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Agenda item 11 (b)

Implementation of and follow-up to major United Nations conferences and summits: review and coordination of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020

Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020

Report of the Secretary-General

Summary

The present report provides comprehensive information on and analysis of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action) over the past 10 years, in the final year of its implementation, covering all eight priority areas for action and the overarching goal of enabling graduation from the least developed country category. In addition, it highlights activities undertaken by other stakeholders, including the United Nations system, civil society and the private sector. The report is submitted pursuant to General Assembly resolution [74/232](#) and Economic and Social Council resolution [2019/3](#), in which the Secretary-General was requested to submit a progress report on the implementation of the Istanbul Programme of Action. It also provides information on the preparatory process for the Fifth United Nations Conference of the Least Developed Countries, to be held from 21 to 25 March 2021, in Doha, including its intergovernmental preparatory committee meetings to be held from 27 to 30 July 2020 and 11 and 15 January 2021 in New York.

* [A/75/50](#).



I. Introduction

1. In the final year of implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action), there is evidence not only of notable progress made in several of its key areas, but also of critical gaps in which the least developed countries as a group have fallen short of meeting the established targets. Three least developed countries have graduated since 2011, while a record number of five more will graduate from the category between now and the end of 2024. Prior to 2011, only two other least developed countries had graduated since the creation of the category in 1971. A total of 15 least developed countries have met the graduation thresholds since 2011, which, although short of the Programme of Action target of half the least developed countries (which numbered 49 when the Programme of Action was adopted in May 2011), nevertheless represents important progress. There are additional success stories for the least developed countries as a group over the Programme of Action period. Major advances have been made with regard to access to information and communications technology (ICT), sustainable energy, health, education, gender, export concentration and governance.

2. Efforts to achieve the goals of the Istanbul Programme of Action and those of the 2030 Agenda for Sustainable Development are mutually supportive. Modest progress has been made by the least developed countries on the Sustainable Development Goals in the first five years of achieving them, for example, on indicators on poverty and health and some on gender equality and the empowerment of women and girls. There have been improvements in access to safe water and sanitation, as well as renewable energy. In other areas, Goal indicators have been stagnant, such as on hunger, education, research and development, and ecosystems and protected areas. While data have shown a slight improvement in aggregate employment, young people have not benefited. Manufacturing value added has increased slightly, as has the energy intensity of gross domestic product (GDP). There have been significant gains in mobile network and Internet coverage.

3. With regard to the Istanbul Programme of Action, since its implementation, the least developed country group as a whole, which comprise 13 per cent of the world's population, has not succeeded in combating poverty through high rates of economic growth, achieving structural transformation and building productive capacity, nor through increasing its global share of exports. The high degree of vulnerability from which the least developed countries suffer, both to economic and climate shocks, has caused significant setbacks to progress towards sustainable development and the achievement of the Sustainable Development Goals. Declining commodity prices have diminished the value of exports and foreign currency earnings, exacerbating debt burdens, while natural hazards, especially climate-related phenomena such as hurricanes, cyclones, flooding, drought and landslides, have caused devastating loss and damage to lives, livelihoods and infrastructure.

4. With the preparatory process under way for the Fifth United Nations Conference of the Least Developed Countries, which is to be held in March 2021, the least developed countries, their development partners and the entities of the United Nations system should review implementation over the period from 2011 to 2019, with a view to identifying best practices and lessons learned, obstacles and constraints encountered, new and emerging challenges and opportunities, and actions and initiatives that are needed to address the special needs of the least developed countries in the coming decade.

