



Session 2  
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## SESSION 2

### SUPPORTING OUR CLIMATE, RECOVERY FROM THE COVID-19 PANDEMIC, AND BUILDING A RESILIENT SOCIETY AGAINST FUTURE SHOCKS

The least developed countries (LDCs) are disproportionately affected by climate change and its induced natural disasters although contributing the least to climate change. Constrained by scarce financial resources, limited institutional capacity and lack of technological know-how, they are also least able to recover from climate stresses. Their economic growth is highly dependent on climate-sensitive sectors, and lack of resilient infrastructure has long impeded progress towards the SDGs and targets and goals of the Istanbul Programme of Action (IPoA).

Extreme weather events such as high temperatures, floods, cyclones, and sea level rise are imposing high economic and social costs on the LDCs. [1] Pacific SIDS/LDCs are among the most vulnerable to climate change-related risks and natural calamities. Climate change poses existential threats to Pacific SIDS/LDCs. In addition to human fatality, climate-related displacement has become an emerging challenge confronting SIDS/LDCs in the region. The climate change impacts are becoming more acute, and affect food insecurity, water scarcity, land degradation, melting of glaciers, ocean acidification, coastal erosion, damage to infrastructure and assets, displacement of populations, disruption of indigenous and traditional lifestyles, etc. In particular, natural hazards, loss of biodiversity, and extreme weather events as a result of global warming have taken a heavy toll on the socioeconomic wellbeing of the most vulnerable people in LDCs, including women and children. Furthermore, climate change impacts can act as a threat multiplier and trigger, or exacerbate conflicts, including over scarce natural resources.

The recently released Intergovernmental Panel on Climate Change (IPCC) summary of the first part of its Sixth Assessment Report rings an alarm bell that the business-as-usual approach will push our planet into a dire state, from which there will be no turning back, given climate change approaches tipping points, further accelerating the climate crisis.

LDCs are facing a multitude of long-standing challenges in addition to newly emerging shocks. The ongoing COVID-19 pandemic has not only exposed, but also amplified the LDCs' high degree of vulnerability and the risks of cascading crises. At the same time, the pandemic is reversing years of progress achieved towards the Istanbul Programme of Action (IPoA) and the SDGs. The limited fiscal space and limited capacity for resilience in LDCs seriously constrains their ability to tackle the pandemic and foster sustainable recovery. The investments in climate change adaptation and disaster risk management in LDCs have fallen far short of meeting their needs.

[1] ESCAP, Asia-Pacific Least Developed Countries: A review of Implementation of the IPoA and Way Forward. Available at [https://www.unescap.org/sites/default/d8files/knowledge-products/WP\\_21\\_10%20Review%20of%20IPoA%20and%20way%20forward.pdf](https://www.unescap.org/sites/default/d8files/knowledge-products/WP_21_10%20Review%20of%20IPoA%20and%20way%20forward.pdf)



The new Programme of Action for the LDCs presents a unique opportunity to support green and sustainable recovery from the COVID-19 pandemic, and to enhance resilience-building of LDCs against future economic and environmental shocks and health risks. For the LDCs, this underlines the need to integrate adaptation and disaster risk reduction strategies into policies, and an increased need for investments in key sectors.

### **Sustainable, equitable and resilient recovery from COVID-19**

The COVID-19 pandemic has posed a grave threat to Asia-Pacific LDCs on an unprecedented scale. It has halted the significant social and economic progress achieved by some LDCs in the Asia-Pacific region, and left LDCs in conflict and post conflict situations in the region further behind. Since the pandemic, most Asia-Pacific LDCs have experienced considerable reductions in economic growth, widespread unemployment, sharp contraction in international trade, a slowdown in the flow of external resources and drastic loss of tourism revenue. The GDP growth rate of the Asia-Pacific LDCs has sharply declined and reached 2.1 per cent at a weighted average rate in 2020. ESCAP projections indicate that an additional 12 million people in the Asia-Pacific LDCs fall below the USD3.2 daily income poverty line owing to the COVID-19 pandemic.

