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**Report on the twenty-third session
(22–26 February 2021)**

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Note

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Summary

The present report contains the main findings and recommendations of the Committee for Development Policy at its twenty-third session. The Committee addressed the following items: the annual theme of the Economic and Social Council for 2021, “Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social, and environmental dimensions of sustainable development: building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development”; the voluntary national reviews of the implementation of the 2030 Agenda for Sustainable Development; the triennial review of the least developed countries; the monitoring of countries that are graduating or have graduated from the list of least developed countries; improved assistance for graduating and graduated least developed countries; the findings of its comprehensive study on the impact of coronavirus disease (COVID-19) on the least developed country category; and inputs to the preparations for the next programme of action for least developed countries.

On the theme of the Economic and Social Council for 2021, the Committee stressed that the COVID-19 pandemic has jeopardized the possibility of countries achieving the Sustainable Development Goals. The aim of the recovery from this unprecedented and multidimensional crisis should not be to return to pre-crisis development patterns but to reframe development towards equality, resilience and environmental sustainability. The Committee recommends action in four critical areas – the public health response to the COVID-19 pandemic; finance and debt relief; climate change; and social protection, including labour rights and education – and continues to support the reform of multilateral rules.

The voluntary national reviews presented in 2020, while showcasing a number of achievements, suggest that the transformative and structural changes that would be necessary for the implementation of the 2030 Agenda are not taking place, and certainly not with the urgency required in order to meet the Sustainable Development Goals by 2030. Greater attention needs to be given in the voluntary national reviews to the transformative aspects of the 2030 Agenda and to the review process as an instrument to advance the implementation of the Goals.

The Committee reviewed its analysis of the impact of COVID-19 on the least developed country category. While many of the least developed countries have managed to limit the immediate health crisis caused by the pandemic, they have been hit hard by the socioeconomic crisis. Insufficient fiscal space, pre-existing high debt levels and dwindling private external financing have severely limited the fiscal response of many least developed countries. With economic growth weakened even in the medium term and inequalities rising, achieving the Goals becomes even more elusive for many of them than before the pandemic. While the countries graduating or recommended for graduation remain on track, least developed countries that are falling behind may see their graduation postponed further.

The Committee finalized its triennial review of the list of least developed countries amid the ongoing health and socioeconomic crises. It recommended Bangladesh, the Lao People’s Democratic Republic and Nepal for graduation. Owing to the pandemic, a smooth transition of these countries will necessitate an extended preparatory period, careful monitoring and analysis of the impacts of the pandemic, and specific transition support. The Committee deferred its decision on recommending Timor-Leste for graduation until the 2024 triennial review owing to continued concerns regarding the sustainability of its development progress. It also deferred its decision on Myanmar owing to concerns about the negative impacts of

the state of emergency imposed by the military on the country's development trajectory and its ability to prepare for graduation. At its 2024 triennial review, the Committee will also consider Cambodia, the Comoros, Djibouti, Senegal and Zambia for graduation, provided they remain eligible.

In its monitoring of countries that are graduating or have graduated from the least developed country category, the Committee reviewed four graduating countries, namely, Angola, Bhutan, Sao Tome and Principe and Solomon Islands, as well as three graduated countries, Equatorial Guinea, Samoa and Vanuatu. The Committee expressed its concern at the negative socioeconomic impacts of the COVID-19 pandemic on all seven countries. It will continue to monitor the countries closely in terms of their recovery from the COVID-19 crisis, focusing on macroeconomic and environmental sustainability.

The Committee decided to improve the effectiveness of the existing monitoring mechanism, including through a crisis response process, and called upon Member States and the United Nations system to support and endorse the enhancement of the monitoring mechanism in the context of the Fifth United Nations Conference on the Least Developed Countries, to be held in Doha. The Committee also reviewed the continuation of initiatives to improve support to graduating countries.

Furthermore, in discussions on its possible contributions to the Fifth United Nations Conference on the Least Developed Countries, the Committee reiterated its proposal that the Conference adopt the theme "Expanding productive capacity for sustainable development" as the organizing framework for the new programme of action for the least developed countries. It also highlighted the relevance of its findings and recommendations regarding the impact of COVID-19 on least developed countries for the deliberations at the Conference. In addition, the Committee discussed the importance of developing concrete international support measures for graduating and graduated countries. The Committee commended the work of its secretariat, undertaken in collaboration with partners and in the context of the graduation support facility. That facility is a useful framework for delivering coordinated and dedicated graduation-related capacity development support. The Committee appreciated the timely piloting of such support in the recently graduated country Vanuatu.

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Chapter I

Matters calling for action by the Economic and Social Council or brought to its attention

A. Matters calling for action by the Council

Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social and environmental dimensions of sustainable development: building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development

1. The Committee recommends that the Council urgently take stock of the lessons learned from the shortcomings of the multilateral and regional responses to COVID-19 and, in line with the calls for an inclusive and networked multilateralism, put in motion an open and transparent process to identify and implement the changes that will ensure that the system supports equitable, sustainable and resilient development through structural transformation.¹ In the context of the current pandemic, which threatens to stall and even reverse progress made over the past decade by developing countries, including least developed countries, the Committee recommends that the Council call upon Member States and United Nations entities to consider the following priority areas:

(a) **Public health response**

(i) Rapid universal vaccinations and equitable distribution to ensure the most vulnerable countries are not once again left behind, as well as to ensure the rapid end of the COVID-19 pandemic. The protection enabled by universal vaccination, a global public good, requires not only financial support for the procurement of vaccines but new multilateral arrangements to mobilize global production and ensure equitable access to critical global goods (vaccines, treatment and diagnostics), removing obstacles created by intellectual property rights, adopting measures to promote the sharing of technology, and mobilizing and expanding production capacities. In that respect, the Committee endorses the proposals submitted to the World Trade Organization (WTO) Council for Trade-Related Aspects of Intellectual Property Rights by India and South Africa for a waiver from certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in relation to prevention, containment and treatment of COVID-19;² such arrangements are urgently needed both in the context of the current pandemic and to allow the necessary policy space for countries to prepare for the threat of predicted future outbreaks of novel zoonotic diseases;

(ii) Dissemination of the lessons learned by developing countries, including least developed countries, that have successfully contained the spread of the virus through effective policy actions using public health measures;

(b) **Finance and debt relief**

(i) Effective debt relief for developing countries, particularly least developed countries and those in debt distress, extending beyond the suspension of debt service

¹ See *Development Policy and Multilateralism after COVID-19* (United Nations publication, Sales No. E.20.II.A.2). Available at <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-Covid-19-and-Multilateralism.pdf>.

