



General Assembly Economic and Social Council

Distr.: General
26 March 2021

Original: English

**General Assembly
Seventy-sixth session**
Item 22 (a) of the preliminary list*
**Groups of countries in special situations: follow-up to
the Fourth United Nations Conference on the Least
Developed Countries**

**Economic and Social Council
2021 session**
Agenda item 11 (b)
**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

Summary

The present report provides comprehensive information on, and analysis of, progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action) over the period 2011–2020, covering all eight priority areas for action and the overarching goal of enhancing graduation from the least developed country category. The report is submitted pursuant to General Assembly resolution [75/227](#) and Economic and Social Council resolution [2020/16](#), in which the Secretary-General was requested to submit a progress report on the implementation of the Istanbul Programme of Action. The report provides information on the preparations for the Fifth United Nations Conference on the Least Developed Countries, which has been rescheduled for 23 to 27 January 2022 and will be held in Doha, and on the intergovernmental preparatory committee meetings to be held in New York from 24 to 28 May and from 26 to 30 July 2021. The report also includes key recommendations for the forthcoming Conference.

* [A/76/50](#).



I. Introduction

1. At the close of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action), major advances have been made in several key areas, such as access to information and communications technology, sustainable energy, health, education, gender and governance. There is, however, a serious risk that progress may be reversed by the impacts of the coronavirus disease (COVID-19) pandemic. Furthermore, critical gaps remain where the least developed countries as a group have fallen short of meeting the targets set out in the Programme of Action. Since the adoption of the Programme of Action in May 2011, 20 least developed countries have reached the graduation thresholds, which represents important progress but falls short of the target of half the least developed countries. Four countries have graduated since 2011, four have been designated to graduate between now and 2024, and 12 have met the graduation criteria at least once. However, the loss of support measures for the least developed countries, compounded by the negative economic impacts of the COVID-19 pandemic, is a source of concern for those about to graduate. At its most recent session, the Committee for Development Policy recommended a longer preparatory period of five years for graduating least developed countries, as well as continuous monitoring of the impacts of the pandemic over the coming years and during the 2024 review by the Committee of the graduation criteria for the least developed countries. Support from development and trading partners and the United Nations system for the smooth transition of graduating least developed countries will be essential to ensure that graduation is sustainable.

2. The present report is based on available data, primarily for 2019, for the Istanbul Programme of Action indicators from authoritative sources; data for 2020 were available for only a few indicators. Nevertheless, the report aims to assess the impacts of the COVID-19 pandemic, including through a qualitative assessment.

3. The COVID-19 pandemic has had far-reaching health, economic and social impacts in every country. World gross domestic product (GDP) fell by an estimated 4.3 per cent in 2020. The least developed countries have been disproportionately affected given their high vulnerability at multiple levels. In addition to the loss of life, the pandemic has triggered cascading crises of declining exports, GDP, foreign direct investment (FDI) and remittances, fiscal contraction and worsening debt situations, increasing food insecurity, growing numbers of people in extreme poverty and ongoing climate change impacts. The pandemic will likely result in declines across all the major indicators of the Istanbul Programme of Action, but the exact extent of the pandemic's impact is still not known and will play out over the coming months and years. Owing to their specific development obstacles, the recovery in the least developed countries is expected to take longer than in more advanced countries.

4. The preparations for the new programme of action for the least developed countries, to be adopted at the Fifth United Nations Conference on the Least Developed Countries, offer a unique opportunity for the least developed countries and their development partners to reach an ambitious agreement, building on success stories and lessons learned from the Istanbul Programme of Action, and seizing new opportunities – from recovering better from the pandemic to harnessing the power of new technologies – while building resilience to threats such as climate change, macroeconomic shocks and future health pandemics.

II. Progress in the implementation of key priorities of the Istanbul Programme of Action

Growth in the least developed countries

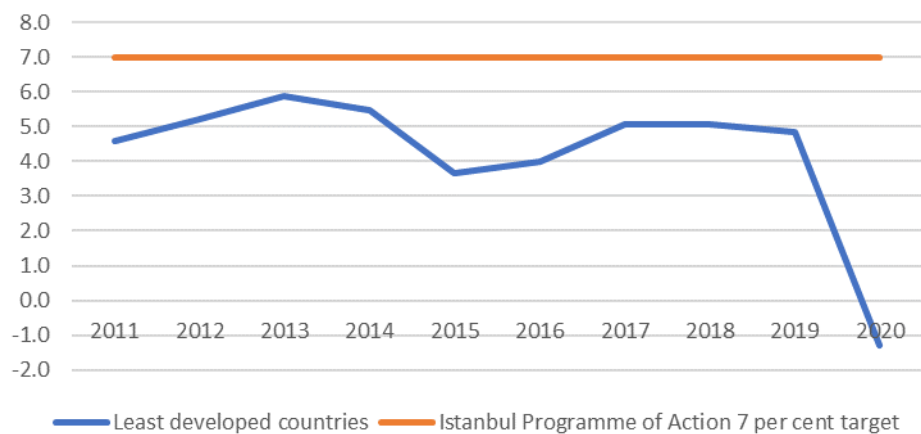
5. The widespread lockdowns to curb the COVID-19 pandemic had an immediate, resounding effect on the global economy. All but eight least developed countries experienced negative growth rates in 2020. The United Republic of Tanzania recorded the highest GDP growth in the group, at only 1.5 per cent. In contrast, in 2019, seven least developed countries had experienced growth rates of 7 per cent or more, the target growth rate in the Istanbul Programme of Action. Average growth in the least developed countries dropped significantly, from 4.8 per cent in 2019 to -1.3 per cent in 2020 (see figure I).

6. Despite suffering relatively mild health impacts from the COVID-19 pandemic, a number of least developed countries, including Afghanistan, Kiribati, Sao Tome and Principe, Solomon Islands, South Sudan and Timor-Leste,¹ experienced significant GDP contractions, of -5.5 per cent or more. Disruptions to imports and supplies due to the lack of inbound flights and, in the case of Solomon Islands and Vanuatu,² the devastation from Cyclone Harold in April 2020 contributed to the growth constraints.

