Advance unedited version

United Nations A/79/xxx- E/2024/xx

General Assembly

Distr.: General
xxx 2024

Original: English

General Assembly
Seventy-ninth session
Item xx (x) of the provisional agenda**
Groups of countries in special situations: follow-up to the Fifth United Nations Conference on the Least Developed Countries

Economic and Social Council
2024 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 2022–2031

Follow-up to the Fifth United Nations Conference on the Least Developed Countries

Report of the Secretary-General

Summary

The present report provides information on the implementation of the Doha Programme of Action for Least Developed Countries for the decade 2022–2031 (A/CONF.219/2022/3) during its second year and is submitted pursuant to General Assembly resolution 78/233 and Economic and Social Council resolution 2023/29. It provides an overview of recent developments towards reaching the goals and targets of the DPoA, as well as progress towards its monitoring and recommendations for its full implementation. The underlying data are contained in an Annex to this report.

I. Investing in people in least developed countries: eradicating poverty and building capacity to leave no one behind

1. Least developed countries continue to struggle to fully recover from the effects of the COVID-19 pandemic. In 2023, they lost 10 per cent of their GDP as compared to their estimated pre-pandemic growth trend. Climate change, geopolitical tensions, and a cost-of-living crisis all jeopardized efforts of LDCs to relaunch their economies.

2. Thus, almost 15 million more people in LDCs were living in extreme poverty in 2023 than in 2019, bringing the total to more than 380 million[1]. This increase illustrates the vulnerability of LDC populations to global crises, and the critical need for more targeted interventions and international support to address multidimensional poverty. Long-term and inclusive recovery efforts that will prioritize the most vulnerable populations and strengthen resilience to future crises are essential to implement the DPoA.

Universal social protection

3. The Doha Programme of Action targets to increase in coverage of nationally appropriate comprehensive and universal protection systems for all least developed countries. However, only 14 per cent of the population in least developed countries is covered by at least one social protection benefit compared to 45 per cent and 85 per cent in other developing and developed countries respectively.

4. Moreover, only 2.08 per cent of GDP in least developed countries is spent on social protection and on health care, which is less than a tenth of expenditure on social protection in advanced countries. To meet the targets of universal social protection systems, least developed countries would have to increase their allocation on social protection by 11.1 per cent of their 2020 GDP.

Investing in young people and education

5. COVID-19 exacerbated the limited access to quality inclusive education in LDCs, reducing their opportunities to earn a decent living and trapping them in a vicious cycle of low income, low educational opportunities, and a lack of decent and productive work.

6. Secondary, and tertiary education enrollment remains low (49% and 11% respectively, in 2022) in the least developed countries. Economic challenges, combined with high school dropout rates, make learning outcomes a major challenge.

7. Given the high correlation between quality education and countries' per capita income, investing in education at all levels and reducing gender disparities, such as economic opportunities in least developed countries, would be especially important as their populations continue to grow at a faster rate than in developed and many developing countries.

8. Investing in youth, particularly through quality higher education, is critical for long-term development. Science, technology, engineering, and mathematics are widely acknowledged as key drivers of socioeconomic development and industrialization. Least developed countries lag in STEM capabilities, limiting their ability to grow and undergo structural transformation. Thus, improving access to quality STEM education, including through consideration of an online university for STEM as suggested in the DPoA, is of utmost priority.[2]

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[1] See: https://unctad.org/topic/least-developed-countries/recognition
[2] An SG report on the feasibility of an online university will be published in 2024.

Equal participation of women and girls in social, political and economic life

9. While progress has been made globally to address gender equality, women and girls in least developed countries continue to face tremendous barriers.

10. In least developed countries, the proportion of women in parliament is lower than the world average. Rwanda and Senegal are exceptions placed in the global top 15 list of countries with the most women in parliament.[3] Women running for political positions face numerous challenges, including gaining support from major political parties, discrimination, and combating cultural norms.

11. Progress has been made in the LDCs to achieve gender equality, and address violence and harmful practices against women. In 2022, the proportion of women aged 20 to 24 in least developed countries who were married before the ages of 15 or 18 was 3 per cent lower than in 2017. However, this is still twice as much in LDCs than the world average. There is still much work to be done to ensure that women and girls have the opportunities to fulfill their potentials in society, and have their rights protected.

12. Rural women play an important role in food security in least developed countries, contributing to every stage of the food system. However, they are more likely than men to work in low-wage, low-security, and informal jobs, with few opportunities for skill development. Furthermore, they are disproportionately burdened with unpaid care work and are less likely to own property. Due to their critical role in society, the barriers women face must be lowered to achieve gender equality and women's advancement.

Hunger and malnutrition

13. Least developed countries continue to make progress in reducing undernourishment, as observed in 2022. However, climate change, environmental degradation, and extreme weather continue to have a disproportionate impact, increasing their vulnerability.

14. People in least developed countries, especially the poor and the most vulnerable, including women and girls, are among the most affected by hunger. Limited finance, reliance on external food sources, inflation and high food prices have increased the prevalence of food insecurity and intensified the risk of poverty and hunger.

15. Malnutrition among children has also been exacerbated by the continuous food and nutrition crisis, further impacting on their growth, development and future prospects. Malnutrition estimates show that more than 60 million children in 2022 were affected in least developed countries.[4]

16. Efforts to reduce food insecurity are ongoing. The food stockholding mechanism envisaged in the DPoA would significantly enhance the resilience of least developed countries to external shocks by providing a safety net for the most vulnerable.[5]

Promoting health and well-being[6]

17. In comparison to 2015, least developed countries have made efforts to provide health care and reduce maternal mortality. In 2022, 73 per cent of births in the least developed countries were attended by a skilled health professional, up from 61 per cent in 2015.

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[3] See: https://data.ipu.org/women-ranking?month=12&year=2023

[4] See https://data.unicef.org/topic/nutrition/malnutrition/

[5] See the SG report on Food insecurity in the least developed countries: a_77_291-en.pdf (un.org). A follow up report with a detailed feasibility study will be published in September 2024.

[6] See: E_2023_64_Statistical_Annex_I_and_II.pdf (un.org)

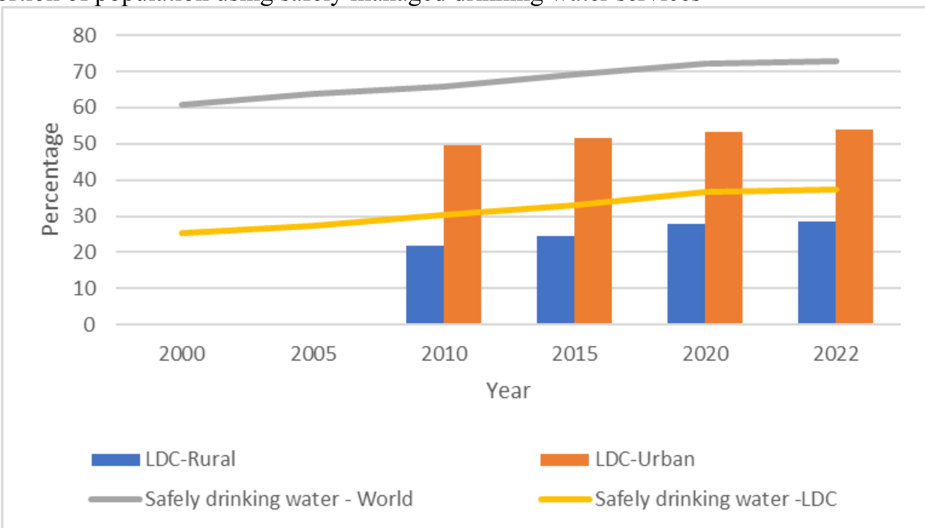
18. Progress in reproductive health in least developed countries continues, though not at the same rate as the global average. Sixty per cent of women of reproductive age were satisfied with modern methods of family planning in 2023, up from 55 percent in 2015.

