graduation thresholds. The negative impacts are likely to be more severe for LDCs that are below or only marginally above graduation thresholds, as their aspirations to graduate may be postponed for years.

Considering the vulnerabilities of LDCs exposed by the COVID-19 crisis and the longer-term implications, international support will be essential not only for responding to immediate recovery needs, but also for accelerating structural transformation and the development of resilience to external shocks. The forthcoming fifth United Nations Conference on the Least Developed Countries will provide a timely opportunity to advance such support, but efforts are needed in all relevant international platforms. The four areas outlined below require particular attention.

First, a smooth transition from the LDC category during the pandemic and its aftermath requires special attention and additional international support. This includes a longer preparatory period (i.e., an extension of the time between the approval of the General Assembly for a country to graduate and the actual graduation date) and longer transition periods (the period after graduation when LDC-specific support measures are phased out). Enhancing the monitoring mechanism will be essential to ensure that countries and the international community can address possible future disruptions to the graduation processes. Most importantly, though, graduating countries, as all LDCs, require a scaling-up of actual support and targeted support addressing their specific challenges, as current LDC-specific benefits offer very little, if any, help with overcoming challenges caused by the COVID-19 pandemic.

Second, as indicated by the Secretary-General, vaccines must be seen as a global public good – people's vaccines – available and affordable to all. Vaccinations against COVID-19 have begun, but LDCs risk once again being left behind, making them even more vulnerable when the virus spreads widely in LDCs, mutates and becomes more transmissible. Thus, populations in LDCs should be accorded priority in the distribution and administration of vaccines, as placing their populations at the end of the queue violates the principle of "reaching the furthest behind first". In support of those efforts, LDCs should be accorded access to vaccines at zero or minimal costs.

Far more resources are needed to produce and deliver vaccines for LDCs, requiring going beyond the COVAX initiative. This may also require (temporarily) limiting intellectual property rights, promoting technology-sharing and better mobilizing and expanding global production capacities. Strengthening public health systems in LDCs is critical. Given the successful health policies adopted by many LDCs during the crisis, shared-learning activities should be part of international efforts in this regard.

Third, the provision of effective debt relief must be part of enhanced financial support for LDCs. The G20 Debt Service Suspension Initiative has provided short-term relief and more fiscal space in LDCs. Yet many LDCs still had to spend more on debt servicing in 2020 than on health. Merely suspending debt servicing constitutes a procrastination measure rather than effective development financing. Other financial and technical support for LDCs from bilateral and, in particular, multilateral development partners has been critical, but requires significant scaling-up.

Debt relief needs to involve all bilateral and private creditors. For highly indebted LDCs, resources should also be provided for multilateral debt. Importantly, relief should be channelled into initiatives advancing sustainable development in LDCs. The pandemic also calls for increasing resources for multilateral financial institutions, including through dedicated funds to address its consequences and permanent increases in available emergency financing from IMF. Special modalities for LDCs are important in this regard. New and unused Special Drawing Rights should be channelled towards LDCs.

Generally speaking, financial support for LDCs to address the pandemic should be primarily provided in the form of grants. LDCs should also be given access to new global insurance mechanisms addressing the current and future pandemics and other global threats, in particular non-linear climate risks, at zero or minimal costs. As official development assistance remains a most critical source of financing for LDCs, developed countries need to take urgent steps to provide 0.2 per cent of their gross national income as ODA to least developed countries. South-south cooperation should also be expanded and supported.

Fourth, recovery from the pandemic must be accompanied by renewed efforts towards the sustainable and inclusive transformation of LDC economies. The focus of those efforts could be on: (a) building productive capacities in the health and education sectors; (b) investing in digital infrastructure to ensure universal access to information and communications technology-enabled services; (c) increasing spending on science, technology and innovation capabilities; (d) designing and implementing green industrial policies; and (e) increasing financial assistance to and support for investments in climate adaptation and resilience-building, including for local initiatives.

Such efforts would benefit from coordinating national and international policies under a common framework for the inclusive transformation and diversification of the economic and export structures of LDCs. The theme "Expanding productive capacities for sustainable development", proposed by the Committee for Development Policy for the next programme of action for LDCs, would provide such a framework.

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Appendix A.I

Additional tables and figures

Table A.I.1

Quarterly growth in merchandise trade in 2020 in selected least developed countries, year-on-year change

Percentage

	Exports				Imports			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
World	-5	-20	-6	-11	-6	-20	-3	-10
Graduating LDCs	-1	-42	-19	-21	-1	-32	-11	-15
Other LDCs	0	-16	0	-5	-1	-19	-3	-8
LDCs	-1	-30	-10	-14	-1	-24	-6	-11
Angola	-10	-58	-44	-38	-12	-27	-18	-19
Bangladesh	0	-42	-8	-16	-3	-39	-14	-18
Bhutan	4	-2	-23	-11	44	-12	-27	1
Kiribati	-54	0	-8	-23	195	29	-20	56
Lao People's Democratic Republic	7	-15	13	1	-7	-21	-10	-13
Myanmar	13	-14	-6	-3	9	-15	1	-2
Nepal	3	-49	-6	-17	-2	-60	-22	-29
Sao Tome and Principe	12	-1	27	13	6	-9	41	12
Solomon Islands	-24	-25	-19	-23	-32	-34	0	-24
Timor-Leste	356	448	-53	118	15	2	24	15
Tuvalu	-58	-78	213	-44	-29	-40	-10	-25
Vanuatu	1	10	-14	0	-5	-24	-14	-15

Source: Trade Data Monitor based on mirror data of 98 reporters (WTO, 2021). Graduating countries refers to countries meeting the graduation criteria at time of the 2018 triennial review. Vanuatu graduated on 4 December 2020.

Table A.I.2

International monthly tourist arrivals in selected least developed countries and graduated countries – change between 2019 and 2020