² WTO Council for Trade-Related Aspects of Intellectual Property Rights, document IP/C/W/669.

payments and including compulsory participation by all relevant bilateral and private creditors, as well as financial support from multilateral institutions to facilitate debt restructuring. Debt relief and restructuring should not come at the expense of credit ratings;

(ii) Support for initiatives to create dedicated funds to address the economic consequences of COVID-19 and, more broadly, increased support by multilateral financial institutions for sustainable development on highly concessional terms, through the enhanced availability of resources and the capitalization of all multilateral financial institutions;

(iii) The doubling of resources for emergency support from the International Monetary Fund;

(iv) The issuance of new special drawing rights and efforts to ensure that unused rights are channelled for the benefit of developing countries, in particular least developed countries. The Committee notes with satisfaction the progress in deliberations on this matter and urges the members of the International Monetary Fund to conclude the associated negotiations;

(v) The restoration of levels of official development assistance (ODA) and the fulfilment of the commitments made by developed countries to provide the equivalent of 0.7 per cent of their gross national income in ODA;

(vi) The expansion and promotion of South-South cooperation;

(vii) Additional institutional investment that helps countries to build more resilient infrastructure, consistent with the Paris Agreement and the objectives of the 2030 Agenda. Debt relief and restructuring should also be linked to these objectives;

(viii) The creation of a global risk pooling reserve fund as an insurance mechanism against environmental and health risks across countries;

(c) Climate change

(i) Commitments by countries under the Paris Agreement that are commensurate with its goal of limiting global warming to well below 2°C, and preferably to 1.5°C, above pre-industrial levels;

(ii) A significant increase in financial assistance and support for investments in climate adaptation and resilience-building, including local initiatives;

(iii) The adoption of improved measures to de-risk institutional investment for green and climate-resilient infrastructure in a way that ensures the mobilization of private equity funds that would multiply the public funds invested; and the sharing of the benefits of such investments by local communities, as well as both public and private sectors. It will not be possible to meet the challenges of climate change adaptation, resilience-building and mitigation by relying solely on the funds available from multilateral sources;

(d) Social protection, including labour rights and education

(i) The strengthening of labour rights and social protection for all, giving special consideration to informal sector workers, unpaid workers in the care economy, workers in the gig economy, the lowest paid and most vulnerable in global value chains and those unable to work, including through the promotion of a global fund to ensure universal social protection floors. Multinational corporations have a responsibility towards workers at all levels of their global production chains and must respect labour rights and follow the United Nations Guiding Principles on Business and Human Rights;

(ii) Urgent action to reverse the dramatic effects of the pandemic on education, address digital inequalities and take full advantage of the opportunities provided by the experiences of expanded and enhanced digital education gained during the pandemic.

Impact of COVID-19 on the least developed country category

2. The Committee recommends that the Council call upon Member States and international organizations to accord priority access to special modalities for least developed countries within the support measures proposed to address the impacts of COVID-19, including those outlined in paragraph 1 above. As priorities, this should entail the following:

(a) Least developed countries should be accorded access to vaccines at zero or minimal cost. Populations in least developed countries should be accorded priority in the distribution and administration of vaccines, as placing their populations at the end of the queue violates the principle of reaching the furthest behind first. Given the successful health policies adopted by many least developed countries during the crisis, international support to their public health systems should include support for shared learning activities;

(b) Financial support to least developed countries to address the pandemic should be provided mainly in the form of grants. Debt relief is essential and, for highly-indebted least developed countries, resources should also be provided for multilateral debt relief. Least developed countries should be given access to new global insurance mechanisms addressing both the current pandemic and future pandemics and other global threats, particularly non-linear climate risks, at zero or minimal cost. ODA remains a critical source of finance for least developed countries. Developed countries must therefore take urgent steps to provide 0.2 per cent of their gross national income as ODA to least developed countries. Access to climate change financing needs to be scaled up and provided beyond possible graduations from the least developed country category. The pandemic also underscores the urgency of extending the transition period provided for least developed country members of WTO under article 66 (1) of the TRIPS Agreement, as recently proposed by Chad on behalf of the Group of Least Developed Countries;³

(c) Support should be provided for a sustainable and inclusive transformation of the economies of least developed countries, including through building productive capacities in the health and education sectors, investing in digital infrastructure, developing science, technology and innovation capabilities, designing and implementing green industrial policies, and pursuing the diversification of economic and export structures.

Triennial review of the list of least developed countries

3. The triennial review took place amid an unprecedented socioeconomic and public health crisis. Countries recommended for graduation will need to prepare for graduation while planning for a post-COVID-19 recovery and implementing policies and strategies to reverse the economic and social damage incurred by the COVID-19 shock. The Committee therefore calls upon the Council to note that a five-year preparatory period is necessary for all countries recommended for graduation at the 2021 triennial review to effectively prepare for a smooth transition. In its 2024 triennial review, the Committee will analyse whether the five-year transition has been adequate to manage the effects of COVID-19 on countries recommended for

³ WTO Council for Trade-Related Aspects of Intellectual Property Rights, document IP/C/W/668.

graduation, or whether a further three-year extension of the transition period will be necessary.

4. The Committee will pay special attention to the impacts of the pandemic when monitoring graduating and recently graduated countries in the coming years and will alert the Council in the event that additional social, environmental or economic impacts of the pandemic require further action. In that context, it also recommends that the Council call upon Member States and relevant United Nations entities to support the Committee's efforts to enhance the existing monitoring mechanism.

5. The Committee recommends that Bangladesh, the Lao People's Democratic Republic and Nepal graduate from the list of least developed countries. In line with General Assembly resolutions [59/209](#) and [67/221](#), the Committee advises the Council to reiterate the importance for development and trading partners to support graduating countries with concrete measures to facilitate a smooth transition. That may include an extension of access to relevant international support measures for an appropriate period and the provision of support to address the challenges arising from the pandemic.

Voluntary national reviews

6. The Committee recommends that the Council promote, in the context of the high-level political forum on sustainable development and in its guidance on voluntary national review processes, a dialogue and exchange of experiences among countries on how to address climate change and environmental issues, including sustainable consumption and production; inequalities of all kinds, including gender inequality; and productive capacity and structural transformation, in order to ensure that the voluntary national reviews fulfil their role as instruments to advance the transformative objectives of the 2030 Agenda in the context of the pandemic, which is deepening and exposing inequalities within and between countries.

7. The Committee further recommends that the Council, and Member States undertaking voluntary national reviews, explore ways to tap into the new opportunities resulting from expanded online engagement worldwide to make the voluntary national reviews more inclusive, while being mindful to ensure representation of groups that are disadvantaged in terms of digital access. Greater attention should also be given to ensuring that lessons learned during the voluntary national review process are fed back into national policymaking. The Committee also recommends the active engagement of civil society and the inclusion of space in the voluntary national review process for independent civil society inputs, including the presentation of shadow reports.

B. Matters brought to the attention of the Council

Triennial review of the list of least developed countries

8. On the basis of available data, the Committee fully incorporated the impacts of COVID-19 in its triennial review by addressing this issue in the consultations with the countries concerned, by reviewing the country-specific information prepared by the respective United Nations entities and through its comprehensive study on the impact of COVID-19 on least developed countries. While the pandemic and its impacts are still evolving, the Committee is highly concerned about the consequences for the development of least developed countries, including their prospects for graduation over the current decade and beyond and the risk that the progress made will be reversed.

9. The Committee found that Cambodia, the Comoros, Djibouti, Senegal and Zambia fulfilled the criteria for graduation for the first time. These countries will be considered for graduation at the next triennial review in 2024, provided they continue to meet the criteria. The Committee requests that the United Nations Conference on Trade and Development (UNCTAD) prepare vulnerability profiles and that the Department for Economic and Social Affairs prepare impact assessments for these countries, and further requests that those documents, enriched by additional inputs, be consolidated into graduation assessments. The Committee will also utilize its supplementary graduation indicators covering broader issues relevant for graduation.

10. The Committee noted that Myanmar met all three graduation criteria for the second consecutive time. However, it was concerned that the state of emergency imposed in Myanmar on 1 February 2021 would negatively affect the country's socioeconomic development trajectory and its ability to prepare for graduation from the least developed country category. The Committee therefore deferred its decision on a possible recommendation for the graduation of Myanmar until the 2024 triennial review. It requests UNCTAD and the Department for Economic and Social Affairs to update their respective inputs on Myanmar to the triennial review, taking into account the implications of the recent developments in the country. The Committee stands ready to conduct such a review at an earlier time if appropriate and if so requested.