The economic and social impacts of the COVID-19 pandemic have exposed the high external dependence of the countries' economic performance and their limited fiscal space to deal with external shocks. Due to the ongoing uneven containment of the disease and serious shortage of vaccines, the Asia-Pacific LDCs face the challenge of lopsided recovery from the economic effects of COVID-19. Progress towards graduation of the LDCs in the region have been disrupted by the pandemic and increasing debt service burden, halt of tourism and sharp decline of trade have heightened the economic vulnerability of Pacific Small Island developing States (SIDS) that are also LDCs.

The COVID-19 pandemic has exposed the large policy gaps Asia-Pacific LDCs need to address.[2] To build “forward better”, LDCs in the region need to introduce a sustainable, inclusive, equitable and green socioeconomic recovery, targeting public health and social protection systems while addressing multidimensional poverty through an integrated approach. Strengthening productive capacity, promoting economic diversification, expanding trade, and moving up in regional and global value chains are crucial for LDCs in the region to achieve the SDGs and the aspirations of the new programme of action for the next decade.

In addition to national efforts, compound shocks of such magnitude require enhanced global partnerships to help Asia-Pacific LDCs to build resilience, recover rapidly and leapfrog. Strong international support is needed to help LDCs secure the external funding required to boost liquidity. The extension of the G20 debt-service initiative, the new Common Framework on debt and special drawing rights allocation will play a key role, but additional support will be required. Regional collaboration, including liquidity support provided by regional development banks, has also contributed to easing the fiscal constraint and to mitigating the social and economic fallouts of the pandemic. While fulfilling the ODA commitments to LDCs, development partners should extend international support measures to graduating and graduated LDCs in the region to make graduation sustainable and irreversible. South-South cooperation, which is a complement to, but not a substitute for North-South cooperation, can be scaled up as an important means of implementation to support effective implementation of the new programme of action for LDCs.

[2] ESCAP, Asia-Pacific Countries with Special Needs Development Report 2021: Strengthening the resilience of least developed countries in the wake of coronavirus disease pandemic. Available at <https://www.unescap.org/kp/2021/CSNDR2021>





## Adapting to climate change, reducing risk, and building resilience

To combat the adverse impacts of climate change, all Asia-Pacific LDCs have ratified the Paris Agreement and submitted Nationally Determined Contributions (NDCs), with the greenhouse gas reduction target of 10 to 30 per cent by 2030. Bangladesh, Cambodia, and Nepal were amongst the 17 countries in the Asia-Pacific region that have submitted revised NDCs, ahead of COP26 to be held in 2021. In addition, Bhutan has already reached carbon neutrality, while Tuvalu has a goal to be on a zero-carbon pathway by 2050 and Vanuatu committed to 100 per cent renewable energy by 2030. By the end of 2020, these countries introduced specific policy measures to cut emissions and increase resilience of their economies.[3]

To adapt with and mitigate the impacts of climate change, the Asia-Pacific LDCs have adopted numerous measures and entered into regional cooperation arrangements and mechanisms. As part of the Global Climate Change Alliance Plus (GCCA+) initiative, all but three Asia-Pacific LDCs (Afghanistan, Kiribati, and Tuvalu) have established collaboration with their development partners to strengthen country capacity in climate change adaptation and resilience (Global Climate Change Alliance Plus, 2018). In 2019, Kiribati, Tuvalu and Vanuatu received seed funding from the United Nations Trust Fund for Human Security (UNTFHS) to support activities that address enhanced protection and empowerment of migrants and communities afflicted by climate change and disasters in the Pacific region.[4]

The Asia-Pacific LDCs remain exposed to high risk of natural disasters as the frequency and intensity of natural disasters have increased. The Asia-Pacific regional 'risky landscape' highlights that economic losses due to disasters are larger than previously estimated, with most of this additional loss linked to the impact of slow onset disasters in the agricultural sector. Moreover, most LDCs, such as Bangladesh, Bhutan, Cambodia, Nepal, and others, have relatively large numbers of at-risk population and at-risk economies.[5]