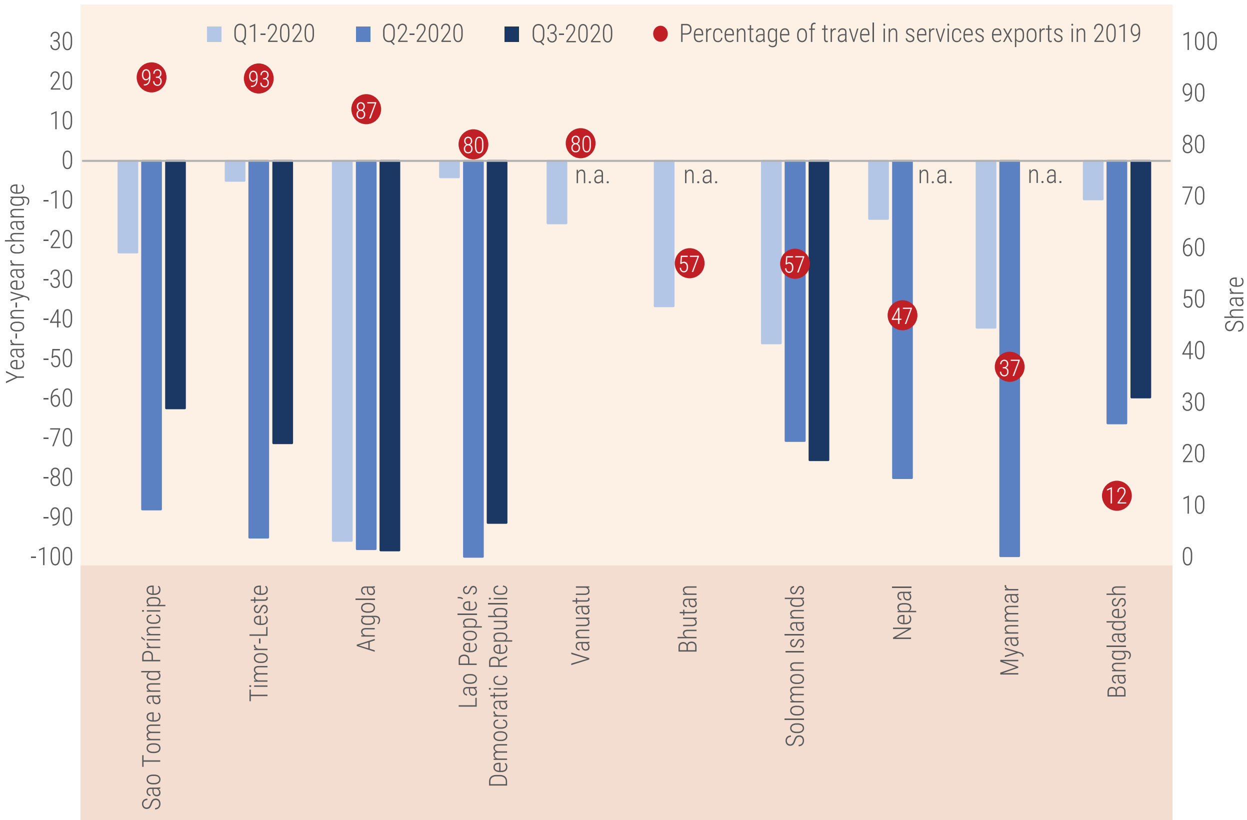
Percentage

Country	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Selected LDCs:												
Cambodia	-15	-36	-65	-99	-98	-97	-96	-95	-96		-96	
Ethiopia	7	-69	-43	-98	-97	-95	-90	-78	-67	-55	-56	
Gambia	3	8	-48	-100	-100	-100	-100					
Myanmar	25	-38	-70	-100	-100	-100	-99	-99	-99			
Nepal	-2	-4	-66	-100	-100	-100	-100	-100	-99	-98	-99	-96
Solomon Islands	6	-22	-68	-100	-99	-100	--100	-100	-100			
All LDCs	0	-20	-48	-85	-83	-82	-80	-80	-81	-82	-84	-82
Graduated countries:												
Maldives	14	-11	-63	-100	-100	-100	-99	-95	-91	-85	-74	-45
Samoa	-24	-22	-63	-100	-100	-100	-100	-100	-100	-100	-100	
Vanuatu	25	13	-51	-100	-100	-100	-100					

Source: World Tourism Organization.

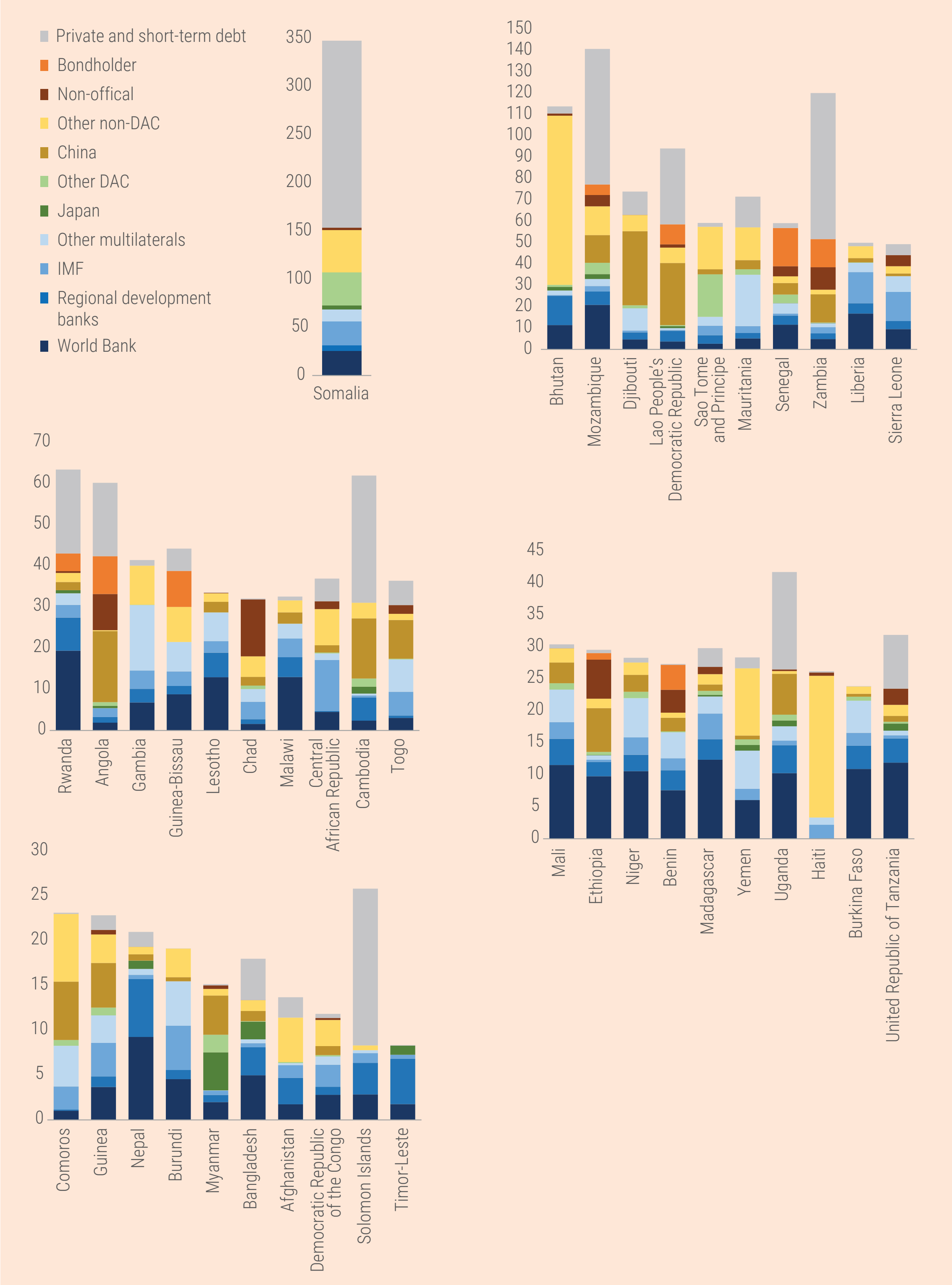
Figure A.I.1

Year-on-year change in trade in travel services



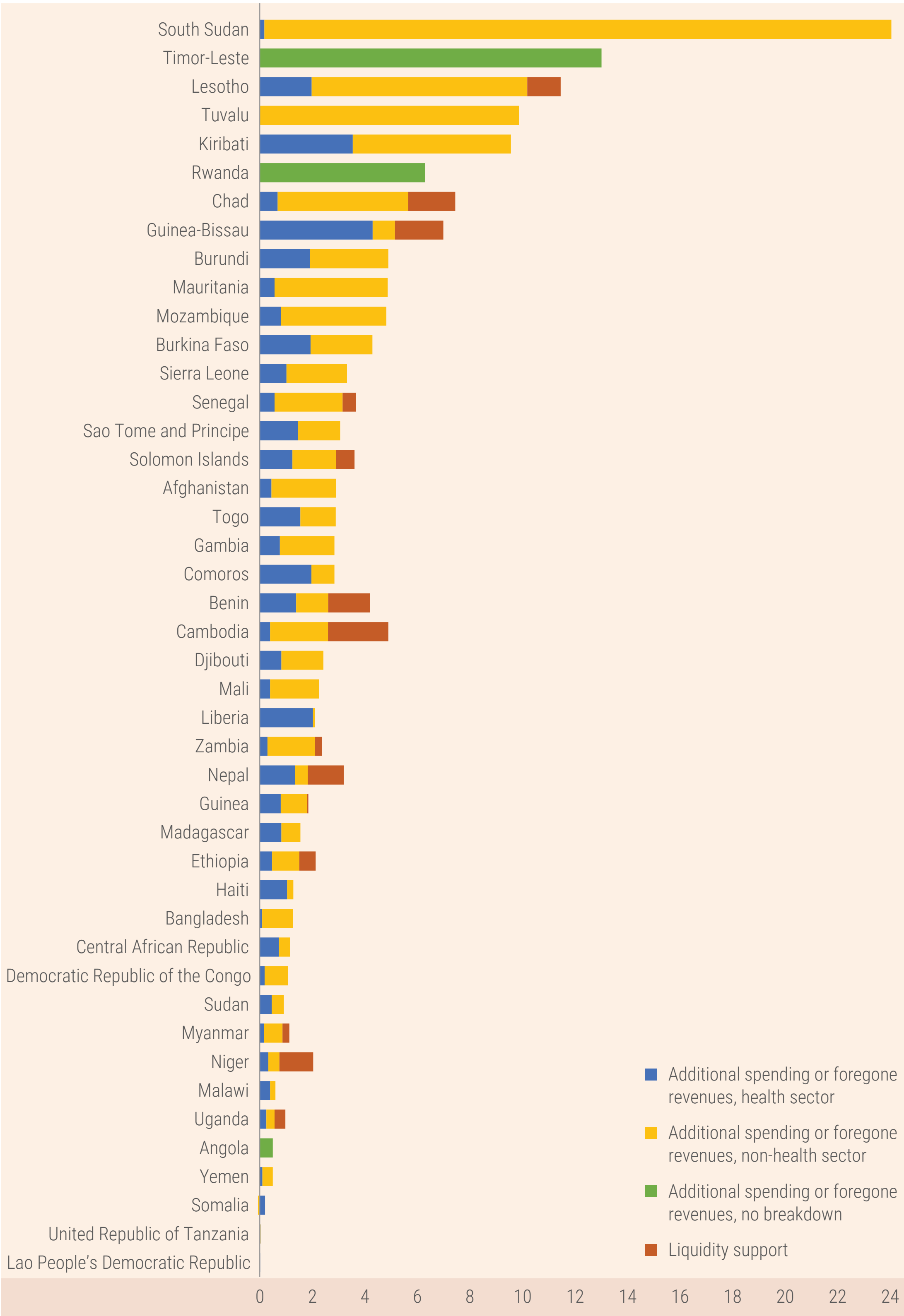
Source: World Trade Organization (2021).

Figure A.I.2
External debt-to-gross national income ratio to least developed countries, by main creditor



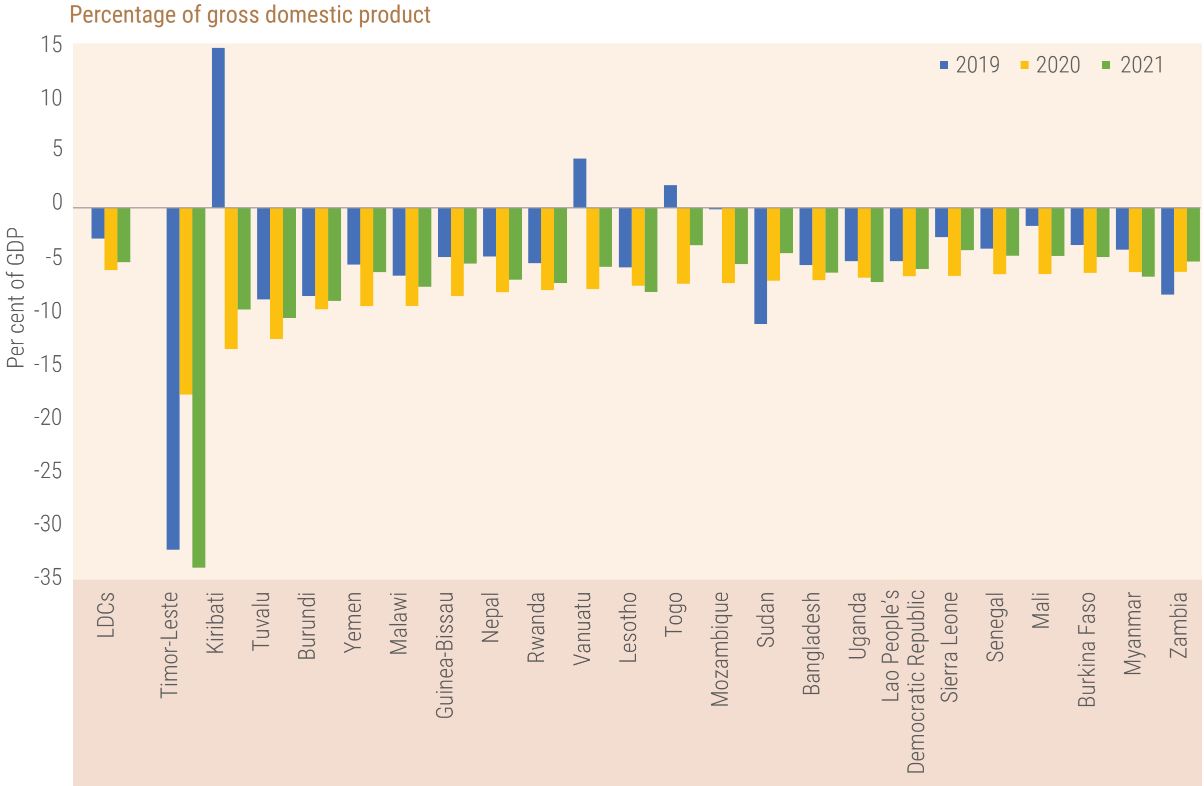
Source: Committee for Development Policy secretariat, based on World Bank, "International debt statistics: DSSI", Databank database. Available at https://databank.worldbank.org/source/international-debt-statistics:-dssi (accessed on 1 February 2021).

Figure A.I.3
Fiscal stimulas in least developed countries
Percentage of gross domestic product



Source: IMF Fiscal Monitor Database. Data downloaded 1 February 2021.

Figure A.I.4
Fiscal balances in least developed countries in 2019, 2020, and 2021 (estimations)

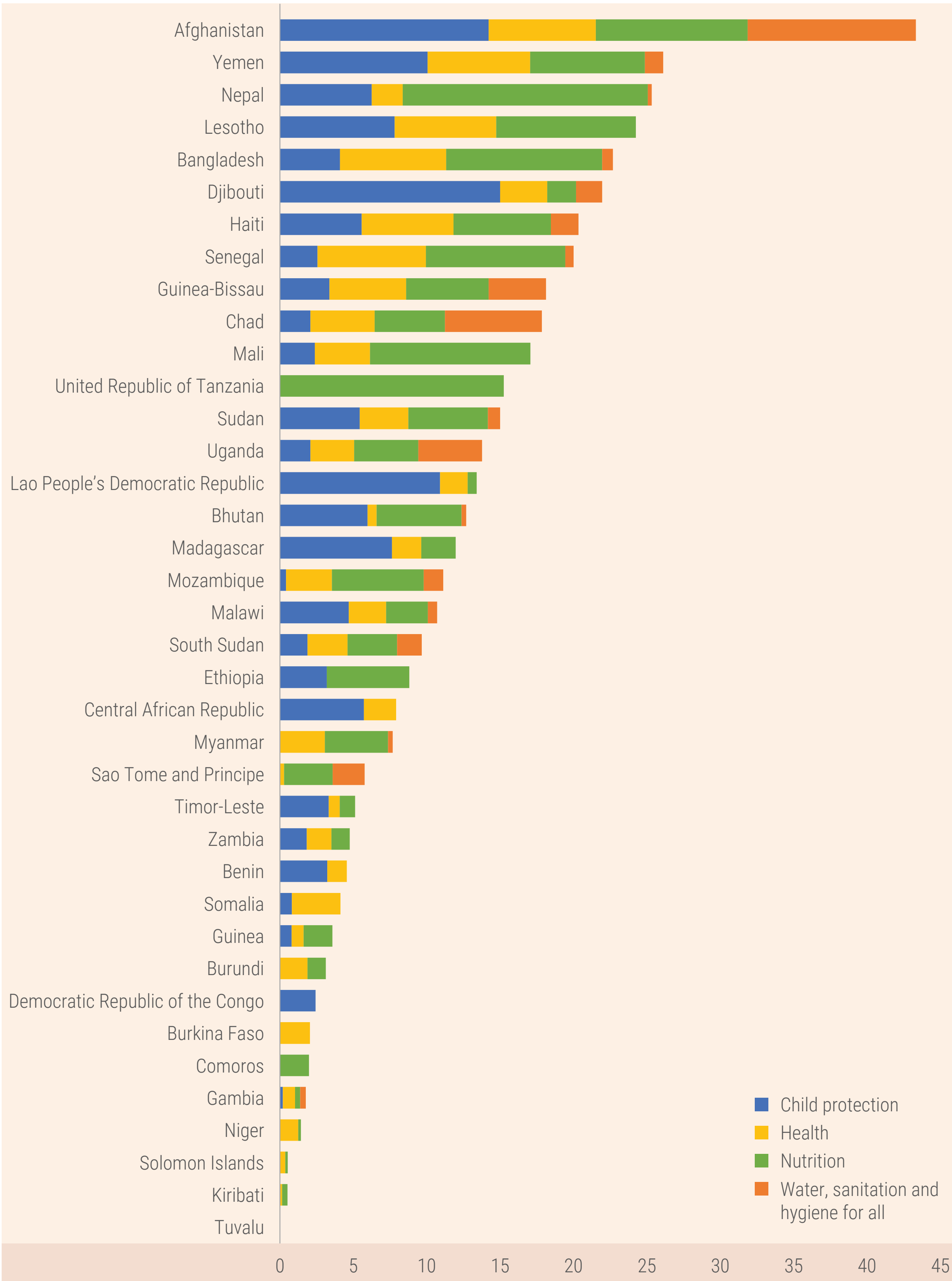


Source: IMF (2020b).

