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Follow-up to the Fourth United Nations
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Item 11. (b) of the provisional agenda

**Implementation of and follow-up to major
United Nations conferences and summits:
review and coordination of the implementation
of the Programme of Action for the Least
Developed Countries for the Decade 2011-2020****Implementation of the Programme of Action for the
Least Developed Countries for the Decade 2011-2020****Report of the Secretary-General****ADVANCE UNEDITED TEXT****Summary**

This report provides comprehensive information and analysis on progress in the implementation of the Istanbul Programme of Action (IPoA) over the period 2011-2020, covering all eight priority areas for action and the overarching goal of enhancing graduation. The present report is submitted pursuant to General Assembly resolution 75/227 and ECOSOC resolution 2020/16, in which the Secretary-General was requested to submit a progress report on the implementation of the IPoA. It also provides information on the preparatory process for the Fifth UN Conference of the LDCs, which has been re-scheduled to take place from 23-27 January 2022, in Doha, Qatar, including its intergovernmental Preparatory Committee meetings to be held from 24-28 May 2021 and 26-30 July 2022 in New York. The report includes key recommendations for the upcoming Fifth UN Conference of the LDCs.

I. Introduction

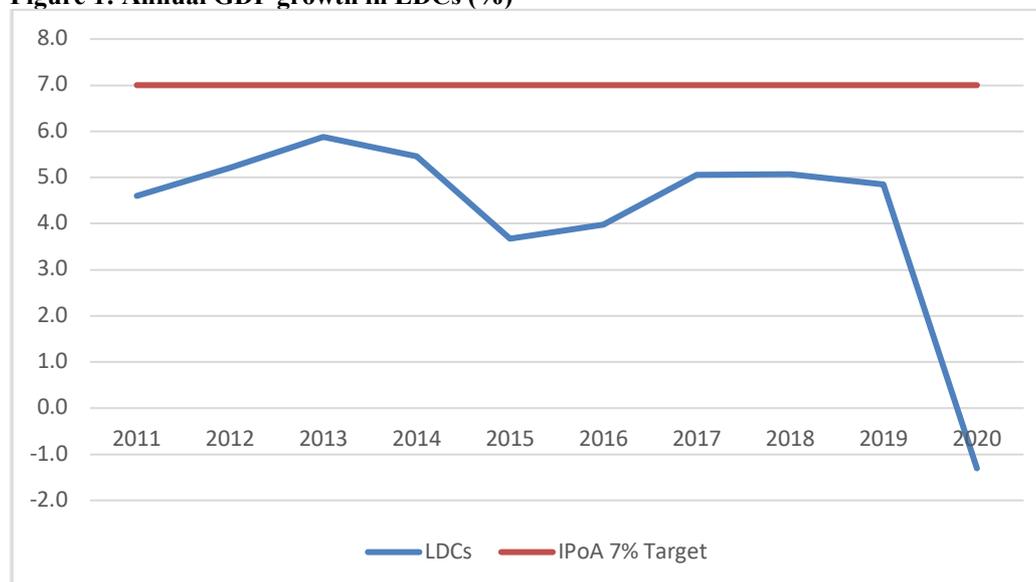
1. At the close of the Istanbul Programme of Action for the Least Developed Countries for the Decade, major advances have been made on several key areas, such as access to information and communications technology (ICT), sustainable energy, health, education, gender, and governance. There is, however, a serious risk that progress may be reversed by the impacts of the COVID-19 pandemic. Furthermore, critical gaps remain where the LDCs as a group have fallen short of meeting the targets set out. Twenty LDCs have reached the graduation thresholds since the adoption of the IPoA in May 2011, which represents important progress although short of the target of half the LDCs. Four countries have graduated since 2011, another four have been designated to graduate between now and 2024, while another 12 have met the graduation criteria at least once. However, the simultaneous loss of LDC support measures compounded by the negative economic impacts of the COVID-19 pandemic are a source of concern for those about to graduate. At its most recent session, the Committee for Development Policy (CDP) recommended a longer preparatory period of five years for the graduating LDCs as well as continuous monitoring of the impacts of the pandemic over the coming years and at the next CDP review in 2024. Support for their smooth transition by development and trading partners, as well as the UN system, will be essential to ensure that graduation is sustainable.
2. This report is based on available data for the IPoA indicators from authoritative sources, which primarily exist for 2019, with 2020 data available for only a few indicators. The discussion nevertheless aims to assess the impacts of COVID-19, including through qualitative assessment.
3. The COVID-19 pandemic has had far reaching health, economic and social impacts in every country. World gross domestic product fell by an estimated 4.3 per cent in 2020. The LDCs have been disproportionately affected due to their high vulnerability at multiple levels. Aside from the loss of life, the pandemic has triggered cascading crises of declining exports, GDP, FDI and remittances, fiscal contraction and worsening debt situations, increasing food insecurity and growing numbers of people in extreme poverty, while climate change impacts continue. The pandemic will likely result in declines on all the major indicators of the IPoA, the exact extent of which is still not known and will play out over the coming months and years. Due to their specific development obstacles, the recovery in LDCs is expected to take longer than in more advanced countries.
4. The preparations of the new Programme of Action for the LDCs to be adopted at the Fifth UN Conference on the LDCs offer a unique opportunity to adopt an ambitious agreement between the LDCs and their development partners, building on success stories and lessons learned from the IPoA, seizing new opportunities – from recovering better from COVID-19 to harnessing the power of new technologies - while building resilience to threats such as climate change, macroeconomic shocks or future health pandemics.

II. Progress in the implementation of key priorities of the IPoA

Growth in the least developed countries

5. The widespread lockdowns to curb the COVID-19 pandemic had an immediate resounding effect on the economy. All but eight LDCs experienced negative growth rates in 2020. Tanzania recorded the highest GDP growth in the group, at only 1.5%. In contrast, in 2019, seven LDCs experienced growth rates of 7% or more, the target growth rate in the IPoA. Average growth in LDCs significantly dropped from 4.8% in 2019 to -1.3% in 2020 (see Figure 1).
6. Despite suffering relatively mild health impacts from COVID-19, a number of LDCs experienced significant GDP contractions of -5.5% or more, including Afghanistan, Kiribati, Sao Tome and Principe, Solomon Islands, South Sudan and Timor Leste¹. Disruption to imports and supplies due to the lack of inbound flights and in the case of the Solomon Islands and Vanuatu², the devastation from Cyclone Harold in April 2020 contributed to the growth constraints.
7. In several LDCs, the sharp decline in GDP was caused by inter alia reduced external demand; falling commodity prices; a decline in tourism, remittances and foreign investment; higher borrowing costs and, measures to contain COVID-19, which also suppressed domestic demand. Although insufficient, several LDCs accessed emergency lending, such as the IMF's Rapid Credit Facility to meet urgent balance of payments and fiscal needs stemming from the COVID-19 pandemic.