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

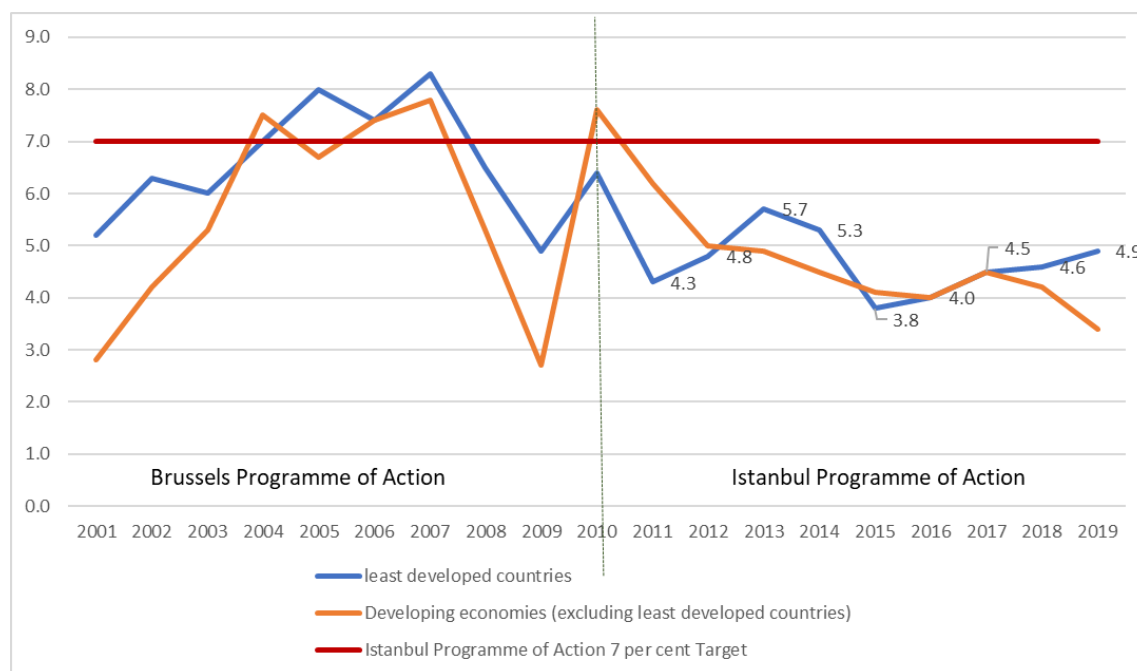
Growth in the least developed countries

5. Average growth in the least developed countries stood at 4.7 per cent during the implementation period of the Istanbul Programme of Action (between 2011 and 2019), which was significantly lower than the average of 6.6 per cent recorded during the period from 2001 to 2010. While the least developed countries were not as affected as the rest of the world during the global financial crisis in 2007 and 2008, the weak growth rates in many advanced and emerging economies and the steep fall in international commodity prices after 2011 ultimately had an impact on growth rates in the least developed countries. During the implementation period of the Programme of Action, growth in GDP for the group of least developed countries, on average, exhibited swings. Economic activity was generally moderate during the period. In 2019, average growth in the least developed countries was 4.9 per cent, a slight improvement from 4.3 per cent in 2011 (see figure 1).

6. Growth in the least developed countries is influenced in large part by domestic drivers of growth, commodity prices and vulnerability to natural hazards and other exogenous shocks. The growth peak observed in 2013 and 2014 was a result in large part of the revival of activity in the oil sector and an increase in prices of other commodities (see section D below). Similarly, the sluggish average growth in 2015 and 2016 in the least developed countries was a result in part of the decline in oil prices driven by supply factors. The Ebola virus disease crisis led to a considerable decline in economic activity during the period 2014–2015 in the most affected countries: Guinea, Liberia and Sierra Leone.

Figure 1
Annual GDP growth in the least developed countries

(Percentage)



Source: *World Economic Situation and Prospects 2020* (United Nations publication, Sales No. E.20.II.C.1).

7. The recovery in economic growth for the least developed countries, which commenced towards the end of 2016, mirrored the cyclical upturn in global activity, driven by factors such as rising investment, increased industrial production and trade and strengthened consumer confidence. Economic activity in the least developed countries in the near term could be negatively affected by the new coronavirus (COVID-19) pandemic, for example, as a result of lower commodity prices and reduced tourism, leading to growth rates lower than the 7 per cent called for pursuant to the Istanbul Programme of Action and the Sustainable Development Goals.

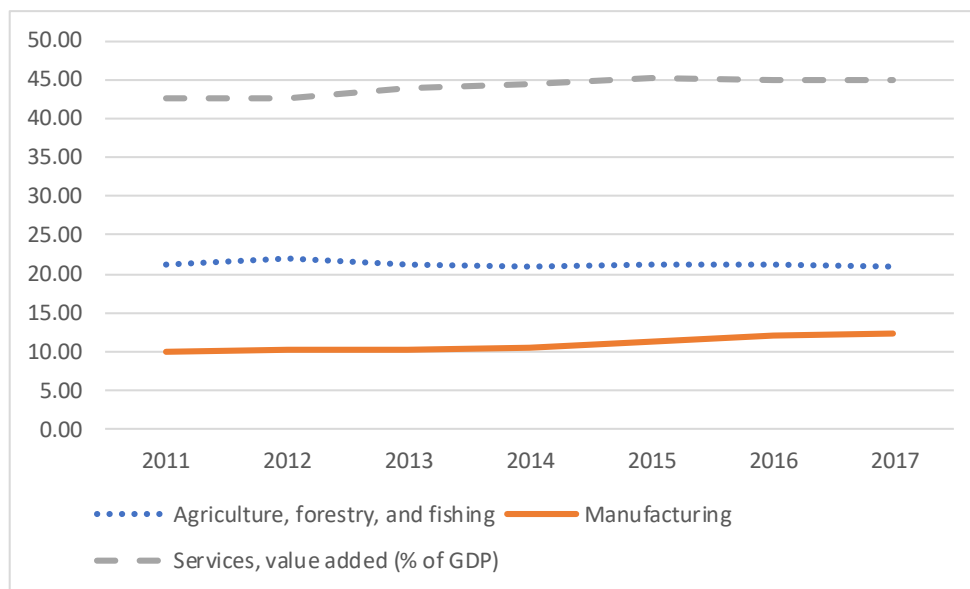
8. Modest progress has been achieved in eradicating poverty. The rate of extreme poverty in the least developed countries, measured as the population living below \$1.90 per day, declined by approximately four percentage points, from 39.2 per cent in 2011 to 35.6 per cent in 2015. The poverty gap, which reflects both the depth of poverty and its incidence, declined more slowly, from 14.8 per cent in 2011 to 13.1 per cent in 2015. If current trends persist, nearly 30 per cent of the population will remain in extreme poverty by 2030. Eradicating poverty by 2030, as agreed under Sustainable Development Goal 1, will depend critically on whether progress is achieved in the least developed countries.