Figure A.I.5

Average reduction in services, by category

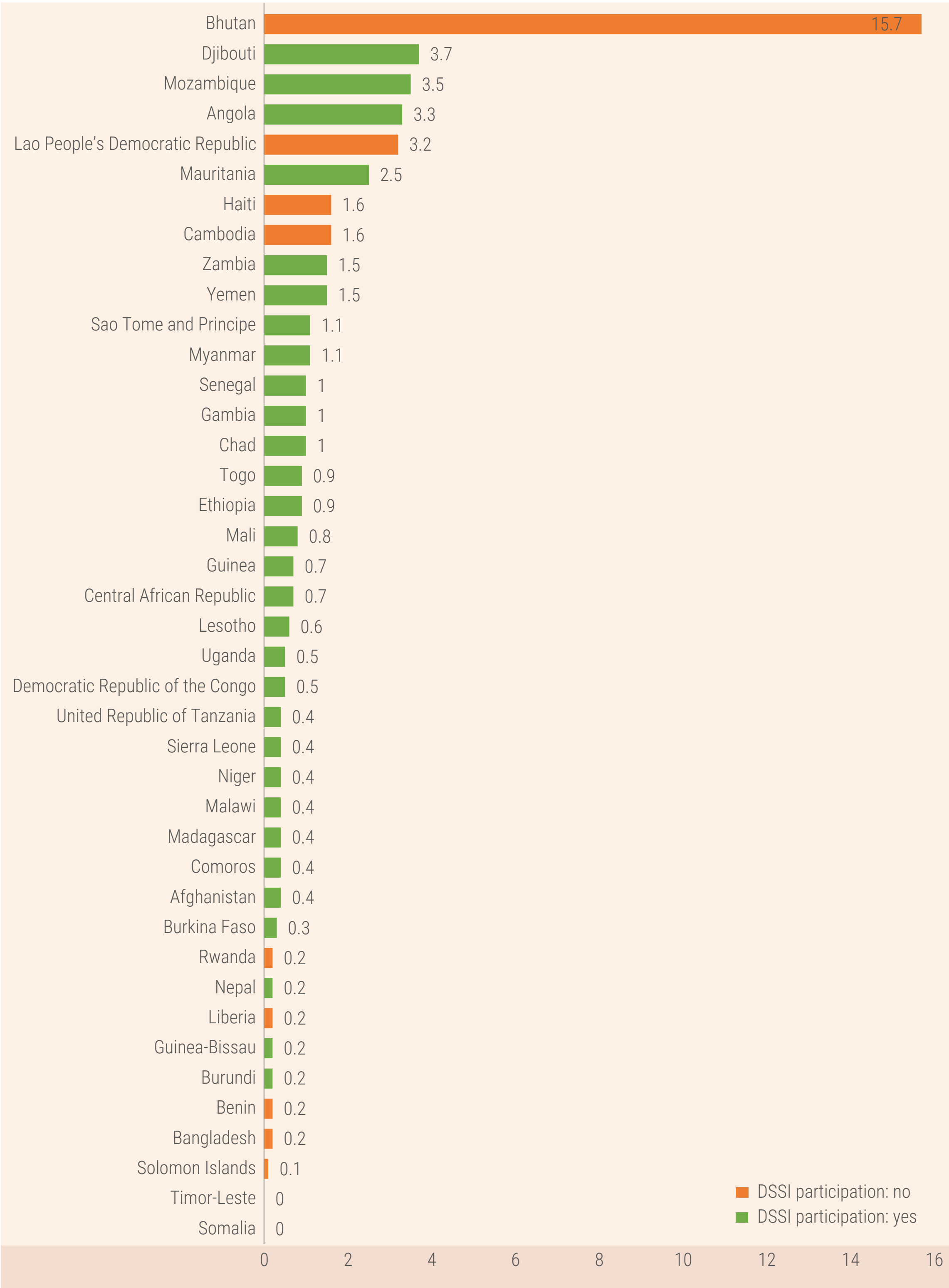
Percentage



Source: Own calculation, based on UNICEF, Tracking the Situation of Children during COVID-19 database (accessed on 1 February 2021).

Figure A.I.6

Potential savings under the Debt Service Suspension Initiative from May 2020 to June 2021 as a percentage of gross national income in 2019



Source: World Bank, COVID-19: Debt Service Suspension Initiative database, available at www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative (accessed on 1 February 2021).

Appendix A.II

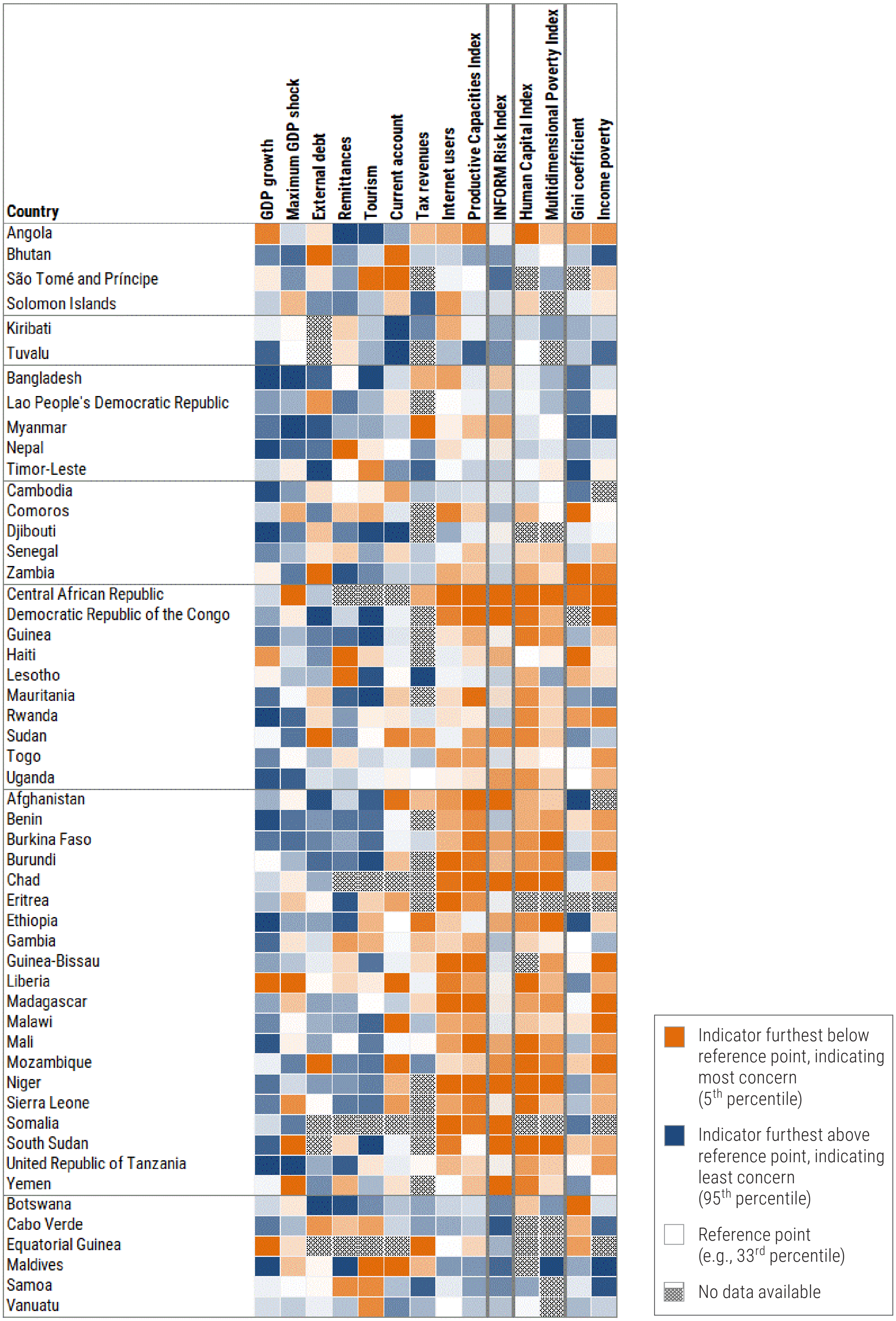
Supplementary graduation indicators and COVID-19-related vulnerabilities

In 2020, the Committee for Development Policy introduced a set of supplementary graduation indicators as an additional component of the graduation framework. Among the 50 indicators included in those indicators, 14 can be considered as particularly relevant in the context of the COVID-19 pandemic, as they reflect related vulnerabilities. The heatmap below presents the most recent values of those indicators. It uses the latest available data, which for most indicators are from 2019. It also uses the share of LDCs within all developing countries for which data are available as reference values. Orange cells denote potential areas of larger concern for a country compared with all developing countries (the darker, the more serious the concern), while blue cells denote areas of lesser concern. It should be emphasized that the heatmap is only intended to identify potential areas of concern and that it does not eliminate the need for further analysis.

The heatmap confirms the conclusion outlined in chapter II that LDCs are indeed subject to heightened vulnerabilities caused by COVID-19, in particular because of their low human assets and lack of productive capacity. Selected LDCs are also vulnerable as a result of their dependency on tourism, high debt levels or history of severe and rapid economic downturns. As could be expected, LDC that managed to make more progress towards graduation appear less vulnerable.

