



Issues Note for Theme 5

Supporting our climate, recovery from the COVID-19 pandemic, and building a resilient society against future shocks

Issues Note

The LDCs are among the most vulnerable nations on the planet - to the negative impacts of climate change, natural hazards, health crises and other external shocks. Among more than 120 countries reporting across all Sendai Framework targets for disaster losses, LDCs account for 48% of livelihood disruptions, 40% of deaths, 17% of economic losses, and 14% of infrastructure damage, although their combined GDP amounts to only 1% of the total; and their combined populations are just 18% of the global population¹.

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 and the Sustainable Development Goals indicators. Against this backdrop, there is limited fiscal space in LDCs for tackling the pandemic, and fostering recovery and stimulus. Although the adverse impacts of climate change have been recognized for over 3 decades, the cumulative resources flowing to LDCs for climate change adaptation and disaster risk reduction have fallen short of requirements. With steadily increase greenhouse gas concentrations, climate change impacts are becoming more acute, especially on water and land resources, and impacting on agriculture and food security. Infrastructure in LDCs is inadequate and lacks resilience to multiple hazards.

The new Programme of Action for the LDCs presents a unique opportunity to support COVID-19 recovery and protect future investments in sustainable development in LDCs from costly and avoidable adverse impacts from extreme weather events, slow-onset climate events, natural hazards and other shocks, in a fashion that is complementary to and supportive of the provisions contained in existing international agreements on climate change and disaster risk reduction. For the LDCs, this

¹ United Nations, Implementation of the Sendai Framework for Disaster Risk Reduction 2015–2030 Report of the Secretary-General, A/75/226

means integrating adaptation and disaster risk reduction into policies and investments in all sectors, as well as into policies and activities for structural transformation, commodity diversification and the development of productive capacities.

Sustainable, equitable and resilient recovery from COVID-19

LDCs have been disproportionately affected by the COVID-19 pandemic. The value of LDC merchandise exports declined 16 per cent in the first half of 2020, more than the drop in world exports, due to the temporary decline in commodity prices and disruptions of supply chains. This further reduced the LDC share in global trade, which was already below 1 per cent, and well below the IPoA target. On average, as a result of the pandemic, GDP growth in LDCs is estimated to have declined to -1.3 per cent in 2020, which is well below previous rates and dramatically below the IPoA target of 7 per cent².

The slow pace of vaccination and limited fiscal space in LDCs risk prolonging the recession and stunting the recovery. 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 an important role, but support is needed from all quarters.

Short-term measures provided by many LDC governments designed to alleviate the immediate hardships facing MSMEs, such as wage support programs and credit support, should be complemented with growth-oriented structural policies, such as measures to support innovation, training and redeployment, and streamlined regulations.

Only a small fraction of amounts allocated in global COVID-19 economic recovery efforts address environmental objectives in addition to job creation and growth. Significant amounts of recovery funding may in fact have negative environmental and climate impacts. Thus, there is considerable scope to further “green” stimulus packages globally as well as in LDCs in order to support the transition to a net zero greenhouse gas and resource efficient economy, to build resilience for the long-term, and to align with the Paris Agreement and Sendai Framework.

Adapting to climate change, reducing risk, and building resilience

The LDCs consistently rank food, water, ecosystems and infrastructure as the most vulnerable systems to climate change risks.

Adaptation in agriculture and livestock is of primary importance for LDCs, and can have major implications on food security. This affects livelihoods especially of the most vulnerable segments of society, as well as on employment overall. Water resources already face multiple pressures and are highly sensitive to climate change impacts such as a disruption in rainfall patterns and increased frequency of both extreme and slow-onset events. Furthermore, climate change impacts can act as a threat multiplier, and trigger or exacerbate conflicts, including over scarce natural resources.

The promotion of affordable sustainable energy, especially from renewable sources, is not only a mitigation measure but also relieves pressures on forest resources by providing alternatives to biomass. The introduction of renewable sources such as photovoltaics brings multiple adaptation co-benefits, including for example power for access to meteorological information and early warning systems. Furthermore, sustainability, diversification of energy mix and systems resilience are

² UN-OHRLLS, State of the Least Developed Countries 2021. Building Back Better in Response to COVID-19.

intrinsically linked. For instance, Malawi, Lesotho, Zambia and Ethiopia have energy mixes relying on hydro and are already affected by signs of climate change (i.e., lower levels of water). The dependence on a sole power source lowers the national power system's resilience and sustainability.

The rapid projected growth of urban populations presents challenges for the provision of services such as water, sanitation, and road infrastructure, which must develop and grow at a faster rate in order to keep pace, improve access and achieve targets. Many critical infrastructure (roads, bridges, buildings, grid systems) are most vulnerable to extreme climatic events. There is also a need for resilient infrastructure to safeguard against unplanned and high-risk settlements.