11. The Committee found that Timor-Leste fulfilled the criteria for graduation for the third consecutive time. However, owing to continued concerns about the sustainability of its development progress, especially due to the lack of economic diversification and uncertainty about oil and gas prospects, as well as the high rate of stunting, the Committee decided to defer its decision on a possible recommendation for graduation until the 2024 triennial review. It also requested UNCTAD and the Department for Economic and Social Affairs to update their respective inputs to the triennial review on the country.

Monitoring of countries that are graduating and have graduated from the list of least developed countries

12. The Committee monitored the development situation of four graduating countries, namely, Angola, Bhutan, Sao Tome and Principe and Solomon Islands, and three graduated countries, Equatorial Guinea, Samoa and Vanuatu. The Committee noted that it would be important to monitor the impact of COVID-19 as more data became available. Bhutan is the only country that submitted its report on the preparation or implementation of the smooth transition strategy. The Committee strongly urges countries to present their reports to the Committee in the future.

13. Based on all currently available data, none of the graduated countries appear to be at risk of falling back into the least developed country category. However, they are facing major challenges in addressing the social and economic consequences of the COVID-19 pandemic and disasters. The Committee calls upon development and trading partners to increase support to enable the graduated countries to address those challenges.

14. The Committee expressed serious concerns regarding debt sustainability and productive capacity in Angola. It therefore welcomes the decision by the General Assembly to provide Angola with an additional preparatory period of three years and underlines the importance for the country to initiate the preparations for a smooth transition strategy with the support of its development and trade partners. The Committee strongly recommends that the Government take action to diversify the economy and invest in human assets, while recovering from the impacts of COVID-19.

15. Sao Tome and Principe is facing challenges associated with mounting debt stress and the heavy economic impacts of COVID-19, while it has limited policy space to

address those challenges. The Committee recommends that the country formulate sustainable recovery policies in line with the smooth transition strategy, with the assistance of its development and trading partners.

16. Solomon Islands remains highly vulnerable to economic and environmental shocks, as represented by its high economic and environmental vulnerability index score, while it also faces challenges posed by the socioeconomic consequences of COVID-19. The Committee recommends that development and trading partners support the country to diversify its economy, build disaster resilience and increase health security.

17. The Committee continued to express its concern about the declining income level, high inequality, low level of human assets and limited diversification in Equatorial Guinea.

18. The Committee commends the commitment of Vanuatu to adopt a smooth transition strategy and graduate from the least developed country category, despite the impacts of disasters and COVID-19. In this regard, it welcomes the adoption of General Assembly resolution [75/128](#), in which the Assembly commended the commitment of Vanuatu to graduate and invited development and trading partners to provide full support to the implementation of the smooth transition strategy, including by extending specific international support measures. The Committee also recognized the continued development progress made by Samoa since its graduation. The Committee urges development and trading partners of Samoa and Vanuatu to support the countries to manage disaster risks and improve resilience, as well as to promote productive capacity.

Graduation process improvements

19. The Committee decided to continue working on the improvements in the graduation process that have been piloted since the related decision was taken at the 2019 plenary, namely, the graduation assessment; the establishment of Committee rapporteurs for graduating countries; and country-level activities for advancing graduation support.

Contributions to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries

20. The Committee discussed a number of inputs to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries for consideration by least developed countries and invites the Council to transmit the contributions to the Chair of the Group of Least Developed Countries and the co-Chairs of the Bureau of the Preparatory Committee for the Conference. The Committee's inputs are focused on having the theme "Expanding productive capacity for sustainable development" serve as the organizing framework for the next programme of action for least developed countries; the need for an improved monitoring mechanism for countries graduating and graduated from the least developed country category; the need for improved support measures for graduating and graduated countries, including a proposal for a graduation support facility; and urgent assistance to least developed countries in addressing the impact of COVID-19.

21. The Committee underscored the need for a wide-ranging list of potential actions and initiatives (which are transitional in nature with a specified time frame) and highlights its call for a new set of concrete international support measures for graduating and graduated least developed countries, which can be submitted as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries. While the Committee recognizes the ongoing efforts of the Group of Least Developed Countries in Geneva to secure a more predictable smooth

transition arrangement at WTO, the importance of promoting provisions for special and differential treatment for graduated least developed countries in regional trading arrangements was also highlighted.

22. The Committee was encouraged by the progress made in piloting the graduation support facility in Vanuatu. It proposed that, in collaboration with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the graduation support facility be introduced as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries, at the Asia-Pacific Regional Review. The Committee also proposed that a side event be organized at the Conference in 2022, for discussion of the new assistance measures and launch of the graduation support facility.

23. The Committee underlined the importance of enhancing the monitoring of graduating and graduated countries, in particular by increasing incentives for countries to take part in an improved mechanism. To make the monitoring mechanism more effective, it is critical for the countries being monitored, as well as United Nations resident coordinators, the regional commissions and other members of the inter-agency task force on graduation of least developed countries, to collaborate with the Committee. The Committee requests its secretariat to start applying elements of an enhanced monitoring mechanism, including a crisis response process, as a pilot in relation to selected countries to be monitored. The Committee will submit a proposal for an enhanced monitoring mechanism to the Asia-Pacific Regional Review, in Dhaka, as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries.

Chapter II

Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social and environmental dimensions of sustainable development: building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development

24. In its deliberations on the annual theme of the Economic and Social Council for 2021, the Committee found that the COVID-19 pandemic had jeopardized the possibility of countries achieving the Sustainable Development Goals. It found Governments and the multilateral system unprepared to deliver on the fundamental objectives of protecting people's lives and ensuring their economic safety, which exacerbated already severe inequalities and vulnerabilities. The aim of the recovery from this unprecedented and multidimensional crisis should not be to return to pre-crisis development patterns but to reframe the development paradigm towards equality, resilience and environmental sustainability. In chapter I of the present report, the Committee calls for priority action in four critical areas: the public health response; finance and debt relief; climate change; and social protection, including labour rights and education. Chapter III, in which the particular challenges of least developed countries in this context are discussed, and chapter VIII, in which the Committee reflects on the lessons learned from the voluntary national reviews presented in 2020, are integral parts of the Committee's advice to the Council on its annual theme.

25. The Committee underscores the need to strengthen the link between production structure and human development in the narrative and policy advice on meeting the Sustainable Development Goals. A country's production structure is the strongest determinant of its level of income, its income distribution, the quality of employment, the quality of the environment, the development of its institutions and its prospects for future growth and development. Although aspects of productive capacity are reflected in a small number of Sustainable Development Goal targets, the importance of structural transformation as a path to sustainable development needs to be reinforced. It is not enough for countries to ensure business-friendly environments. They also need to actively promote the development of productive capacities in a way that will ensure flexibility and resilience in a rapidly changing global industrial and technological context. Accordingly, the Committee advocates that productive capacity should be the framework for the next programme of action for least developed countries.

26. In their efforts to recover from the crisis, Governments can steer the direction of economic growth. In a context in which many companies require public support, Governments are especially well positioned to reshape public-private relations in order to produce a dynamic economic system where innovation and investment are geared towards meeting people's needs and the protection of the planet. Public support, including corporate bailouts, should be granted subject to conditions to ensure that beneficiaries advance the public interest; it should be refused to companies that persist in collectively damaging behaviour. The financial benefits of publicly-funded research and development should not be restricted to the firm engaging in the innovation; where the financing and risks are shared with the public, so must the rewards be. Vaccines and access to education-enabling technology are cases in point in the COVID-19 context.

27. Policy space and support to the endeavours of countries to secure the kind of structural transformation that will enable them to meet the Sustainable Development Goals need to be at the core of multilateral priorities. In addition to the recommendations made in chapter I, the Committee continues to support the reform of multilateral rules to establish a system that promotes social and economic stability, shared prosperity and environmental sustainability.⁴

⁴ See *Development Policy and Multilateralism after COVID-19*.