19. In 2022, the proportion of children under the age of five whose births were registered by civil authorities in least developed countries was 47 per cent, compared to the global average of 77 per cent. This highlights that least developed countries still have a long way to go in ensuring that everyone has a legal identity, reducing structural injustices, and providing equal opportunities.

Water, sanitation and hygiene

20. In 2022, 63 per cent of the population in least developed countries lacked safely managed water services, compared to 27 per cent globally, highlighting significant disparities between least developed countries and the global average.[7]

Figure 1: Proportion of population using safely managed drinking water services



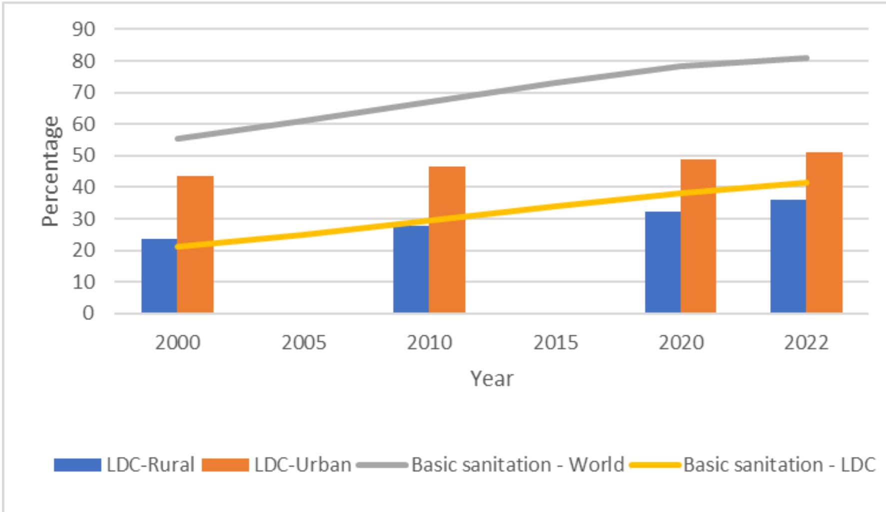
Source: Statistical Annex of the Progress towards the Sustainable Development Goals Report of the Secretary-General (2023)

21. Likewise, only 41 per cent of people in least developed countries have access to basic sanitation, with 36 per cent in rural areas and 51 per cent in urban areas.[8]

Figure 2: Proportion of population using basic sanitation services

[7] See: https://data.unicef.org/wp-content/uploads/2023/07/jmp-2023-wash-households-launch-version.pdf

[8] See: https://data.unicef.org/wp-content/uploads/2023/07/jmp-2023-wash-households-launch-version.pdf



Source: Statistical Annex of the Progress towards the Sustainable Development Goals Report of the Secretary-General (2023)

22. To ensure sustainable and equitable access to clean water and sanitation for all by 2030, concerted efforts from LDCs and their development partners, including governments, international organizations, and local communities will be required.

Migration and mobility

23. Although migration patterns vary by country, least developed countries are more likely to be countries of origin than destinations for migrants. Still, Uganda, Bangladesh, Sudan, Ethiopia and Chad are among the largest refugee-hosting countries in the world.

24. LDCs made progress in formulating migration policies. Compared to the global average of 62% in 2021, 58% of least developed countries have migration policies to facilitate orderly, safe, regular, and responsible migration and mobility.

25. Furthermore, instability, conflicts, climate change, and economic hardship in least developed countries contribute to an increase in migration. In 2022, the least developed countries had 1,007.8 refugees per 100,000 people, compared to the global average of 397.8.[9]

Governance and peacebuilding

26. Long-standing and new conflicts around the world undermine global peace and security, and compound external shocks faced by the LDCs, through impacts on prices of fuel and other basic commodities. Conflicts in least developed countries have also increased worsening vulnerability, disrupting economic activity, triggering displacement and leading to growing humanitarian needs. Furthermore, conflicts impede efforts to promote sustainable development and even reverse progress on the SDGs, while arresting efforts on infrastructure development, climate adaptation and resilience building.

27. Of the 39 fragile and conflict-affected countries in the world, 24 are categorized as least developed.[10] In 2024, it is estimated that more than 231 million people in least developed countries will need humanitarian assistance and protection compared to 190 million in 2022.[11]

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[9] See: E_2023_64_Statistical_Annex_I_and_II.pdf (un.org)
[10] World Bank classification of Fragile and Conflict-Affected Situations,https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations
[11] Ocha – humanitarian action https://humanitarianaction.info/document/global-humanitarian-overview-2024/article/abridged-report#page-title

28. Supporting LDCs in building democratic, strong and effective institutions to promote the rule of law, human rights and peaceful societies should be a key priority of the international community.

II. STI for Sustainable Development in LDCs

29. The lingering effects of COVID-19 pandemic, continuing climate impacts and geo-political tensions have put a spotlight on the far reaching potential and crosscutting influence of technological advancements and innovations. There is growing recognition of the positive role of science technology and innovation (STI) in addressing developmental challenges including in sectors such as healthcare, agriculture, education, and governance. This is especially true for Artificial Intelligence (AI) which presents a tremendous potential to bring unprecedented efficiency to transform sectors critical to LDCs prosperity and address society's most pressing challenges.