With large proportions of populations living in coastal zones, adaptation measures in these areas are a priority in coastal and small island LDCs. Adaptation efforts target enhancing the resilience of coastal and estuarine communities, protecting tourism infrastructure, combatting coastal erosion, strengthening early warning systems and putting in place effective disaster preparedness and response strategies.³

These are highly climate sensitive areas for LDCs, which play a central role in their economy, the achievement of the SDGs and progress towards graduation criteria. Besides the interlinkages between these issues (nexus approaches), many of these have regional and global dependencies through supply and value chains. Safeguarding against adverse effects of climate change and its many interlinkages across multiple levels and scales and with must play a central and cross-cutting role in the new Programme of Action for the LDCs.

Greater resources should be provided to LDCs, including through established mechanism, for capacity building on adaptation. Tools need to be developed such as adaptation targets and indicators in order to measure progress in adaptation and building resilience, as well as help direct efforts towards concrete outcomes. Increased efforts to support the LDCs access the resources available is an important capacity need.

LDCs also face significant gaps and capacity constraints in meeting disaster risk reduction objectives outlined in the Sendai Framework. Enhanced financing and capacity building is needed for LDCs to collect disaster loss data, install multi-hazard early warning systems, multi-hazard disaster risk assessments and climate forecasts, collecting disaster loss data and increased public access to disaster risk information. Support is needed in the form of financing, capacity building, and technology transfer. To integrate a risk informed approach into development, all LDCs should develop multi-hazard and multi-sectoral national and local disaster risk reduction strategies that are aligned with the Sendai Framework, endorsed at the highest level of government, and linked with economic and development policy, planning and budgeting processes. Development partners can apply the OECD-DAC DRR Marker to track and identify sectoral gaps in the mainstreaming of DRR in their ODA and should align their support in all sectors with national disaster risk reduction strategies.

Accelerating the energy transition and access to sustainable energy

Although the LDCs have contributed relatively minute amounts to historical greenhouse concentrations, they are heavily affected by the adverse impacts of climate change. At the UN Secretary-General's Climate Action Summit in September 2019, the LDCs nevertheless signaled strong commitment to more ambitious climate action. The LDCs committed to net zero GHG emissions by 2050 in the context of resources being available to do so, as well as to delivering climate-resilient development pathways and securing full access to sufficient and affordable renewable energy for all by 2030.

³ UN-OHRLLS, State of the Least Developed Countries 2018. Reducing Vulnerability and Strengthening Resilience in LDCs.

The pathway to net-zero emissions requires a substantial increase in the share of renewable energy in all three main end-use categories: electricity, transport, and heating/cooling. Despite the immense renewable potential of the energy sector in 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 USD 14 billion commitments to developing countries in support of clean energy in 2018, USD 2.8 billion were allocated to LDCs. Over the period 2010-2018, LDCs attracted 20% of total financial flows (or USD 26.8 billion) – a share that has remained relatively stable.

In order 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 different 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.

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. To date, the scale and pace of funding and support for LDC has fallen far short of the required amounts.

Between 2001, when the LDCF was established, and May 2020, 50 current and graduated LDCs gained access to \$1.8 billion for 380 projects. However, the demand for fund resources continues to exceed the funds available for new approvals. LDCs received a cumulative total of \$971 million from the Global Environment Facility (GEF) trust fund for national projects on climate, but only equivalent to 14.5% per cent of total climate change funding since the creation of the GEF. Under the Green Climate Fund (GCF), the largest dedicated climate fund, total funding for the LDCs reached \$2.1 billion, or 37% of the Fund's global portfolio.⁴ By end 2020, the Adaptation Fund had approved a cumulative total for LDCs of \$205 million for projects, and readiness grants worth \$844,000 since its creation in 2001.

The total amount of climate change finance needed to fund both mitigation and adaptation measures post-2020 in the LDCs has been estimated at \$93 billion per year, based on the intended nationally determined contributions (INDCs) submitted by 44 LDCs in the lead-up to the 2015 United Nations Climate Change Conference (COP 21). This amount is likely to be higher in the updated NDCs. The amounts flowing to adaptation must be significantly scaled increased to reach 50% of totals.

The LDCs continue to face difficulties in accessing available finance. Most LDCs currently cannot access the international public finance directly but rely on the international system to assist them. Furthermore, LDCs face constraints in preparing adaptation plans and projects for financing under the established funds, both because of shortage of technical capacity but also because the access conditions are complicated and onerous. Enhanced support is needed to assist the LDCs in preparing bankable projects.

⁴ Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020. Report of the Secretary-General (document A/76/71- E/2021/13).

Guiding questions

- What measures can support 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 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 that 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?
- How should nexus approaches be considered and applied to ensure successful adaptation and resilience-building?
- What measures are needed to account for and address regional and global climate risks that must be included in national planning in LDCs?