

## Concept Note

### **High Level Virtual Event on Building Resilience for Sustainable and Irreversible Graduation of the LDCs Thursday, 17 June 2021, 1:15 pm-2:45 pm, virtual meeting**

#### **Introduction and background**

The least developed countries (LDCs) are inherently constrained by various structural impediments. Limited fiscal buffer and absence of ex-ante insurance schemes against shocks make them highly vulnerable to any kind of emergencies. This has been manifested time and again in recent years as we have seen in the events of financial crises of 2008-2009, the Ebola virus disease (EVD) in 2014-2016, and the ongoing COVID-19 pandemic. LDCs are also bearing a disproportionate impact of the climate change.

While graduation from the LDC category symbolizes important progress against various economic, social, and environmental indicators, the vulnerabilities do not change overnight after graduation. For graduated countries, the situation gets compounded by the potential macroeconomic shocks that they face by losing all special, differential, and preferential treatment and international support measures (ISM) immediately after graduation.

The Istanbul Programme of Action (IPOA) had set an ambitious target to enable half of the LDCs to meet the graduation criteria by 2020. Although the target remains largely unmet, there were significant achievements. Four countries have graduated since the adoption of the IPOA. Sixteen are in various stages of graduation at this point. In the last triennial review of the CDP, Bangladesh, Lao PDR, and Nepal have been recommended for graduation.

While graduation signifies a major achievement for an LDC, graduated LDCs still face significant challenges and vulnerabilities. The COVID-19 pandemic has exacerbated the situation. The decades of development gains of the LDCs are now at risk of sliding back. Graduation would essentially mean concomitant loss of access to all LDC-specific ISMs and specific flexibilities under various international conventions and agreements for graduated LDCs. Therefore, the LDCs have some major concerns about the impacts of graduation. Primary among those are as follows:

**First**, the economies of graduating LDCs are primarily driven either by light manufacturing industries, remittances from workers abroad, tourism, oil, and other commodity exports. All these sectors are highly susceptible to external shocks and bear the major brunt of the impacts, with long term consequences. Under these circumstances, graduation of these countries will doubly

jeopardize their development prospects, both by the COVID-19 related consequences and the loss of LDC-specific support measures.

**Second**, the 2030 Agenda is essentially very broad-based covering sustainable development in all its three dimensions - economic, social, and environmental. The graduating countries are already off-track to achieving the 2030 Agenda. The latest flagship report of the OHRLLS 2021 clearly manifests this. The report suggests that the business-as-usual approach will leave more than 30 per cent of the population of LDCs in extreme poverty. Similar grim projections prevail for LDCs in most of the SDGs. The loss of ISMs will further widen the resource gap in the implementation of the SDGs.

**Third**, most graduating LDCs continue to face severe and fast deteriorating impacts of climate change. The COVID-19 pandemic has aggravated the situation further. Graduation will put additional constraints by limited access to climate financing and technology transfer.

**Fourth**, the inadequate state of infrastructure in the graduating LDCs, especially in the areas of transport and communications, health, education, power and energy, and digital connectivity is a crippling constraint for sustaining their development in post-graduation era. Large-scale investments are required to close this gap.

At its last triennial review, the CDP considered these overarching concerns. It conducted a comprehensive study to assess the impacts of COVID-19 on LDCs. It recommended a longer preparatory period of five years for the graduating LDCs, effective graduation support facility as well as continuous monitoring of the impacts of the pandemic over the coming years.

This situation calls for building strong resilience in LDCs especially in graduating countries in such a way that they can better absorb economic, environmental or health related shocks.

The LDC5 Conference provides an important opportunity to demonstrate international solidarity and partnership to support the graduating and graduated countries by building their resilience capacity through specific package of international support measures. The new Programme of Action for the LDCs to be adopted at the LDC5 Conference in January 2022 is going to be critically important to build on successes achieved on graduation and provide further impetus to LDCs in meeting the 2030 Development Agenda and SDGs,

As the new decade is expected to see an increased number of LDCs reaching the graduation thresholds amid challenging external conditions, LDC5 should lead to concrete, integrated and innovative global support that will help these countries to achieve risk-informed sustainable graduation with momentum.

## **Objectives of the Meeting:**

The meeting aims to discuss the following issues with a view to contributing to the LDC5 outcome document:

- Major challenges and vulnerabilities associated with graduation and how to cope with them.
- Support measures needed for ensuring smooth transition of graduating and graduated countries including the recovery from COVID-19 pandemic and building resilience against future shocks;
- Enhancing capacities for climate adaptation and resilience through better access to finance and technology,

## **Guiding questions:**

- *What kind of domestic measures, ex-ante schemes and insurance policies are required for graduating and graduated countries to build back better from the current pandemic and build resilience against future shocks including against impacts of climate change?*
- *How to put in place a comprehensive package of international support measures to ensure sustainable and irreversible graduation and the achievement of the 2030 agenda?*
- *How to leverage the UNDS reforms and strengthened UN System coordination to ensure improved and dedicated support to graduating and graduated countries?*
- *How can traditional and innovative sources of finance be enhanced to meet the funding gaps in countries on graduation track in a predictable and effective manner?*

## **Registration link:**

Delegates are requested to register for the event by using the following link by 16 June 2021:

<https://us02web.zoom.us/join/tZckdO-ujTgiG9yjcti0Ccp44S4EVBcs95ka>

After registering, you will receive a confirmation email containing information about joining the meeting.