7. In several least developed countries, 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 the COVID-19 pandemic, which also suppressed domestic demand. Several least developed countries received some, albeit insufficient, emergency lending from, for example, the Rapid Credit Facility of the International Monetary Fund (IMF) to meet urgent balance of payments and fiscal needs stemming from the pandemic.

Figure I
Annual GDP growth in the least developed countries

(Percentage)



Source: *World Economic Situation and Prospects 2021* (United Nations publication, Sales No. E.21.II.C.1).

8. Before the pandemic, growth in the least developed countries had been influenced largely by domestic drivers of growth, commodity prices and vulnerability

¹ This analysis is based on GDP data from the *World Economic Situation and Prospects 2021* report. Tuvalu is not included because its economy is not systematically monitored for the report.

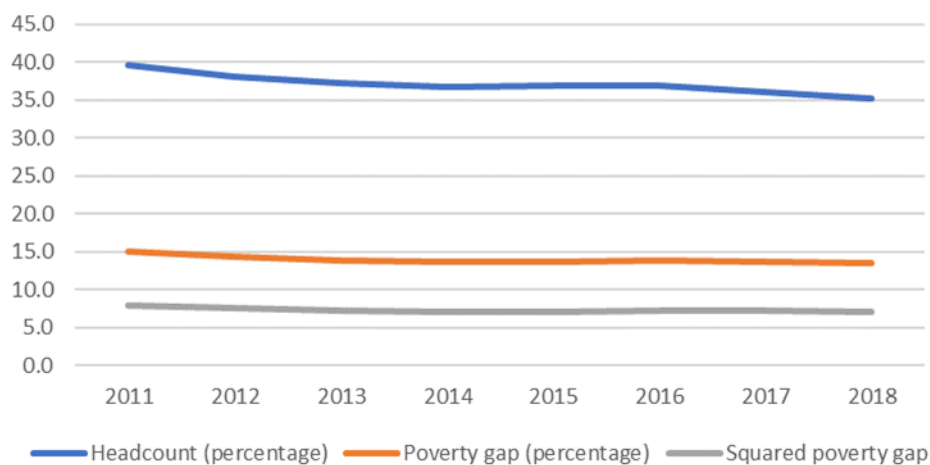
² Given that Vanuatu graduated from the least developed country category on 4 December 2020, it is still included in the present report.

to natural disasters and other exogenous shocks. Oil prices influenced the growth peak observed in 2013 and 2014 and the slump in 2015 and 2016. The recovery in economic growth for the least developed countries, which began towards the end of 2016, mirrored the cyclical upturn in global activity, driven by factors such as rising investment and increased industrial production and trade.

9. Modest progress had been made towards eradicating poverty before the pandemic. The poverty headcount – the percentage of the population living in households with consumption or income per person below the poverty line (\$1.90 per day) – in the least developed countries declined by about 5 per cent, from about 40 per cent in 2011 to 35 per cent in 2018. The poverty gap³ and the squared poverty gap declined more slowly (see figure II).

10. Indications of the impact of the COVID-19 pandemic on poverty show an upward trend. The World Bank estimates that the number of people pushed into poverty globally by the pandemic will be between 88 million and 115 million.⁴ Forecasts by the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) indicate that, by 2030, poverty rates are expected to be at 32.7 per cent among women and 32.2 per cent among men.⁵

Figure II
Poverty estimates using the 2011 purchasing power parity and the poverty line of \$1.90 per day



Source: 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 per cent. 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 affecting manufacturing industries, including in the least developed

³ The squared poverty gap is a weighted sum of the poverty gap for each household or individual, whereby greater weight is attributed to those falling far below the poverty line than those closer to it.

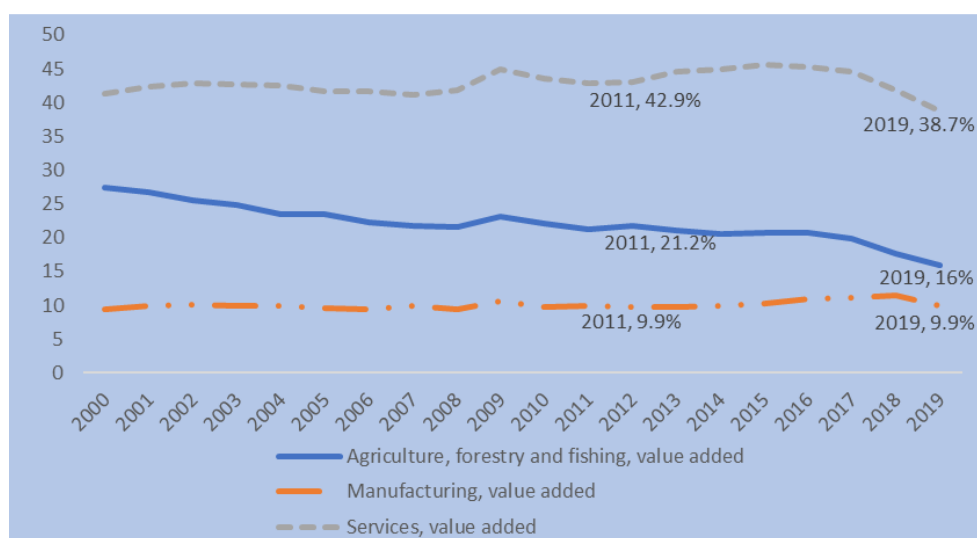
⁴ Nishant Yonzan, Christoph Lakner and Daniel Gerszon Mahler, "Projecting global extreme poverty up to 2030: how close are we to World Bank's 3% goal?", World Bank Blogs, 9 October 2020.

⁵ Ginette Azcona and others, *From Insights to Action: Gender Equality in the Wake of COVID-19* (New York, UN-Women, 2020).

countries. Estimates of the United Nations Industrial Development Organization suggest that manufacturing growth rates in the least developed countries fell to 1.2 per cent in 2020, indicating a significant slowdown compared with the 8.1 per cent recorded in 2019. A prolonged global slump will likely undermine progress towards structural transformation in these economies. Gross fixed capital formation as a percentage of GDP was about 24 per cent in 2011 and 2018. The share of agriculture declined by about 5 per cent.