Figure 1: Annual GDP growth in LDCs (%)



Source of data: UN/DESA, World Economic Situation and Prospects 2021

8. Prior to the pandemic, growth in LDCs was largely influenced by domestic drivers of growth, commodity prices, and vulnerability to natural disasters and other exogenous

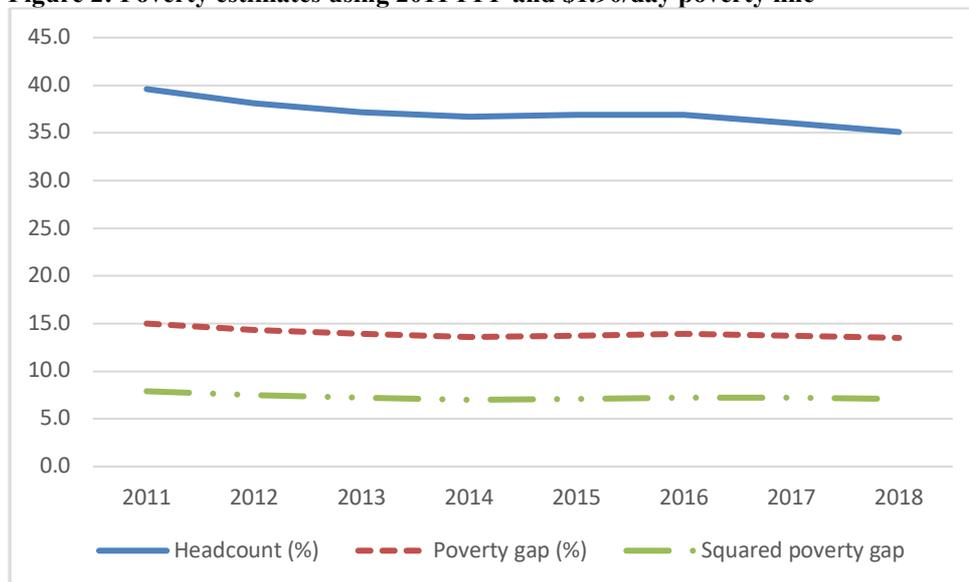
¹ This analysis uses GDP data from 2021 World Economic Situation and Prospects report (WESP), but does not include Tuvalu since it is not systematically monitored for the WESP.

² As Vanuatu graduated from the LDC category on 4 December 2020, it is included in the present report.

shocks. Oil prices influenced the growth peak observed in 2013/2014 and the slump in 2015 and 2016. The recovery in economic growth for LDCs, which commenced towards the end of 2016, mirrored the cyclical upturn in global activity, driven by factors such as rising investment, increased industrial production and trade.

9. Modest progress was made towards eradicating poverty before the pandemic. The poverty headcount, measured as the percentage of population living in households with consumption or income per person below the poverty line (\$1.90 per day), in LDCs declined by about five percentage points from about 40% in 2011 to 35% in 2018. The poverty gap and squared poverty gap³ declined more slowly (see Figure 2).
10. Indications from the impact of COVID-19 on poverty show an upward trend. The World Bank estimates the global COVID-19-induced new poor to be between 88 and 115 million⁴. UN Women forecasts show that by 2030, poverty rates among females and males are expected to be at 32.7% and 32.2%, respectively⁵.

Figure 2: Poverty estimates using 2011 PPP and \$1.90/day poverty line



Source of data: PovcalNet: the online tool for poverty measurement developed by the Development Research Group of the World Bank

A. Productive capacity

11. Between 2011 and 2019, the contribution of manufacturing to GDP remained relatively constant, at about 10%. Countries such as Bangladesh, Cambodia, Ethiopia and Myanmar expanded their share in the group's total Manufacturing Value Added. The pandemic has disrupted global value chains and the supply of products, negatively impacting manufacturing industries, including in LDCs. UNIDO estimates

³ The squared poverty gap is a weighted sum of the poverty gap for each household/individual, which attributes greater weight to those that fall far below the poverty line than those that are closer to it.

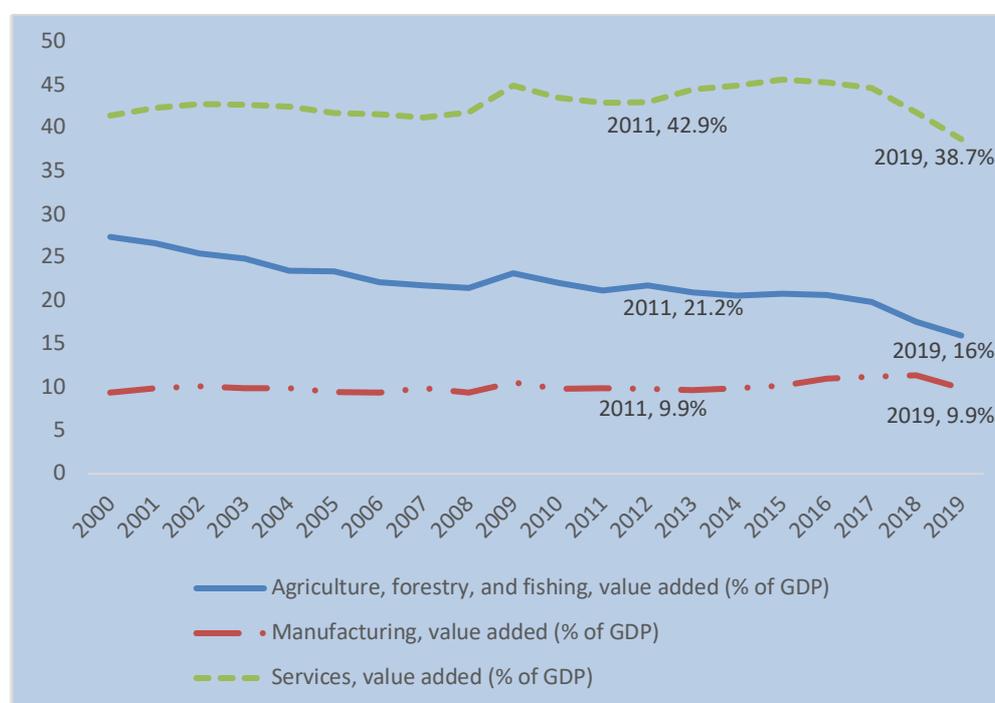
⁴ See <https://blogs.worldbank.org/opendata/projecting-global-extreme-poverty-2030-how-close-are-we-world-banks-3-goal>

⁵ See <https://www.unwomen.org/en/digital-library/publications/2020/09/gender-equality-in-the-wake-of-covid-19>

suggest a significant slowdown of manufacturing growth rates in LDCs to 1.2% in 2020, compared to 8.1% in 2019. A prolonged global slump will likely undermine progress on structural transformation in these economies. Gross fixed capital formation as a percentage of GDP was around 24% in 2011 and 2018. The share of agriculture declined by about 5 percentage points.

12. Despite being the largest contributor to GDP in LDCs, the share of services declined by 4 percentage points between 2011 and 2019 (see Figure 3). Before COVID-19, the share of commercial services in total exports of LDCs grew steadily, reaching 17% in 2018. Tourism earnings dropped by about 40% year on year in the first half of 2020. In general, the reduction in the total share of the three main economic sectors in the LDCs (from 70.8% in 2018 to 64.6% in 2019) suggests that the other economic activities are increasing in the LDCs.