Chapter III

The impact of COVID-19 on the least developed country category

28. As mandated by the Economic and Social Council in resolution [2020/10](#), the Committee undertook a comprehensive study on the impact of COVID-19 on the least developed country category. The full study will be made available on the Committee's website.

29. Available data indicate that, overall, the COVID-19 pandemic has spread less rapidly and less severely in least developed countries than in the rest of the world. One of the main reasons for this has been the early and effective health response taken by many least developed countries, despite their limited resources. However, demographic factors, such as the higher proportion of young people, and data limitations could also partly explain this situation, and the picture could change during new waves of the pandemic.

30. The socioeconomic fallout of the pandemic has been more devastating for least developed countries than the health shock. Limited export diversification has heightened the vulnerability of least developed countries to the impact of the pandemic on global trade. International tourism remains at a standstill almost one year into the crisis, with severe impacts on employment in many least developed countries. Manufacturing exports have improved more recently, but it is still too early to understand the resilience of the rebound. Unstable demand and falling prices of commodities such as oil and gas have led to balance of payments problems and other adverse impacts in several least developed countries.

31. The financial situation in least developed countries has become more challenging, with a fall in foreign direct investment and remittances, and almost half of these countries are at high risk of, or already in, debt distress. Limited fiscal space meant that the fiscal response of most least developed countries to the pandemic was inadequate. The Debt Service Suspension Initiative of the Group of 20 countries has alleviated financial pressures in some least developed countries but is clearly insufficient. In their fiscal responses to date, developed economies have spent in per capita terms nearly 580 times more than least developed countries.

32. The COVID-19 pandemic has severely affected economic growth in least developed countries. A partial rebound is forecast in 2021, but nearly all least developed countries will experience weaker medium-term growth than was projected before the pandemic, leading to a setback in living standards.

33. After nearly twenty five years of consistent poverty reduction, the pandemic is expected to reverse that global trend for the first time since 1996. In least developed countries, the aggregate poverty incidence is expected to have increased by 2.4 percentage points, to almost 39 per cent, in 2020. The economic downturn caused by the pandemic will also push those already in extreme poverty into deeper destitution. The prospects of eradicating extreme poverty by 2030 are therefore even slimmer than before the pandemic.

34. The pandemic is also expected to worsen inequalities. In least developed countries, women and girls have been more affected by the economic and social fallout of COVID-19, as they rely more on the informal sector and have been burdened by an increase in unpaid care work. The impacts are not just economic in nature. The shift of funds to pandemic response efforts is hampering women's access to sexual and reproductive health services, while violence against women, including domestic violence, has increased around the world.

35. The pandemic risks causing significant disruption to health services in least developed countries, potentially reversing progress in combating diseases, addressing malnutrition and reducing mortality rates. COVID-19 has also highlighted the great inequities in access to the technologies required for remote learning and digital education, disproportionately affecting poorer communities. Overall, COVID-19 will stall progress towards the achievement of the Sustainable Development Goals, or even reverse years of progress, in many least developed countries.

36. Owing to its severe impacts on development, COVID-19 may also affect graduation from the least developed country category. Nevertheless, most countries that are already graduating or that were recommended for graduation at the 2021 triennial review appear to be at a low risk, if any, of falling back below graduation thresholds. The negative impacts are likely to be more severe for least developed countries that are below or only marginally above graduation thresholds, meaning that their aspirations to graduate may not be fulfilled for years.

37. Considering the vulnerabilities of least developed countries exposed by the COVID-19 crisis and the longer-term implications, international support will be essential not only in responding to immediate recovery needs, but also in accelerating structural transformation and the development of resilience towards external shocks. The upcoming Fifth United Nations Conference on the Least Developed Countries provides a timely opportunity to advance such support, but efforts are needed at all relevant international platforms. The four areas that require particular attention are set out below.

38. First, a smooth transition for graduating countries from the least developed country category, during and after the pandemic, requires special attention and additional support, as outlined in the present report (see chapters VI and VII).

39. Second, as indicated by the Secretary-General, vaccines must be seen as a global public good – people’s vaccines – available and affordable to all, and ensuring that least developed countries are not once again left behind.

40. Third, the provision of effective debt relief must be part of enhanced financial support for least developed countries. The Debt Service Suspension Initiative provided short-term relief and more fiscal space in least developed countries but has proven insufficient, and the suspension of debt servicing merely postpones rather than addresses the challenge. Other financial and technical support to least developed countries by bilateral and, in particular, multilateral development partners has been critical, but needs to be significantly scaled up.

41. Fourth, recovery from the pandemic must be accompanied by renewed efforts to achieve the sustainable and inclusive transformation of the economies of least developed countries. Such efforts should be organized within the framework proposed by the Committee: “Expanding productive capacities for sustainable development” (see chapter VII).

Chapter IV

The 2021 triennial review of the list of least developed countries

A. Introduction

42. The identification of least developed countries – defined as low-income countries suffering from severe structural impediments to sustainable development – is based on three criteria: (a) per capita gross national income; (b) the human assets index; and (c) the economic and environmental vulnerability index.

43. Graduation from least developed country status is undertaken in accordance with the procedures specified in General Assembly resolution 59/209 and the guidelines adopted by the Committee for Development Policy in 2007 (see E/2007/33) and endorsed by the Council.

44. The latest refinements of the criteria for identifying least developed countries and the procedures for their application, including thresholds,⁵ were adopted in 2020 (see E/2020/33). In preparation for the triennial review, a preliminary review of the list of least developed countries was conducted by an expert group in January 2021. The Committee also consulted with country representatives on their views regarding graduation. In addition to the documents listed in the relevant resolutions, guidelines and procedures, including the new set of supplementary graduation indicators, the Committee considered its comprehensive study on the impact of COVID-19 on the least developed countries (see chapter III), in line with Council resolution 2020/10.

B. Criteria in the 2021 triennial review

45. Table 1 shows the criteria values of least developed countries in the 2021 triennial review. Data for all States Members of the United Nations in developing regions are available from the Committee's website (<https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html>).

⁵ Available at <https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-criteria.html>.

Table 1
Least developed country criteria for all least developed countries at the 2021 triennial review