A. Productive capacity

9. Progress in enhancing productive capacity would help the least developed countries to reduce their exposure to external shocks and contribute to achieving a sustained GDP growth rate of at least 7 per cent annually. However, the contribution of various sectors to GDP in the least developed countries remained relatively constant between 2011 and 2017, suggesting that little progress has been made with regard to structural transformation. The share of agriculture, forestry and fisheries was approximately 21 per cent, while manufacturing's share increased only marginally, from 10 to 12 per cent, and that of services increased from 43 to 45 per cent (see figure 2). Looking ahead, the low levels of physical and human capital in the least developed countries could present further challenges to the expansion of structural transformation, given that emerging technologies in manufacturing could lead to this sector being much more capital- and skills-intensive. Gross fixed capital formation as a percentage of GDP rose slightly, from 25 per cent in 2011 to 28 per cent in 2017. This suggests that the least developed countries invested slightly more in construction and the purchase of equipment, which could contribute to further enhancing productive capacity.

Figure 2
Economic sectors, value added

(Percentage of GDP)



Source: World Bank world development indicators.

Infrastructure

10. ICT plays a critical role in sustainable development in the least developed countries. However, there is great variation among them in terms of the level of access under various key ICT metrics. Regarding the uptake in the use of mobile phones, on average, the least developed countries made phenomenal progress during the Istanbul Programme of Action period, with mobile cellular subscriptions rising to almost 70 per 100 people in 2017, from 42 per 100 people in 2011.

11. Internet access in the least developed countries increased from 4.8 per cent in 2011 to 18.3 per cent in 2017. In order to make the jump to universal and affordable access to the Internet and stimulate Internet use, especially broadband, the least developed countries need, among other things, to extend Internet coverage to underserved and unserved areas, make access to the Internet more affordable, increase secondary school enrolment, given its positive impact on Internet use in the least developed countries, and reduce the gender gap in Internet use.

12. Rapid improvement in high-speed Internet use in the least developed countries can lead to the increased utilization of some of the most promising broadband applications for education, health and e-commerce.

13. Inadequate data in least developed countries on transport infrastructure such as roads and rail make it challenging to assess the progress made in improving access to world markets and in enhancing global competitiveness. In 2018, the least developed countries accounted for only 0.9 per cent of global air freight, rising only slightly from 0.8 per cent in 2011. Ethiopia accounts for some 30 per cent of the least developed country group total. The share of the least developed country container port traffic, relative to the world, during the Istanbul Programme of Action period was a minuscule 0.01 per cent.

14. The least developed countries require large-scale investment to build and maintain resilient infrastructure and adopt new technologies, including through increased public-private partnerships. The public sector dominates infrastructure

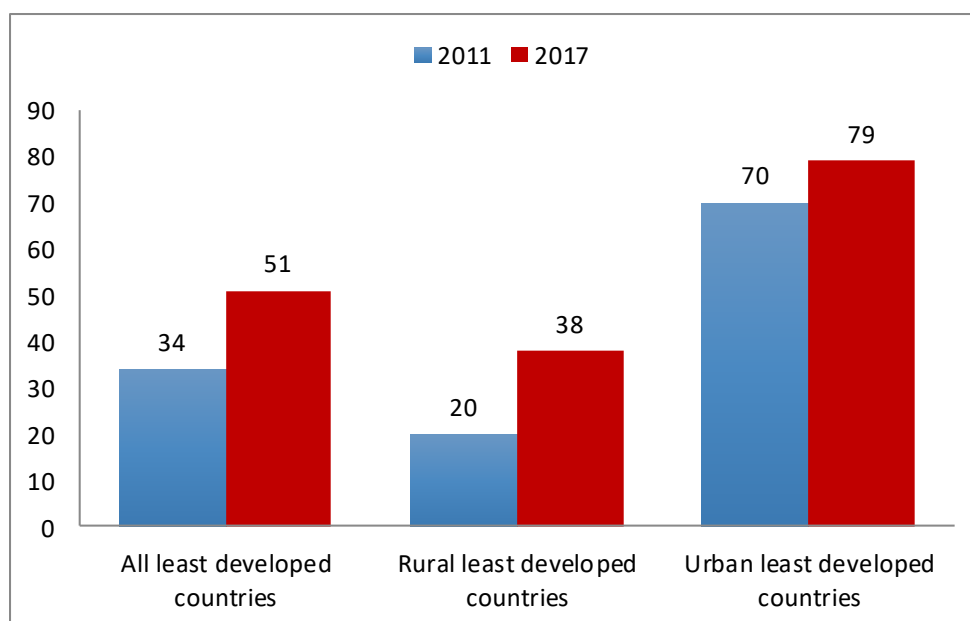
spending in low- and middle-income countries, accounting for 87 to 91 per cent of infrastructure investment. Private investment is declining and not diversified, owing in part to capital markets being less developed and investment profiles being riskier than other countries.