Figure A.II.1

Heatmap of supplementary graduation indicators that reflect vulnerabilities particularly relevant in times of COVID-19



Appendix A.III

Quantifying the impacts of the COVID-19 pandemic on the least developed country criteria

Analysis based on past shocks

To get insights into the possible magnitudes of the impacts of the COVID-19 pandemic on the LDC criteria, the first step is to review the extent to which each of the three criteria has worsened over any three-year period within the past two decades. Three-year periods (i.e., changes between 2003 and 2000, 2004 and 2001 and so on to 2020 and 2017) are used, as the main focus is on possible changes between the 2021 review year and 2024. For HAI and EVI, consideration is given only to changes in the indicators identified in chapter III, section B, as having expected negative impacts. As a result, for HAI, changes in a hypothetical HAI in which literacy rate is constant are considered. Similarly, consideration is given to a hypothetical EVI in which only the share of agriculture, forestry and fishery in GDP, export instability and agricultural instability vary over time. It should be noted that any sudden change in exports and agricultural production, whether caused by a slump or a boom, increases instability, further complicating the relationship between past EVI worsening and the possible negative impacts of the pandemic.

On that basis and additional information on the nature of past shocks and of country characteristics, conceivable negative impacts of the COVID-19 pandemic are identified. More specifically, negative changes that can be clearly associated with shocks not comparable in nature with the pandemic are excluded (e.g., war, massive disasters, such as earthquakes, and currency collapse). The worst remaining change is then multiplied by a factor of two, to account for heightened risks caused by the pandemic and overall increased uncertainty. The factor is increased further for countries with clearly identified specific risks. For GNI per capita and EVI, these countries are oil exporters and small States, as both experience higher volatility in those criteria than other countries. For HAI, countries that are expected to face increasing poverty rates

Table A.III.1
Analysis of past shocks

Indicator	Worsening over three years between 2002 and 2005 and 2017 and 2017	Observations	Conceivable worsening due to the COVID-19 pandemic
GNI per capita	Very common, 41 LDCs and 68 ODCs observed at least one decline	Strongest decline in countries in situation of conflict and those with massive depreciation, followed by oil producers and small States	Declines of more than 30 per cent possible for oil countries and small States, and of less than 20 per cent for other countries
Human assets index	Common, 10 LDCs and 53 ODCs observed at least one decline	Largest decline in Haiti (earthquake) and the Syrian Arab Republic (conflict). Other high declines caused by data anomalies. Remaining declines lesser than 2 points	Four index points; six index points for countries where poverty rate is expected to increase over the next three years
Economic and environmental vulnerability index	Extremely common, all but one LDC and four ODCs observe at least one increase in vulnerability	Strongest increase due to export and agricultural instability, often due to booms	Four index points; six index points for small island developing States, other small States and oil producers

Source: Committee for Development Policy secretariat, based on forthcoming time series estimates of the LDC indicators for 2000–2021 by the Committee. Years refer to (hypothetical) review years, actual data years differ by indicator.

are assigned a higher factor, given the link between poverty and worsening health and education. Table A.III.1 summarizes the main findings.

Worsening over a three-year horizon is most common for GNI per capita, even though the indicator is itself a three-year average and uses the World Bank Atlas method to reduce the impact of exchange rate volatility. To better identify common factors behind persistent declines, historical changes have been broken down into changes of "real" indicators (GDP growth and population growth) and nominal changes (inflation and currency appreciation). The breakdown reveals that most severe income reductions are caused either by armed conflict or by sudden currency depreciation (without compensating increase in inflation). Many moderate declines, however, are caused by economic slowdowns in countries with relatively high population growth, coupled with mild depreciations and inflation declines.

Possible impacts based on forecasts and estimates

The heightened uncertainty caused by the COVID-19 pandemic has made forecasting LDC criteria even more difficult than usual. Nevertheless, existing economic forecasts and estimates have been used to derive country-specific impacts for four of the LDC indicators: GNI per capita, under-5 mortality rate and maternal mortality ratio, and export instability.

Gross national income per capita

In a baseline scenario for GNI per capita, most recent GNI per capita data (in United States dollars using Atlas conversion factors) for 2019 provided by the Statistics Division of the United Nations have been combined with forecasts in the most recent IMF *World Economic Outlook* (October 2020) for GDP growth, GDP deflators and (implicit) exchange rates. Net primary income (i.e., the difference between GNI and GDP) is assumed to grow at the same rate as GDP.[41] Population forecasts are from the *World Population Prospects 2019* issued by the Population Division of the United Nations, and therefore do not account for COVID-19 mortality. Incorporating increased mortality would increase GNI per capita estimates, but the impact should be small.[42] A far more negative (and low probability) scenario has also been envisaged, in which the income shock of 2020 in the baseline carries over into 2021, so that the start of the recovery would be delayed by one year (i.e., the country-specific decline in income or reduction in growth for 2020 would be followed by an across-the-board zero growth in income for 2021, and then by a partial recovery in 2022). To check robustness, alternative forecasts based on GDP growth forecasts by the Department of Economic and Social Affairs and the World Bank have also been considered.

A main advantage of this approach is that it takes country-specific recovery patterns into account. According to data from IMF used in the baseline scenario, economic growth rates fall in almost all countries in 2020 compared with 2019,[43] with 33 LDCs and 80 ODCs experiencing negative growth. Growth resumes for all but three LDCs and eight ODCs in 2021 but, even by 2022, five LDCs and 43 ODCs are forecasted to remain below the 2019 level. Recovery remains partial until at least 2024, with only three LDCs and one ODC expected to reach a level forecasted before the COVID-19 crisis.[44] The forecasts by the Department of Economic and Social Affairs and the World Bank of January 2021 provide a very similar picture, although with a slightly larger negative shock in 2020 for most countries, followed by a stronger rebound in 2021.

41 However, in the light of the looming exhaustion of the oil fields of Timor-Leste, forecasts by the Ministry of Finance of Timor-Leste were incorporated to forecast GNI for the country.

42 Work at the international level has started through the Technical Advisory Group on COVID-19 Mortality Assessment established by the United Nations, with a timeline of two-to-three years of work. The preparation of guidance and pilot projects using mobile phone surveys have also begun.

43 The exceptions are Guyana, owing to the commencement of offshore oil production, Iran (Islamic Republic of), South Sudan and Venezuela (Bolivarian Republic of), the economic growth rate of which is expected to shrink less than in 2019.

44 On the basis of a comparison between the October 2019 and October 2020 editions of the *World Economic Outlook*. Changes in information unrelated to COVID-19 are therefore included.

Owing to the three-year averaging and the impact of population growth, exchange rate movements and inflation differentials, changes in the GNI per capita criterion do not just reflect economic growth. In the baseline scenario, 12 LDCs and 50 ODCs are expected to observe declining GNI per capita between 2021 and 2024, highlighting the fact that the income criterion can indeed be expected to be affected very negatively. Among countries meeting the graduation criteria, Angola and Timor-Leste are expected to face declining income but to remain above the graduation threshold. It should be noted that, even before the COVID-19 pandemic, eight LDCs, including Angola, and six ODCs were expected to face declining income. Table A.III.2 lists LDCs with forecasted negative GNI per capita between 2021 and 2024 in the baseline and alternative scenarios.

Table A.III.2

Least developed countries with a forecasted decline in the gross national income per capita indicator between 2021 and 2024

Country/scenario	Baseline[a]	Extended crisis[a]	Pre-Covid-19[a]	World Economic Situation and Prospects[b]	Global Economic Prospects[c]
Sudan	X	X	X	X	X
Yemen	X	X	X	X	X
Angola	X	X	X	X	X
Zambia	X	X	X	X	X
Liberia	X	X	X	X	X
Timor-Leste	X	X			
Lesotho	X	X		X	X
Burundi	X	X	X	X	X
Sierra Leone	X	X		X	X
Afghanistan	X	X	X	X	X
Haiti	X	X		X	X
Mozambique	X	X		X	X
Solomon Island		X		X	X
Somalia		X		X	
Guinea-Bissau		X			
Chad		X		X	X
Eritrea	X				
South Sudan			X		

Source: Committe for Development Policy Secretariat.

Note: Countries are ordered according to the forecasted decline (in percentage) in the baseline scenario.

Abbreviations: DESA, Department of Economic and Social Affairs of the United Nations.

a IMF, World Economic Outlook.

b Department of Economic and Social Affairs.