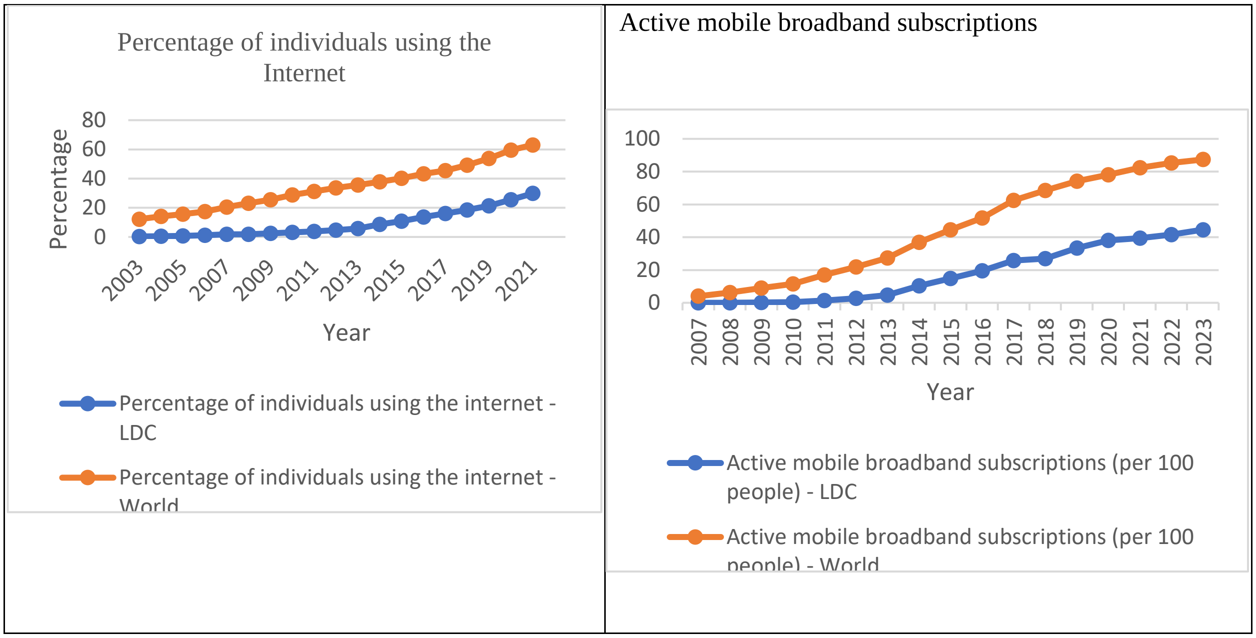
30. The Doha Programme of Action recognized that LDCs face significant gaps in STI infrastructure, human and institutional capacity. According to the 2022 global innovation index of the 32 least developed countries on the list, 21 are in the bottom quartile. This reflects least developed countries continued lagging in innovation, adoption of new technologies and implementation of policies and approaches for the growth and expansion of STI; due to limited infrastructure, lack of resources (financial and technical), and inadequate investment in education, skills and STI research and development (R&D).

31. While no least developed country has reached 1 per cent of GDP expenditure for R&D, LDCs have leveraged lower costs and taken frugal approaches to deliver scientific results and valuable knowledge with limited means.[12] This contributed to a significant increase of LDCs scientific publications between 2000-2020, faster than the growth of OECD countries over the same period. However, least developed countries publications are still well below global averages. Solving this challenge requires enhanced cooperation with development partners and the private sector to allow necessary and meaningful dialogue and collaboration in favor of the least developed countries.

32. The number of people offline in 2023 decreased to an estimated 2.6 billion people, representing 33 per cent of the global population with internet access of 66 percent in 2022. The proportion of internet users in least developed countries stood at 36 per cent in 2022, global with even lower rates for women (30 per cent) and people in rural areas (28 per cent). For broadband access, the contrast is similar with a with a rate of 42 per cent for LDCs for mobile broadband subscriptions - half the global average. This limited progress is due to continued challenges in other development sectors such as electricity.[13]

[12] See: Technology Bank for the Least Developed Countries |
[13] See: ITU-Measuring digital development Fact and Figures: Focus on LDCs 2023

Figure 3: Access to internet and broadband



Source: own calculation based on ITU data

33. The rural- urban divide remains large in LDCs, with 55 percent versus 26 percent internet access in urban and rural areas respectively. The global standard set price requires fixed broadband gap to cost no more than 2 per cent of the average gross national income (GNI) per capita in a country, while in the least developed countries, broadband prices in 2022 ranged from 3.6 to 71.6 per cent of monthly GNI per capita in 90 per cent of least developed countries where data is available.

34. Application of technology in the agriculture sector, for example through digital platforms, can increase productivity and diversification through smart logistics and distribution services. In manufacturing, new technologies can improve product design and supply chain management to lower production costs. Access to resilient and adaptable technology that is environmentally sound is crucial for accelerating structural transformation and enhancing sustainably in least developed countries.

35. Continued data gaps in least developed countries call for strengthened data management capacity to allow better mapping and understanding of the status of STI, requiring investment in statistical capabilities to improve the availability of STI indicators, and enable meaningful application of digitalization, directing investment as appropriate to bridge STI and skills gaps ultimately eliminating the digital divide and accelerating least developed countries structural transformation. Adequate and context specific data can also ensure that STI interventions are context responsive and appropriate.

III. Structural transformation as a driver of prosperity in the LDCs

36. The Doha Programme of Action commits to promoting inclusive and sustainable structural transformation in LDCs to reduce their vulnerabilities to current and future shocks—both from internal and external sources.

37. The share of value added of agriculture in GDP in LDCs has decreased from around 30% in 2000 to 20% in 2018, before increasing again to 21.2% in 2021. The agriculture sector employs more than half of the population in the LDCs, constituting the primary source of income in rural areas. The success of structural transformation in LDCs, therefore, depends on their ability to create stronger links with the industrial and service side of agricultural activities. As the world is witnessing growing sophistication of agricultural value chains, there is a considerable need to support the LDCs to take advantage of the contemporary landscape of agro-industry in the global economy.

38. In this context, it is especially important to harness the full potential of women by investing in their education and skills development, access to financing including microfinancing, and removing other barriers such as limited access to inputs, digital technologies, and lack of rights to properties and land[14].

39. The LDCs need to enhance their share of the manufacturing and services sectors. The manufacturing share of GDP in LDCs has grown from 10.8% in 2000 to a peak of 15% in 2020, which is still much lower than other developing countries[15].

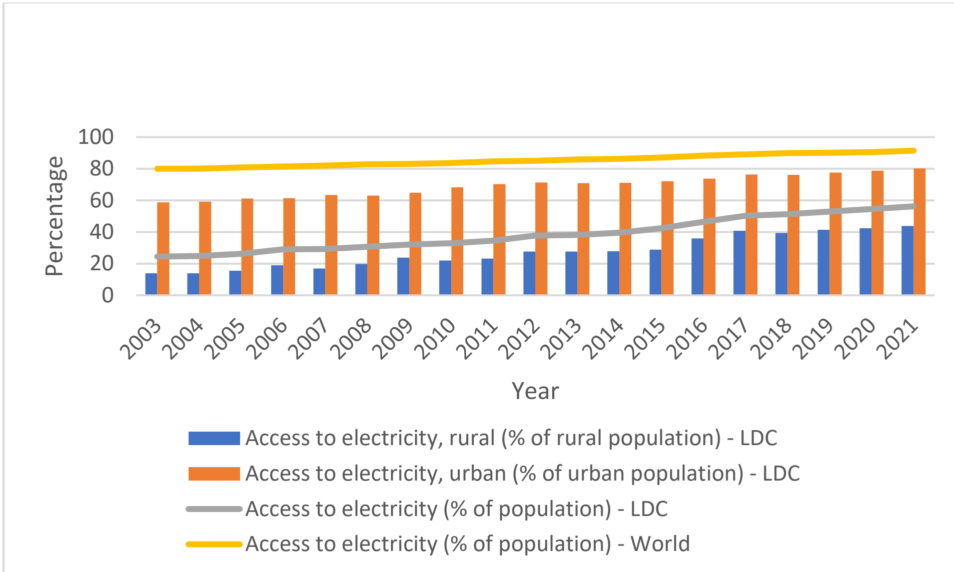
40. There are also disparities between African and Asian LDCs. In Asian LDCs, the manufacturing share in GDP has reached 20% in 2021, while in African LDCs, it remained almost constant at around 10%. The average share of the services sector in LDCs increased from 46% in the early 2000s to about 49% in 2015-2017, before falling back to 47.3% in 2021. In Asian LDCs, the share stands at 51.3% in 2021, while in African LDCs, it fell from 48% in 2017 to 43.3% in 2021.