Energy

15. While access to electricity in the least developed countries increased significantly, from 34 per cent in 2011 to 51 per cent in 2017, disparities persisted across countries and between rural and urban areas (see figure 3). Closing the energy gap will require, among other things, investing in off-grid/mini-grid and decentralized grid-connected solutions in order to reach remote populations. Large-scale investment is required to accelerate energy transition in the least developed countries. Promoting investment for renewables and clean cooking fuels and electricity, technology transfer, the use of digitally enabled financial innovation such as pay-as-you-go business models, and the governance of public utilities, as well as enhancing regional integration, can also help to bridge the gap.

Figure 3
Access to electricity

(Percentage)



Source: World Bank world development indicators.

Science, technology and innovation

16. Enhancing science, technology and innovation may become increasingly important as a driver of productivity growth in the era of enhanced digitization. However, data in least developed countries on these indicators are scarce. Those countries with data show a significant lag in major indicators relating to science, technology and innovation. The ratio of research and development expenditure as a share of GDP was 0.6 per cent or less between 2011 and 2017, compared with more advanced economies, which have a value of approximately 2 per cent of their much larger GDP. Citizens of least developed countries, comprising both residents and non-residents, filed only 1,536 patents in 2018, compared with 960 in 2011. As a share of global figures, that number is almost zero. The least developed countries published

only some nine journal articles for every 1 million people in 2016, a marginal increase from 6 in 2011. Given the increasing role of innovation and technologies in economic activity, the least developed countries will be left further behind if current trends continue. Other avenues of acquiring and using new technologies, including foreign direct investment (FDI) and the import of equipment, have not fully delivered expected outcomes. It is important to enhance existing pathways for technology transfer, for example, through FDI, and to create new opportunities for the dissemination of key technologies in the least developed countries, including through the Technology Bank for the Least Developed Countries.

Private sector development

17. The least developed countries face significant barriers in attracting much-needed investment. They have made progress in creating an enabling environment, with the time and cost of starting a business as a percentage of income per capita declining significantly, from approximately 89 per cent in 2011 to 42 per cent in 2017. Only 5 least developed countries ranked in the top 100 in the 2018 ease of doing business index. However, private sector development in the least developed countries has been constrained by access to finance, especially for small and medium-sized enterprises, the limited supply and high costs of energy, skills gaps and limited ICT.

B. Agriculture

18. The agricultural sector holds the key to addressing acute food insecurity and promoting sustainable development and structural transformation in the least developed countries. Agriculture, forestry and fishing represented approximately 21 per cent of value added as a percentage of GDP for the least developed countries from 2011 to 2018. In 2018, two thirds of the population lived in rural areas. In 2019, 56.6 per cent of total employment in the least developed countries was in the agricultural sector. Value added per worker in agriculture increased by 12 per cent between 2011 and 2018, rising from 769.8 to 860.4, expressed in constant 2010 dollars. The three-year average percentage of arable land equipped with irrigation remained more or less constant, down slightly from 11.5 per cent during the period 2009–2011 to 11.2 per cent during 2014–2016. Fertilizer consumption increased between 2011 and 2016, from 24.6 kg per ha of arable land to 27.2 kg, but was still well below the average for other developing countries. Although the share of the population in the least developed countries that is rural is predicted to decrease in coming decades, the absolute number of people living in rural areas will increase owing to population growth.

19. Since 2011, the prevalence of undernourishment in the least developed countries has not changed substantially, and is estimated at 24.4 per cent of the population. In 2016, the population in the least developed countries that is severely food insecure was 231 million. Thus, 33.8 per cent of the people in the world suffering severe food insecurity lived in the least developed countries.

C. Trade

20. The Istanbul Programme of Action contains calls for a significant increase in the participation of least developed countries in global trade, with the aim of doubling their share in global exports by 2020, including by broadening their export base. This has failed to materialize. Since 2011, world exports have seen a rapid increase, from \$4.4 trillion in 2011 to \$5.8 trillion in 2018, while the value of exports by the least developed countries grew by only \$25 billion during the same period, to \$241 billion

in 2018. On average, exports of goods and services from the least developed countries grew by 5 per cent annually during 2011–2018.

21. It is of concern that the long-standing marginalization of the least developed countries in international trade deepened between 2011 and 2018. Their share in world merchandise exports deteriorated over five successive years, falling as low as 0.89 per cent in 2015 before recovering slightly to 0.98 per cent in 2018, owing to the drop in the prices of primary commodities, in particular of petroleum (see figure 4).

22. The share of manufactured products in exports by the least developed countries increased from 22 to 37 per cent during the period 2011–2018, reflecting an increase in the share of clothing products. However, the economies of the least developed countries have remained characterized in large part by a heavy reliance on primary commodities in production and trade, which maintained the vulnerability of the least developed countries to commodity price volatility and to other exogenous factors such as climate change shocks.