12. Despite the services sector being the largest contributor to GDP in the least developed countries, that sector's share declined by 4 per cent between 2011 and 2019 (see figure III). Before the COVID-19 pandemic, the share of commercial services in total exports of the least developed countries had grown steadily, reaching 17 per cent in 2018. Tourism earnings dropped by about 40 per cent 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 least developed countries (from 70.8 per cent in 2018 to 64.6 per cent in 2019) suggests that other economic activities are increasing in those countries.

Figure III
Economic sectors, value added
(Percentage of GDP)



Source: World Bank world development indicators.

Infrastructure

13. Internet access in the least developed countries increased from about 5 per cent in 2011 to 19 per cent in 2019. In developed countries, 87 per cent 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, the lack of local content and inadequate relevant skills in the least developed countries. In 2019, only 14 per cent of women in the least developed countries were using the Internet, compared with 25 per cent of men. The COVID-19 pandemic has affirmed that Internet access is an essential public service. During the lockdown period, many least developed countries found it challenging to use online facilities for remote learning and working, owing primarily to the insufficient quality of broadband services. In order to build resilient societies in the face of new and emerging challenges, digital access and broadband connectivity must be promoted in the least developed countries. Digitization is one factor that enables participation in value chains. For example, several least developed countries created e-commerce platforms that helped to stabilize demand during the pandemic.

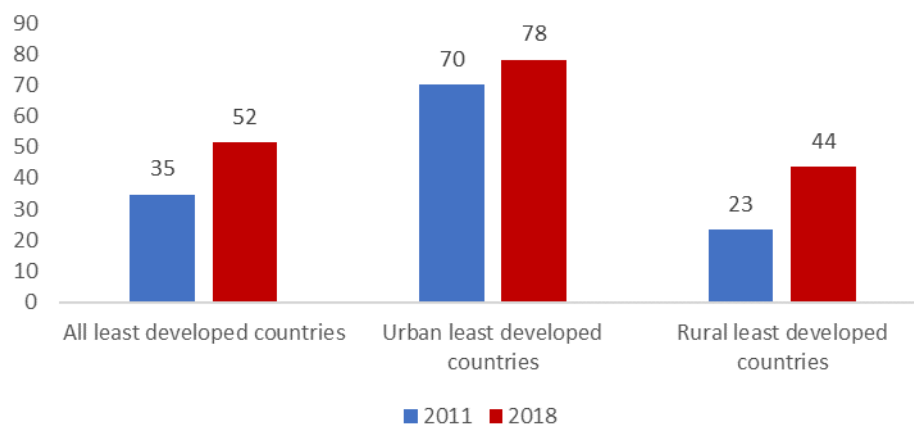
14. During the Istanbul Programme of Action period, the least developed countries accounted for a minuscule share of global air freight and passengers. Ethiopia accounts for about 34 per cent of air passengers of the least developed country group total. The pandemic has taken a toll on air travel owing to closures and a decline in demand. Ethiopian Airlines shifted most of its operations to cargo, benefiting from the designation of Addis Ababa as a hub for the distribution of medical supplies across Africa. In the long term, the least developed countries will require large-scale investment to build and maintain resilient infrastructure and adopt new technologies, including through increased public-private partnerships.

Energy

15. Access to electricity in the least developed countries increased significantly, from 35 per cent in 2011 to 52 per cent in 2018. However, disparities persisted across countries and between rural and urban areas (see figure IV). Households without electricity were unable to participate digitally during the pandemic. Large-scale investment is required to accelerate the closure of the energy gap in the least developed countries, including investment in renewables, clean cooking fuels, electricity and the use of digitally enabled financial innovation such as pay-as-you-go business models. Cross-sectoral links exist between sustainable energy and other development priorities, such as gender equality. Women are often the primary managers of household energy, but sustainable modern energy infrastructure and technology tend to reach women and girls last.

Figure IV
Access to electricity

(Percentage)



Source: World Bank world development indicators.

Science, technology and innovation

16. Enhancing science, technology and innovation may become increasingly important as a driver of productivity growth in the era of enhanced digitization. The influence of science, technology and innovation 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. Even before the pandemic, however, the least developed countries had been facing significant lags in major indicators related to science technology and innovation. The ratio of research and development expenditure as a share of GDP was 0.6 per cent or less between 2011 and 2017, compared with about 2 per cent of the much larger GDP of developed countries. Citizens of the least developed countries, including both residents and non-

residents, filed only 1,536 patents in 2018, up from 960 in 2011. As a share of patents globally, that number is almost zero. The least developed countries published only 11 journal articles for every 1 million people in 2018, a marginal increase from 6 in 2011. During the pandemic recovery phase, a coordinated multilateral response will be needed to help to leverage digital technologies, finance small and medium-sized enterprises and address market failures that prevent the least developed countries from enhancing their science, technology and innovation capacity. The Technology Bank for the Least Developed Countries has an important role to play in advancing science, technology and innovation, as well as in bridging the digital divide and contributing to COVID-19 response and recovery.

Private sector development

17. Private sector development in the least developed countries has been constrained by access to finance, especially for small and medium-sized enterprises, limited supplies and high costs of energy, skill gaps and limited information and communications technology. To support the contribution of private business to economic development and employment, public policy needs to create an enabling environment for entrepreneurship and investment. Many least developed countries 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 least developed countries. Since the pandemic, small businesses in the least developed countries have been facing significant reductions in business capacity and drops in revenue, caused in part by supply chain disruptions and decreases in market demand.

B. Agriculture

18. Although the agricultural sector employs more than half of the population of the least developed countries and is the primary source of income for rural areas, there has been a perceptible decrease in the share of the population employed in agriculture. In 2019, 55 per cent of the population was employed in agriculture, down from 60.4 per cent in 2011. Hunger and malnutrition remain a challenge for many least developed countries. In 2019, 51.5 per cent of the population lived under moderate or severe food insecurity, an increase from 45.7 per cent in 2014 and almost double the world average of 25.9 per cent in 2019. The prevalence of severe food insecurity increased from 17.6 per cent in 2011 to 20 per cent in 2019. The number of people unable to cover their nutritional needs in the least developed countries was 241.5 million in 2019.

19. The COVID-19 pandemic has accelerated these worrisome trends in the least developed countries. Limited mobility and lockdowns, food losses as a result of market closures, the 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 least developed countries had already been rising. Short-term shocks triggered by COVID-19 outbreaks may result in entrenched long-term problems that further exacerbate challenges to improving food security and increase the vulnerability of broader social groups and food systems. The Food and Agriculture Organization of the United Nations has estimated that the pandemic might have pushed at least an additional 100 million people into chronic hunger globally in 2020.

C. Trade

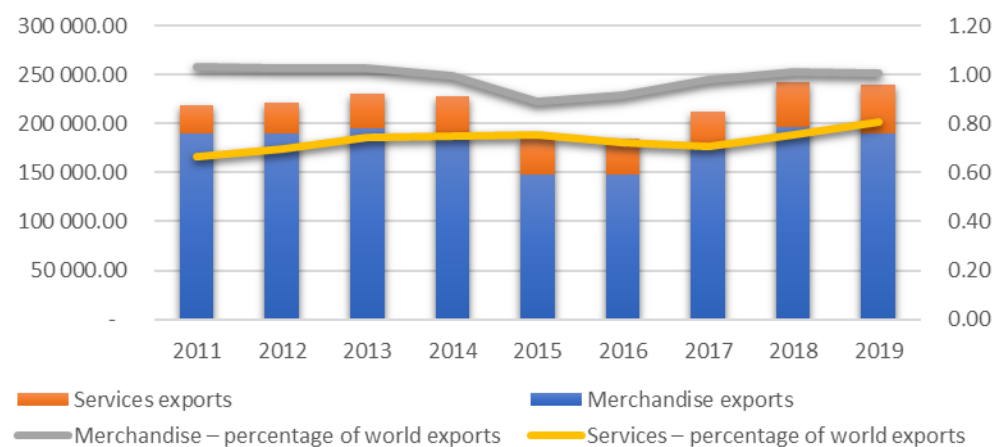
20. The important role that trade can play in the sustainable economic development of the least developed countries is recognized in the Istanbul Programme of Action.

However, the participation of the least developed countries in world trade remained marginal, despite the widespread availability of duty-free and quota-free market access. The target of doubling the least developed countries' share of global exports failed to materialize. Rather, their share in world merchandise exports has been hovering around 1 per cent since 2011, deteriorating to 0.89 in 2015 owing to unfavourable commodity market conditions, before recovering to 1.01 per cent in 2019 (see figure V). The pandemic triggered a further major negative shock to exports from the least developed countries.

Figure V

Exports from the least developed countries of merchandise and commercial services

(Billions of United States dollars)



Source: United Nations Conference on Trade and Development.

21. Exports from the least developed countries continued to be dominated by a few countries, with the top five exporters (Angola, Bangladesh, Cambodia, Myanmar and Zambia) accounting for over 60 per cent of all merchandise exports from the least developed countries in 2019. Relative cost advantages and geographical advantages offering better links to global value chains continued to play a critical role in boosting exports, in particular among Asian least developed countries, while African least developed countries relied heavily on their abundant natural resources.

22. Services exports almost doubled 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, Ethiopia, Myanmar and United Republic of Tanzania) account for about half of all services exports from the least developed countries.

23. The limited progress in building productive capacity and diversifying exports in several least developed countries has led to high levels of vulnerability to commodity price volatility and other exogenous shocks. Even before recording any COVID-19 cases, the least developed countries had been severely affected by the disruptions to global mobility and trade and declining commodity prices. Data from 97 economies, which include most of the key trading partners of the least developed countries, show that the value of merchandise exports from the least developed countries dropped by 21 per cent during the period March–June 2020 year-on-year. Exports declined for more than two thirds of the least developed countries, with certain countries experiencing a particularly severe export slump compared with the group average. The pandemic accentuated the slump in oil prices seen in 2019. Declining demand and supply disruptions have weighed significantly on exports from the least

developed countries, especially exports of textiles and clothing products. Least developed countries that are dependent on tourism revenues saw the sector grind to a halt in the second half 2020. The pandemic is likely to reverse any gains and make it incrementally harder for the least developed countries to invest in productive capacity as funding runs thin and other priorities become more urgent.

24. A trade recovery is under way, 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 the reshaping of global value chains, therefore presenting both major challenges and opportunities. Policymakers in the least developed countries need to act swiftly in the face of these structural trends, which may well define the future of global trade. In order to harness the potential benefits and overcome digital divides, national and regional trade policy strategies for the least developed countries need to support and incentivize public and foreign investment in technology, build trade-related infrastructure, reduce trade barriers and transaction costs and improve human capital accumulation, with a view to enabling the least developed countries to become more competitive players in an ever-changing global trade landscape.

D. Commodities

25. While the share of manufactured products in exports from the least developed countries increased from 22 to 40 per cent in the period 2011–2019, owing mainly to a higher share of clothing products, the majority of the economies of the least developed countries have nonetheless remained largely dependent on commodities for production and trade.

26. As a result, the economies of the least developed countries are highly vulnerable to shocks, which generate macroeconomic instabilities and potentially deepen income inequalities. For economies of the least developed countries to climb up the economic development ladder, it is vital to increase their productive capacities, diversify their export base, upgrade their technological capabilities and invest in greater value addition.

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

E. Human and social development

Education and training

28. The least developed countries have made progress in increasing rates of enrolment in primary education. Nevertheless, 16.2 per cent of primary school-age children in the least developed countries were out of school in 2019. The percentage of primary school-age girls out of school was 17.89 per cent in 2019, almost double

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

the world average of 8.95 per cent. Given that the challenges are even greater for secondary and tertiary education, there are concerns about the ability to generate the skills necessary for the development of productive capacities and the structural transformation of the economies of the least developed countries.

29. The staggering impact of the COVID-19 pandemic on education has hit the least developed countries particularly hard. Limited Internet connectivity and the lack of access to adequate infrastructure for remote learning pose serious obstacles and will negatively affect boys and girls in the least developed countries, 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 within marginalized and vulnerable populations. Children in the least developed countries had already been suffering from higher rates of malnutrition, micronutrient deficiencies and limited access to health. Policies and measures that promote the return of boys and girls to school will be crucial in addressing the impact of the pandemic.

31. Building education back better requires teachers that are valued, provided with the necessary resources and trained, adequate infrastructure in and around schools, and access to electricity and the Internet for schools and their communities.

Population and primary health

32. The population in the 46 least developed countries is estimated to have grown by 23.4 per cent 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 least developed countries. Of the 40 countries with the highest fertility rate, 32 were least developed countries in 2020. Although the population in the least developed countries is predominantly young, its rate of growth will decelerate over the next 20 years. It is estimated that the population over 60 will change from 59 million in 2020 to 178 million in 2050.

33. In 2017, the least developed countries 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, although some least developed countries have seen relatively high infection rates and alarming second waves, the health impact of the COVID-19 pandemic has been milder in the least developed countries on average than in developing countries. This has been attributed in part to the effective policy responses implemented by the least developed countries despite their limited resources – from border and school closures, travel bans and mandatory quarantines to social distancing, face masks and restrictions on large gatherings.

Youth development

35. Current demographic projections indicate that, by 2030, one in five of the young people in the world will be born in least developed countries. Young people in the least developed countries were disproportionately affected by job losses due to the COVID-19 pandemic. Significant efforts will be needed to recover from the pandemic and place the least developed countries on a sustainable development path by realizing the right to development for young people through better education and employment opportunities. In that regard, young people must be equipped with digital and entrepreneurial skills and 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 decreased from 65.7 per cent in 2009 to 58.89 per cent in 2018, although the number of people living in slums grew from 132 million to 199 million. Conditions in slums carry especially high risks, owing to overcrowding, limited access to water and sanitation, poor health-care systems and a lack of other basic services. The Ebola epidemic in West Africa between 2014 and 2016 saw a rapid increase in infections driven by densely populated urban slums. Shelter-in-place measures are not an option for a population employed largely in the informal sector. Despite progress, access to basic sanitation services remains very low in the least developed countries, particularly in rural areas. Ensuring access to water and sanitation has gained importance as a basic aspect of tackling the COVID-19 pandemic, including through handwashing stations in community centres, schools, markets and other public spaces.

Gender equality and the empowerment of women

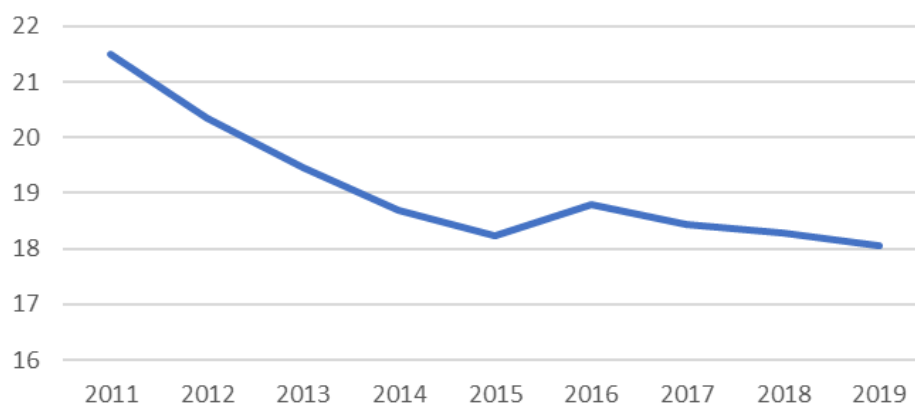
37. The percentage of primary school-age girls out of school was 17.89 per cent in 2019, almost double the world average of 8.95 per cent (see figure VI). The situation was considerably worse for secondary education, with 33.97 per cent of secondary school-age girls out of school in 2019, compared with the world average of 15.34 per cent. Over 110 million girls have been affected by school closures in the least developed countries. Several studies show that school closures may increase the vulnerability of girls and that they had led to an increase in pregnancy rates.

38. The median proportion of women aged 15–49 years in the least developed countries whose family planning needs were met by modern contraceptive methods was estimated at only 58.7 per cent in 2020. In the 34 least developed countries for which data were available, 24.3 per cent of women and girls aged 15 years or older were subjected to violence in 2019.

39. The adolescent fertility rate was 92.75 per 1,000 women in the least developed countries in 2018, compared with the world average of 42.04. Limited access to skilled personnel during births increases the likelihood of young mothers experiencing complications related to pregnancy, such as obstructed labour and eclampsia, increasing their risk of death. In 2016, only 59.1 per cent of births in the least developed countries were attended by skilled personal. Maternal mortality remains high in the least developed countries, with 415 deaths per 100,000 live births.

40. The pandemic has had an especially negative impact on women, as they 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. The diversion of funds to pandemic responses is hampering the access of women to sexual and reproductive health, and reports of domestic violence against women have increased around the world.

Figure VI
Girls out of primary school in the least developed countries (2011–2019)
(Percentage)



Source: World Bank and the United Nations Educational, Scientific and Cultural Organization.

Social protection

41. The loss of income due to lockdown measures has been exacerbated by the very limited social protection schemes. Limited fiscal space reduces the ability of the least developed countries to protect vulnerable populations 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 least developed countries have established some, albeit limited, form of support for households to counteract the social effects of the pandemic, for example, through the extension of cash transfers, including with the use of mobile money, and food distribution.

F. Multiple crises and other emerging challenges

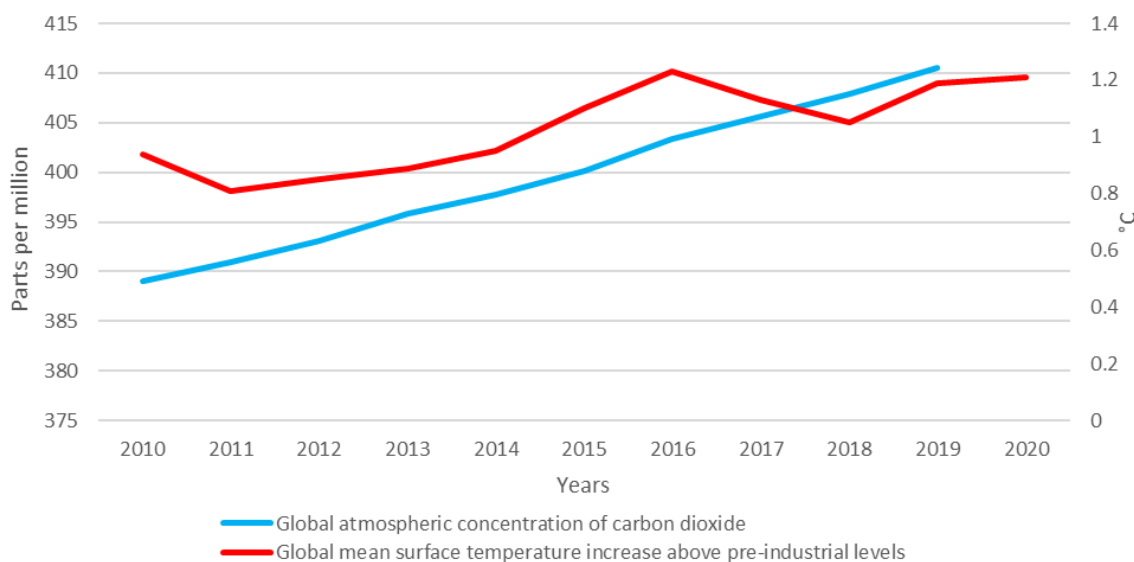
Economic shocks and impacts of the coronavirus disease (COVID-19) pandemic

43. The multiple shocks triggered by the COVID-19 pandemic have had a disproportionate impact on the least developed countries, reducing trade value, especially in those that are largely commodity-dependent (see sect. D), and shrinking fiscal space. Existing debt vulnerabilities have been magnified, with a growing risk of default in several countries (see sect. G). Meanwhile, the impacts of climate change have become more severe, increasing public debt and diverting funding from the goals and objectives of the Istanbul Programme of Action and the Sustainable Development Goals. The ongoing COVID-19 pandemic has put pressure on public resources in the least developed countries and their development partners, diverting resources away from climate action and the Sustainable Development Goals in order to meet the emergency health response. 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 VII).

Figure VII
Global atmospheric concentration of carbon dioxide and global mean surface temperature increase above pre-industrial levels (2010–2020)



Source: World Meteorological Organization.

45. The least developed countries are universally recognized as being among the most vulnerable countries to the adverse impacts of climate change. Over the past decade, the least developed countries have made noteworthy efforts to address climate adaptation. All least developed countries have prepared national adaptation programmes of action, which contain priority interventions for local communities and systems to adapt to the adverse effects of climate change. The least developed countries are actively implementing urgent and immediate measures identified in their programmes of action with funding from the Least Developed Countries Fund. Between 2001, when the Fund was established, and May 2020, 50 current and graduated least developed countries gained access to \$1.8 billion for 380 projects. However, the demand for funds continues to exceed the funds available for new approvals. As of November 2020, the Adaptation Fund established under the Kyoto Protocol had approved a total of 30 projects for least developed countries worth \$205 million, as well as readiness grants for 16 least developed countries worth \$844,245.

46. As of 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 least developed countries, 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, which received pledges of \$10.3 billion during its initial resource mobilization in 2014, has received donor pledges in excess of \$10 billion to date for its first replenishment, making it the largest dedicated climate fund. Total funding for the least developed countries has reached \$2.1 billion, or 37 per cent of the Fund's global portfolio. As of November 2020, all least developed countries had undertaken activities related to the development and implementation of national adaptation plans. A total of 32 least developed countries had submitted proposals to the Fund's Readiness and Preparatory Support Programme, and 22 had been approved. Five least developed countries had completed their first national

adaptation plan. However, the climate financing received by the least developed countries falls far short of the estimated requirements.⁷

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 the least developed countries in 2019 to the Sendai Framework monitor show that those countries suffer disproportionately high losses in human and economic terms owing to disasters.

49. During the period of the Istanbul Programme of Action, and in particular since the adoption of the Sendai Framework for Disaster Risk Reduction 2015–2030 in 2015, the least developed countries have made progress in collecting disaster loss and disaster risk data needed to make risk-informed decisions, with 15 least developed countries reporting through the online Sendai Framework monitor as of the end of 2019. As of August 2020, 21 least developed countries had reported having national disaster risk reduction strategies, in accordance with target (e) of the Sendai Framework. However, most of these strategies were not in line with the Sendai Framework, as they lacked a multi-hazard approach and a focus on disaster preparedness and response.

50. Financing the implementation of national and local disaster risk reduction strategies remains a considerable challenge for the least developed countries. A commitment is needed by development partners to sustained and predictable international cooperation with the least developed countries 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. The least developed countries would benefit from disaster risk reduction considerations being mainstreamed into all policies 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 least developed countries.

G. Mobilizing financial resources for development and capacity-building

Domestic resource mobilization

51. During the period of the Istanbul Programme of Action before the COVID-19 pandemic, the median tax-to-GDP ratio in the least developed countries increased very slowly, from 13.3 in 2011 to 16.2 in 2018, with rates lower than 10 per cent in several least developed countries. The effects of the pandemic are expected to lead to a significant decline in government revenue, not only in absolute numbers, but also in the tax-to-GDP ratio in most of the least developed countries, with oil-exporting and tourism-dependent countries hit particularly hard. Many Governments of least developed countries have reduced taxes in order to stimulate the economy, and physical tax collection has become more difficult during the pandemic. Together with limited access to other sources of financing, this has considerably reduced the fiscal space of the least developed countries and their ability to provide support for their people and economies.

⁷ In the report entitled “LDC 2050 Vision: towards a climate-resilient future”, the costs of implementing the adaptation priorities of the nationally determined contributions of the least developed countries are estimated at \$40 billion annually between 2020 and 2030.

Development cooperation

52. Official development assistance (ODA) to the least developed countries from Development Assistance Committee donors increased from 2017 to 2018, but then declined by 6 per cent in 2019. The average share of gross national income (GNI) provided as ODA to the least developed countries from Development Assistance Committee donors declined from 0.1 per cent in 2011 to 0.09 per cent in 2019, well below the Istanbul Programme of Action targets of 0.15 to 0.2 per cent of GNI. In 2019, only six donor countries – Denmark, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland – met the Istanbul Programme of Action target of committing 0.15 per cent or above of their GNI as ODA to the least developed countries, compared with 10 donor countries in 2011.

53. Although the Development Assistance Committee reaffirmed, in November 2020, “the important contribution of ODA to the immediate health and economic crises and longer-term sustainable development, particularly in least developed countries”,⁸ there are indications that bilateral ODA declined in 2020 and may continue to do so owing to the decline in GNI in donor countries. The picture is mixed among Development Assistance Committee donors, with some increasing bilateral ODA and others reducing their commitments. Early on in the pandemic especially, commitments by multilateral donors increased. However, many of the appeals to address the effects of the pandemic are significantly underfunded.