Figure 3: Economic Sectors, Value Added (% of GDP)



Source of data: WDI, World Bank

Infrastructure

13. Internet access in LDCs increased from about 5% in 2011 to 19% in 2019. In developed countries, 87% of individuals used the internet in 2019. This divide results from low internet coverage especially in rural and remote areas, the cost of using the internet, lack of local content and inadequate relevant skills in LDCs. In 2019, only 14% of women in LDCs were using the internet as compared to 25% of men. COVID-19 has highlighted that internet access is an essential public service. During the lockdown period, many LDCs found it challenging to avail online facilities for remote learning and working, primarily due to insufficient broadband services. In order to build a resilient society in the face of new and emerging challenges, there is need to promote digital access and broadband connectivity in LDCs. Digitalization is

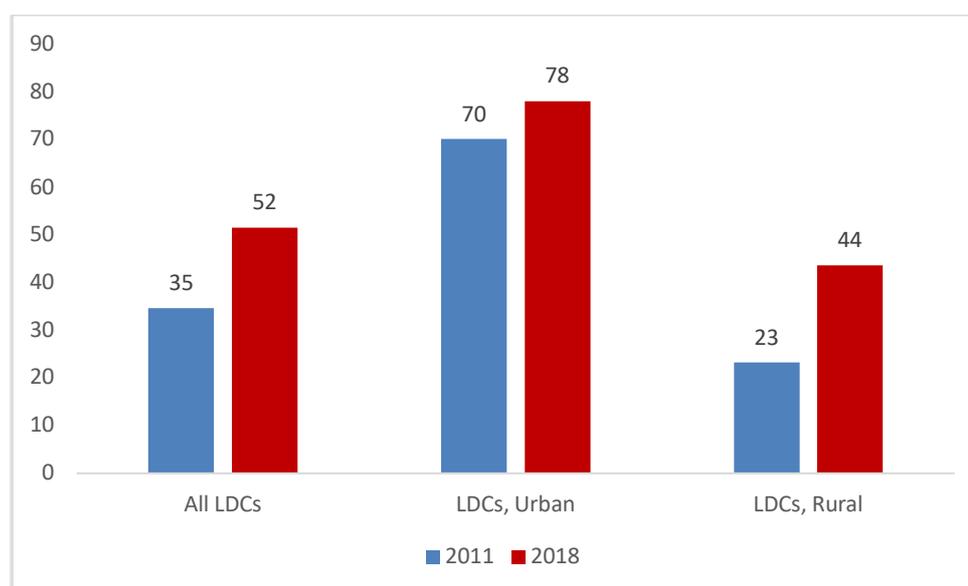
one factor that enables the participation in value chains as demonstrated by several LDCs that have created e-commerce platforms, which helped to stabilize demand during the pandemic.

14. During the IPoA period, LDCs accounted for minuscule global air freight or passengers carried. Ethiopia accounts for about 34% of air passengers of the LDC group total. The pandemic has, however, taken a toll on air travel due to closures and a decline in demand. Ethiopian Airlines shifted most of its operations to cargo, benefitting from the designation of Addis Ababa as a hub to distribute medical supplies across Africa. In the long-term, LDCs will require large-scale investments to build and maintain resilient infrastructure and adopt new technologies, including through increased public-private partnerships.

Energy

15. Access to electricity in LDCs increased significantly from 35% in 2011 to 52% in 2018. Yet, disparities persist across countries and between rural and urban areas (see Figure 4). Households without electricity were unable to participate digitally during the pandemic. Large scale investments are required to accelerate the closure of the energy gap in LDCs. These include fostering investments for renewables and clean cooking fuels and electricity and use of digitally enabled financial innovation such as pay-as-you-go business models. Cross-sectoral linkages exist between sustainable energy and other development priorities, such as gender equality, as women are often primary energy managers, and yet sustainable modern energy infrastructure and technology tend to reach women and girls last.

Figure 4: Access to electricity (%)



Source of data: WDI, World Bank

Science, technology and innovation (STI)

16. Enhancing STI may become increasingly important as a driver of productivity growth in the era of enhanced digitization. The STI influence during the pandemic has been experienced through inter alia, prevention and treatment, new and innovative ways of learning and, the growing importance of digital financing. However, even before the pandemic, LDCs faced significant lags in major indicators related to STI. The ratio of R&D expenditure as a share of GDP was 0.6 per cent or less between 2011-2017, compared with around 2% of developed countries' much larger GDP. Citizens of LDCs, comprising both residents and non-residents, filed only 1,536 patents in 2018, increasing from 960 in 2011. As a share of patents globally the figure is almost zero. The LDCs published only 11 journal articles for every 1 million people in 2018, a marginal increase from 6 in 2011. During the pandemic recovery phase, there will be need for a coordinated multilateral response to help leverage digital technologies, finance SMEs and address market failures that prevent LDCs from enhancing their STI capacity. The Technology Bank for the LDCs has an important role to play in the advancement of science, technology and innovation, as well as bridging the digital divide and contributing to COVID-19 response and recovery.

Private sector development

17. Private sector development in LDCs has been constrained by access to finance, especially for small and medium-sized enterprises, limited supply and high costs of energy, skill gaps and limited ICT. To support the contribution of private business to economic development and employment, public policy needs to set the enabling environment to encourage entrepreneurship and investment. Many LDCs have embarked on numerous reforms to make it easier for companies to do business. In 2018, 162,763 new businesses were registered across 31 of the LDCs. Since the pandemic, LDCs small businesses are facing significant reductions in business capacity and drops in revenue caused partly by supply chain disruptions and decreases in market demand.

B. Agriculture

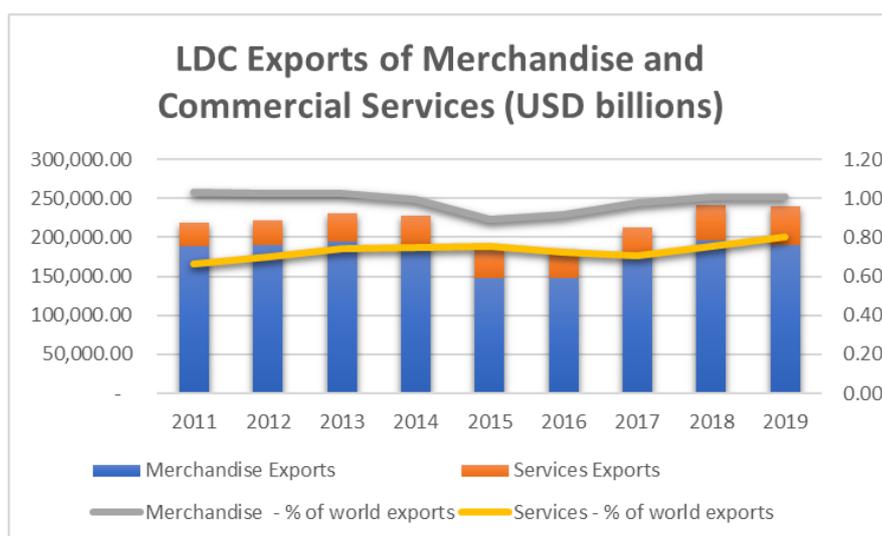
18. The agricultural sector employs more than half of the population in the LDCs and constitutes the primary income source for rural areas, although there is a perceptible decrease in the share of the population employed in agriculture. In 2019, 55% of the population of LDCs was employed in agriculture, down from 60.4% in 2011. Hunger and malnutrition remain a challenge for many LDCs. In 2019, 51.5% of the population lived under moderate or severe food insecurity, an increase from 45.7% in 2014 and almost double the world's average of 25.9% in 2019. The prevalence of severe food insecurity has increased from 17.6% to 20% in 2019 in the LDCs. The number of people unable to cover their nutritional needs in LDCs was 241.5 million in 2019.
19. COVID-19 has accelerated these worrisome trends in the LDCs. Limited mobility and lockdowns, food losses as a result of market closures and limited availability of intermediate inputs and other disruptions in the agricultural sector are having far-

reaching consequences. Before the pandemic, the number of people suffering from hunger and malnutrition in the LDCs was already rising. Short-term shocks triggered by COVID-19 outbreaks may result in entrenched long-term problems that further exacerbate challenges to improve food security and increase the vulnerability of broader social groups and food systems. FAO has estimated that the pandemic might have pushed at least an additional 100 million people into chronic hunger globally in 2020.