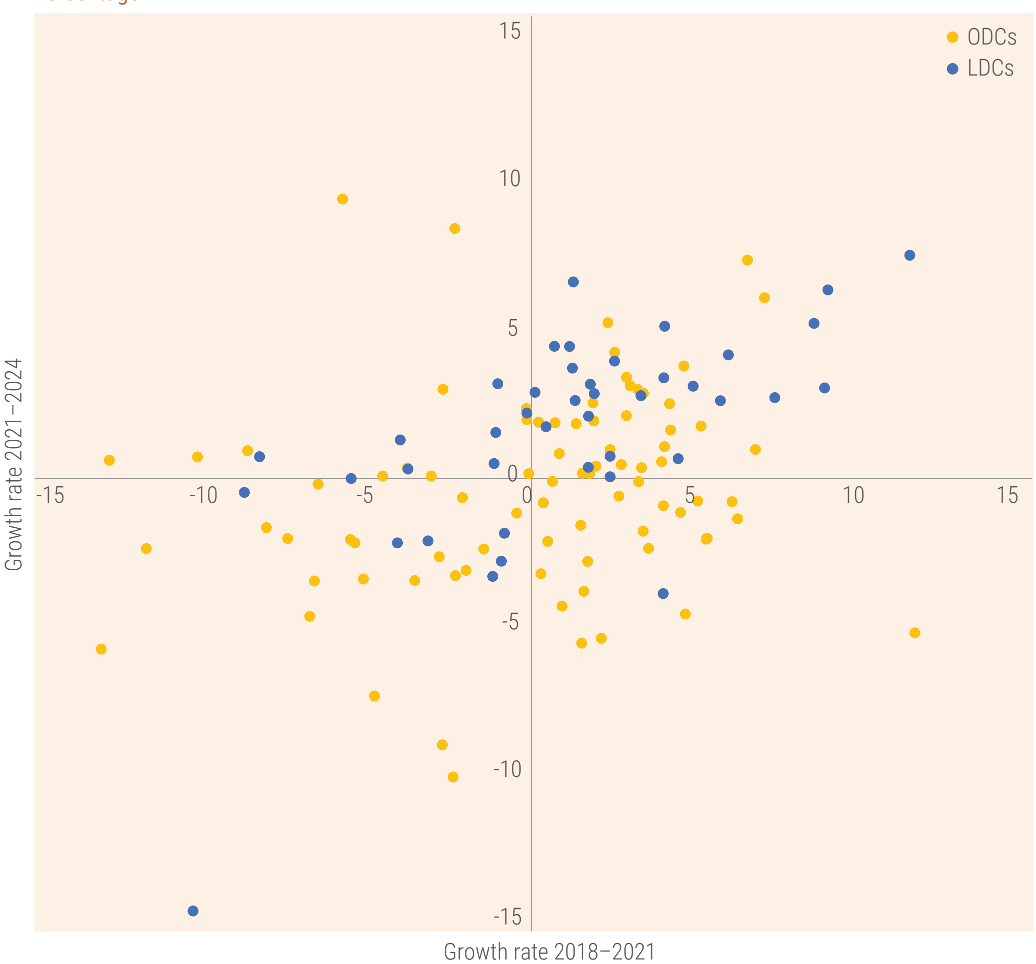
c World Bank.

A comparison between the baseline with the pre-COVID-19 pandemic estimates indicates that, overall, LDCs are less affected than ODCs. To explore this further, figure A.III.1 plots expected (annualized) growth rates in the GNI per capita criterion between 2021 and 2024 (i.e., the annualized growth between the expected 2020–2022 average GNI per capita in United States dollars using Atlas exchange rates and the observed 2017–2019 average GNI per capita in United States dollars using Atlas exchange rates) versus the annualized observed growth rates in the GNI criterion between 2021 and 2018. It shows that, on average, LDCs had higher growth rates before the pandemic (so that the COVID-19 shock manifests itself in lower but still positive income growth rather than shrinking national income) and smaller income reductions. However, heterogeneity among both LDCs and ODCs is substantial. There are also a number of countries the performance of which is actually expected to improve compared with the three-year period preceding COVID-19. This is mainly driven by pre-COVID-19 currency devaluations, which are for most countries not forecasted in the post-COVID-19 recovery phase. However, devaluations are even more difficult to forecast than economic growth, underscoring the need to consider any type of GNI forecasting with caution. On the whole, it should also be stressed that populations in LDCs have far lower incomes than those in ODCs, implying that even if income shocks are smaller in relative terms, their impact on individual well-being might be greater.

Figure A.III.I

Annualized growth rates in the gross national income per capita criterion between 2018 and 2021 and forecasted annualized growth rates between 2021 and 2024

Percentage



Source: Committee for Development Policy secretariat.

Under-5 mortality rate and maternal mortality ratio

Even though a small but growing literature has emerged that researches the impact of COVID-19 on child and maternal mortality (Roberton and others, 2020),[45] systematic forecasts of future under-5 mortality rates and maternal mortality ratios remain unavailable. Overall, and as shown in chapter II, there is widespread concern that inaction on part of the international community could lead to the deaths of millions of children as a result of the COVID-19 pandemic (Inter-Agency Group for Child Mortality Estimation, 2020). Consequently, country-specific estimates on the indirect impacts of COVID-19 on child mortality by Roberton and others have been taken into account. While these estimates are based on an established model linking health interventions with mortality, it should be emphasized that they are not based on country-specific information on health service provision and use during the pandemic. Rather, they use identical assumptions for health service reductions, combining them with country-specific data on pre-COVID-19 levels. They provide estimates for additional maternal and child (under-5) deaths based on three scenarios for a reduction of various health and nutrition services and three assumption on the length of such reductions (3, 6 and 12 months). In scenario 1, reductions in health services vary between 9.8 and 18.5 per cent, while child wasting is expected to increase by 10 per cent. In scenario 3, reductions vary between 39.3 and 51.9 per cent and child wasting is expected to increase by 50 per cent. In LDCs, under-5 mortality rates are increasing approximately by 1.2–3.3 per cent (scenario 1, three-month reduction) and 20–68 per cent (scenario 3, 12-month reduction). An intermediate scenario (scenario 2, 6-month reduction) and the most negative scenario (scenario 3, 12-month reduction) have been used.[46] The same study by Roberton and others has also been used to consider the impact on maternal mortality, with the same scenarios. Initial preliminary evidence for maternal mortality in Latin American countries indicates increases more in the range of the low-to-intermediate scenarios of Roberton and others, but it is difficult to generalize such findings.

It should be noted that these estimates should not be seen as forecasts for future under-5 mortality rates and maternal mortality ratios. Comparing the results derived from Roberton and others (2020) with time series of under-5 mortality rates and maternal mortality ratios is instructive in this regard. While comparing pandemics is inherently difficult, the Ebola crisis in Western African countries in 2014/16 is often used as an analogy for indirect mortality caused by disruption in health services during a pandemic, including by the Inter-Agency Group for Child Mortality Estimation and in the study by Roberton and others. However, available under-5 mortality rate time series data[47] show only a small annual increase during and after the Ebola crisis in Liberia and Sierra Leone (less than 1 per cent) and no increase over a three-year period. With regard to maternal mortality ratios, increases over three years around the Ebola crisis reached 1.2 per cent in Libera and 2.6 per cent in Guinea. There are several possible explanations for these significant differences. First, mortality increases due to reduced health-care services during a pandemic are to a large extent temporary. However, temporary increases are difficult to observe, as most LDCs lack comprehensive vital registration systems and censuses, and survey activities are halted during and after pandemics. A second explanation might be that, during Ebola outbreaks, countries and the international community took appropriate action. This highlights the fact that early papers on COVID-19 included calls for appropriate policies to mitigate negative impacts. In fact, UNICEF notes that the tool used to derive the bleak estimate of millions of child deaths serves primarily for advocacy purposes. Third, negative shocks caused by epidemics or pandemics can be masked by generally positive trends. This is line with the findings of UNDP as reported in its publication on COVID-19 and human development (UNDP, 2020), which indicate that, for COVID-19, the increase in mortality (direct and indirect) offsets rather than reverses the normal progress in life expectancy. Consequently, the devastating impacts of the COVID-19 pandemic might materialize in lower or stalled progress rather than in absolute increases in under-5 mortality rates.

45 See also the subsequent literature listed at Global Health, The Lancet, vol. 8, Issue 7 (July 2020).

46 The intermediate scenario is in line with the moderate scenario in Osendarp and others (2021), which provide regional and global estimates for increases in malnutrition and child mortality. The negative scenario considered, however, has a much higher mortality increase due to child wasting than the pessimistic scenario in Osendarp and others.