Despite efforts, delivering carbon mitigation and adaptation for these countries depends on further capacity development, support and financial assistance. The COVID-19 pandemic is posing additional challenges to the ongoing adaptation and mitigations efforts in many countries as governments focus on public health issues and divert human and financial capacities to contain the spread of the virus and support people and businesses affected in their countries.[6]

To avert the climate and disaster induced vulnerabilities and retain the development gains, building resilience was outlined as a key priority for Asia-Pacific LDCs. In this context, reinvigorated efforts through early warning, preparation and response are essential for LDCs as the geophysical natural of disasters and extreme weather events have been longstanding factors constraining the economic growth.[7]

LDCs in the region face significant gaps and capacity constraints in meeting disaster risk reduction objectives outlined in the Sendai Framework. Greater resources need to be provided, including through established mechanisms for capacity building on adaptation. Increased access to climate funds and concessional finance, technology transfer, risk assessments and disaster loss database are much needed. LDCs should develop multi-hazard early warning systems and multi-hazard crisis and resilience building mechanisms. Development -

[3] ESCAP, Asia-Pacific Least Develop Countries: A review of Implementation of the IPoA and Way Forward. Available at [https://www.unescap.org/sites/default/d8files/knowledge-products/WP\\_21\\_10%20Review%20of%20IPOA%20and%20way%20forward.pdf](https://www.unescap.org/sites/default/d8files/knowledge-products/WP_21_10%20Review%20of%20IPOA%20and%20way%20forward.pdf)


[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] Ibid.





- partners and the global community should significantly increase their support to Asia-Pacific LDCs to implement national adaptation plans and disaster risk reduction strategies. It is of vital importance to continue to support governments of graduating LDCs in the region by promoting the integration of disaster risk reduction into the smooth transition strategies, to prevent regression back into the LDC category following an external shock.

### **Accelerating the energy transition and access to sustainable energy**

Availability of and access to affordable and uninterrupted energy supplies is critical for developing productive capacity. Access to electricity among Asia-Pacific LDCs rose sharply from 55.4 per cent in 2010 to 87.3 per cent in 2018; the current global average for LDCs is just 51.6 per cent.<sup>17</sup> More than 90 per cent of the population of the Lao People's Democratic Republic, and Nepal have access to electricity, and 100 per cent of the population of Bhutan, Kiribati and Tuvalu have access.<sup>[8]</sup>

One of the targets of the IPoA is to raise the total primary energy supply (TPES) per capita to the same level as that of other developing countries. During the implementation period, TPES per capita in Bangladesh rose from 0.20 tons of oil equivalent (toe) in 2010 to 0.25 toe in 2017; for Cambodia, from 0.38 to 0.52; and for Myanmar, from 0.28 to 0.43. Despite these gains, TPES remained far below the average for developing countries of 2.1 toe. Overall, the per capita electricity consumption increased in all Asia-Pacific LDCs.<sup>[9]</sup>

However, ensuring an energy supply that is uninterrupted, affordable, reliable, and clean remains a significant challenge. Moreover, inefficiencies in production and transmission and distribution systems result in a sizable proportion of energy being wasted at various stages of the generation and transmission system. <sup>[10]</sup>

The pathway to net-zero emissions requires a substantial increase in the share of renewable energy. Electricity generation from renewable sources also needs to be further strengthened given the rising demand for energy to sustain economic growth while addressing climate impacts. Despite the strong emphasis placed under the IPoA, progress in these areas has been mixed and uneven.<sup>[11]</sup>

Despite the immense renewable potential of the energy sector in Asia-Pacific LDCs these countries rarely benefit from larger financing schemes to the same extent as more prosperous, developing countries. While public finance remains a significant source of global renewables investments and key to leveraging private finance, financial flows to LDCs remain far short of the level required to meet energy targets by 2030. Of the USD14 billion commitments to developing countries in support of clean energy in 2018, USD2.8 billion were allocated to LDCs. Over the period 2010-2018, LDCs attracted 20 per cent of total financial flows (or USD26.8 billion) – a share that has remained relatively stable.