C. Trade

20. The IPoA recognizes the important role that trade can play in LDCs' sustainable economic development. However, the participation of LDCs in world trade remained marginal despite the widespread availability of duty and quota-free (DFQF) market access. The target of doubling their share of global exports failed to materialize. Instead, since 2011 the LDC share in world merchandise exports has been hovering around the 1 per cent mark, deteriorating due to unfavourable commodity market conditions to 0.89 in 2015 before recovering to 1.01 per cent in 2019 (see Figure 5). The pandemic triggered a further major negative shock to LDC exports.

Figure 5: LDC exports of merchandise and commercial services



Source of data: UNCTAD

21. LDC exports continued to be dominated by a few countries, with the top 5 exporters (Angola, Bangladesh, Myanmar, Cambodia and Zambia) accounting for over 60 per cent of all merchandise exports from LDCs in 2019. Relative cost advantages and geographical advantages offering better linkages to global value chains continued to play a critical role in boosting exports, particularly among Asian LDCs, while African LDCs relied heavily on abundant natural resources.
22. Services exports almost doubled in value between 2011 and 2019 but remained concentrated in traditional transport and travel sectors. Other commercial services, including financial, business and digital services, have seen their share decline. Five

countries (Bangladesh, Cambodia, Myanmar, Tanzania and Ethiopia) account for about half of all LDC services exports.

23. The limited progress in productive capacity building and export diversification in several LDCs has led to high levels of vulnerability to commodity price volatility, and to other exogenous shocks. Even before recording any COVID-19 cases, the LDCs were severely affected by the disruption of global mobility and trade and declining commodity prices. Data from 97 economies, which include most of LDCs' key trading partners, show that the value of LDC merchandise exports dropped by 21% during March-June 2020 year-on-year. Exports declined for more than two-thirds of LDCs with certain LDCs experiencing a particularly severe export slump compared to the LDC group's average. The pandemic accentuated the slump in oil prices seen in 2019. Declining demand, as well as supply disruptions, have weighed significantly on LDC exports, especially exports of textiles and clothing products. LDCs dependent on tourism revenues have seen the sector grinding to a halt in the second half 2020. The pandemic is likely to reverse any gains and make it incrementally harder for LDCs to invest in productive capacity as funding runs thin and other priorities become more urgent.
24. A trade recovery is underway, driven mainly by an economic rebound in China and other East Asian economies. However, the outlook for global trade is clouded by several factors, including the continuing spread of the virus and its variants and the speed at which vaccines can be deployed equitably worldwide. The COVID-19 crisis has given a boost to the global transition to a digital economy and to a reshaping of global value chains, therefore presenting major challenges and opportunities. Policymakers in LDCs need to act swiftly as they are facing these structural trends which may well define the future of global trade. In order to harness the potential benefits and overcome digital divides, LDC national and regional trade policy strategies need to support and incentivize public and foreign investments in technology, build trade-related infrastructure, reduce trade barriers and transaction costs and improve human capital accumulation with a view to becoming more competitive players in an increasingly changing global trade landscape.

D. Commodities

25. While the share of manufactured products in LDC exports increased from 22 per cent to 40 per cent in the period 2011-2019, mainly due to a higher share of clothing products, the majority of LDC economies have nonetheless remained largely commodity dependent for production and trade.
26. This results in significant economic vulnerability to shocks which generate macroeconomic instabilities and potentially deepen income inequalities. For LDC economies to climb up the economic development ladder, increasing productive capacities, diversifying their export base, upgrading technological capabilities and investing in greater value addition are indispensable components.

27. The value of the product concentration index⁶ of LDCs as a group halved from 0.42 in 2011 to 0.21 in 2019, which was still three times higher than the world's value. Angola and Guinea-Bissau showed the highest product concentration of exports, followed by Kiribati, Chad, Tuvalu and Mali. However, there has been some important progress. Over time, productive capacities increased in several LDCs, confirming Senegal, Sierra Leone, Djibouti and Nepal as countries with the most diversified export structure among the LDCs in 2019.

E. Human and social development

Education and Training

28. LDCs have made progress in increasing enrolment rates in primary education. Yet, 16.2% of children in primary school age were out of school in the LDCs in 2019. The share of girls out of primary school as a percentage of female primary school age was 17.89% in 2019, more than double the world average of 8.95%. Challenges remain even greater for secondary and tertiary education, causing concern about generating the skills necessary for the development of productive capacities and the structural transformation of their economies.
29. The COVID-19 staggering impact on education has impacted LDCs particularly hard. Limited internet connectivity and lack of access to adequate infrastructure for remote learning pose serious obstacles and will negatively impact boys and girls in the LDCs, leading to a higher risk of serious deficits in the education of those most at risk and creating lifelong disadvantages.
30. The pandemic has laid bare the inequalities existing among marginalized or vulnerable populations. Children in LDCs were already suffering from higher rates of malnutrition, deficit in micronutrients or limited access to health. Policies and measures that promote the return to boys and girls to school will be crucial in the response to address the impact of the pandemic.
31. Building education back better requires teachers that are valued and provided with the necessary resources and trained, adequate infrastructure at schools and around schools, access to electricity and the Internet for schools and their communities.

Population and Primary Health

32. The population in the 46 LDCs is estimated to have grown 23.4% between 2011 and 2020 and is expected to exceed 1.8 billion in 2030. Projections show that between 2020 and 2030 there will be 343 million births in the LDCs. Of the 40 countries with highest fertility rate, 32 were LDCs in 2020. Although the population in the LDCs is pre-eminently young, its rate of growth will decelerate over the next 20 years. It is

⁶ The product concentration index assesses the extent to which exports and imports of individual countries or country groupings are concentrated on a few products or otherwise distributed in a more homogeneous manner among a series of products.

estimated that the population over 60 will change from 59 million in 2020 to 178 million in 2050.

33. In 2017, LDCs had 0.27 physicians per 1,000 people and 0.724 nurses and midwives per 1,000 people, much lower than the world averages.
34. Available information suggests that COVID-19 has had a relatively milder health impact in LDCs on average as compared to other developing countries, although some LDCs have relatively high infection rates as well as alarming second waves of the spread. This has in part been attributed to effective policy responses by LDCs, that these countries have implemented despite their limited resources, from closing borders and schools, travel bans and mandatory quarantine, to social distancing, face masks and limitations on large gatherings.

