



Technical session 5: Climate change and LDC graduation

A. Background

The ongoing climate crisis is reversing development gains and posing a threat to the very existence of communities in parts of the world. The next decade will likely see escalated climate-related disruption in terms of increasing heatwaves and other extreme weather events, changing patterns of evolution, prevalence and transmission of communicable diseases, and changing weather patterns that affect climate-dependent livelihoods.

Impact of climate-related changes will add significant risk to the challenges of graduating LDCs, while proactive climate action can generate opportunities for development that spans multiple sectors and brings potentially large socioeconomic benefits.

The graduating cohort of LDCs are still recovering from the impacts of the ongoing COVID-19 pandemic. They are also dealing with the environmental vulnerabilities of their respective geographic locations, as they continue efforts to achieving the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). Bangladesh, Nepal and Lao PDR ranked 7th, 10th, and 52nd, respectively, among 180 countries on the Climate Risk Index (CRI) for the period 2000-2019.¹ Escalating climate crisis will only increase the vulnerability of the three LDCs. At the same time, loss of LDC-specific support measures after graduation will generate pressure on the profitability of private sectors of the three countries, especially on their export sectors. With strengthened policy environment for climate action globally and especially in OECD countries, exporters from the graduated LDCs will be required to adhere to more stringent environmental requirements to access markets in these countries. For instance, the carbon border adjustment mechanism of the European Union² will create pressures to reduce carbon intensity of production of exports to access the EU markets.

The knock-on impact on indirect tax revenues and demand for national support measures to the export sector might reduce fiscal space for climate action. Securing climate-compatible development will only be possible through aligning climate policy, industrial policy, trade policy and fiscal policy in a way that takes into account both the socio-economic structures and the political realities of each country.

The LDC work programme of the United Nations Framework Convention on Climate Change (UNFCCC) provides support for National Adaptation Programmes of Action (NAPAs), the national adaptation plan (NAP) process, the work of the Least Developed Countries Expert Group (LEG), databases relevant to LDCs, the Least Developed Countries Fund (LDCF), and other funding sources. These enable LDCs to enhance existing national institutions, build negotiating skills, raise public awareness, create, transfer, and utilize technology, and consolidate data collection for better policy formulation. Under UNFCCC, LDCs get technical guidance and recommendations on accessing the Green Climate Fund (GCF) for the process of developing and implementing NAPs.

¹ https://reliefweb.int/attachments/b6a6928e-214a-3398-bc01-1460f32bb3ad/Global%20Climate%20Risk%20Index%202021_1.pdf

² https://taxation-customs.ec.europa.eu/green-taxation-0/carbon-border-adjustment-mechanism_en

Knowledge creation and capacity building assistance are provided for LDCs under LDCF. In addition, the LDC Universities Consortium on Climate Change (LUCCC) aims to develop South-South and South-South-North knowledge sharing and capacity development programs in LDC universities and training institutes to address climate change through research, knowledge sharing, and education. The LDC Renewable Energy and Energy Efficiency Initiative for Sustainable Development (LDC REEEI) is a strategic framework for driving transformative change across sectors, as well as a platform for sharing experiences, best practices, and knowledge dissemination to achieve universal energy access and accelerate the transition to renewable energy and energy efficiency in all LDCs. The initiative also aims to support LDC's efforts to access climate-dedicated funding.

Other global initiatives like, the European Union's Global Climate Change Alliance Plus (GCCA+) seek to enable the world's most vulnerable countries, mainly LDCs and SIDS, in combating climate change. The International Institute for Environment and Development (IIED) assists LDCs in strengthening national legal and policy responses that are compliant with global climate commitments.

After graduation, countries will no longer be eligible to receive new funding under the LDCF. Projects approved before and up until graduation will continue to receive funding for their full implementation. Graduated LDCs, though, will continue to have access for the elaboration and implementation of their national adaptation plans to the Special Climate Change Fund and to the Green Climate Fund (GCF).

While some of these funds, knowledge platforms, and capacity building avenues will still be available after graduation, cost of development finance including climate finance for developing countries will be higher. Further, even as new sources of climate finance become available³, the competition to access them will be higher. Therefore, graduating LDCs need to plan for securing through alternative mechanisms and sources, climate finance, and technical support, especially in the context of structural changes to their economies after graduation and growing adaptation needs in the face of the ongoing climate crisis.