41. In African LDCs, the bulk of tertiary employment is concentrated in less knowledge-intensive services such as retail trade, accommodation, and food, which are typically low productivity and low value-added activities and often carried out in the informal sector. Many of the Asian LDCs are undergoing what resembles a more classical process of industrialization characterised by a rising share of manufacturing in output and employment, specialization in manufacturing exports, and the reduction of poverty levels.

42. Transport and energy infrastructure are essential for the efficient operation of existing productive assets in the LDCs. However, infrastructure in the LDCs continue to face severe challenges. The share of LDCs' population with access to electricity stood at 56 per cent in 2021, having increased from 33 per cent in 2010. Rural energy access remains even lower at around 45 per cent in 2021.

Figure 4: Access to electricity

[14] For more details, see [The status of women in agrifood systems (fao.org)]
[15] The manufacturing share of GDP in developing countries is 22% in 2021.



Source: Own calculations based on Statistical Annex

43. The proportion of the population with access to clean cooking solutions in the LDCs was 25 per cent, roughly a third of the world average of 71 per cent. The share of modern renewables in total final energy consumption (TFEC) is progressing slowly in the LDCs, with an average share of 12 per cent. Moreover, while the growth rate in renewables capacity per capita was high for the developing world, at a compound annual growth rate of 9.6% over 2016-21, growth was significantly lower for LDCs (5.5%)[16]. This trend is concerning, as it underscores the urgent need for greater support to meet the DPoA target to double financing to LDCs from all sources in support of clean and renewable energy.

44. Partnerships between LDCs, development partners and the private sector need to ensure that the efforts towards universal access to modern energy and clean energy transitions are cost-efficient, people-centred and inclusive. A comprehensive energy sector subsidy reform plan that phases out fossil fuel subsidies and redirects finances to better targeted social spending can help reduce inefficiencies in the allocation of resources.[17]

45. Micro and small enterprises (MSMEs) account for 83 percent of total employment in the LDCs compared to 63 percent in other developing countries, most of which is informal. In the LDCs, informality is characterized by its concentration in vulnerable employment status and specific sectors (agriculture, wholesale and retail trade, and manufacturing). Continued investment in MSMEs, including building their digital capacity, will be essential to fill the gap of the “missing middle” to enable them grow, innovate, and contribute to sustainable economic growth for enhanced regional and global value chain integration.[18]

46. To accelerate structural transformation in the LDCs, a dynamic private sector will be critical. Many LDCs have embarked on numerous reforms of regulatory frameworks to make it easier for private companies to do business. Private sector development in LDCs, however, has been constrained by, inter alia, deficiencies in ICT and energy infrastructures, access to finance, especially for MSMEs, skills gap, and bureaucratic processes.

47. To fulfill the SDG target 9.2 of doubling the share of manufacturing in LDCs, it is estimated that an amount of $1,051 billion will be required annually[19]. For the LDCs to bridge this burgeoning financing gap, it is

16 PowerPoint Presentation (un.org)

[17] For more information see: advancing_sdg7_in_ldcs_lldcs_and_sids_2023.pdf (un.org)
[18] See: ILO, Present and Future of work in LDCs 2022
[19] See The Least Developed Countries Report 2023 | UNCTAD

vital to leverage all sources of financing including North-South, South-South, and Triangular cooperation. It will be also critically important to ensure strategic investments in sectors, which can contribute most to achieving higher productivity, enhancing growth, and ultimately, in creating decent jobs and eradicating poverty. Moreover, creating the right conditions for industry development also requires building the right legal framework and institutional infrastructure.

IV. Trade and Regional Integration

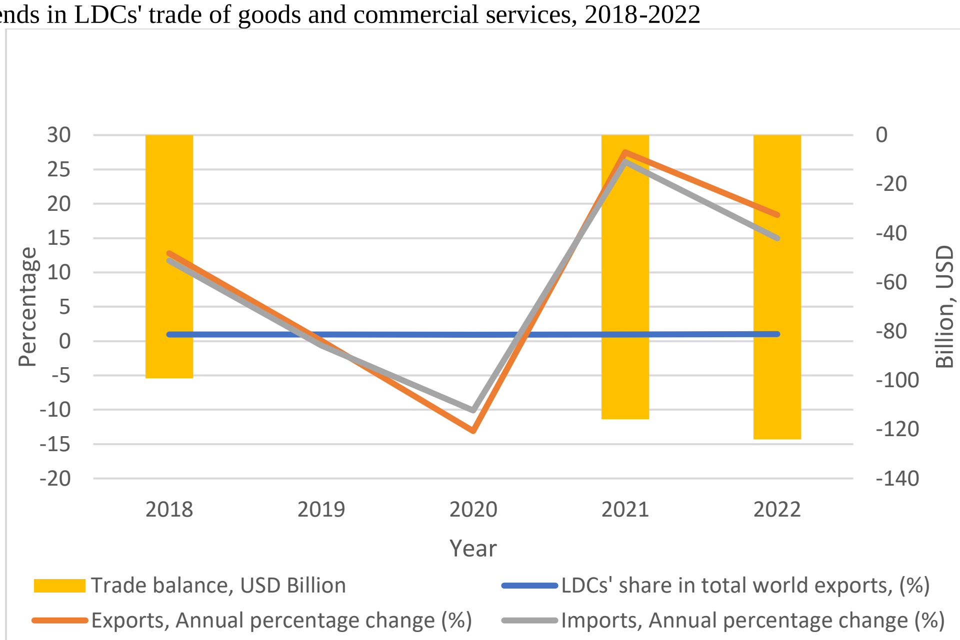
48. Least developed countries continue to make efforts to integrate into the multilateral trading system to leverage trade as a catalyst for growth and sustainable development. The recent accession of Comoros and Timor Leste will bring the number of least developed countries WTO members to 37 out of 45.