Youth Development

35. Current demographic projections indicate that by 2030 one in five of the youth in the world will be born in LDCs. Youth in LDCs were disproportionately affected by job losses due to COVID-19. Significant efforts will be needed to recover from the pandemic and place LDCs on a sustainable development path in terms of realizing the right to development for young people through better education and employment opportunities. This needs to include digital and entrepreneurial skills. In addition, youth need to be enabled to participate in the design and implementation of related policies.

Shelter, Water and Sanitation

36. The human right to water entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic uses. The average proportion of the urban population living in slums has decreased from 65.7% in 2009 to 58.89% in 2018, although the number of people in slums has grown from 132 to 199 million. Conditions in slums carry especially high risks, due to overcrowding, limited access to water and sanitation, poor health care systems, and the lack of other basic services. The Ebola epidemic in West Africa between 2014 and 2016 saw rapid increase in infections driven by densely populated urban slums. In addition, shelter-in-place is not an option for a population largely employed in the informal sector. Despite progress, access to basic sanitation services remains very low in LDCs, particularly in rural areas. Access to water and sanitation have gained in importance as basic aspects of tackling the pandemic, such as handwashing stations in community centres, schools, markets and other public spaces.

Gender Equality and the Empowerment of Women

37. The share of girls out of primary school as a percentage of female primary school age was 17.89% in 2019, more than double the world average of 8.95%. The situation is considerably worse for secondary education, where 33.97% of girls in secondary school age were out of school in 2019 compared to 15.34% for the world. Over 110 million girls have been affected by school closures in the LDCs. Several studies show

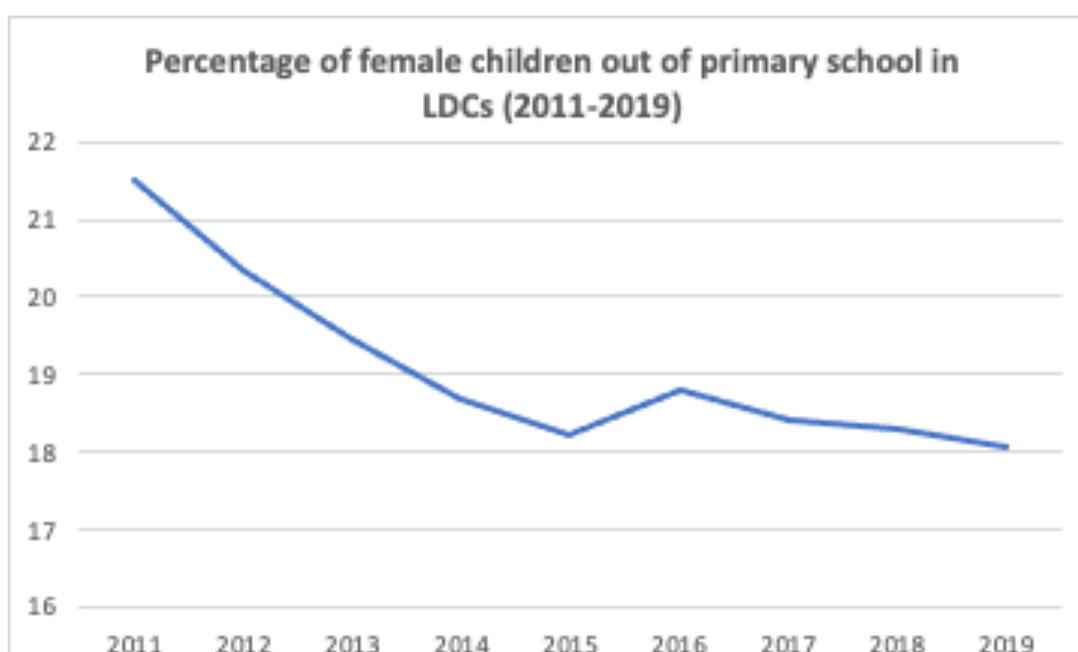
that school closures may lead to increased vulnerability of girls and it had led to increase in pregnancy rates (see Figure 6).

38. The median proportion of women aged 15-49 in LDCs who have their needs for family planning satisfied by modern contraceptive methods was estimated at only 58.7% in 2020. In the 34 LDCs for which data were available, 24.3% of women and girls aged 15 years or older were subject to violence in 2019.

39. Adolescent fertility rate was 92.75 (per 1,000 women) in LDCs in 2018, compared to 42.04 for the world. Limited access to skilled personnel during births adds to the greater likelihood of young mothers experiencing complications due to pregnancy such as obstructed labor and eclampsia, increasing their risk of death. In 2016, only 59.1% of births were attended by skilled personal. Maternal mortality remains high with 415 per 100,000 live births in LDCs.

40. The pandemic has had an especially negative impact on women, who are more exposed to hard-hit economic service sectors and the lack of social safety nets, which is a standard feature of the informal sector (for example, about half the employed women in Bangladesh work in informal textile or garment manufacturing). Women are more likely to be front-line health and social-care workers, and the virus significantly increases the burden of unpaid care. Shifts in funding to pandemic responses are hampering women's access to sexual and reproductive health, and domestic violence reports against women have increased around the world.

Figure 6: Girls out of primary school in LDCs



Source of data: World Bank and UNESCO

Social Protection

41. The loss of income due to lockdown measures has been exacerbated by the very restricted social protection schemes. Limited fiscal space reduces the ability of the LDCs to protect vulnerable population from falling into poverty. The large number of workers in the informal economy creates additional challenges to any outreach through social protection systems.
42. Despite these challenges, most LDCs have established some albeit limited form of support to households to counteract the social effects, for example through extension of cash transfers, including through the use of mobile money, or through food distribution.

F. Multiple crises and other emerging challenges

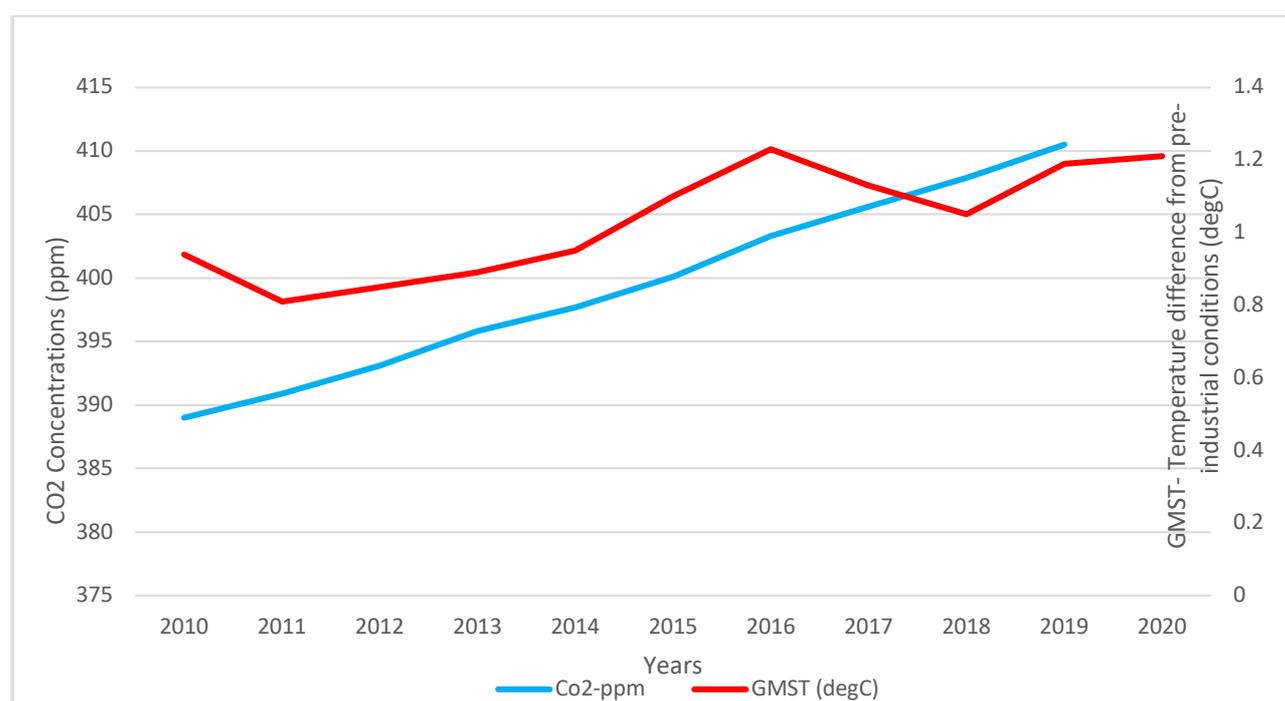
Economic shocks and COVID-19 impacts

43. The multiple shocks triggered by the COVID-19 pandemic have had a disproportionate impact on the LDCs, reducing trade value in LDCs, which are largely commodity dependent (see section D), and shrinking fiscal space. Existing debt vulnerabilities have been magnified, with a growing risk of default in several countries (see section G). Meanwhile, climate change impacts have become more severe, expanding public debt and diverting funding for the goals and objectives of the SDGs and IPoA. The ongoing COVID-19 pandemic has put pressure on public resources in LDCs as well as their development partners, diverting resources away from climate action and the SDGs in order to meet the emergency health response. However, COVID-19 recovery efforts must take full advantage of the opportunities. If well-designed and adequately financed, stimulus packages could contribute to a more climate resilient and low-emission trajectory.

Climate change and environmental sustainability

44. The past decade has been the warmest on record, and the warmest six years have all been since 2015, with 2016, 2019 and 2020 being the top three (see Figure 7).

Figure 7: Global CO2 concentrations and global mean surface temperature (2010-2020)



Source of data: WMO

45. LDCs are universally recognized as among the most vulnerable countries to the adverse impacts of climate change. Over the past decade, the LDC have made noteworthy efforts to address climate adaptation. All LDCs have prepared NAPAs, which contain priority interventions for adapting local communities and systems to the adverse effects of climate change. LDCs are actively implementing urgent and immediate measures identified in the NAPAs with funding from the Least Developed Countries Fund (LDCF). 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. As at November 2020, the Adaptation Fund established under the Kyoto Protocol had approved a total of 30 projects for LDCs worth a total of \$205 million, as well as readiness grants for 16 LDCs worth \$844,245.
46. As at January 2021, a cumulative total of \$971 million had been made available from the Global Environment Facility trust fund for national projects on climate change in the LDCs, which is equivalent to 14.51% per cent of total climate change funding from the trust fund since its creation.
47. The Green Climate Fund (GCF), which received pledges of USD10.3 billion during its Initial Resource Mobilization (IRM) in 2014, has so far received donor pledges in excess of \$10 billion for its first replenishment, making it the largest dedicated climate fund. Total funding for the least developed countries had reached \$2.1 billion, or 37% of the Fund's global portfolio. As at November 2020, all the LDCs had undertaken activities related to the process to formulate and implement NAPAs. Thirty-two LDCs had submitted proposals to the Green Climate Fund (GCF) Readiness and

Preparatory Support Programme, of which 22 had received approval. Five LDCs had completed their first NAP. However, the climate financing received by the least developed countries falls far short of the estimated requirements⁷.

Disaster risk reduction

48. The environmental, social and economic impacts of the COVID-19 pandemic and of the climate crisis underscore the urgency of a disaster risk-informed approach to poverty reduction, economic growth, and sustainable development. Data reported by LDCs in 2019 to the Sendai Framework Monitor show that the LDCs suffer disproportionately high losses in human and economic terms owing to disasters.
49. During the period of the IPoA, with acceleration since the adoption of the Sendai Framework in 2015, LDCs have made progress in collecting disaster loss and disaster risk data needed to make risk-informed decisions, with 15 LDCs reporting through the on-line Sendai Framework Monitor as at end 2019. As at August 2020, 21 LDCs had reported having national disaster risk reduction strategies, in keeping with the objective of target E of the Sendai Framework for Disaster Risk Reduction. However, most of these strategies were not aligned with the Sendai Framework as they lacked a multi-hazard approach and focus on disaster preparedness and response.
50. Financing the implementation of national and local disaster risk reduction strategies remains a considerable challenge for LDCs. A commitment is needed by development partners to sustained and predictable international cooperation to LDCs for disaster risk reduction over the next decade and beyond. COVID-19 recovery efforts offer significant opportunities to purposefully reduce risk and build resilience for current and future generations. LDCs would benefit from mainstreaming disaster risk reduction considerations into all policy and public and private sector investments, including FDI, for poverty reduction and sustainable development at all levels and in all sectors. In this regard, it will be crucial to establish coherence between the implementation of the Sendai Framework and the next Programme of Action for the LDCs.

G. Mobilizing financial resources for development and capacity building

Domestic resource mobilization

51. Over the period of the IPoA, prior to the pandemic, the median tax-to-GDP ratio in LDCs increased very slowly, from 13.3 in 2011 to 16.2 in 2018, with rates lower than 10% in several LDCs. The effects of COVID-19 are expected to lead to a significant decline in government revenue not only in absolute numbers but also a decline in the tax to GDP ratio in most LDCs, with oil exporters and tourism dependent countries hit particularly hard. Many LDC governments have also reduced taxes in order to stimulate the economy and physical tax collection has become more difficult during

⁷ The LDC 2050 Vision Report has estimated the costs of implementing adaptation priorities in LDCs' Nationally Determined Contributions at \$40 billion annually between 2020 and 2030.

the pandemic. Together with limited access to other sources of financing this has considerably reduced fiscal space of LDCs and their ability to provide support for their people and economies.

Development Cooperation

52. ODA to the LDCs from DAC donors increased from 2017 to 2018, but then declined by 6% in 2019. The average share of gross national income (GNI) provided as ODA to the LDCs from DAC donors declined from 0.1% in 2011 to 0.09% in 2019, well below the IPoA targets of 0.15 to 0.2% of GNI. In 2019, only six donor countries - Denmark, Luxembourg, Netherlands, Norway, Sweden and United Kingdom - met the IPoA target of committing 0.15 per cent or above of their gross national income as ODA to the LDCs, compared to ten donor countries in 2011.
53. While the DAC reaffirmed in November 2020 “the important contribution of ODA to the immediate health and economic crises and longer-term sustainable development, particularly in LDCs”⁸, there are indications that bilateral ODA has been declining in 2020 and may continue to do so due to the decline in GNI in donor countries. Among DAC donors the picture is mixed, with some increasing bilateral ODA while others reduced their commitments. Especially early on in the pandemic commitments by multilateral donors increased. However, many of the appeals to address the effects of COVID-19 are significantly underfunded.
54. If the ODA commitments were met by DAC donors to provide at least 0.15 or 0.2% of their GNI to LDCs, this would significantly increase the availability of finance, mainly on grant basis whilst not leading to additional debt. In addition to an increase in quantity, ODA should also be aligned with country priorities and the SDGs. Development finance providers and blended finance investments should support LDCs in the development of a pipeline of sustainable projects, for example in the area of sustainable or climate-resilient infrastructure that also focus on risk reduction to increase resilience.