Gross national income (GNI) per capita, 2017–2019 average		Human assets index (HAI)		Economic and environmental vulnerability index (EVI)	
Somalia	104	Chad	18.4	Tuvalu	57.1
Burundi	282	South Sudan	21.4	South Sudan	54.6
South Sudan	351	Somalia	22.0	Djibouti	53.9
Malawi	367	Central African Republic	27.5	Somalia	51.9
Mozambique	473	Niger	35.7	Chad	51.8
Central African Republic	475	Guinea	39.7	Kiribati	51.7
Madagascar	496	Sierra Leone	41.7	Gambia	51.3
Democratic Republic of the Congo	506	Afghanistan	41.8	Eritrea	50.2
Liberia	507	Guinea-Bissau	44.1	Mali	49.3
Afghanistan	513	Liberia	45.2	Burkina Faso	48.6
Niger	529	Mali	45.6	Niger	48.5
Sierra Leone	532	Democratic Republic of the Congo	48.0	Angola	45.6
Eritrea	589	Benin	49.5	Mauritania	45.2
Uganda	670	Angola	52.9	Solomon Islands	45.1
Chad	696	Burundi	53.9	Afghanistan	44.8
Gambia	711	Mozambique	54.0	Malawi	44.5
Guinea-Bissau	735	Mauritania	54.2	Lesotho	43.4
Yemen	752	Ethiopia	55.3	Senegal	43.0
Burkina Faso	753	Malawi	55.7	Zambia	41.7
Rwanda	784	Burkina Faso	55.8	Mozambique	41.4
Haiti	789	Yemen	57.3	Guinea-Bissau	41.0
Ethiopia	832	Uganda	57.8	Sierra Leone	40.3
Mali	842	Eritrea	58.1	Liberia	40.2
Togo	867	Togo	58.8	Burundi	38.7
Guinea	870	Madagascar	60.6	Timor-Leste	38.7
Nepal	1,027	United Republic of Tanzania	60.9	Sudan	37.9
United Republic of Tanzania	1,031	Lesotho	62.5	Comoros	37.7
Benin	1,181	Sudan	62.6	Yemen	35.1
Myanmar	1,263	Djibouti	63.0	Madagascar	34.8
Lesotho	1,295	Gambia	63.6	United Republic of Tanzania	34.7
Comoros	1,367	Haiti	66.1	Ethiopia	34.3
Senegal	1,370	Senegal	66.4	Haiti	33.5
Cambodia	1,377	Comoros	66.5	Benin	33.0
Zambia	1,411	Zambia	67.2	Rwanda	32.3
Mauritania	1,578	Rwanda	67.6	Cambodia	30.6
Sudan	1,582	Timor-Leste	69.7	Uganda	29.1
Bangladesh	1,827	Lao People's Democratic Republic	72.7	Guinea	28.8
Solomon Islands	1,843	Myanmar	73.6	Democratic Republic of the Congo	28.3
Sao Tome and Principe	1,843	Solomon Islands	74.2	Central African Republic	27.7
Timor-Leste	1,867	Cambodia	74.8	Bangladesh	27.2
Lao People's Democratic Republic	2,449	Nepal	75.0	Lao People's Democratic Republic	27.0
Bhutan	2,982	Bangladesh	75.4	Sao Tome and Principe	25.8
Kiribati	3,183	Bhutan	79.4	Bhutan	25.7
Angola	3,207	Kiribati	81.2	Nepal	24.7
Djibouti	3,235	Tuvalu	82.2	Myanmar	24.3
Tuvalu	6,657	Sao Tome and Principe	88.8	Togo	23.3

..... Inclusion threshold GNI: \$1,018; HAI: 60; EVI: 36

----- Graduation threshold GNI: \$1,222; HAI: 66; EVI: 32

----- Income-only graduation threshold GNI: \$2,444

C. Eligibility for inclusion and graduation

1. Countries considered for inclusion

46. No country met all three criteria for inclusion in the list of least developed countries.

2. Countries considered for graduation

47. Owing to the ongoing health and socioeconomic crises, the Committee views three elements as essential for a smooth transition of countries recommended for graduation in these circumstances: (a) an extended preparatory period of five years to address the impacts of the ongoing global health and economic crises on planning processes; (b) a careful review of impacts of the pandemic during annual monitoring and the 2024 triennial review, including whether a further three-year extension of the transition period would be necessary; and (c) additional international support, including through the extension of relevant existing support measures, provision of specific support to address the impacts of the pandemic, and capacity-building.

Bangladesh

48. The Committee recommends Bangladesh for graduation, noting that it meets all three criteria for graduation from the least developed country category with comfortable margins, following years of steady development progress. In preparing for a smooth transition, the Government, together with its development and trading partners, might focus on the post-graduation international trade landscape. The Committee highlights the importance of preserving policy space while negotiating possible bilateral and regional agreements.

49. The extension of preferential market access and the exemptions under article 66 (1) of the WTO TRIPS Agreement for a reasonable period of time is particularly critical for Bangladesh. Possible policy priorities could include domestic resource mobilization, job creation, increased investment in the health sector, export diversification and accelerated efforts to shift to clean and sustainable energy. Financial and technical support is also required to tackle impacts of climate change and build disaster resilience, in particular to flooding.

Lao People's Democratic Republic

50. The Committee recommends the Lao People's Democratic Republic for graduation, noting it meets all three criteria for graduation from the least developed country category with a considerable margin. For the country's smooth transition strategy, the Committee suggests that the Lao People's Democratic Republic and its development and trading partners pay attention to the following four priority areas: (a) strong debt relief and improved macroeconomic stability to reduce the high risk of debt distress; (b) sustainable and inclusive structural transformation, including through accelerated economic diversification and further strengthening of regional integration; (c) reduction of rural/urban and other inequalities through appropriate fiscal and development policies; and (d) building of disaster resilience and reversal of environmental degradation as well as the restoration and preservation of natural resources and the rural livelihoods that depend on them, including through advancing alternative development patterns.

Myanmar

51. The Committee notes that Myanmar meets all three criteria for graduation from the least developed country category, having reaped significant benefits from a decade

of economic and political reform. The Committee considers the building of durable peace, including by providing conditions conducive to the safe and dignified return and resettlement of internally displaced people and refugees, and ensuring full enjoyment of human rights for all, as integral to the country's sustainable and inclusive development.

52. The Committee notes with deep concern the state of emergency imposed in Myanmar on 1 February 2021 by the military and echoes the calls urging respect for the will of the people of Myanmar and adherence to democratic norms. The Committee was not able to review the negative impacts of this situation, ongoing at the time of writing, on the development trajectory of Myanmar and its ability to prepare for graduation. The Committee therefore defers its decision on a possible recommendation for graduation until the 2024 triennial review.

Nepal

53. The Committee recommends Nepal for graduation, noting that it continues to meet the human assets index and the economic and environmental vulnerability index criteria, while approaching the threshold for graduation of the gross national income criterion. Nepal has managed to make significant development progress and build resilience despite many challenges. Its heavy reliance on remittances and limited foreign direct investment add uncertainty with regard to its recovery from the COVID-19 crisis.

54. For the smooth transition strategy, the Committee calls upon the Government to explore alternative financing sources to reduce reliance on remittances, build resilience to disasters, accelerate economic diversification and enhance the capacity of the central and local governments. The Committee calls upon the development partners of Nepal to provide substantial and generous support in these efforts to ensure its smooth transition out of the category, and to assist in the preservation of its policy space in the negotiation of trade preferences with its major global and regional trading partners.

Timor-Leste

55. While Timor-Leste continues to reach the gross national income threshold, its per capita income is declining and future prospects are uncertain in view of the expected depletion of oil and gas fields currently in production as well as the risks that current and planned public investments will not generate the expected economic benefits. The country's future eligibility under the human assets index criterion could be affected by the COVID-19 pandemic, as the margin is small owing to the exceptionally high levels of stunting. Timor-Leste remains highly vulnerable to economic shocks as a result of its limited diversification and its vulnerability to disasters and climate change.

56. The Committee therefore defers a decision on the graduation of Timor-Leste until the 2024 triennial review.

3. Other countries

57. Five countries met the eligibility criteria for the first time: Cambodia, the Comoros, Djibouti, Senegal and Zambia. The Committee is concerned about the risk that some of these countries may fail to reach the graduation thresholds at the 2024 triennial review, in particular owing to the impacts of COVID-19. It calls upon relevant United Nations entities to carefully monitor the development of these countries, including in relation to the least developed country criteria and the new supplementary graduation indicators. The Committee strongly encourages these

countries and their international partners to build knowledge and awareness of the graduation process and its impacts.

58. Tuvalu and Kiribati were recommended by the Committee for graduation in 2012 and 2018, respectively. In 2018, the Council decided to defer the consideration of these recommendations to no later than 2021. The Committee reiterates its recommendations that Kiribati and Tuvalu graduate from the least developed country category. It notes that both countries meet the graduation criteria for income and human assets in 2021 by very wide margins, which underscores that these countries do not share the characteristics of least developed countries. Given their limited planning capacities and the need for both countries to incorporate the impacts of COVID-19, the Committee views an extended preparatory period of five years as necessary for a smooth transition. The Committee remains highly concerned about the extreme vulnerability of both countries to climate change and therefore calls upon the international community to adopt special measures for these countries. It also calls upon development and trading partners to extend trade and climate-related special measures and to support the countries' smooth transition from the category.