23. Furthermore, most of the merchandise exports have remained highly concentrated in a few countries, with the top five exporters (Angola, Bangladesh, Cambodia, Myanmar and Zambia) accounting for 62 per cent of all exports from the least developed countries in 2018.

24. The participation of the least developed countries in the trade in services remained low and concentrated in a few sectors, with travel services representing half of services exports in 2018, while transport and other business services accounted for roughly one quarter each.

25. While the least developed countries continue to benefit from duty-free and quota-free market access to both traditional and emerging trading partners, gaps remain in a limited number of markets and a few sectors. Several emerging trading partners have significantly expanded their duty-free and quota-free coverage since the World Trade Organization (WTO) Bali ministerial decision of 2013. The non-utilization rate of tariff preferences for the eligible exports of least developed countries accounts for 5 to 15 per cent of total exports to developed country markets.

26. The Istanbul Programme of Action also contains calls for ensuring simple, transparent and predictable rules of origin applicable to imports from the least developed countries that contribute to facilitating market access. Considerable progress has been made in this area, with measures taken by several least developed country trading partners on processing rules for clothing cumulation possibilities and self-certification procedures. In October 2019, WTO, in cooperation with the International Trade Centre and the World Customs Organization, launched the Rules of Origin Facilitator, an online tool to ease access to information on origin-related requirements.

D. Commodities

27. The majority of the least developed countries have not succeeded in developing their domestic productive capacities and remain heavily reliant on one or few primary commodities for their export revenue (see section C). They therefore continue to display significant economic vulnerability, which generates macroeconomic instabilities and potentially deepens income inequalities. To move up global value chains, commodity-dependent countries must diversify their economy and invest in greater value addition to their products.

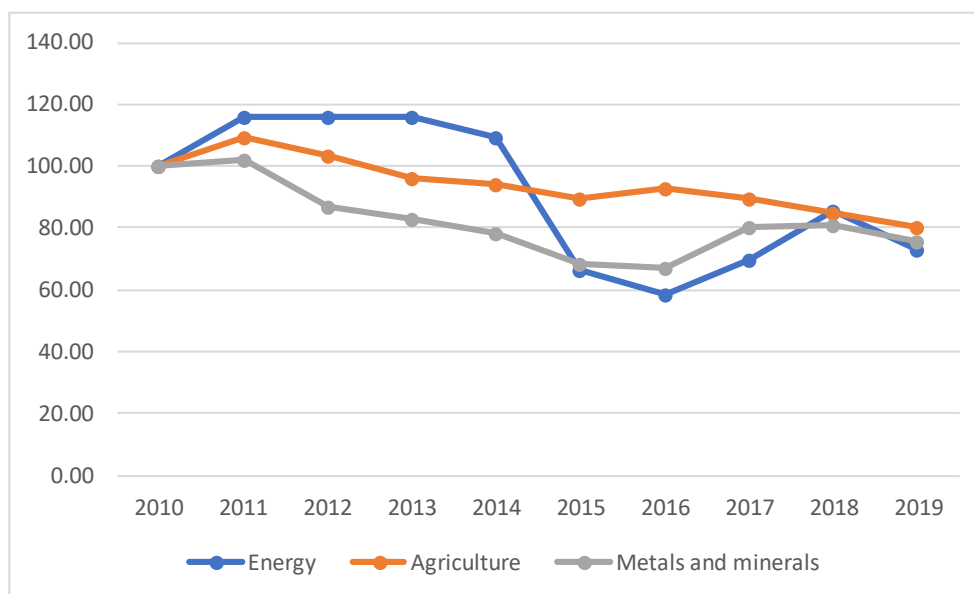
28. In 2018, the product concentration index value of the least developed countries as a group stood at 0.23, down from 0.42 in 2011, which was still more than three times higher than the concentration index of world exports. The merchandise exports

of the least developed countries are therefore distinctly more concentrated in a few products, compared with world exports.

29. Among the least developed countries, in 2018, Angola showed the highest product concentration of exports, followed in this order by Kiribati, Guinea-Bissau and Chad, while Madagascar, the United Republic of Tanzania, Djibouti and Nepal were at the low end of the scale. Still, the exports of the country with the lowest index value, Nepal, were more than two times more concentrated than world exports on average.

30. The export concentration of the least developed countries is mainly in primary commodities, which have all displayed falling prices over the past decade. While price indices for energy and metals and minerals recovered somewhat after 2016, they remained well below their 2010 levels for all main categories and are expected to remain at the same level in the coming decade.

Figure 4
Commodities price indices (2010=100, real 2010 dollars)



Source: World Bank world development indicators.

E. Human and social development

Education and training

31. The least developed countries have made modest progress in increasing enrolment rates at the primary levels during the Istanbul Programme of Action implementation period. The proportion of children out of school in primary-age education dropped from 18.7 per cent in 2011 to 17.7 per cent in 2018, but this rate remains double the world average of 8.1 per cent. Almost half of children out of school in the world are therefore in the least developed countries.

32. The pupil-teacher ratio has improved in the least developed countries. At the primary level, it decreased from 41 in 2011 to 37 in 2018. However, poor basic facilities and infrastructure, such as the lack of computers and access to safe drinking water or electricity, along with insufficient trained teachers and the limited or lack of adequate learning and teaching materials, seriously affect the quality of education.