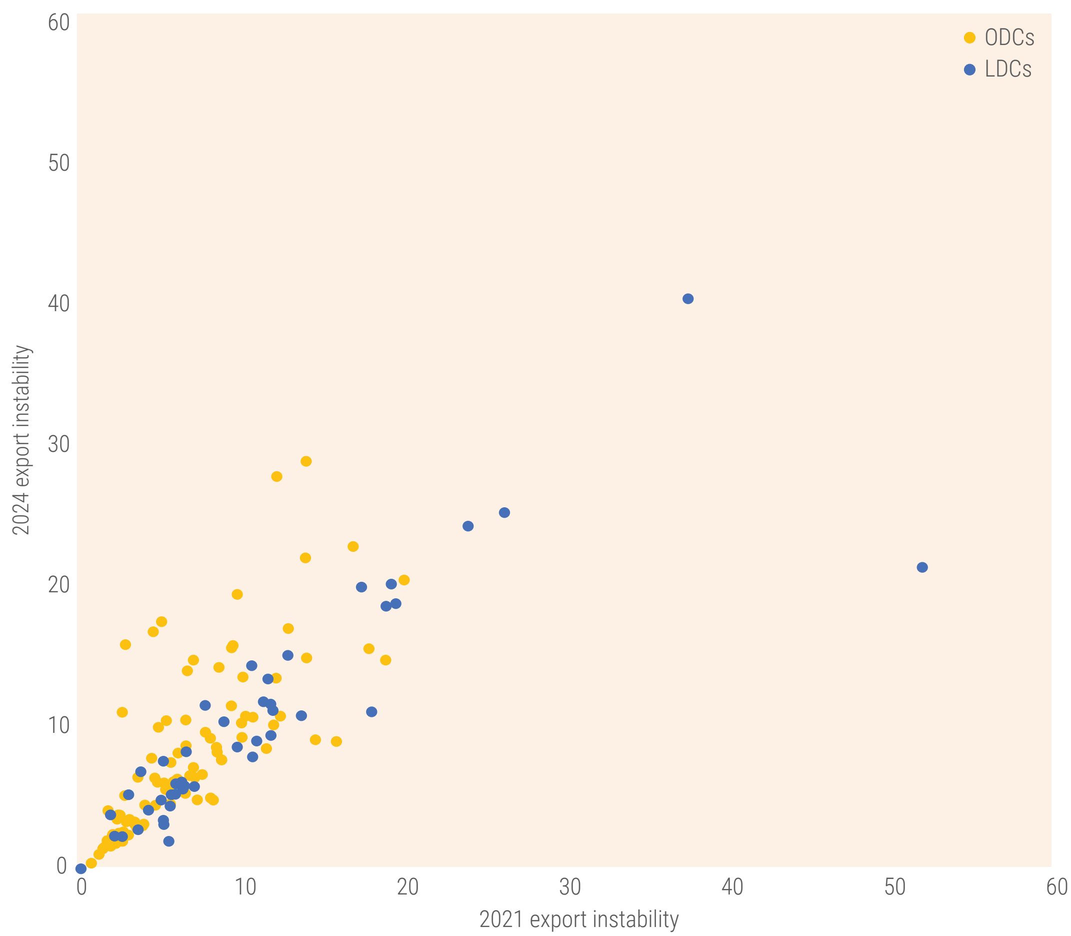
47 See the Inter-Agency Group for Child Mortality Estimation database.

Export instability

Together with victims of disasters, export instability is generally the most volatile EVI indicator and is potentially strongly affected by COVID-19, even though it is calculated on the basis of 21 years of data. Simulations are therefore conducted on the basis of the observed export values for the period 2002–2019 and IMF forecasts for the period 2020–2022. In a particularly negative scenario, an additional negative shock of 10 per cent is added for the period 2020–2022.

Figure A.III.2 shows forecasted export instability scores for 2024 (using the main scenario) against actual export instability values for 2021. It shows that, while export instability is expected to increase on average, there are also 27 LDCs (i.e., more than half of the LDCs) and 34 ODCs (about one third of the ODCs) for which a decline in export instability is expected. This is mainly due to the removal of 1999–2002 values from the calculations, as it had been a particularly volatile period for some countries. The countries expected to see the steepest increase in export instability are tourism-dependent small island developing States, in particular those in the Caribbean. Among the LDCs, Djibouti and South Sudan are expected to see the largest increase.

Figure A.III.2
Export instability in 2021 and forecasted export instability in 2024



Source: Committee for Development Policy secretariat.

Appendix A.IV

Summary tables of responses from least developed countries and development partners

The tables included in the present annex present a synthesis of the inputs provided by Member States to the questionnaires prepared by the Committee for Development Policy in September 2020. There were two questionnaires. A first questionnaire was sent to LDC Member States, seeking concrete information on the impacts of the COVID-19 pandemic at the national level, their domestic policies to mitigate the health and socioeconomic crises, and the support received and needed. The inputs are summarized in table A.IV.1. A second questionnaire was designed for development partners to seek information on their support for LDCs. The inputs are summarized in table A.IV.2.

The two tables are not an exhaustive analysis of the domestic policies of Member States and the support of development partners for LDCs, or even of the replies to the questionnaires. As the answers provided were quite heterogenous, the tables offer a careful synthesis of inputs received that lent themselves to comparisons. Nevertheless, all the inputs received through the questionnaires were used for the preparation of the various chapters in the report, as a complement to other sources of information, such as official national statistical data and data provided by other international development agencies.

Table A.IV.1

Summary of responses from least developed countries

	Afghanistan	Bangladesh	Bhutan	Burkina Faso	Lao People's Democratic Republic	Lesotho	Myanmar	Nepal	Senegal	Timor-Leste
Question 1: What health-related policy measures have you undertaken in response to the COVID-19 crisis and what have been your actions to mitigate the socio-economic consequences of it?										
Health-related policy measures										
Immediate response	●	●	●		●	●		●		●
Public and private offices closure		○				○				○
All factories, shopping malls and other similar activities closure		○				○				○
School closure		○				○				○
Travel restriction		○	○		○	○		○		○
Health desks at frontiers			○					○		
Home containment		○				○				○
Lockdown (without more precision)	○		○			○		○		
Massive awareness campaign program		●			●			●		
Adaptive health service measures	●	●	●		●		●	●	●	
Mobilization of the private sector		○						○		
Increase in specific bed capacity for Covid patients	○	○	○		○		○		○	
Recruitment of additional health care staff	○	○	○						○	
Incentive package for health workers	○						○			
Health Insurance scheme								●		
Strengthening the protection of women and children		●	●							
Specific government structure to manage the crisis		●			●	●		●		
Building mini-markets to reduce congestion in large markets and facilitate social distancing			●							
Setting up structured communities of individuals contributing to better management of the identification, isolation and care of contaminated		●								
Infectious disease research funding				●						
Actions to mitigate the socio-economic consequences										
Increasing public expenditure to support economy and employment ratio		●								
Social safety net programs	●	●	●	●	●	●	●	●	●	●
- Humanitarian, Food aid	○	○		○			○	○	○	○
- Direct cash transfers		○	○			○	○			○
- Support for unemployed people			○			○				
- Exemption of utility bills	○			○	○		○	○	○	○
- Other safety net programs and social security		○			○	○		○		○
Supply: Support Business and SMEs	●	●	●	●	●	●	●	●	●	●
- Maintain liquidity (notably through interest rate)		○	○	○		○	○	○		
- Advantageous loans and credit guaranties to businesses (through specific facilities for instance)			○			○	○	○	○	
- Fiscal stimulus package to support enterprises and workers	○	○	○	○	○	○	○		○	○
- Waiver of late fees and fees of electronic transaction of banks					○			○		
- Special fund or measures to support the informal sector				○						○
Demand : Action on essential goods and consumption			●	●	●				●	
- Greater control of prices and inventories of consumer goods				○						
- Exemption of duties on essential items					○				○	
- Fiscal measures to boost demand			○						○	
- Exemption of personal income tax					○					
Sectors (other than health)										
Agriculture		●	●	●		●				●
- Subsidies		○								
- Low interest loans		○	○							
- Purchase of farm inputs and feedstuffs				○						
- Rent holidays to businesses renting their land						○				
Education		●								●
Tourism	●	●	●	●	●					●
Construction			●							●

● General policy indicated in the questionaire

○ Specific policy indicated in the questionaire

(continued)

Table A.IV.1
Summary of responses from least developed countries (continued)