Chapter V

Monitoring of countries that are graduating and have graduated from the list of least developed countries

A. Introduction

59. As mandated by Economic and Social Council resolution 2020/10 and General Assembly resolution 67/221, the Committee reviewed four graduating countries, namely, Angola, Bhutan, Sao Tome and Principe and Solomon Islands, and three graduated countries, Equatorial Guinea, Samoa and Vanuatu. The detailed monitoring reports are available on the Committee's website. Table 2 shows the least developed country criteria, productive capacities index and statistical capacity index for these countries.

Table 2
Least developed country criteria, productive capacities index and statistical capacity index

	<i>Least developed country criteria</i>				
	<i>Gross national income per capita (United States dollars)</i>	<i>Economic and environmental vulnerability index</i>	<i>Human assets index</i>	<i>Productive capacities index</i>	<i>Statistical capacity index</i>
Graduation threshold (2021)	≥1 222	≤32.0	≥66.0	–	–
Graduating countries					
Angola	3 207	45.6	52.9	14.5	48.9
Bhutan	2 982	25.7	79.4	28.5	63.6
Sao Tome and Principe	1 844	25.8	88.8	19.9	63.3
Solomon Islands	1 843	45.1	74.2	22.4	48.9
Graduated countries					
Equatorial Guinea	7 617	18.7	67.0	18.0	36.7
Samoa	4 118	28.2	96.3	29.1	60.0
Vanuatu	2 992	39.6	78.4	25.1	48.9
Averages					
Least developed countries	1 274	39.1	57.6	17.7	58.1
Other developing countries	9 233	31.0	88.0	28.4	56.1

Source: Calculation by the secretariat of the Committee for Development Policy (least developed country criteria), UNCTAD (productive capacities index) and World Bank (statistical capacity index). Data as at 19 February 2021.

B. Graduating countries

Angola

60. As it is highly dependent on the oil sector, Angola has been strongly affected by low international oil prices, reduced oil production and the impacts of the COVID-19 pandemic. Debt, inflation, currency depreciation, and current account and fiscal deficits are some of the challenges it faces in maintaining macroeconomic stability.

61. The gross national income per capita has been declining over past years. The human assets index score, while improving, is lower than those of other countries

with similar income levels. The economic and environmental vulnerability index remains high, and the productive capacities index score is very low. The statistical capacity index score is much lower than the least developed country average.

62. In December 2020, the Government requested an extended preparatory period for smooth transition, based on the impact of low oil prices and COVID-19. In its resolution [75/259](#), the General Assembly provided the country with an additional preparatory period of three years and reiterated its invitation to Angola to prepare a smooth transition strategy.

Bhutan

63. Bhutan meets all three graduation thresholds by sizeable margins. Its productive capacity is on par with the average for other developing countries. Bhutan also has good statistical capacity.

64. Bhutan submitted a report on a smooth transition strategy to the Committee, indicating that the country has started its preparations for such a strategy, premised on the full implementation of the national development plan. Bhutan is experiencing an economic downturn and disruption of planned socioeconomic development activities due to the COVID-19 pandemic.

Sao Tome and Principe

65. Sao Tome and Principe grew slowly in the past three years. Its merchandise exports are limited and the country relies heavily on tourism. The country is in high debt distress and its macroeconomic stability is in question.

66. The country meets all graduation criteria. Productive capacity is at the average level of least developed countries, while its statistical capacity index score is relatively low.

67. The impacts of COVID-19, including on tourism, the fiscal balance and debt issues need close monitoring. The Committee recommends that the country resume its preparation of a smooth transition strategy.

Solomon Islands

68. The country was hit hard by the COVID-19 pandemic, while policy space is limited owing to lower duty collection from the logging industry and increasingly depleted resources.

69. The gross national income per capita and the human assets index score are well above the graduation thresholds. However, the economic and environmental vulnerability index score is very high due to the country's natural-resource-based economic structure as well as climate-change-induced vulnerabilities. Productive capacity lags behind other developing countries, particularly in the information and communication technology and transport sectors. The statistical capacity index score is relatively low.

70. While the country has yet to submit its report on a smooth transition strategy to the Committee, it has successfully negotiated alternative arrangements for duty-free quota-free market access with trading partners, including the European Union and the United Kingdom of Great Britain and Northern Ireland, and has started negotiating with others such as China. COVID-19 is highlighting critical gaps in the health security of the Solomon Islands.

C. Graduated countries

Equatorial Guinea

71. Equatorial Guinea is highly dependent on oil and continues to face serious challenges due to the decline in hydrocarbon production, compounded by low investment and the impact of COVID-19. Real gross domestic product has contracted rapidly since 2015 and other macroeconomic indicators also show a steady deterioration. Prospects for a rebound in oil production and exports remain unclear.

72. The gross national income per capita is six times higher than the graduation threshold, but the human assets index score is far lower than other countries with similar income levels. Productive capacity is similar to the least developed country average and the statistical capacity index score is among the lowest in the world.

73. Equatorial Guinea has not yet submitted a report on its implementation of a smooth transition strategy since its graduation in 2017.

Samoa

74. Samoa has continued to make progress since its graduation in 2014, although the country is facing serious challenges in recovering from the impacts of COVID-19, particularly in the tourism sector.

75. Samoa continues to make progress in its gross national income per capita, and its human assets index and economic and environmental vulnerability index scores. Its productive capacity stands above the average for other developing countries. Samoa has difficulties in updating its national accounting data.

76. The Committee welcomes the effort made by the Government, which has continued to engage with its trading and development partners to minimize the negative impacts of graduation. After the transition period, Samoa continues to receive preferential market access based on regular trade preference schemes, regional trade agreements or WTO arrangements. Samoa is actively seeking financing to increase its resilience to natural disasters and climate change.

Vanuatu

77. In 2020, Vanuatu was hit by Cyclone Harold and then struck by COVID-19, resulting in a significant reduction in its gross domestic product. The country has limited policy space, with already low tax revenue. Its major income sources, namely, ODA, tourism and remittances, are likely to be heavily affected by COVID-19 in the coming years.

78. The gross national income per capita is more than double the least developed countries graduation threshold, and the human assets index score is high. The economic and environmental vulnerability index score has been improving, albeit slowly. Vanuatu still needs to catch up with other developing countries in terms of productive capacity. Its national accounting needs to be improved.

79. Vanuatu graduated from the least developed country category in December 2020, at a time when it was suffering from the impacts of Cyclone Harold and COVID-19. In its resolution [75/128](#), the General Assembly commended the commitment of Vanuatu to graduate and invited partners to provide full support to the implementation of the country's smooth transition strategy, including by extending international support measures, in particular those related to aid for trade and participation in international forums, until 4 December 2025.

Chapter VI

Enhanced monitoring mechanism and graduation process

A. Enhancing the monitoring mechanism for countries graduated and graduating from the least developed country category

80. The Committee is mandated to monitor the development progress of countries graduated and graduating from the list of least developed countries. In its resolution [67/221](#), the General Assembly invited graduating and recently graduated countries to report annually to the Committee on the preparation or implementation of their smooth transition strategies. However, since the adoption of the resolution, the Committee has received only a few reports from countries being monitored, thereby severely limiting its ability to adequately monitor their development progress and alert the Council of any setbacks. The Committee found that the monitoring mechanism was not effective, as there is little incentive for Governments to take part in the monitoring exercise.

81. The Committee therefore believes that it is necessary to enhance the monitoring mechanism in order to ensure a smooth transition from the least developed countries category. It aims to make a concrete proposal at the Asia-Pacific Regional Review to be held as part of the preparatory process of the Fifth United Nations Conference on the Least Developed Countries. The main elements of the proposal are likely to include:

(a) Establishing a crisis response process within the monitoring mechanism to react to crises and emergencies happening within the annual monitoring cycle. The process should enable the Committee, in consultation with the country concerned and relevant United Nations entities, to analyse the impacts of the crisis or emergency on the smooth transition and to prepare concrete policy responses under the guidance of the Council. Possible responses could include, among others, the convening of a round table of development and trading partners by the United Nations resident coordinator and an extension of the preparatory period by the General Assembly. The process could be triggered either upon request by the country itself, the resident coordinator or the Committee, or on the basis of data, utilizing specific indicators and thresholds;

(b) Mobilizing the existing crisis management expertise of the United Nations system and other international entities;

(c) Utilizing the convening power of the United Nations to address issues identified in the course of regular monitoring, for example through the establishment of a dedicated session on the graduation of least developed countries at the Development Cooperation Forum (see below);

(d) Expanding the coverage of monitoring reports prepared by the Secretariat, on the basis of increased cooperation with country focal points, United Nations country teams, United Nations regional commissions and members of the inter-agency task force on graduation of least developed countries, increased capacity-building in graduating and graduated countries and utilization of virtual meetings on these reports;

(e) Increasing capacity within the Secretariat and other United Nations entities for the analysis and identification of the type of support needed;

(f) Harnessing existing reporting processes to avoid duplication;

(g) Establishing rapporteurs within the Committee for each graduating and recently graduated country.

B. Graduation process improvements

82. The Committee reviewed the progress in piloting the graduation assessments for the 2021 triennial review. These pilot assessments represent a consolidated United Nations voice and appraisal regarding graduation from the least developed country category and contain a synthesis of the ex-ante impact assessments and vulnerability profiles prepared by the Department of Economic and Social Affairs and UNCTAD, respectively; an overall description of the country's development prepared with the involvement of the United Nations country team; and forward-looking elements that could be considered for a smooth transition strategy. After reviewing the pilot graduation assessments prepared for the Lao People's Democratic Republic and Myanmar, the Committee decided that the practice of preparing graduation assessments for least developed countries when first identified for graduation should continue, and further improved the process by setting deadlines for submission of inputs and imposing page limits. It requested the Department of Economic and Social Affairs and UNCTAD to prepare succinct impact assessments and vulnerability profile reports (within the proposed page limits and submission deadlines set by the Committee and its secretariat) to be used for the preparation of the graduation assessments.⁶

83. The Committee discussed the appointment of Committee rapporteurs. Their main role at the 2021 triennial review was to lead the review conducted by the Committee with a view to deciding whether to recommend countries for graduation. The rapporteurs were in charge of reviewing the relevant documentation; identifying and analysing country-specific risks and other important factors that the Committee needed to take into account; keeping the rest of the Committee informed of developments; and presenting the country case at the expert group meeting held in preparation for the triennial review. The Committee found the introduction of rapporteurs to have been very valuable and decided to continue with the appointment of rapporteurs for graduating countries within the Committee.

84. The Committee also decided to continue to recommend the holding of country-level meetings on graduation, led by the United Nations resident coordinator, if supported by the graduating country. The Committee noted that such meetings should feed directly into the expert group meeting organized prior to the triennial review. The Committee also suggested holding a separate validation session on the graduation assessment, prior to the country-level meeting.

⁶ Independently of the succinct reports prepared as inputs for the graduation assessments, the two entities could also prepare a more detailed report containing the findings of the research conducted for the impact assessments and vulnerability profiles. These detailed findings could be posted on the Committee's website and serve as a background document for the Committee, officials at the country level and other stakeholders.

Chapter VII

Contributions to the Fifth United Nations Conference on the Least Developed Countries

85. The Committee reviewed its possible contributions to the Fifth United Nations Conference on the Least Developed Countries, to be held in January 2022. The Committee briefed the Bureau of the Economic and Social Council on its proposed contributions to the Conference and also considered those contributions as relevant to the twelfth Ministerial Conference of WTO and the fifteenth session of UNCTAD.

86. The Committee underscored the importance of addressing the impacts of COVID-19 in the next programme of action for least developed countries and highlighted the findings and recommendations of its comprehensive study on that topic (see chapter III).

87. The Committee reiterated its proposal made in 2019 and 2020 regarding an organizing framework for the next programme of action for the least developed countries (see E/2019/33 and E/2020/33). It emphasized once again that the theme “Expanding productive capacity for sustainable development” would enable the least developed countries to design an integrated, coherent and synergistic programme of action and to identify the policy actions needed to overcome persistent binding constraints. As also explained in the Committee’s communiqué⁷ on the issue, the COVID-19 pandemic has further underscored the value of the proposal.

A. Support measures for graduating and graduated countries

88. The Committee underscored the importance of establishing appropriate international support measures for graduating and graduated countries to ensure that they are able to maintain their development progress, prepare for and manage graduation and build their resilience in order to transition smoothly beyond graduation, which will be even more challenging in the context of COVID-19.

89. The Committee reiterated the increased urgency of the proposals it had submitted to the Council in 2020, including in relation to:

- (a) Greater access to concessional development finance, including climate finance;
- (b) Fulfilment of ODA commitments;
- (c) Support for leveraging ODA flows to access additional public and private finance;
- (d) Increased coordination with international financial institutions;
- (e) Facilitation of South-South and triangular development cooperation.

90. The importance of the proposal submitted to the WTO General Council by Chad, the coordinator of the Group of Least Developed Countries in Geneva, on an effective smooth transition mechanism for graduating countries was also highlighted.⁸ The proposal concerned the time-bound extension of least developed country-specific special and differential treatment and preferential market access in WTO for graduating least developed countries. At the same time, the Committee underscored

⁷ Available at <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-PoA-communicue.pdf>.

⁸ WTO General Council, document WT/GC/W/807.

the need to extend special preferences to graduating least developed countries in regional as well as bilateral trading agreements.

91. In its support to graduating and graduated countries, the Committee proposed to submit a concrete proposal for an improved monitoring mechanism as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries (further details are provided in chapter VI).

92. The Committee called for the use of the collective strength of the Groups of Least Developed Countries in New York, Geneva and elsewhere to amplify the voice and visibility of graduating countries, enhance their representation at global policymaking platforms and create a strong interface between national policymaking and international policy perspectives. In addition, the Committee considered the benefits of having a Special Envoy of the Secretary-General on the graduation of least developed countries to advocate on behalf of graduating countries and generate political backing for new international support measures at the global level.

B. Concrete support through the graduation support facility

93. As mentioned in its 2020 report to the Council, and in line with the need for concrete action by development and trading partners in providing and extending access to existing and new support measures for graduating and graduated countries, the Committee reviewed the work of its secretariat on the graduation support facility. The facility provides a useful framework for enhancing existing efforts and integrating graduation-related capacity development support. It is designed as a country-led global platform that brings together and delivers coherent capacity-building and advisory support services to graduating and graduated countries in six areas. The Committee requested its secretariat in the Department of Economic and Social Affairs to stand ready to deliver these services in collaboration with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the Economic and Social Commission for Asia and the Pacific, UNCTAD and other partners from within and outside the United Nations system, such as WTO, the International Trade Centre, the Enhanced Integrated Framework, the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) and the OECD Development Centre. Under the first area of service, the Department of Economic and Social Affairs, in collaboration with WTO and the International Trade Centre, is providing ePing training for public and private sector personnel at the country level to facilitate easy access to information on changes in product requirements in foreign markets. The Committee commended the continued work on the facility and the concrete actions undertaken by the secretariat in piloting it in Vanuatu. It proposed that the pilot be reviewed prior to extending it to other countries.

94. The Committee also welcomed the interest of the OECD Development Centre in partnering with the Committee and its secretariat to conduct a Production Transformation Policy Review in Bangladesh with peer-to-peer learning as a key element.

95. Furthermore, the Committee welcomed the support of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States for the graduation support facility. The Committee proposed that, in collaboration with the Office, the facility be introduced as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries at the Asia-Pacific Regional Review scheduled for 2021. The Committee also proposed to host a side event at the Conference in 2022, at which the facility could be formally launched.

Chapter VIII

Analysis of the 2020 voluntary national reviews

96. Since 2018, the Committee has undertaken an annual review of the voluntary national reviews presented at the high-level political forum on sustainable development.⁹ This year, it conducted an analysis of the 45 reports presented in 2020. While there are welcome advances, the analysis suggests that the transformative and structural changes that would be necessary for the implementation of the 2030 Agenda are not taking place with the urgency required in order to meet the Sustainable Development Goals by 2030. Moreover, the current public health and socioeconomic crises are threatening to reverse the progress made in recent years.

97. **Underreported goals and targets.** The most commonly unreported goals and targets in the 2020 voluntary national reviews are those most closely related to the environment and climate change, and to inequality. While this can be attributed to the legacy of the Millennium Development Goals and data availability, it is inconsistent with the integrated and indivisible nature of the Sustainable Development Goals, the need for balance between the three dimensions of sustainable development and the pressing crises of climate change, environmental degradation and inequality, aggravated by COVID-19.

98. **Leaving no one behind.** It is encouraging that increased attention has been given to the pledge that no one will be left behind. Little has been said, however, about the operationalization of the concept of reaching the furthest behind first; action to avoid pushing people further behind; and the role of transformative, cross-cutting policy areas that would significantly and sustainably enable social protection, generate employment and provide resources for other measures more commonly associated with leaving no one behind.

99. **Productive capacity and structural transformation.** Most reports refer to issues related to structural transformation, including industrialization and diversification, but very few reflect a comprehensive transformational vision or report on action such as industrial policy. This suggests a disconnect between the ambition to meet the Sustainable Development Goals and the attention given to the type of developmental transformation that could drive and sustain implementation of the Goals in the long run.

100. **Sustainable consumption and production.** Goal 12 is among the least reported, as are other targets directly related to sustainable consumption and production. There is little reflection on the impacts of unsustainable production and consumption patterns on ecosystems and people, within and across borders.

101. **Inequality.** More countries addressed inequality than in previous years. However, few referred to structural changes to redress increasing income inequality, whether in regard to the challenges presented by COVID-19 (see below) or pre-existing trends such as the growing inequality between income from capital and income from labour. Most of the reported action to address Goal 10 consists of targeted schemes and projects rather than clear and comprehensive strategies and policies. The targets in Goal 10 that refer to inequality between countries have received even less attention than the targets that refer to inequality within countries.

102. **The treatment of gender inequality.** All reports in 2020 referred to gender, the vast majority referred to issues of domestic violence and many referred to the fair representation of women in government, economic empowerment and inequality in

⁹ See the dedicated section on the Committee for Development Policy website (www.un.org/development/desa/dpad/voluntary-national-reviews.html).

education. Less attention was given to structural issues that shape gender inequality, such as limitations on access to land, enabling technologies, training and finance in science, technology, engineering and mathematics; and legal and social norms such as those that determine the distribution of unpaid work.

103. **Pandemic preparedness and COVID-19.** Although preparations for the voluntary national reviews were already advanced when the pandemic was declared, most reports include an assessment of the consequences of COVID-19. Most emphasized the impact on economic growth but few mentioned its unequal impacts, such as the higher mortality rate for marginalized communities, the gendered effects of lockdowns and the vulnerability of informal workers to the global recession. There was also relatively little attention given to target 3.d in relation to pandemic preparedness. These issues, as well as strategies to ensure equity in access to vaccines and health care, will require attention in the 2021 voluntary national reviews.

Chapter IX

Future work of the Committee for Development Policy

104. The Committee for Development Policy will continue to align its work programme to the needs and priorities established by the Economic and Social Council, with a view to contributing effectively to the Council's deliberations and assisting it in the performance of its functions. In this context, the Committee will address the theme of the Council for 2022. In parallel, the Committee will also continue its research and analysis on the voluntary national reviews as a key feature of discussions related to the Sustainable Development Goals.

105. In accordance with the provisions of Economic and Social Council resolution [2020/10](#) and General Assembly resolution [67/221](#), for its session in 2022, the Committee will monitor the development progress of Vanuatu, which has graduated from the least developed country category, and the following graduating countries: Angola, Bhutan, Sao Tome and Principe and Solomon Islands, as well as Bangladesh, the Lao People's Democratic Republic and Nepal, as appropriate.

106. The Committee will also continue its work related to support for graduating and graduated countries as well as to making contributions to the Fifth United Nations Conference on the Least Developed Countries and the new programme of action for the least developed countries for the decade 2021–2030.

Chapter X

Organization of the session

107. The Committee held its twenty-third session virtually from 22 to 26 February 2021. Eighteen members of the Committee, as well as observers from several international organizations, attended the session. The list of participants is included in annex I to the present report.

108. The Department of Economic and Social Affairs provided substantive services for the session. The Chair of the Committee opened the session and welcomed the participants. Subsequently, the President of the Economic and Social Council and the Assistant Secretary-General of the Department addressed the Committee. Statements are available on the Committee's website at www.un.org/development/desa/dpad/publication/cdp-plenary-2021/.

109. The agenda for the twenty-third session is contained in annex II to the present report.

Annexes

I. List of participants

1. The following members of the Committee attended the session:

Adriana Abdenur
Debapriya Bhattacharya
Ha-Joon Chang
Diane Elson
Marc Fleurbaey
Sakiko Fukuda-Parr
Kevin Gallagher
Arunabha Ghosh
Trudi Hartzenberg
Amina Mama
Mariana Mazzucato
Leticia Merino
Jacqueline Musiitwa
Keith Nurse
José Antonio Ocampo
Taffere Tesfachew
Rolph van der Hoeven
Natalya Volchkova

2. The following entities of the United Nations system and other international organizations were represented at the session:

Economic Commission for Africa
Economic Commission for Latin America and the Caribbean
Economic and Social Commission for Asia and the Pacific
Economic and Social Commission for Western Asia
Enhanced Integrated Framework
International Monetary Fund
International Trade Centre
Office of the High Representative for the Least Developed Countries,
Landlocked Developing Countries and Small Island Developing States
Office of the United Nations High Commissioner for Human Rights
Organisation for Economic Co-operation and Development
United Nations Capital Development Fund
United Nations Conference on Trade and Development
United Nations Industrial Development Organization

United Nations Office for Disaster Risk Reduction
World Intellectual Property Organization
World Trade Organization

II. Agenda

1. Opening session.
 2. Voluntary national reviews.
 3. Triennial review of the least developed country category.
 4. Country monitoring.
 5. Enhanced monitoring and graduation process improvements.
 6. Contributions to the Fifth United Nations Conference on the Least Developed Countries.
 7. Theme of the Economic and Social Council.
 8. Impact of COVID-19 on the least developed countries.
 9. Interaction with the Economic and Social Council.
 10. Briefing to Member States on the least developed countries.
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