49. Between 2018 and 2022, LDCs' exports of goods and services increased at an average annual rate of 7.1%. In 2022, LDCs' goods exports particularly benefited from high energy prices, leading to an annual growth of 17.4%.[20]

50. In 2022 the least developed countries' share in world exports of goods and commercial services increased from 0.95% in 2021 to 1.02% in 2022, the highest share recorded during the reporting period. Export growth of least developed country was mainly driven by commercial services (27%) while merchandise exports grew by 14.7% in 2022.

51. With a 1.45% share in global imports in 2022 LDCs' overall trade deficit continued to widen, reaching a new high in 2022 at USD 124.1 billion, compared to USD 115.8 billion in 2021, and USD 99.3 billion in 2018.

Figure 5: Trends in LDCs' trade of goods and commercial services, 2018-2022



Source: Own calculations based on Statistical Annex

52. Volatile commodity prices continue to impact least developed country growth prospects, with 38 of the 45 (84 percent) least developed countries classified as commodity dependent in 2023. The necessity for

[20] WT/COMTD/LDC/W/71, Market Access For Products and Services of Export Interest to Least Developed Countries, 30 October, 2023.

commodity diversification and enhanced structural transformation remains paramount if least developed countries are to leverage the global trading system, while enabling them to adapt, respond and sustain trade amidst and post crisis.

53. African LDCs consistently exhibit a higher trade deficit than their counterparts in Asia. While Asian LDCs have made progress in developing vibrant manufacturing bases, especially in labor-intensive activities benefiting from globalization, many African LDCs have yet to leverage their industrial potential. Low levels of human and physical capital, integration into low value-added segments of GVCs, historic weaknesses in infrastructure and high reliance on natural resources all act as major constraints to manufacturing growth in the region.

54. Aid for Trade for Least Developed Countries peaked at 30% in 2018, declined to 15% in 2021 and rose to 27% in 2022 reaching USD 15.1 billion in disbursements, still below the levels required to remain on track to doubling Aid for Trade levels from 2018 by 2031. The 2022 increase is primarily driven by support to energy and transport infrastructure projects delivered through loans. Aid for Trade for LDCs needs to maintain a high level of concessionality to effectively achieve the ambitions of the DPoA and support LDCs integration into the global trading system.

55. More digitalization can mean more trade: a 10% increase in digital connectivity between countries raises goods trade by nearly 2% on average and trade in services by over 3%. While AfT for digitalization increased 32% between 2018-2020, this only accounts for approx. 2% of total AfT commitments. E-commerce remains a frontier that must be tackled and invested in if LDCs are to effectively leverage regional and global value chains.[21]

56. In terms of market access, many WTO Members continue to offer full or almost full duty-free market access to LDCs but more needs to be done to ensure planning security of exporting firms. In June 2023 the United Kingdom launched a new "Developing Countries Trading Scheme". The rules of origin conditions associated with the new GSP scheme are designed to facilitate exports from LDCs including by simplifying product-specific rules of origin. Thailand submitted a revised notification in the CRO concerning the preferential rules of origin under its Duty-Free Quota-Free scheme (DFQF) for LDCs. A total of 7,535 products would be exempt from duties and quotas, which accounted for 65.9% of Thailand's tariff lines.[22]

57. LDCs continue to make efforts to enhance regional integration. As of February 2024, 54 African Union member states have signed the AfCTA agreement and twelve countries have finalized their legal modalities to enable trade to commence under the new preferences outlined in the AfCTA agreement. The challenge on how to ensure equitable redistribution of the benefits of free trade between the larger and more advanced economies and economically weaker economies such as LDCs needs to be addressed.[23]

V. Addressing climate change, environmental degradation, recovery from the COVID-19 pandemic and building resilience against future shocks for risk-informed sustainable development

58. The 45 least developed countries include some of the most vulnerable countries and are especially exposed to crises and shocks, including health epidemics, commodity price shocks and other economic crises/instability and natural disasters and extreme weather events, which are exacerbated by climate change. Building resilience against various potential shocks and crises is the first line of defense to protect lives and livelihoods.

[21] See: WTO | Aid for Trade Global Review 2022: "Empowering Connected Sustainable Development"

[22] See: WTO: WT/COMTD/LDC/W/71

[23] See: OHRLLS: The cost of being Landlocked

Access to vaccines and recovering from the COVID-19 pandemic

59. In the third round of the WHO Global Pulse Survey on the continuity of essential health services during the COVID-19 pandemic, LDCs reported bottlenecks in COVID-19 diagnostics, therapeutics, vaccination, and PPE, including lack of funding, health workforce challenges, supply and equipment shortages, distribution capacity limitations, and insufficient data and information, among others. The Survey identified the urgent need for targeted international support to address funding gaps, strengthen health workforce capacities, and enhance overall healthcare infrastructure in the LDCs to build resilience to future health crises.

Loss and damage to the adverse effects of climate change

60. The twenty-eighth Conference of the Parties to the UNFCCC (COP28) reached an agreement on operationalization of the Loss and Damage fund, a new fund to assist developing countries that are particularly vulnerable to the adverse effects of climate change. As of February 2024, pledges to the Fund amounted to USD661 million. However, greater amounts are needed and the next steps in the operationalization of the fund should be taken promptly. The COP adopted the Governing Instrument of the Fund, which includes provision that, of the 26 members of the Board of the Fund, 2 should be from least developed countries. It also specifies that the Board will develop and operate a resource allocation system, which will take into account, inter alia, a minimum percentage allocation floor for the least developed countries and small island developing States.

Climate finance

61. Under the Green Climate Fund (GCF), the largest dedicated climate fund, total funding for the least developed countries had reached USD4.1 billion as at February 2024 representing 30 per cent of its global portfolio, up from USD3.0 billion as at July 2022 and USD3.7billion in September 2023. Pledges to the GCF for its Second Replenishment period reached USD 12.8 billion from 31 countries, as at end December 2023.

62. The Least Developed Countries Fund provided access to nearly USD 2 billion in grants for 408 projects to the least developed countries, as of February 2024. The new GEF Programming Strategy on Adaptation aims to double the allocation of finance to LDCs to USD20 million per LDCs from USD10 million in the previous programming period.

63. As of February 2024, the Least Developed Countries Fund of the Global Environment Facility had financed a cumulative 408 projects and programmes with nearly $2 billion in grants. The new GEF-8 Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF for the period of 1 July 2022 to 30 June 2026 aims to double the allocation of finance to LDCs to $20 million per LDCs, up from $10 million in the GEF-7 period.

64. Between its creation in 2001 and the end of 2023, the Adaptation Fund had approved a cumulative total of $264.461 million (39 projects) in project funding, $1.085 million (21 projects) in readiness grants to the least developed countries, and $144,848.00 thousand (1 project) via a learning grant, totaling $265,690,848. At COP28, nearly USD 188 million in new pledges were made to the Adaptation Fund.

Climate adaptation

65. Weather-related hazards are the primary cause of economic loss from natural hazards, and the least developed countries consistently rank food, water, ecosystems and infrastructure as the systems most vulnerable to climate change hazards. Adaptation in agriculture and livestock is of primary importance for the LDCs and has major implications for food security. The most recent Adaptation Gap Report found that global adaptation needs are over 50% higher than previously anticipated with a financing gap of $194-366 billion a year.