Enrolment rates for tertiary education remained low, which has far-reaching implications for the structural transformation agenda of the least developed countries. Most of them depended on aid for their education budgets. Limited enrolment at the secondary and tertiary levels remained a challenge. In lower-secondary education, 34.2 per cent of adolescents in least developed countries were out of school in 2018. At the secondary and tertiary levels, disparities exist for girls and marginalized groups.

33. Literacy rates improved, increasing from 57.6 per cent in 2011 to 64.8 per cent in 2018. However, more than 350 million people in the least developed countries do not possess basic reading and writing skills.

Population and primary health

34. During the period 2011–2019, the population in the least developed countries grew by 21 per cent, or 177 million people. There are estimates of a further increase of 1 billion inhabitants by 2050, to 1.9 billion. A total of 37 of the top 40 countries in the world by fertility rate are least developed countries. A total of 47 least developed countries are projected to have 1.1 billion births between 2020 and 2050, a 38 per cent increase compared with the number of babies born in least developed countries during the previous 30-year period of 1980–2020. Life expectancy at birth in the least developed countries as a group falls 7.4 years behind the global average as a result of high child and maternal mortality rates, the consequences of conflict and the continuing impact of HIV-related mortality in some countries.

35. Notwithstanding some progress made since 2010, in least developed countries, maternal mortality remained high, at 436 maternal deaths per 100,000 live births in 2015. The proportion of births attended by skilled health personnel for the least developed countries was 61 per cent in 2018, an improvement compared with the 44 per cent estimated in 2009.

Youth development

36. The 211 million people between 15 and 24 years of age constitute 20 per cent of the population of least developed countries in 2020. For young people, the transition from education to employment is a crucial moment that determines social inclusion outcomes and their impact on society. Major challenges include the lack of access to training, apprenticeship and skills, as well catering for the growing numbers of young people. A large number of young people have left least developed countries seeking better opportunities. The International Labour Organization estimates that, in 2013, roughly 21 per cent of migrants from least developed countries were young people.

Shelter, water and sanitation

37. The average proportion of the urban population living in slums decreased from 65.7 per cent in 2009 to 62.8 per cent in 2014, although the total number of people living in slums grew from 132 million to 181 million in those years. As population density increases at a rapid pace through informal growth, it is increasingly challenging to provide essential services and avoid an increase in mortality and to address marginalization and inequality.

38. The proportion of the population with access to basic drinking water services increased from 59 per cent in 2011 to 64.6 per cent in 2018. There were stark differences between rural and urban areas, with 55 per cent of the population enjoying access, compared with 84.1 per cent in urban areas.

39. Access to basic sanitation services remains very low in the least developed countries, in particular in rural areas. The proportion of the population in the least developed countries with access to basic sanitation services increased from 29.8 per cent in 2011 to 34.3 per cent in 2017, still far below the world average of 73.3 per cent in 2017.

Gender equality and the empowerment of women

40. Modest progress has been achieved in expanding access to education to girls, but much more must be done. The proportion of girls of primary age out of school was 19.8 per cent in 2018, compared with 20.7 per cent in 2011. At the secondary level, in 2018, 36.2 per cent of adolescent girls were out of school, compared to 38.4 per cent in 2011. The access of women and girls to modern family planning was 57.6 per cent in 2019, compared with 50 per cent in 2010. In 2017, in the 34 least developed countries for which data were available, 24.3 per cent of women and girls 15 years of age or older were subject to violence.

41. In 2018, the proportion of seats held by women in national parliament was 22.9 per cent and in managerial position it was 22.1 per cent. Women still face disadvantages in gaining access to economic opportunities, in particular in the informal sector, where 50 per cent of women employees are unpaid, compared with 33 per cent of men. Women have ownership over the largest part of their firms in only 30 per cent of cases.

Social protection

42. Limited social protection exacerbates vulnerability across all dimensions of human development in the least developed countries. Coverage is hampered by limited institutional capacity, which presents challenges in reaching the most marginalized groups. Lack of social protection constitutes a major obstacle to economic and social development. Notwithstanding the commitment of many least developed countries, as shown in their national development plans, voluntary national reviews and other policy documents, a lack of and limited resources are major constraints.

F. Multiple crises and other emerging challenges

Economic shocks

43. The least developed countries continue to display vulnerability owing to a reliance on a limited group of commodities (see section D). Debt vulnerabilities are increasing in many cases, with new challenges resulting from the changing composition of debt (see section G).

Climate change and environmental sustainability

44. The global atmospheric concentrations of greenhouse gases reached record levels in 2018, with carbon dioxide reaching 147 per cent of pre-industrial levels. 2019 is likely to be the second or third warmest year on record, and the past five years are now almost certain to be the five warmest years on record.

