

The Istanbul Programme of Action (IPoA) for the Least Developed Countries (LDCs) for the Decade 2011-2020 has come to an end. Since its adoption, notable progress has been achieved by the now 46 LDCs, which are structurally constrained. It is noteworthy that since Istanbul, four countries have graduated¹, and sixteen others² met the criteria for graduation from the LDC category and are at various stages in the graduation process. Progress in implementing the IPoA and the Sustainable Development Goals (SDGs) has also been made in several other areas, including primary and secondary education, access to electricity, gender, governance and mobile cellular subscriptions. Some LDCs in Africa are among the top performers in terms of the percentage of parliamentary seats held by women.

Despite some progress, critical gaps remain where the LDCs as a group have fallen short of meeting the targets set out in the IPoA and the SDGs including in the areas of economic growth; poverty, hunger and malnutrition; infant and maternal mortality; sustainable infrastructure development; structural transformation; and the means of implementation.

Even before the outbreak of COVID-19, the LDCs were struggling to cope with various inherent structural constraints and an unfavourable external environment. Systemic inequalities have further widened the gaps between rich and poor countries. Thus, economic, environmental, and pandemic threats are affecting LDCs most severely and disproportionately.

The outbreak of the COVID-19 pandemic has emerged as a colossal threat to LDCs. Although they might have largely avoided the catastrophic health impacts of the pandemic, its social and economic upshots are severe. The pandemic has triggered simultaneous demand and supply side shocks for LDCs. Lockdown and social distancing have caused serious disruptions in their domestic production, distribution and value chain systems. They are particularly overwhelmed in terms of secondary and tertiary shocks – many of them coming from beyond national jurisdictions - in the form of a precipitous fall in external demand for their exports and often disruptions in their imports.

Between October 2019 and October 2020, the economic growth forecast for LDCs was revised sharply downwards from 5.0 to -0.4 per cent, which is expected to lead to a 2.6 per cent reduction in per capita income in LDCs in 2020³. While developed countries have injected

1

trillions of dollars into their economies, LDCs owing to their constrained fiscal space and systemic constraints for deficit financing are not able to initiate adequate stimulus recovery packages. In dollar terms, stimulus spending per capita averaged nearly \$10,000 in the developed countries, while it amounted to less than \$20 per capita in the least developed countries. LDCs need continued and scaled up international support to introduce comprehensive financial stimulus for protection and promotion of public health and social protection systems.

LDCs are likely to suffer from the pandemic disproportionately in the long run with serious impacts on the implementation of the 2030 Agenda. The risk of another lost decade of development and a failure to achieve the SDGs is high and rising. Therefore, building back better, stronger and more resilient is an imperative for LDCs⁴.

To date, the SDGs have been seriously underfinanced, and the business as usual approach is not going to make any considerable change. While the flow of finance is dwindling, the need for it is skyrocketing. The annual financing gap to achieve the SDGs by 2030 currently sits at USD 2.5 trillion⁵. Without ambitious and transformative global development finance and policy responses, there is a serious risk of the SDGs remaining elusive for LDCs, and this will have serious global ramifications⁶. It is therefore essential to deploy a comprehensive and robust financial package for LDCs both domestic and external to enable sustainable recovery from the pandemic and implementation of the SDGs.

Despite heightened needs, prospects for Official Development Assistance (ODA) are highly uncertain as donor countries might be under pressure to dedicate resources to address the socio-economic impacts of the pandemic in their own countries. Donor governments should recommit to achieving their ODA targets to LDCs with grant and concessional financing.

As of January 2021, four LDCs were classified as in debt distress, while 16 others were at high risk of debt distress⁷. While t

performance or risk, such as GDP-linked bonds, catastrophe bonds (CAT bond), sovereign contingent convertibles bonds and countercyclical loan loss provisions (CCPs) can help better manage public finance in a world of macroeconomic uncertainty and other shocks. LDCs need support from the international community for these instruments and mechanisms.

V Q #
require serious considerations. The ongoing discussion on the allocation of \$650 billion of Special Drawing Rights (SDR) and repurposing of the exiting unutilized ones is encouraging. However, LDCs, as per their quota shares, will only receive 3.5 per cent of this allocation. Urgent decisions are needed on repurposing unutilized SDRs for LDCs to respond to COVID-19 and support its economic/social fallout.

While grant support remains critical in the immediate and short-term response to the COVID-19 crisis, blended finance can play a key role in securing additional finance for LDCs to achieve these objectives. Regrettably, only 6% of private finance mobilized by development finance interventions between 2012 and 2018 went to LDCs.⁹ Immediate action is needed to support LDCs to start building a pipeline of bankable projects that both accelerate the achievement of

o) 8
In -, T.°

Against this backdrop, the General Assembly in its resolutions 73/242, 74/232A and 74/232B decided that the Fifth UN Conference on LDCs (LDC5) will be held in Doha, Qatar from 23 to 27 January 2022. The General Assembly reaffirmed that LDCs need enhanced global support to overcome the structural challenges that they face in implementing the 2030 Agenda, and in this regard called upon the international community to prioritize and strengthen support from all sources to facilitate the coordinated implementation and coherent follow-up and monitoring of the Istanbul Programme of Action, the 2030 Agenda and the Addis Ababa Action Agenda.

As part of the preparatory process toward LDC5, the General Assembly in resolution 74/232A and B requested the Presidents of the General Assembly and the Economic and Social Council to organize a half day dedicated thematic event to provide substantive input to the Conference.

The joint event offers a unique platform to advance the following objectives and build common ground on: