



Briefing on

CDP work on LDCs

José Antonio Ocampo
Matthias Bruckner
Debapriya Bhattacharya
Taffere Tesfachew

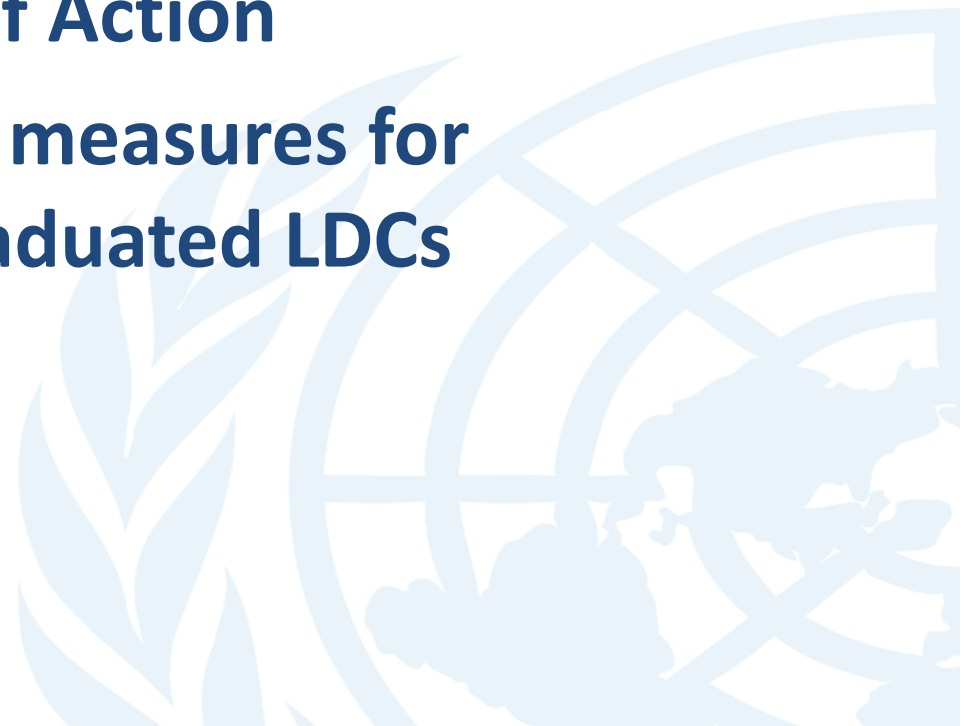
27 February 2020



United Nations
CDP
Committee for
Development Policy

Outline

- 1. LDC criteria review – CDP decisions and implications for the 2021 triennial review**
- 2. Expanding productive capacity and the new Programme of Action**
- 3. Improved support measures for graduating and graduated LDCs**





LDC Criteria review

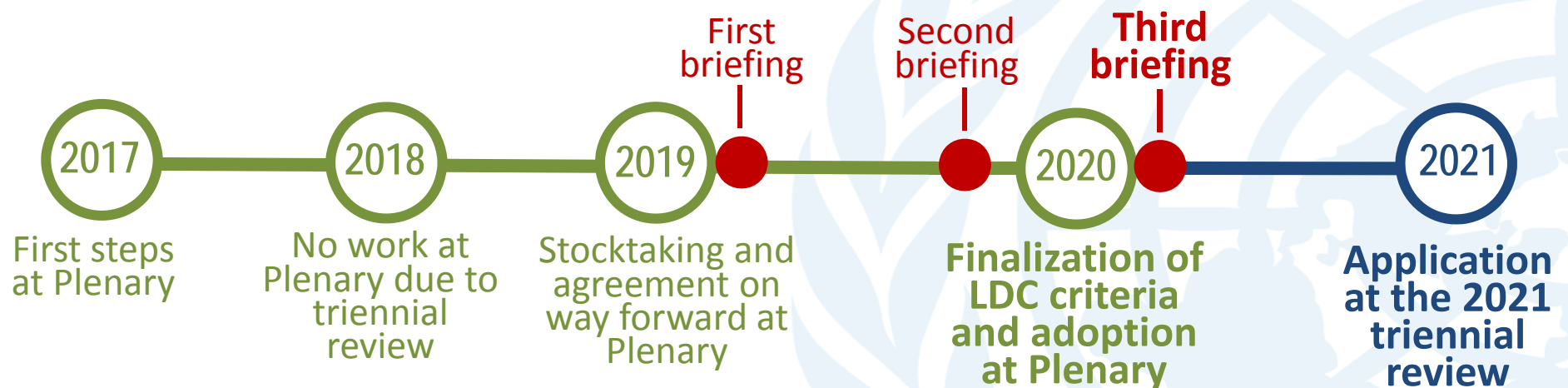
Background

- Standing CDP decision to review its LDC criteria periodically to reflect changes in development thinking and indicator availability

- Specific mandate by Member States in 2016

“We recognize the importance of the reviews by the Committee for Development Policy of the graduation criteria for the least developed countries. We recommend that the reviews be comprehensive, taking into account all aspects of the evolving international development context, including relevant agendas.” *GA resolution 70/294*

- In 2017, CDP decided to embark on multi-year (2017-2020) work plan for the criteria review



Refined LDC criteria and their indicators

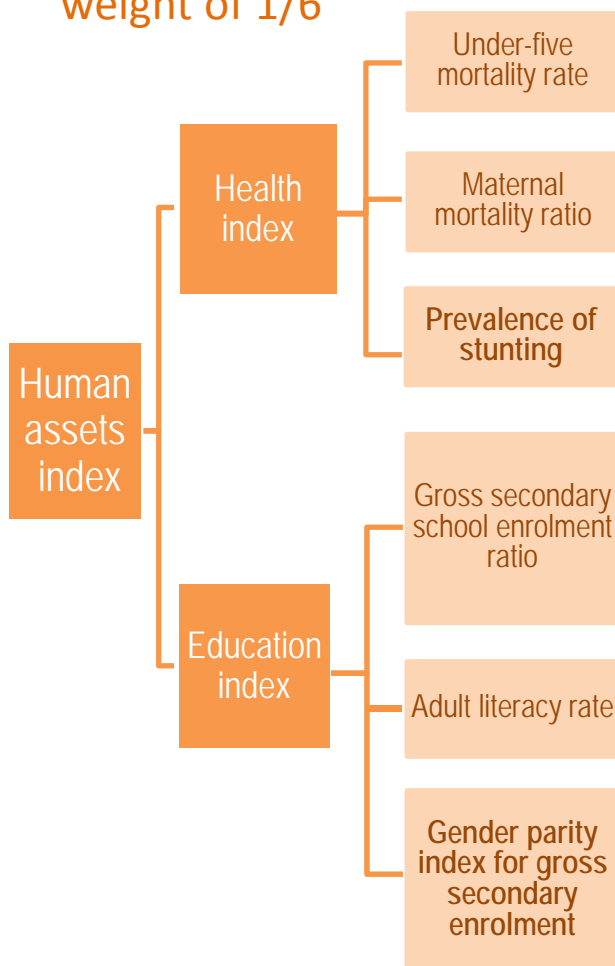


GNI per capita



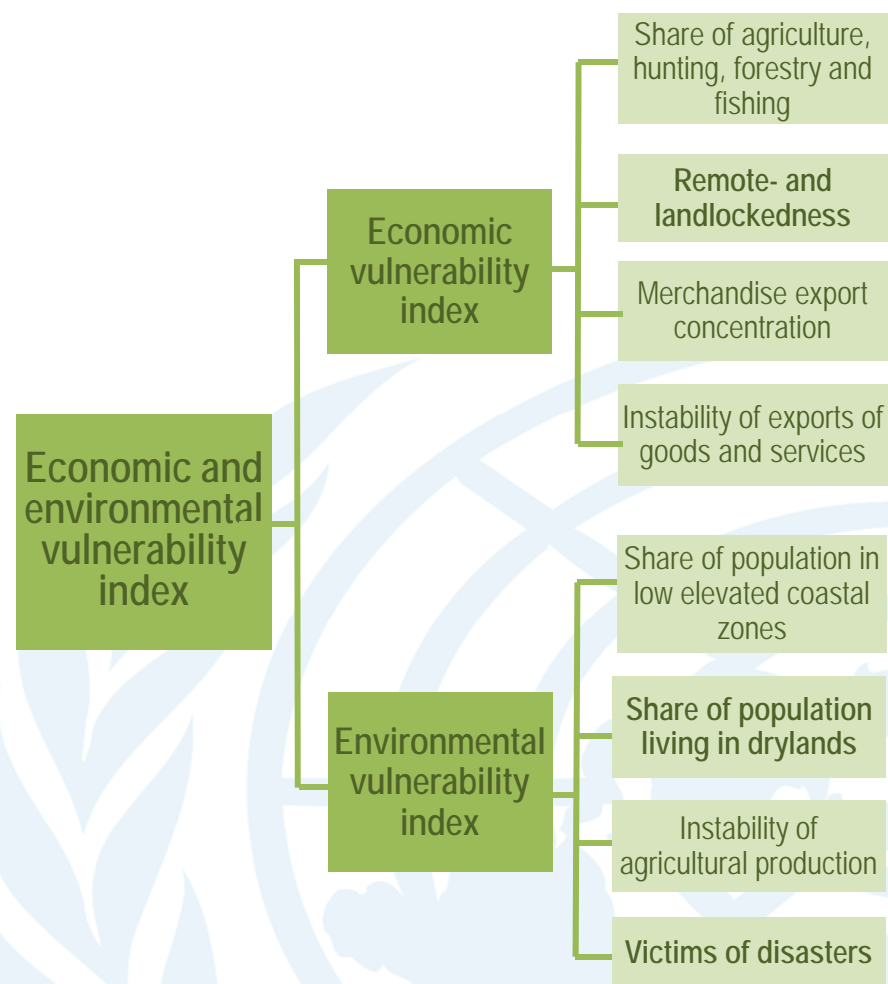
Human assets index (HAI)

All indicators have an equal weight of 1/6



Economic and environmental vulnerability index (EVI)

All indicators have an equal weight of 1/8



New HAI indicators

Prevalence of stunting

Share of children (<5 years) with height-for-age ≤ 2 sd below WHO standard

Replaces prevalence of undernourishment, because:

- Better reflects malnutrition as development impediment
- Better (and improving) data coverage

Data source: UNICEF, WHO, World Bank: Joint Child Malnutrition Estimates

Gender parity index for gross secondary school enrolment

Ratio of girls to boys enrolled in secondary education

- Reflects discrimination against girls as development impediment
- Has far better data coverage than gender parity index in attendance, completion or proficiency

Data source: UNESCO

New EVI indicator



Share of population living in drylands

Percentage of population that lives in drylands, defined by an aridity index (ratio of precipitation to potential evapotranspiration)

- Drylands are particularly vulnerable to climate change and other shocks (desertification, land degradation, drought, wildfires, heat stress)
- Drylands are globally expanding due to climate change

Data source: CDP Secretariat calculation

EVI indicators – name changes



Remote- and landlockedness

To better reflect the fact that the indicator accounts for specific challenges of LLDCs



Victims of disasters

To better align it with common United Nations terminology and to highlight that disasters are not natural.

Strengthened concept and basic rules

○ LDC definition and identification

LDCs are low-income countries suffering from the most severe structural impediments to sustainable development.

The list of LDCs is reviewed triennially by the CDP using the following **three criteria**:

- Per capita Gross national income (GNI)
- Human assets index (HAI)
- Economic and environmental vulnerability index (EVI)

○ Eligibility for inclusion (inclusion rules)

- Inclusion thresholds must be met for all three criteria at one review (**'3 out of 3' rule**)

○ Eligibility for graduation (graduation rules)

- Graduation threshold must be met for two of the three LDC criteria at two consecutive triennial reviews (**'2 out of 3' rule**)
 - Graduation for countries with highly skewed development is justified only if it has **passed both graduation thresholds with a sufficient margin**
- Alternatively, per capita GNI is at least twice the graduation threshold (**'income-only exception'**)
 - Requires **explicit assessment of the sustainability of the income level**

No automatic application of graduation rules: Additional information to be taken into account for graduation recommendation (**'flexibility principle'**)

Improved graduation process: New graduation assessment indicators

○ Description and purpose


- Online statistical annex to graduation assessments prepared for triennial review
- Methodologically sound indicators covering most LDCs and other developing countries
- Complements both LDC criteria and country-specific information
- Covers vulnerabilities and relevant factors not adequately captured
e.g. inequalities, infrastructure, domestic and external financial resources, technology, conflict and violence, governance
- Screening device to identify discrepancies
- Serves as entry point for identifying priorities for managing graduation
- Strengthens alignment with Agenda 2030

○ Outstanding work

Selection of indicators for graduation assessment until July 2020


Coverage of Agenda 2030 by LDC indicators



 Per capita GNI
blue lines indicate linkages between this LDC criterion and the SDGs

 EVI
green lines indicate linkages between this LDC criterion and the SDGs

 HAI
orange lines indicate linkages between this LDC criterion and the SDGs

 Graduation assessment indicators
grey lines indicate linkages between these indicators and the SDGs

Note:
The thickness of the lines indicates the number of linkages found, with 1 link represented by the thinnest line and 5 or more links represented by the thickest line

Improved graduation process: Country specific information

○ Improving information basis for recommendations

- **Consolidated assessment** based on UNCTAD's vulnerability profile and DESA's impact assessment and **enriched** with additional input from relevant United Nations entities
- Improved **country consultations and inputs**
- Prepared **earlier** in the graduation process
- Assists the country in **preparing for graduation** and reduces the uncertainty currently surrounding LDC graduation



Improved graduation process: Rationalizing the length of preparatory period

○ Rules for length of the preparatory period

Preparatory period = time between General Assembly (GA) takes note of the CDP's graduation recommendation and country effectively leaves the LDC category

- **In principle**, preparatory period is 3 years after GA took note of recommendation ('one size fits all')
- **In practice**, there have almost always been extensions (on ad-hoc basis)

○ What is the improvement?

- **CDP statement** on length of preparatory period based on planning capacity and overall situation of country regarding graduation as part of the CDP graduation recommendation

Impacts of the improvements

○ Refined LDC criteria

- Simplified structure of HAI and EVI
- Strengthening of the reflection of gender inequality and malnutrition in HAI
- Better reflection of environmental vulnerabilities in the EVI
- No interference with ongoing graduation processes

○ Improved graduation process and narrative

Utilization of the new set of graduation assessment indicators and the improved country-specific information:

- Better information basis for CDP to make recommendations
 - Suggestions for priorities and support needs to ensure smooth transition
 - For highly vulnerable countries, focus graduation narrative on addressing vulnerabilities and resilience building
- Better information provided to countries at an earlier stage
 - Improved basis for countries to manage graduation
- **Move graduation debate beyond pure classification towards momentum towards sustainable development**