54. If Development Assistance Committee donors were to meet their ODA commitments of providing at least 0.15 to 0.2 per cent of their GNI to the least developed countries, this would significantly increase the availability of finance, mainly on a grant basis, without leading to additional debt. In addition to an increase in quantity, ODA should also be in line with country priorities and the Sustainable Development Goals. Development finance providers and blended finance investments should support the least developed countries 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 debt stock of the least developed countries increased from \$198 billion in 2011 to \$385 billion in 2019, with an increasing share of private creditors. Total debt service increased from an average of 5 per cent of exports of goods and services to 13 per cent over the same period and even to 18 per cent for African least developed countries. As of January 2021, four least developed countries were classified as in debt distress (Mozambique, Sao Tome and Principe, Somalia and the Sudan), while 16 least developed countries were at a high risk of debt distress. In November 2020, Zambia became the first least developed country to default on its debt since the beginning of the pandemic.

56. Owing to the extreme challenges facing the least developed countries, the international community began to suspend debt payments from them as of April 2020. IMF offered debt service relief to 26 least developed countries through the Catastrophe Containment and Relief Trust. By March 2021, 30 least developed countries had applied to the Debt Service Suspension Initiative, for which all least developed countries that are current on their IMF and World Bank obligations are eligible, and which allows them to suspend debt servicing to members of the Group of 20 and the Paris Club of Industrial Country Creditors from May 2020 through June 2021. However, the initiative has several limitations: it does not reduce debt, but rather only postpones debt service payments; and it does not include private creditors. The Group of 20 Common Framework for Debt Treatments beyond the Debt Service

⁸ Organisation for Economic Co-operation and Development, “DAC high level meeting communiqué 2020”.

Suspension Initiative could be built upon to improve the international debt architecture, as it requires various official and private creditors to collaborate. As of 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 flows to the least developed countries had already been on a declining trend since 2015, with a small uptick in 2018. In 2019, FDI declined by 6 per cent (to \$21 billion, or 1.4 per cent of world FDI), driven by shrinking flows to Asian least developed countries. The United Nations Conference on Trade and Development reported a decrease of 42 per cent of global FDI and of 12 per cent of FDI to developing economies in 2020. Investor confidence has fallen owing to supply and demand shocks, which has resulted in the delay of many greenfield projects and fewer cross-border mergers and acquisitions activity. The outlook for FDI to the least developed countries for 2021 and beyond is extremely weak and uncertain, especially for sectors where the COVID-19 pandemic is expected to have longer-term effects, such as transport and tourism. Several least developed countries have taken steps to facilitate investment despite the COVID-19 crisis, such as accelerating approval procedures, increasing the use of online tools, reducing fees and automatically renewing permits.

Remittances

58. Remittance flows to the least developed countries had increased relatively rapidly, from \$28.2 billion in 2011 to \$52.1 billion in 2019, around 5 per cent of GDP. The World Bank estimates that remittances to the least developed countries declined by 2 per cent on average from 2019 to 2020 because of job losses, especially in the service sectors most reliant on migrant workers, a decline that is lower than in other developing countries. However, several least developed countries that are highly dependent on remittances experienced much larger declines, for example, up to 27 per cent in Mozambique. The decline is expected to be prolonged into 2021 and beyond. The return of migrants, who brought their savings with them, partially accounts for the lower-than-expected decline but will contribute to its prolonged duration.

59. Mobile phone services are increasingly being used for the transfer of remittances owing to the closure of physical locations and have contributed to reduced costs. Some remittance service providers have also removed their fees.

H. Good governance at all levels

60. The Istanbul Programme of Action contained calls for actions to strengthen good governance, the rule of law, human rights, gender equality and the empowerment of women, and democratic participation; to prevent corruption; and to enhance institutional capacity in the least developed countries. All but two least developed countries had either ratified or acceded to the United Nations Convention against Corruption as of 2020.

61. According to the worldwide governance indicators of the World Bank, some least developed countries have made progress in the past decade, but overall advancement has been hampered, especially by several countries with ongoing conflicts. In 2018, 33 million forcibly displaced people originated from the least developed countries, a rise from 16.8 million people in 2011, which is a growing problem in some least developed countries, acting as a drag on governance appraisals.

62. According to data from UN-Women and the United Nations Development Programme, although women are underrepresented in political institutions in the least developed countries, some countries made outstanding progress towards enhancing the participation of women in parliament in 2019, including Rwanda (61 per cent of

parliamentary seats held by women), Senegal (42 per cent), Mozambique (40 per cent) and Ethiopia (39 per cent), as well as Nepal, where about 40 per cent of all elected positions at the local, provincial and federal levels are 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 least developed countries increased from 0.23 in 2010 to 0.34 in 2020 but remains lower than the world average of 0.6. Progress is evident, for example, in the Asian least developed countries of Bhutan, Bangladesh and Cambodia, which moved up to the group with a high index of more than 0.5 in 2020, having worked 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 that are in line with national policies and the Sustainable Development Goals.

64. According to data of the International Telecommunication Union, the least developed countries have a digital gender gap, with only 13.9 per cent of women using the Internet in 2019, compared with 24.4 per cent of men in the least developed countries and 86 per cent of women and 87.5 per cent of men in developed countries. Worryingly, this gender imbalance in Internet use has widened since 2013.

65. Many least developed countries lack data to measure and track progress towards the goals and targets of the Istanbul Programme of Action and the Sustainable Development Goals. 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 the importance of reliable data for policymaking. Disaggregated data are required to understand the differential impacts of the pandemic and to address its economic and social effects, especially for vulnerable groups.

66. The COVID-19 pandemic has posed challenges to all countries, but those with fragile governance systems have been more severely tested. Lockdowns and social distancing measures have restricted government engagement with civil society in parliamentary and other political processes, delayed political elections and disrupted public service delivery.

III. Status of preparations for the Fifth United Nations Conference on the Least Developed Countries

67. Significant progress has been made in the preparations for the Fifth United Nations Conference on the Least Developed Countries, which was rescheduled from March 2021 to 23–27 January 2022 owing to the COVID-19 pandemic and will be held in Doha.