External debt

55. The stock of LDC debt increased from USD 198bn in 2011 to USD 385bn in 2019, with an increasing share of private creditors. Total debt service increased from an average of 5% of exports of goods and services to 13% over the same period and even to 18% for African LDCs. As of January 2021, four LDCs were classified as in debt distress (Mozambique, Sao Tome and Principe, Somalia, and Sudan), while 16 LDCs were at high risk of debt distress. In November 2020, Zambia became the first LDC to default on its debt since the beginning of the pandemic.
56. Due to the extreme challenges facing the LDCs, the international community started to suspend debt payments from LDCs as of April 2020. The IMF offered debt service relief to 26 LDCs through the Catastrophe Containment and Relief Trust (CCRT).

⁸ [DAC-HLM-Communique-2020.pdf \(oecd.org\)](https://www.oecd.org/dac/hlm/communique-2020.pdf)

The Debt Service Suspension Initiative (DSSI), to which all LDCs that are current on their IMF and World Bank obligations are eligible, allows them to suspend debt servicing to G20 and Paris Club members from May 2020 through June 2021, to which 30 LDCs applied by March 2021. However, the initiative has several limitations as it does not reduce debt but only postpone debt service and does not include private creditors. The G20 Common Framework for Debt Treatments beyond DSSI could be built upon to improve the international debt architecture as it requires collaboration of various official and private creditors. As at March 2021, Chad, Ethiopia and Zambia had requested debt restructuring through the Common Framework, which requires complex case-by-case negotiations.

Foreign direct investment

57. FDI inflows in LDCs were already on a declining trend since 2015, with a small uptick in 2018. In 2019, FDI declined by 6% (to USD 21 billion or 1.4% of world FDI), driven by shrinking flows to Asian LDCs. UNCTAD reported a decrease of 42% of global FDI and of 12% of FDI to developing economies in 2020. Investor confidence has fallen due to supply and demand shocks, which has resulted in the delay of many greenfield projects and led to fewer cross-border M&A activity. The outlook for FDI to LDCs for 2021 and beyond is extremely weak and uncertain, especially for sectors where COVID-19 is expected to have longer term impacts, like transport and tourism. Several LDCs have undertaken steps to facilitate investment despite of the COVID-19 crisis, such as the acceleration of approval procedures, an increased use of online tools, a reduction of fees and an automatic renewal of permits.

Remittances

58. Remittance flows to LDCs had increased relatively rapidly from USD 28.2 billion in 2011 to USD 52.1 billion in 2019 - around 5% of GDP. The World Bank estimates that remittances to LDCs declined by 2% on average from 2019 to 2020, due to job losses, especially in the service sectors most reliant on migrant workers, a decline that is lower than for other developing countries. However, several LDCs that are highly dependent on remittances experienced much larger declines, for example up to 27% for Mozambique. The decline is expected to be prolonged into 2021 and likely beyond. The return of migrants, who brought their savings with them partially accounts for the lower-than-expected decline but will contribute to the prolonged duration.
59. Mobile-phone services are increasingly used for transfer of remittances as physical locations were closed and have contributed to reduced costs. Some remittance service providers have also removed their fees.

H. Good governance at all levels

60. The IPoA called for actions to strengthen good governance, rule of law, human rights, gender equality and empowerment of women, and democratic participation, prevent

corruption and enhance institutional capacity in LDCs. All but two LDCs have either ratified or acceded to the United Nations Convention against Corruption in 2020.

61. Some LDCs made progress as measured by the Worldwide Governance Indicators (WGI) Project in the past decade, but overall advancement is hampered, especially by several countries with ongoing conflicts. In 2018, 33 million forcibly displaced people originated from LDCs, rising from 16.8 million people in 2011, which is a growing problem in some LDCs, exerting a drag on governance appraisals.
62. According to data from UN Women and UNDP, although women are underrepresented in political institutions in LDCs, some countries have made outstanding progress on women's participation in parliament in 2019, including Rwanda (61%), Senegal (42%), Mozambique (40%), Ethiopia (39%) and Nepal with about 40% of all local provincial and federal levels' elected positions being occupied by women.
63. The average e-government development index developed by the Department of Economic and Social Affairs for the delivery of public services in the LDCs increased from 0.23 in 2010 to 0.34 in 2020 but remains lower than the world average of 0.6. Progress is evident and the Asian LDCs Bhutan, Bangladesh, and Cambodia moved to the group with a high index of more than 0.5 in 2020, while working on e-government initiatives to improve efficiency and capacity in public service delivery. Rwanda, Uganda and the United Republic of Tanzania offer online services at levels that are above average with comprehensive digital government strategies aligned with national policies and the SDGs.
64. According to ITU data, LDCs show a gender digital gap with only 13.9% of women using the internet in 2019, compared to 24.4% of men (86% women and 87.5% men in developed countries). Worryingly, this gender imbalance in internet use has widened since 2013.
65. Many LDCs lack data to measure and track progress in the goals and targets of the Istanbul Programme of Action and the SDGs. The average statistical capacity indicator increased from 56.4 in 2011 to 58.0 in 2019 but remains below the world average of 64. The COVID-19 pandemic has illustrated vividly how crucial reliable data is for policy making. Disaggregated data is required to understand the differential impacts of the pandemic and address its economic and social effects, especially for vulnerable groups.
66. The COVID-19 pandemic has posed challenges to all countries, while those with fragile governance systems have been more severely tested. Lockdowns and social distancing measures have restricted government engagement with civil society on parliamentary and other political processes, delayed political elections and disrupted public service delivery.

III. Status of preparations for LDC5

67. Significant progress has been made in the preparations for the Fifth United Nations Conference of the Least Developed Countries, which, due to the COVID-19 pandemic, was rescheduled from March 2021 to 23-27 January 2022 in Doha, Qatar.
68. All LDCs have undertaken broad-based country-level preparations, assessing progress, obstacles, and constraints in the implementation of the IPoA and to determine priorities for the next 10-year programme of action. A comprehensive analysis of the national reports on lessons learned from the implementation of the Istanbul Programme of Action has been prepared by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) (https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/preliminary_report_lessons_1_earned_ipoa_implementation.pdf).
69. The organizational session of the LDC5 Preparatory Committee was convened on 8 February 2021, at which the Preparatory Committee elected its bureau, adopted its agenda, agreed on organizational matters and discussed substantive preparations for LDC5. Member States also highlighted the importance of addressing the unfinished business of the IPoA, but also COVID-19 response and recovery, the specific needs of the LDCs in meeting the 2030 Agenda and SDGs in the Decade for Action. Emphasis was placed on the growing challenge of climate change, the debt crisis, support to graduating LDCs, access to digital technologies, and building resilience to the multiple levels of vulnerability faced by LDCs which have been exacerbated by the COVID-19 pandemic.
70. The African Regional Review meeting took place from 22-26 February 2021, at which a Ministerial Declaration was adopted by ministers from the African LDCs and Haiti (see <https://www.un.org/ldc5/regional-reviews>). The COVID-19 pandemic, climate change, trade barriers and debt distress were among some of the major challenges highlighted. The Declaration issued a call to strengthen healthcare systems, bolster research and development, empower women and provide a rapidly growing youth population with greater prospects for a decent life. It also called for the immediate establishment of a global stimulus package to address the impacts of COVID-19 and on development partners to support them in achieving global development goals.
71. The Asia-Pacific regional preparatory meeting will take place later in 2021. In addition, the President of the General Assembly and the President of ECOSOC plan to convene a special event dedicated to LDC5 preparations on 18 June 2021. These events will provide valuable information for the process.
72. The two meetings of the Preparatory Committee will be convened on 24-28 May 2021 and 26-30 July 2021. Preparations are also under way to ensure the effective participation of all relevant stakeholders, including parliamentarians, civil society, young people, and the private sector. The event “Future Forum - Achieving Sustainable Development in the LDCs” - an academic conference in support of the Conference - is being organized by the OHRLLS, the World Institute for Development Economics