To achieve renewable energy goals, LDCs need to strengthen institutions dedicated to renewable energy policy, regulation, and standardization to drive change at the required scale and pace. To do so, the LDCs need enhanced access to diverse sources of financing as well as dedicated support to build capacity and assist developers in the preparation of bankable renewable energy projects. Furthermore, energy policy decisions and planning using robust data, factoring in long-term scenarios and climate adaptation could improve cost-effectiveness of renewable energy projects and help build resilience.

[8] ESCAP, ASIA-PACIFIC COUNTRIES WITH SPECIAL NEEDS DEVELOPMENT REPORT: Strengthening the resilience of least developed countries in the wake of the coronavirus disease pandemic. Available at <https://www.unescap.org/sites/default/d8files/knowledge-products/CSNDR2021.pdf>.

[9] Ibid.

[10] Ibid.

[11] Ibid.







## Access to finance, technology, and capacity building to address climate change

While dedicated funds have been set up to assist LDCs in addressing climate change, available resources are limited and the LDCs face capacity constraints in accessing finance. Accessing these funds is complex and time consuming. [12] To date, the scale and pace of funding and support for LDC has fallen far short of the required amounts.

With 10 out of the 12 Asia-Pacific LDCs in the graduation pipeline, LDCs in the region are facing the imminent challenge of losing access to climate funds reserved for LDCs. Graduated LDCs will lose access to the LDCF which supports programme under the UN Framework Convention on Climate Change (UNFCCC) after their graduation. LDCs and SIDS are given special priority in funds allocation from the Green Climate Fund (GCF). While graduated LDCs will continue to have access to the GCF, graduating Asian LDCs that are not SIDS would no longer benefit from the priority given to LDCs and SIDS. Graduated LDCs will get access to the Special Climate Change Fund (SCCF) to formulate and implement national adaptation plans (NAPs). LDCs/graduating LDCs need international support measures on a long-term basis to build their resilience.[13]

Climate change adaptation and mitigation should be a key concern in LDCs' development and graduation strategies. Development partners should come forward to deepen climate change related assistance. The LDCF should be extended to graduating LDCs at least for a decade after graduation from the current level of five years. This will facilitate undertaking long-term projects to build resilience.[14]

Notwithstanding their efforts to cut greenhouse gas emissions and increase climate resilience, Asia-Pacific LDCs require further technical and financial assistance to build their capacity to become resilient and sustainable.[15] Enhanced support is needed to assist the LDCs in preparing bankable projects. In addition to increasing the volume, quality and predictability of climate-related financing, relevant entities of the UN system, international financial institutions, development banks as well as private sector and foundations should significantly increase their support to LDCs to implement national adaptation plans and disaster risk reduction strategies.

[12] ESCAP, Asia-Pacific Countries with Special Needs Development Report, 2021. Available at <https://www.unescap.org/kp/2021/CSNDR2021>.

[13] ESCAP, Asia-Pacific Least Developed Countries: A review of implementation of the Istanbul Programme of Action and way forward. Available at <https://www.unescap.org/kp/2021/asia-pacific-least-developed-countries-review-implementation-istanbul-programme-action-and>.

[14] Ibid.

[15] Ibid.



## Guiding questions:

- What measures can support Asia-Pacific LDCs in putting adaptation and resilience-building at the heart of the COVID-19 recovery, while creating jobs, reducing inequality, and investing in nature? How can the new LDC Programme of Action contribute?
- How can the new Programme of Action ensure that climate change adaptation and DRR considerations are mainstreamed in critical sectors in LDC economies?
- What support measures are needed for Asia-Pacific LDCs to develop multi-hazard early warning systems and multi-hazard crisis and resilience building mechanisms?
- What capacity development support and technology transfer to LDCs is needed to be able to conduct multi-hazard risk assessments and the apply a systemic understanding of risk in the development of policies and strategies in all sectors?
- What additional support or measures are needed to ensure graduating LDCs are able to access climate finance?
- Additional power generation capacity is needed to increase access to energy in LDCs. How can future energy demand be met through renewable energy?
- What investments and technologies are needed to ensure universal access to energy? What are the key technical, financial, and social challenges to develop sustainable energy systems in currently underserved areas?