68. All least developed countries have undertaken broad-based country-level preparations, assessing progress, obstacles and constraints in the implementation of the Istanbul Programme of Action and determining 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.⁹

69. At the organizational session of the preparatory committee for the Fifth United Nations Conference on the Least Developed Countries on 8 February 2021, the

⁹ Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, *Lessons Learned: Implementing the Istanbul Programme of Action for Least Developed Countries for the Decade 2011–2020 – Preliminary Report*.

committee elected its bureau, adopted its agenda, agreed on organizational matters and discussed substantive preparations for the Conference. Member States also highlighted the importance of addressing the unfinished business of the Istanbul Programme of Action, COVID-19 response and recovery, and the specific needs of the least developed countries in meeting the 2030 Agenda for Sustainable Development and the Sustainable Development Goals in the decade for action. Emphasis was placed on the growing challenge of climate change, the debt crisis, support for graduating least developed countries, access to digital technologies and the need to build resilience to the multiple levels of vulnerability faced by the least developed countries, which have been exacerbated by the COVID-19 pandemic.

70. At the African regional review meeting from 22 to 26 February 2021, a ministerial declaration was adopted by ministers from the African least developed countries and Haiti.¹⁰ The COVID-19 pandemic, climate change, trade barriers and debt distress were among some of the major challenges highlighted. In the declaration, calls were made to strengthen health-care systems, bolster research and development, empower women and provide the rapidly growing population of young people with greater prospects for a decent life. Calls were also made for the immediate establishment of a global stimulus package to address the impacts of the COVID-19 pandemic and for development partners to support the African least developed countries and Haiti 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 the Economic and Social Council plan to hold a special event dedicated to preparations for the Conference on 18 June 2021. These events will provide valuable information for the process.

72. The two meetings of the preparatory committee will be held from 24 to 28 May and from 26 to 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. An academic conference entitled “Future forum – achieving sustainable development in the least developed countries” is being organized in support of the Conference by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, 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 Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States has organized five inter-agency consultative group meetings to mobilize support for the Conference from United Nations system entities, which are actively engaging in the preparations through sectoral appraisals in their relevant fields of expertise and dedicated discussions within their governing bodies.¹¹

74. A broad range of United Nations agencies have been actively engaging to identify key issues for the Conference agenda through workshops, events and reports. The priorities identified include revitalizing structural transformation, enhancing productive capacities, strengthening health and social protection systems, addressing inequalities and universal access to energy, building resilience to climate, socioeconomic and health crises, reducing the digital divide, building peaceful, just and inclusive societies for sustainable development, mobilizing global resources for the least developed countries and addressing the impacts of graduation from the least developed country category. In the outcome document of the eighth United Nations Industrial Development Organization Ministerial Conference of the Least Developed Countries, which was held

¹⁰ See www.un.org/ldc5/regional-reviews.

¹¹ More information on the preparatory process can be found at www.un.org/ldc5/preparatory-process.

in November 2019, the need for greater engagement in the least developed countries by development partners to achieve the Sustainable Development Goals was emphasized, even before 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, multilayered drive for recovery from the COVID-19 pandemic as the least developed countries and development partners chart the course towards sustainable development for the next decade. The new programme of action must ensure that the least developed countries are not left further behind in the global recovery, that lost ground is rapidly made up in the final decade of the 2030 Agenda and that the international community forges an ambitious, innovative and forward-looking renewed partnership to address the special needs of the least developed countries in advancing towards graduation thresholds.

76. Several conditions are needed for the least developed countries to recover from the pandemic, whether as part of the new programme of action or independently thereof. First, it will be critical to ensure equitable and timely access to the COVID-19 vaccine, including meeting the funding gaps in the Access to COVID-19 Tools Accelerator and the COVID-19 Vaccine Global Access (COVAX) Facility. Second, sustained economic recovery in the least developed countries will require measures by the least developed countries themselves to enhance fiscal space and enhanced support from the international community in reversing the decline in ODA and giving priority to the least developed countries. Recovery measures should be in line with the Sustainable Development Goals and the new programme of action. Third, a long-term solution to the debt situation in the least developed countries is urgently needed. The moratorium on debt servicing through the Debt Service Suspension Initiative needs to be extended for a longer period of time and should include private creditors. For several least developed countries, debt cancellation will be needed to avoid defaults, and the Group of 20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative is a first step in that direction. The debt restructuring architecture should include a broad range of State-contingent elements to help countries to better manage future shocks, whether related to the terms of trade, disasters or other factors. The issuance, reallocation and use of special drawing rights in support of the least developed countries would also contribute to the overall COVID-19 response by providing 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 Istanbul Programme of Action.

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 stand out as high priorities. Although the increase in the participation of the least developed countries in global trade envisaged under the Programme of Action 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 least developed countries. Diversifying exports, building productive capacity and moving up global value chains remain key objectives for the new programme of action.

79. The gains achieved in promoting sustainable industrialization, building resilient physical infrastructure and ensuring sustainable energy access must be scaled up. Investment promotion strategies need to be adapted to new sustainable development opportunities during the recovery from the COVID-19 pandemic, including resetting priorities and targeting investment and business activities in support of the

Sustainable Development Goals and attracting impact investors to facilitate green and digital investment.

80. The emphasis of the Istanbul Programme of Action on a strong governance system, including building strong institutions, remains critical. 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, to complement and ensure consistency with existing international agreements, the next programme of action must include strong provisions to build climate resilience through climate adaptation and by 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, whether on social protection and services, structural economic transformation, the strengthening of productive capacities, or public and private sector investment, including FDI, must be disaster risk-informed. Enhanced support is needed to build and strengthen national adaptive capacity, to prepare project documents to access and utilize available climate funds, to generate climate finance through innovative means and to provide risk insurance and guarantees where they are most needed, such as for micro-, small and medium-sized enterprises and low-income households.

82. Third, it will be essential to fully harness the potential of new technologies and prevent the digital divide from deepening, with regard not only to broadband, but also to 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 a cornerstone 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 that the number of young people who are out of school, especially girls, declines and that young people 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 institutions.

86. Lastly, with a record number of least developed countries meeting the graduation thresholds, the necessary conditions must be 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, with regard to the extension of the preparatory period, and improved coordination of United Nations 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.