66. COP28 agreed on thematic and dimensional targets for the Global Goal on Adaptation (GGA) and its framework, under the UAE Framework for Global Climate Resilience, and provide important guidance for

next steps on adaptation, including urging developed country Parties to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025.

67. The process of formulating and implementing national adaptation plans (NAPs) was established in 2010 to enable the least developed countries to formulate and implement national adaptation plans as a means of identifying medium- and long-term adaptation needs and developing and implementing strategies and programmes to address those needs.

68. As of March 2024, 51 countries, including 23 least developed countries, had submitted national adaptation plans to the UNFCCC secretariat. Approximately 15 other least developed countries are in various stages of national adaptation plan preparation, but additional interventions are required to ensure completion. Greater support is required for the least developed countries to expedite the process of preparing and implementing NAPs, and to develop related projects, especially the seven LDCs that have not yet initiated the process to formulate and implement NAPs.

69. Efforts should also continue on streamlining project approval processes. Analysis from the UNFCCC LDC Expert Group (LEG) found that, based on past experience, GCF NAP readiness access takes approximately 5 years from proposal stage to project completion, including 1.5 years for the approval phase. As of 30 November 2023, 113 countries had submitted 136 proposals (of which 46 are by the LDCs) for accessing funding from the GCF NAP readiness funding. As of 22 November 2023, 12 projects from 11 of the 22 LDCs with a NAP had been approved for GCF funding.

70. The LEG continued to provide support to the least developed countries by implementing its work programme for 2023–2024, including a dedicated item on integrating the gender perspective into its work.

Disaster risk reduction and multi-hazard early warning systems

71. The least developed countries face growing disaster risks that hinder implementation of the Doha Programme of Action for the LDCs, 2030 Agenda and other frameworks. Increased support is needed for capacity-building, technology transfer, finance, partnerships, comprehensive risk governance approaches and de-risked investment.

72. In 2022, disasters have impacted the economies of LDCs around 10 times more severely than the economies of the richest countries, as a share of their GDP.

73. The least developed countries disaster-related mortality rate between 2013 and 2022 was 3.10 per 100,000 people, significantly higher than the global average of 1.15. For affected populations, the average number of affected people per 100,000 was 2,172 in the least developed countries. The least developed countries accounted for 5.93 per cent of globally reported economic losses between 2015 and 2022, despite having only 1.16 per cent of the total GDP of reporting countries.

74. Only 61 per cent of the least developed countries reported having national disaster risk reduction strategies, while only 46 per cent of the least developed countries have reported having multi-hazard early warning systems.

75. Important progress has also been made in the Early Warning for All initiative of the Secretary-General (EW4All), which includes 19 least developed countries from among the first group of 30 countries selected for priority action. Recent progress includes the designation of governmental focal points to act as focal points of global and regional initiatives, the convening of national consultation workshops, the development of tools and guidance including through the EW4All Rollout toolkit.

76. The Systematic Observation Financing Facility (SOFF) of the EW4All, funding has already been approved for 31 of the 45 LDCs, with 26 LDCs implementing the readiness phase as of November 2023. In the first year of its implementation, a total of $29 million has already been allocated to LDCs.

VI. Mobilizing international solidarity, reinvigorated global partnerships and innovative tools and instruments: a march towards sustainable graduation

Financing challenges of LDCs

77. The ongoing interlinked crises of geopolitical conflicts, climate breakdown and cost of living continue to disproportionally harm fiscal space of LDCs, preventing sufficient investment needed to achieve the goals and targets of the DPoA. UNCTAD calculated that LDCs face an annual spending gap of 40 per cent of GDP to achieve the SDGs.[24] This implies an urgent need to fulfill the commitments made in the DPoA and enhance access to all types of finance from all sources.

78. Average GDP growth for LDCs is still well below the 7 per cent target in the DPOA. It was 4.4 per cent in 2023, up a full percentage point from the year before, and is projected to increase to 5.0 per cent in 2024. In 2023, the cumulative output losses – calculated as the sum of the annual difference between pre-pandemic projections of GDP and actual GDP – amounted to about 30 per cent, 3 times as high as for developed countries.

Support for domestic resource mobilization and fight against illicit financial flows

79. During 2020-2022, only 14 LDCs (out of 39 for which data is available) reached the DPoA target of a tax to GDP ratio of at least 15 per cent at least once. The median tax to GDP ratio fell from 12.1% in 2020 to 11.7% in 2022.

80. While data on Illicit Financial Flows remain scarce, preliminary estimates from 22 developing countries, including 9 LDCs, show that their types vary greatly across countries, ranging from tax evasion, IFFs related to extractive industries, and trafficking in persons or drugs.[25]

International public and external finance to contribute to sustainable development in least developed countries

81. The LDCs have experienced a stark decline in official development assistance (ODA), further exacerbating the financing squeeze. ODA flows to LDCs fell by more than 7 per cent in 2022 to $45bn even though global ODA flows reached an all-time high.

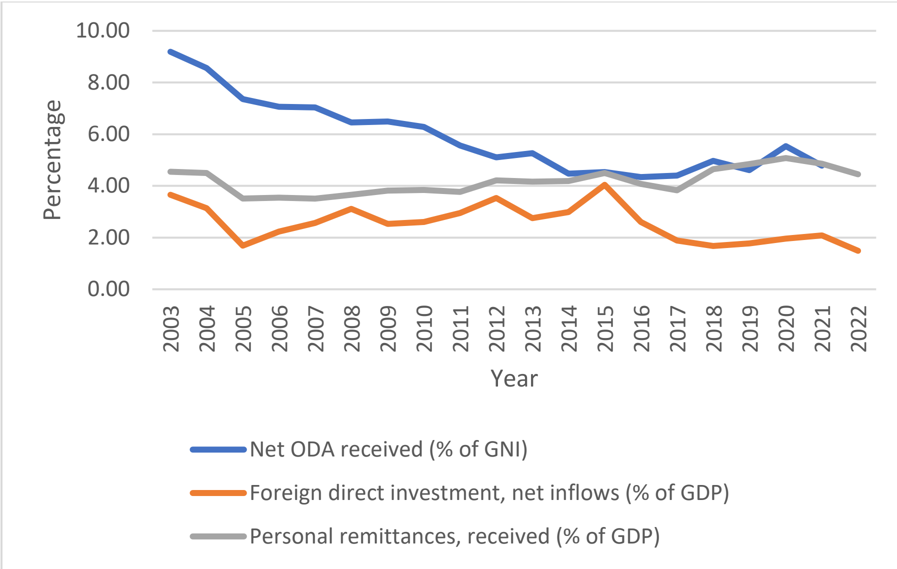
82. The average share of GNI provided as ODA to the LDCs from DAC donors declined from 0.1% in the last decade to 0.08% in 2022. Only three DAC donor countries met the target of disbursing 0.15% or above of their GNI as ODA to the LDCs in 2022, down from 6 in 2021. DAC donors allocated 21% of their total ODA to LDCs in 2022 down from 27 per cent in 2021. The top 5 sectors in 2021 (humanitarian aid, health, government and civil society, commodity aid/general programme assistance, and population policies/programmes and reproductive health) received more than half of ODA flows to LDCs.

83. A further reduction in ODA flows to the LDCs will risk reversing some of the development gains made by these countries in recent decades.

Figure 6: Financial flows to LDCs

[24] UNCTAD SDG Costing, available on: https://unctad.org/sdg-costing

[25] See: First official estimates on illicit financial flows – UNCTAD SDG Pulse 2023



Source: own calculations based on Statistical Annex data

Foreign direct investment

84. Foreign direct investment (FDI) flows to LDCs decreased slightly over the past decade. After a peak in 2015, FDI fell to between $20 billion and $25 billion annually. In 2022, despite the increase in developing countries overall, FDI in LDCs fell by 16 per cent to $22 billion - less than 2 per cent of global FDI. The decline was more marked in the 33 African LDCs, while Asian LDCs experienced a modest increase of 2%. Flows also remain highly concentrated, with the top five recipients accounting for about 70 per cent of the total.

85. Investment activity in LDCs across sectors relevant for the attainment of the SDGs remained weak in 2022. The number of all investment projects (both greenfield and international project finance) fell in important SDG sectors, including infrastructure, renewables and education. They rose in agrifood systems, WASH (water, sanitation and hygiene) and health.

86. The establishment of an International Investment Support Centre for the LDCs would bring unique added value to the field of FDI cultivation, with the aim of realizing a strategic, comprehensive, and integrated approach to the demand and supply of FDI-related technical and financial assistance to LDC governments.[26]

Debt sustainability and debt cancellation initiative through improved and transparent debt architecture

87. Debt burdens of LDCs are growing rapidly, partly due to funding needs for disaster recoveries. As of 30 November 2023, 6 least developed countries were in debt distress and 15 least developed countries were classified as facing a high risk of debt distress.[27] Government debt as a percentage of GDP in the LDCs remains elevated, standing at close to 60 per cent for 2023. External debt service of LDCs has increased from $46 billion in 2021 to approximately $60 billion in 2023 (about 4 per cent of GDP for the LDCs), further squeezing fiscal space and constraining the ability of governments to stimulate recovery and growth.[28]

88. For LDCs, commercial debt now represents a quarter of external debt, up from just 10 percent in 2010, driven mostly by countries accessing international bonds markets for the first time. After almost drying up

[26] An SG report on the feasibility of an IISC will be published in September 2024.
[27] https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf
[28] See: WESP, 2024

during 2022-23 issuance of hard currency bonds by LDCs has started again with Benin raising $750m in January 2024.

89. In the period 2019-2021, interest payments in 19 LDCs outweighed public expenditures in the health sector.[29] The recent interest rate hikes in international markets contributed to higher debt servicing costs, while rendering access to finance more difficult.

90. Progress with respect to debt relief has been limited in 2023. One exception is Somalia, which reached the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point at the end of 2023, providing total debt service savings for the country of $4.5 billion. Somalia's external debt has fallen from 64 percent of GDP in 2018 to less than 6 percent of GDP by end 2023. (IMF) In 2023, Zambia reached a milestone agreement with bilateral creditors, including China, under the G20 Common Framework for debt treatment to restructure $6.3 billion, paving the way for formal negotiations on restructuring of $3 billion owed to bondholders.[30]

91. Several LDCs, for example Mauritania, are pursuing evidence-based debt optimization and exploring options for debt conversion for financing climate action and SDGs.

Remittances

92. Remittances to LDCs continued to grow and reached 5 per cent of GDP in 2023. After reaching record numbers in the previous two years, remittances grew at a slower pace in 2023 and the risk of decline in real income for migrants remains a concern in the face of global inflation and low growth prospects.

93. The cost of sending remittances to developing regions remained high in the second quarter of 2023, at 6.2 percent—more than twice the SDG target of 3 percent by 2030, with highest costs in Sub-Saharan Africa (7.9 percent).[31]

Graduation and graduation support

94. Bhutan was the first country to graduate from the LDC Category after the adoption of the DPoA, effective in December 2023 and the GA commended their efforts to do so. Also in December 2023, the GA decided to postpone the graduation of the Solomon Islands to 2027, and to defer Angola's graduation to a later date.

95. At the 2024 Triennial Review, the Committee on Development Policy found that Cambodia, Djibouti and Senegal had met the graduation criteria for a second consecutive time and were recommended for graduation. Rwanda, Uganda and Tanzania were found eligible for the first time and would be up for consideration at the 2027 triennial review. The CDP also found that Zambia and Timor-Leste were no longer eligible for graduation and decided to defer to the 2027 triennial review decisions on Comoros and Myanmar.

96. It is crucial to reiterate that graduation out of the LDC category is an important milestone. However, it does not equate to having addressed all the multifaceted sustainable development challenges countries confront, or their being able to manage vulnerabilities without international support. It is imperative for development and trading partners and the United Nations system to continue to give strong support to graduating and recently graduated countries through tailored and effective smooth transition measures, and with a view to avoid abrupt reduction in either ODA, LDC-specific trade preferences, special and differential treatment, Aid for Trade or other technical and financial assistance.

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[29] https://unctad.org/publication/world-of-debt/resources
[30] World Bank: International Debt Report 2023
[31] See: World Bank, KNOMAD, Migration and Development Brief 39, 2023

97. Country-specific, partnership-based global support offered through iGRAD (Sustainable Graduation Support Facility)[32] can be a key steppingstone for graduating and graduated countries to achieve the SDGs and needs to be rapidly and fully operationalized.[33] The inter-agency task force, chaired by OHRLLS, should continue to rally the UN system in support of each graduating LDC and ensure better coordinated provision of joint initiatives to support a smooth transition out of the category.

VII. Monitoring the Implementation of the DPoA

98. Pursuant to DPoA para 302 the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States prepared a Roadmap for the accelerated implementation of the Programme of Action, drawing on commitments made at the Fifth United Nations Conference on the Least Developed Countries[34] and in close consultation with the Inter-Agency Consultative Group (IACG) on the Least Developed Countries.[35]

99. The Roadmap identifies specific actions to be taken by governments of LDCs, development partners, the United Nations system, and other stakeholders to achieve the DPoA targets that are critical to implement the 2030 Agenda and bring about transformative changes in the lives of more than 1.2 billion people living in LDCs. It identifies 35 priority targets across the six key action areas of the Programme of Action, specific to least developed countries with milestones for the mid-term and the period leading up to 2031 to enable effective monitoring of its implementation and promote shared responsibility across all stakeholders. It will be reviewed and updated on an ongoing basis including at and following the mid-term review of the DPoA in 2026.