	Afghanistan	Bangladesh	Bhutan	Burkina Faso	Lao People's Democratic Republic	Lesotho	Myanmar	Nepal	Senegal	Timor-Leste
Question 2. How have you been able to finance these responses?										
Cost of the plan to fight COVID-19 and support economy (percentage of GDP)		4.0	16.0	5.3		5.4	3.4		7.0	10.0
Part of the plan financed by the State		32	Small	Large	Large					Large
Additional specific plan to support private sector										
Public call (Million US Dollar)									140	
Mostly re-prioritization and re-programmation regular ressources from development partners										
Question 3. To what extent has the crisis affected exports (including tourism) and external financing (including remittances, FDI, external debt and official development assistance)?										
Effect on exports										
Service sectors, such as the tourism sector										
Remittances										
ODA										
FDI										
External debt										
Question 4. What has been the impact of COVID-19 on priority sectors identified in your development strategies and on the overall implementation of these strategies?										
Impact of COVID-19 on priority sectors										
Question 5. What are the main (actual and expected) impacts on economic growth, poverty and inequality, employment, health, gender, education, food security and the environment?										
Economic growth										
Poverty										
Inequality										
Employment										
Health										
Gender										
Education										
Food security										
Environment										
Question 6. Do you think the impact of COVID-19 undermines your country's overall prospects and timeframes for LDC graduation?										
Graduation criteria										
Transition period										
Question 7. What type of additional support did you receive to address COVID-19 and its impacts? (Values are in Million US Dollar)										
IMF		732				49.1			490	
DSSI						9.3			170	
Asian Development Bank		1,000								
Asian Infrastructure and Investment Bank										
World Bank			5			60.5			580	
African Development Bank										
Islamic Development Bank										
European Investment Bank										
European Union						5				
United Nations						11.2				
Bilateral		330				3.8				
Other		1,500								
Mostly re-prioritization and re-programmation regular ressources from development partners										

- General policy indicated in the questionaire
- Specific policy indicated in the questionaire
- Improvement
- No change
- Deterioration
- Amibigous
- No answer

(continued)

Table A.IV.1

Summary of responses from least developed countries (continued)

	Afghanistan	Bangladesh	Bhutan	Burkina Faso	Lao People's Democratic Republic	Lesotho	Myanmar	Nepal	Senegal	Timor-Leste
Question 8. In what areas would your country particularly need additional international support? Please distinguish between immediate supports needs, and support needed in the post-graduation phase.										
Immediate support										
Peace (including Reintegration programs) and security	■									
Justice	■									
Governance	■			■						
Education	■		■	■			■			■
Science, technology and innovation (including research)				■		■			■	■
Health	■	■	■	■	■		■	■	■	■
Affordable vaccines		□							□	
Equipment					□			□	□	
Human capital					□				□	
Healthcare system							□		□	
Telemedecine								□		
Psychosocial support								□		
Food security and humanitarian aid				■				■		
Trade	■		■	■			■			
Primary sector (agriculture, fishery, mining, extraction, etc.)	■		■	■		■	■			
Manufacturing and industrial development	■		■			■		■		
Infrastructure	■			■		■	■			
Construction										
Private sector development		■								■
Urban development	■									
Women empowerment	■									
Climate change adaptation and mitigation		■								
Tourism			■			■				
Water			■							
Employment			■				■	■		
Social security / Adressing poverty							■	■		■
Debt Relief						■			■	
Data monitoring and management								■		
Increasing external funding									■	
Improving ODA disbursement (in particular budgetary support)									□	
Increasing access to innovative financing									□	
Sharing information and Regional approach of the crisis and its management										■
Support needed in the post-graduation phase (for the countries concerned)										
LDC preferential market access and Trade related International support measures (ISM) should continue for a particular period after graduation		■					■			
Improving Infrastructure		■						■		
Enhancing Private sector		■					■			
Improving Business climate		□								
Improving Microeconomic environment							□			
Enhancing Productive capacity and productivity		■						■		
Agriculture		■					■			
Education		■						■		
Financial sector stability							■			
Facilitating reverse migration							■			
Research on LDCs issues							■			
Sustainability of social security scheme								■		
Improving ICT								■		

■ General policy indicated in the questionaire

□ Specific policy indicated in the questionaire

Table A.IV.2

Summary of responses from development partners

	Austria		European Union		Germany		Japan		Kuwait		Portugal		Republic of Korea		Turkey	
Channel	Bilateral	Multilateral	EU (examples, not exhaustive)	EU together with its Members States	Bilateral (examples, not exhaustive)	Multilateral	Bilateral (examples, not exhaustive)	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral
Question 1. Have you provided specific support to LDCs to address COVID-19 and its impacts or do you have concrete plans to do so? (Values in US Dollar)																
Specific support provided																
Afghanistan		4,854,200														
Angola			12,135,500									121,355				
Bangladesh					24,271,000											
Bhutan	631,046															
Burkina Faso		970,840								3,328,564						
Burundi										138,475						
Cambodia																
Central African Republic			56,648,514							51,971						
Chad										109,881						
Comoros										62,209						
Democratic Republic of the Congo			28,275,715							385,857						
Djibouti										2,296,489						
Eritrea																
Ethiopia			663,811,850							6,170,178						
Gambia										1,937,771						
Guinea																
Guinea-Bissau			1,856,731							102,456		230,575				
Haiti																
Kiribati																
Lao People's Democratic Republic																
Lesotho										751,225						
Liberia																

COVID-specific in LDCs

(continued)

Table A.IV.2

Summary of responses from development partners (continued)

Channel	Austria		European Union		Germany		Japan		Kuwait		Portugal		Republic of Korea		Turkey	
	Bilateral	Multilateral	EU (examples, not exhaustive)	EU together with its Members States	Bilateral (examples, not exhaustive)	Multilateral	Bilateral (examples, not exhaustive)	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral
Question 1. Have you provided specific support to LDCs to address COVID-19 and its impacts or do you have concrete plans to do so? (Values in US Dollar)																
Specific support provided																
Madagascar																
Malawi					19,962,897					1,877,918						
Mali										3,039,974						
Mauritania										10,834,262						
Mozambique											6,106,385	376,201				
Myanmar					415,014											
Nepal					12,135,500											
Niger										1,620,354						
Rwanda																
Sao Tome and Principe			8,858,915									109,220				
Senegal										6,930,942						
Sierra Leone										2,335,439						
Solomon Islands																
Somalia																
South Sudan																
Sudan										36,812,413						
Timor-Leste												230,575				
Togo										2,185,925						
Tuvalu																
Uganda																
United Republic of Tanzania																
Vanuatu																
Yemen		1,213,550								4,312,765						
Zambia										8,429,483						

COVID-specific in LDCs

(continued)

Table A.IV.2

Summary of responses from development partners (continued)

Channel	Austria		European Union		Germany		Japan		Kuwait		Portugal		Republic of Korea		Turkey	
	Bilateral	Multilateral	EU (examples, not exhaustive)	EU together with its Members States	Bilateral (examples, not exhaustive)	Multilateral	Bilateral (examples, not exhaustive)	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral
Question 1. Have you provided specific support to LDCs to address COVID-19 and its impacts or do you have concrete plans to do so? (Values in US Dollar)																
Specific support provided																
LDCs (without more details)																
Support to SMEs																
Trade				3,628,514,500												
Business continuity																
Health											3,663,831					
NGO											915,957					
Humanitarian assistance													14,200,000			
Access to COVID-19 vaccines													10,000,000			
DSSI														21,000,000		
Region including some LDCs																
Middle East		606,775														
Africa		1,213,550														
Sub-Saharan Africa			7,159,945,000													
East Africa			72,813,000													
Asia-Pacific			809,437,850													
World			1,213,550,000													
Specific support planned																
Angola			24,271,000													

COVID-specific in LDCs

COVID-specific partially in LDCs

In LDCs but not COVID-specific

(continued)

Table A.IV.2

Summary of responses from development partners

Channel	Austria		European Union		Germany		Japan		Kuwait		Portugal		Republic of Korea		Turkey	
	Bilateral	Multilateral	EU (examples, not exhaustive)	EU together with its Members States	Bilateral (examples, not exhaustive)	Multilateral	Bilateral (examples, not exhaustive)	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral	Bilateral	Multilateral
Question 2. Do you foresee changes in the overall amount and type of support you will be providing to LDCs due to COVID-19?																
Changes foreseen in the overall amount																
Changes foreseen in the type of support																
Question 3. What type of additional support do LDCs require from the international community to address COVID-19 and its impacts?																
Topics mentionned:																
Education																
Health																
Access to vaccine																
Social protection																
Social infrastucture																
Energy																
Food security																
Private sector development																
Unemployment																
Macroeconomic stabilization																
Financial stabilization																
Economic diversification																
Informality of the economy																
Limited fiscal space																
Cancellation of debt																
Governance																
Peace and security																
Cimate change																
Digital divide, digital infrastructure																
Donor coordination																
Cross-border collaboration, regional trade cooperation																

COVID-specific in LDCs

COVID-specific partially in LDCs

No change

Change in the type of aid

COVID-specific partially in LDCs