45. The least developed countries have been recognized as a group that is especially vulnerable to the negative impacts of climate change. Among other factors, the added burden of low gross national income per capita constrains their ability to respond and build resilience. The need for special consideration to address climate change in the least developed countries through financial assistance, technology transfer and capacity-building has been reflected in the United Nations Framework Convention on

Climate Change, the Paris Agreement, Sendai Framework for Disaster Risk Reduction 2015–2030 and the 2030 Agenda.

46. Since the negotiation of those agreements, and during the period 2010–2019, there has been modest progress in the provision of adaptation finance to the least developed countries through the official multilateral financial mechanisms. Up until November 2019, a cumulative total of \$781 million had been made available from the Global Environment Facility trust fund for national projects on climate change in the least developed countries. If the estimated contribution from regional and global climate change projects is added, the least developed countries have received some \$1.74 billion, which is equivalent of 12.2 per cent of total climate change funding from the trust fund since its creation.

47. Between 2001, when the Least Developed Countries Fund was established, and the end of October 2019, 50 current and graduated least developed countries gained access to \$1.4 billion for 282 projects, including the preparation of national adaptation plans of action. However, the demand for fund resources continues to exceed the funds available for new approvals. The Adaptation Fund was established under the Kyoto Protocol in 2001 and launched in 2007. By June 2019, the Fund had approved a total of 23 projects for least developed countries worth \$171 million, as well as readiness grants for 13 least developed countries worth \$635,000. Most funding has been allocated to adaptation projects relating to food security and rural development.

48. Between its establishment in 2010 and until September 2019, the Green Climate Fund received donor pledges amounting to \$10.3 billion, making it the largest dedicated climate fund. During the period 2015–2019, \$5.6 billion in new allocations was approved, the bulk of it for project funding. As of January 2020, total funding for the least developed countries had reached \$1.4 billion, or 25 per cent of the Fund's global portfolio.

49. However, the climate financing received by the least developed countries falls far short of the estimated requirements. The total amount of climate change finance needed to fund both mitigation and adaptation measures post-2020 in the least developed countries has been estimated at \$93 billion annually, based on the intended nationally determined contributions submitted by 44 least developed countries in the lead-up to the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, in 2015.

Disaster risk reduction

50. During the period 2010–2019, the least developed countries continued to suffer devastating impacts from natural hazards, including cyclones, hurricanes, landslides, flooding, earthquakes and drought. Disasters often expand public debt by triggering more borrowing for recovery and reconstruction. They also divert funding from investment made towards achieving the Sustainable Development Goals and the Istanbul Programme of Action's goals and objectives. The damage and losses from climate-related disasters have increased in severity over time. For example, in 2019, Idai was one of the strongest known cyclones to make landfall on the east coast of Africa.

51. People in the least developed countries are, on average, six times more likely to be injured, lose their home, be displaced or evacuated, or require emergency assistance than those in high-income countries. Economic losses due to disasters are also disproportionately higher in the least developed countries.

52. The development and implementation of national and local disaster risk reduction strategies by the end of 2020, in accordance with target E of the Sendai Framework for Disaster Risk Reduction 2015–2030, is a significant contribution to

the disaster risk reduction priority for action outlined in the Istanbul Programme of Action. As of November 2019, 16 least developed countries had reported on the Framework global target to “substantially increase the number of countries with national and local disaster risk reduction strategies by 2020” through the online Sendai Framework monitor. It is critical that disaster risk reduction strategies be fully in line with the Framework in order to make the transition from reactive crisis management approaches to proactive ones that reduce risk, build resilience and prevent crises. To-date, only five least developed countries have reported that their disaster risk reduction strategies are at least 70 per cent in line with the Framework.

G. Mobilizing financial resources for development and capacity-building

Domestic resource mobilization

53. The median tax-to-GDP ratio increased very slowly, from 13.5 in 2011 to 15.5 in 2017. The increase was driven in part by the introduction of a value added tax (VAT) in several least developed countries. Challenges, such as the handling of VAT credits and the management of VAT registrations, as well as possible regressive effects, need to be addressed in order for the least developed countries to increase revenue.

54. At the same time, median gross domestic savings increased from 11.4 per cent in 2011 to 13.5 per cent in 2018, reflecting higher incomes and improvements in the domestic financial sector of some least developed countries. Fintech is likely to have contributed to financial inclusion in Bangladesh and Mali.

Development cooperation

55. Official development assistance (ODA) to the least developed countries from members of the Development Assistance Committee of the Organization for Economic Cooperation and Development increased from \$44.7 billion in 2011 to \$45.9 billion in 2018, reflecting a decline in real terms and a shift from grants to loans. The share of total ODA allocated to the least developed countries declined from 33 per cent in 2011 to 31 per cent in 2018. During the same period, the average share of gross national income provided as ODA to the least developed countries from Development Assistance Committee donors declined from 0.1 to 0.09 per cent, well below the lower target of 0.15 per cent of the Istanbul Programme of Action. However, ODA inflows to least developed countries remain higher than private flows, FDI or remittances.

56. Only 6 per cent of private finance mobilized by ODA went to the least developed countries between 2012 and 2017, mobilized mainly by multilateral donors. Blended finance deals in the least developed countries mobilized less private finance. Energy and banking and financial services were the largest sectors.