Research and the Sustainable Development Solutions Network and will be held in Helsinki in late August 2021.

73. The OHRLLS has organized five inter-agency consultative group (IACG) meetings to mobilize support from United Nations system entities for the Conference, and they are actively engaging in the preparatory process through sectoral appraisals in their relevant fields of competence and dedicated discussions within their governing bodies (more information on the preparatory process can be found at <https://www.un.org/ldc5/preparatory-process>).
74. A broad range of United Nations agencies have been actively engaging in identifying key issues for the Conference agenda through pre-conference workshops, events and reports. Priorities identified include among others revitalizing structural transformation, enhancing productive capacities, strengthening health and social protection systems, addressing inequalities and universal access to energy, building-up resilience to climate as well as socio-economic and health crises, reducing the digital divide, the contribution of building peaceful, just and inclusive societies for sustainable development, mobilizing global resources for the LDCs, and addressing the impacts of graduation. The outcome document of the 8th UNIDO Ministerial Conference on LDCs which took place in November 2019, emphasized the need for greater engagement in LDCs by development partners to achieve the SDGs – even prior to the outbreak of the COVID-19 pandemic.

IV. Conclusions and recommendations

75. The Fifth United Nations Conference on the Least Developed Countries offers a unique opportunity to craft an ambitious multi-layered drive for recovery from the pandemic, as LDCs and development partners chart the course towards sustainable development for the next decade. The new Programme of Action must ensure that the LDCs are not left further behind in the global recovery, that in the last decade of the 2030 agenda lost ground is rapidly made up, and that the international community forges an ambitious, innovative and forward-looking renewed partnership to address the special needs of the LDCs to advance towards graduation thresholds.
76. Several conditions are needed for the LDCs to recover from the pandemic, whether as part of the new Programme of Action for the LDCs, or independently of it. First, equitable and timely access to the COVID-19 vaccine will be critical, including meeting the funding gaps in the ACT Accelerator and COVAX facility. Second, sustained economic recovery in the LDCs will require measures by the LDCs themselves to enhance fiscal space as well as enhanced support from the international community reversing the decline in ODA and prioritizing LDCs. Recovery measures should be aligned with the SDGs and new Programme of Action. Thirdly, a long-term solution to the debt situation in LDCs is urgently needed. The moratorium on debt servicing through the DSSI needs to be extended for a longer time period and also should include private creditors. For several LDCs, debt cancellation will be needed to avoid defaults and the Common Framework for Debt Treatments is a first step in that direction. The debt restructuring architecture should include a broad range of state contingent elements to help countries better manage future shocks, whether related to the terms of trade,

disasters or other factors. The issuance and reallocation and use of special drawing rights in support of LDCs would also contribute to the overall COVID-19 response as this would provide additional liquidity at relatively low cost, which could be tailored to individual needs.

77. A number of broad recommendations for the next Programme of Action can also be drawn from the 10-year review of the IPoA:
78. First, the unfinished business of the Istanbul Programme of Action must be completed. Eradicating extreme poverty and addressing food security and hunger in the least developed countries stands out as a high priority. While the increase in the participation of the LDCs in global trade envisaged under the IPoA has not been achieved overall, concerted efforts should be made to replicate the successful utilization of international support measures in the area of trade by several LDCs. Export diversification, building productive capacity and moving up global value chains remain key objectives for the new Programme of Action.
79. The gains achieved on sustainable industrialization, building resilient physical infrastructure and sustainable energy access must be scaled up. Investment promotion strategies need to be adapted to new sustainable development opportunities during the recovery after COVID-19, including resetting priorities and targeting investment and business activities supporting the SDGs as well as attracting impact investors facilitating green and digital investment.
80. The emphasis of the IPoA on a strong governance system remains critical, including the importance of building strong institutions. The experience of the pandemic has further highlighted the value of credible, legitimate, and trusted governmental leadership, especially during national or global crises. The dissemination of fact-based information, transparency and integrity is central to serving the public equitably, in partnership with all stakeholders, including the private sector and civil society.
81. Second, the next Programme of Action must include strong provisions to build climate resilience, to complement and ensure consistency with existing international agreements – through climate adaptation and addressing systemic risk, especially among the most critical sectors of the economy, infrastructure, and the most vulnerable groups of people. All policies under the new Programme of Action must be disaster risk-informed, whether on social protection and services, structural economic transformation, the strengthening of productive capacities, or public and private sector investments, including foreign direct investments. Enhanced support is needed to build and strengthen national adaptation capacity, to prepare project documents to access and utilize available climate funds and to generate climate finance through innovative means and to provide risk insurance and guarantees for where they are most needed, such as micro, small and medium enterprises and low-income households.
82. Third, it will be essential to fully harness the potential of new technologies and prevent a deepening of the digital divide, not only with regard to broadband, but also artificial intelligence, blockchain and other new technologies. Ensuring that all least developed countries have access to new technologies and the capacity to make the best use of

them, including overcoming rural-urban and gender disparities, will be cornerstones of future action.

83. Fourth, realizing gender equality and the economic empowerment of all women and girls must feature as an important cross-cutting theme in the new Programme of Action. The COVID-19 pandemic has reversed much of the progress made on gender equality, with women being especially exposed to negative social, health and economic impacts.
84. Fifth, there must be a special focus on young people to ensure a decline in the numbers of young people who are out of school, especially girls, and that they acquire the skills needed to realize their aspirations. Rather than add to the numbers of marginalized and vulnerable people, young people must be empowered to become agents of change in leveraging the benefits of the data revolution and new technologies.
85. Sixth, the new Programme of Action must address the need to build peaceful, just and inclusive societies that provide equal access to justice and that are based on respect for human rights (including the right to development), on effective rule of law and good governance at all levels and on transparent, effective and accountable.
86. Finally, with a record number of LDCs meeting the graduation thresholds, it is essential to ensure that the necessary conditions are in place to ensure that graduation leads to sustained economic growth and prosperity. There is a need for enhanced smooth transition measures, additional flexibility for example on the extension of the preparatory period, and enhanced coordinated UN support, for example through the inter-agency task force on least developed country graduation. Further incentives should be developed such as an enhanced programme of support to address the specific vulnerabilities of the graduating countries, including through private sector development and investment promotion.