In this context, graduating LDCs need to make a forward-looking assessment of their financing and national capacity needs, sources of funding, and potential for collective advocacy and negotiation on favourable terms to facilitate smooth and sustainable transition, while ensuring accelerated progress towards the achievement of the sustainable development goals.

B. Objective

The session is aimed at (a) articulating the needs, and challenges of the three graduating LDCs on climate action (adaptation and mitigation) such as climate finance, capacity building, and technology needs and (b) defining the parameters of two strategies (collective negotiation and national economic policy) to address them, once the international support measures for LDCs are no longer available.

³ <https://www.un.org/en/climatechange/raising-ambition/climate-finance>

C. Guiding questions

The facilitator and participants will discuss and generate ideas in response to the following questions during the session:

1. How should these graduating LDCs leverage different sources of affordable finance for climate mitigation, adaptation, and resilience? What could be their capacity building and policy reform priorities? What would be the technology needs of graduated LDCs for climate adaptation and mitigation?
2. Certain aspects of climate mitigation, adaptation and resilience may need to continue to be supported despite best efforts of graduating LDCs in light of their continued and even increased climate vulnerability. How best can the newly graduated LDCs collectively advocate for their needs at UNFCCC? How will this smaller group of countries collectively advocate in other climate fora?
3. Climate mitigation often brings significant economic returns. How can the graduating LDCs leverage the benefits of climate mitigation to promote economic development? What kind of fiscal policies will help just transition⁴? What strategies can the graduating LDCs adopt to manage the pressures of traditional industry groups for instance the fossil fuel industry who will resist change?

D. Format

Panel Discussion: The session will start with a moderated panel discussion with three expert panellists who will frame the discussion and share available resources to tap into.

Discussion workshop: The participants will be divided into three groups. Each group will brainstorm one set of questions articulated above. Then each group will come up with ideas and recommendations against each question.

Group presentation: Each group will present their ideas and recommendations in the plenary followed by feedback, questions, and open discussion.

Conclusion: Finally, the moderator will accumulate all the findings from each group and propose recommendations.

E. Session Outline and Time: 1435 – 1715 (130 minutes + 20 minutes tea/coffee)

Time	Description	Resource person(s)/ Key questions
5 minutes	Opening remarks: Setting the objective(s) of the session and describing the expected outcomes from this session.	Chair: Subhra Bhattacharjee, Head of RCO, Bangladesh
40 minutes	Panel Discussion: Moderated by the Chair	1. Mr. Mozaharul Alam, Regional Coordinator, Climate Change Programme, Asia and the Pacific Office

⁴ https://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm

		<ol style="list-style-type: none"> 2. Dr. Joyashree Roy, IPCC Lead Author and Inaugural Bangabandhu Chair Professor and Director of centre on South Asia and South-East Asia MultiDisciplinary Applied Research Network on Transforming Societies of Global South (SMARTS) at Asian Institute of Technology 3. Dr. Suriyan Vichitlekarn, Executive Director, Mekong Institute
20 minutes	Tea/Coffee Break	
5 minutes	Group formulation: Dividing the participants into three groups – mixing participants from HQ agencies, Nepal, Bangladesh, and Lao PDR	Chair: Subhra Bhattacharjee, Head of RCO, Bangladesh
30 minutes	Three group discussions: Brainstorm ideas and recommendations.	Subhra Bhattacharjee, Head of RCO, Bangladesh and three RCO Economists
15 minutes	Presentation: Each of the 3 groups will present for 5 minutes	3 Groups
20 minutes	Open discussion: Feedback, questions, and suggestions from the floor and responses	Chair: Subhra Bhattacharjee, Head of RCO, Bangladesh
10 minutes	Remarks from the Country Delegations	Country Delegation Member: <ol style="list-style-type: none"> 1. Ms. Sharifa Khan, Secretary, Economic Relations Division, Ministry of Finance, Government of Bangladesh 2. Representative from the Ministry of Natural Resources and Environment, Government of Lao PDR 3. Mr. Shiva Kumar Wagle, Joint Secretary, Ministry of Forests and Environment, Government of Nepal
5 minutes	Closing: Highlight key messages and agree on common advocacy/action points	Chair: Subhra Bhattacharjee, Head of RCO, Bangladesh