100. The UN-OHRLLS is the custodian of the Roadmap and is undertaking several actions to support and coordinate its implementation, monitoring and review. The Office will continue its work in collaboration with the entire United Nations system and development partners in providing dedicated research and analysis, policy development and technical support to least developed countries, as well as mobilizing resources for these countries.

101. The UN-OHRLLS is continuing efforts to mobilize resources to support the implementation of the DPoA, including the establishment of the key deliverables and capacity building for the mainstreaming and implementation of the DPoA.

102. The UN-OHRLLS, in coordination with the United Nations Resident Coordinators Office, will provide technical advice and tools to assist LDCs for mainstreaming the Programme of Action into their national development plans and strategies, which more than 15 least developed countries have started. The office will implement measures to enhance the capacities of National Focal Points to perform their functions with respect to the Programme of Action effectively.

103. Importantly, the office will continue to provide guidance and capacity building to National Focal Points in least developed countries and lead the preparation of the reports of the Secretary-General and the provision of necessary support for follow-up activities emanating from decisions of the General Assembly.

104. To provide novel research and analysis to address the constraints LDCs face in achieving sustainable development and identifying and sharing innovative solutions in support of the accelerated implementation of the DPoA, OHRLLS, together with LDC5 Monitor and other selected partners, organises annual LDC Future Forums. The Forums bring together policymakers, researchers, experts and other stakeholders from LDCs and development partners to discuss priority thematic topics, including digitalisation, technology, investment, and climate change. The Second LDC Future Forum was held in Helsinki in March 2024 and

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[32] For more information on iGRAD see: https://www.un.org/ldcportal/content/sustainable-graduation-support-facility
[33] The SG report on support for sustainable graduation will be published in September 2024.
[34] See: https://www.un.org/ldc5/
[35] See: https://www.un.org/ohrlls/roadmap-doha-programme

resulted in concrete policy recommendations to enhance the role of innovation in building productive capacities in LDCs.[36]

VIII. Conclusions

105. Urgent action is required to support LDCs to recover lost ground to achieve the SDGs and implementing the Doha Programme of Action.

106. To accelerate poverty reduction and ensure long-term development in LDCs, it is recommended to ratify and apply extended social protection systems and international social security standards. Additionally, the international community should invest in social partner-led capacity building to enable rights such as freedom of association, collective bargaining, and other fundamental principles and rights at work. LDCs, with support from the international community, should prioritize investing in youth through quality higher education in STEM, increase investments in health systems, and take coordinated action to address malnutrition and food insecurity by transforming food systems and promoting sustainable agriculture.

107. The least developed countries have the advantage to choose, pick and utilize the technologies and technical know-how that they need to promote sustainable economic development. Technology Needs Assessments will enable LDCs to identify key levers for sustainable development – following which partnerships and cooperation with the least developed countries will play a key role.

108. Furthermore, the LDCs need to adopt a multi-stakeholder approach with support from their development partners to build their productive capacities with focus on enterprise development, skills formation, and the application of new technologies. LDCs potential for industrialization is still very high but will require specific industrial policies to address market failures and coordinate the structural change pattern while stimulating regional and international integration.

109. Enhanced trade integration of LDCs will rely on addressing internal constraints and resolving disparities of the current multilateral trading system. LDCs can also take important steps to lower their transport and logistics costs, which will benefit domestic price levels and their integration into supply chains. Joint efforts by LDCs and their development and trading partners need to include promoting greater shipping connectivity, trade facilitation measures and improved transport infrastructure. LDCs should also ensure adequate policies and regulatory frameworks that support efficient development and modernization of transport infrastructure logistics. While preferential market access has further been enhanced in recent years, more needs to be done to ensure access to and reliability of trade preferences, including longer phase-out periods for graduated countries.

110. Climate finance has fallen behind commitments and actual needs – a trend that needs to be reversed. As the costs of climate-related loss and damage are on the rise it is important that the new Loss and Damage Fund, operationalized at the twenty-eighth Conference of the Parties to the United Nations Framework Convention on Climate Change in December 2023, makes available adequate additional funds, primarily in the form of grants, and that transaction costs and lead times are kept at a minimum and disbursements start quickly. The persistent high EVI values for LDCs in the graduation pipeline, as well as regression of some, highlights the importance of resilience building measures and multi-hazard early warning systems.

111. Addressing financing needs for the DPoA requires both immediate action within the current financial system and a fundamental transformation of the international financial architecture to respond to the needs of the LDCs - to be fairer and enhance resilience, including through a robust financial safety net.

112. Donor countries should urgently raise their official development assistance to meet internationally agreed targets, which would have generated an extra $35 billion to $63 billion in 2021 alone. In addition, Multilateral

[36] See: https://www.un.org/ohrlls/events/ldc-future-forum-innovation-structural-transformation-least-developed-countries

Development Banks could implement measures, such as increasing their capital bases, incorporating uplift from callable capital into their capital adequacy frameworks, and issuing hybrid capital and portfolio guarantees, to make more concessional finance available. Developed countries should expedite the rechanneling of $100 billion in Special Drawing Rights (SDRs) in the near future and commit for an additional rechanneling of unused (SDRs)to help LDCs get back on track to meeting their sustainable development goals. The SDG Stimulus proposed by the UN Secretary General must be implemented with LDCs as a priority recipient.

113. To address debt challenges, stepped up action is needed across three priorities: strengthening debt crisis prevention, including through sound debt management and transparency and developing an improved multilateral debt relief initiative that supports debt payment suspensions, debt exchanges, and haircuts, including a clear mechanism to include private creditors.

114. Improved management of natural resources through transparent and accountable governance frameworks and ensuring that extractive industries contribute a fair share to public revenue through taxes, levies and royalties can also help increase domestic revenues. In particular, LDCs with reserves of critical minerals for the global energy transition need to ensure that extraction of these reserves contributes to sustainable development by promoting domestic value addition and securing a fair share of revenue and profits.

115. LDCs need to fully engage in upcoming global conferences, including the Summit of the Future, the Fourth International Conference on Financing for Development and the Second World Summit for Social Development, to make their voices heard and draw attention to their challenges and the solutions provided in the DPoA.

116. Taken together, the five key deliverables from the Doha Programme of Action – a Sustainable Graduation Support Facility, an online university for STEM, a food stock holding mechanism, an International Investment Support Centre, and crisis mitigation and resilience building measures – will answer key challenges facing the least developed countries, setting the path for a more prosperous, equitable future. All stakeholders need to work together to make them a reality, including through provision of resources.

117. The analysis of the most recent data described in this report reveals that while significant progress was made, the least developed countries are not on track to meet the targets of the Doha Programme of Action and the Sustainable Development Goals. Data gaps persist for several indicators, which makes reporting on some targets all but impossible. People who are most at risk of being left behind are also most affected by data gaps, since they are more likely to be underrepresented or missed by the data. The lack of some of the data necessary to monitor progress also creates blind spots for policymakers. Thus, international support is urgently needed to significantly increase the availability of high-quality, timely, reliable and disaggregated data to enable meaningful monitoring of the DPoA.