57. While difficult to quantify, there is evidence that the importance of South-South cooperation for the least developed countries has been increasing over the past decade, in line with the global trend.

58. Aid effectiveness increased slowly in the least developed countries. For example, the three-year predictability of aid increased from 54 per cent in 2016 to 56 per cent in 2018. However, the proportion of aid on budget that was subject to parliamentary scrutiny declined from 60 to 59 per cent in the least developed countries, a much lower level than the 71 per cent in other developing countries.

External debt

59. By the end of 2011, 25 least developed countries had reached the completion point of the Heavily Indebted Poor Country Initiative and the Multilateral Debt Relief Initiative, reducing their debt levels considerably. By 2019, three more least developed countries (Chad, Comoros and Guinea) had reached a completion point and Somalia had made progress in 2019 on the way to receive debt relief under the Heavily Indebted Poor Country Initiative. Following debt relief under the Heavily Indebted Poor Country Initiative, a few countries have also received ad hoc debt relief following a disaster, for example Guinea, Liberia and Sierra Leone, which were affected by the Ebola virus disease. However, over the past decade, debt levels began to increase again. External indebtedness remains a serious concern in the least developed countries, with an external debt stock of \$358 billion and debt servicing as a percentage of exports of goods, services and primary income of 8.7 per cent in 2018. As of November 2019, 6 least developed countries were classified as debt distressed, while an additional 12 were rated at a high risk of debt distress.

60. The composition of the debt stock of the least developed countries has also changed significantly since 2011, with a higher share of private and non-traditional bilateral creditors (notably China) and several least developed countries issuing bonds in international capital markets, which in general have shorter maturities and higher interest rates than concessional financing. This exposes countries to exchange rate, interest rate and refinancing risks. With borrowing costs expected to increase, this may pose challenges to creditor coordination in the event of debt distress. Several countries with high levels of external debt had to reduce social spending.

Foreign direct investment

61. FDI flows to the least developed countries stood at \$24 billion in 2018, representing 1.8 per cent of global FDI inflows, below their peak of \$38 billion in 2015. It is nevertheless significantly higher than in 2011, when the share was 1.3 percent and the value was \$20 billion.

62. While African least developed countries accounted for more than three quarters of FDI inflows from 2011 to 2015, that share declined to approximately half in 2017 and 2018.

63. FDI in the least developed countries remains heavily concentrated in the extractive industries, especially in Africa, often providing few forward and backward productive linkages within the economy, although the share in manufacturing and services is increasing in several cases.

64. China's investment in least developed countries roughly doubled between 2011 and 2018, reaching 11 per cent of the total stock, making it the top investor. Half of the top 10 investors in the least developed countries are now from emerging Asian countries.

65. In the medium term, increased greenfield FDI is expected, especially in mining, coke and petroleum products, but also in electricity.

Remittances

66. Remittance flows to the least developed countries increased relatively rapidly, from \$28.2 billion in 2011 to \$52.1 billion in 2019. That growth was driven mainly by Asia-Pacific least developed countries, which now account for approximately 70 per cent of all remittances to least developed countries.

67. Remittances flows remain concentrated in a few least developed countries. For some smaller countries, remittances amounted to 20 or more per cent of GDP, including Comoros, Haiti and Nepal.

68. The decline in average costs of sending remittances slowed in recent years and amounted to 6.8 per cent in the fourth quarter of 2019 (down from approximately 9 per cent at the beginning of 2011), but still more than twice the 3 per cent commitment contained in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. In many least developed countries, these costs remain above 10 per cent. Mobile phone services are increasingly used for the transfer of remittances and have contributed to reduced costs.

H. Good governance at all levels

69. It is affirmed in the Istanbul Programme of Action that good governance and the rule of law at the local, national and international levels are essential for sustainable development. The number of least developed countries that are States parties to the United Nations Convention against Corruption increased from 33 in 2010 to 45 in 2019.

70. On average, 4.8 per cent of young women experienced sexual violence by the age of 18 in the least developed countries in 2017, which is two-thirds higher than the world average and is driven in part by the high proportion of least developed countries in conflict.

71. The average e-government development index developed by the Department of Economic and Social Affairs for the delivery of public services in the least developed countries increased from 0.242 in 2012 to 0.296 in 2018 but remains much lower than for other groups of countries and the world average of 0.549. This increase was a result mainly of improved online service delivery, including through national websites and e-government policies and strategies. E-governance can enhance transparency and contribute to improving the responses of Governments to external shocks and crises, for example, through the use of digital technologies, such as Geographic Information Systems in managing emergency responses.

72. According to the world governance indicators of the World Bank, voice and accountability improved, on average, in the least developed countries from a score of -0.96 in 2011 to -0.61 in 2018.¹ That improvement was driven in large part by Asia-Pacific least developed countries, which recorded an average score of -0.28 in 2018, with several Pacific least developed countries displaying scores above 0.5.

73. Progress with respect to the voice and participation of least developed countries in international forums has also been slow. For example, the vote share of least developed countries in the International Monetary Fund increased only from 2.9 per cent in 2010 to 3.5 per cent in 2019.

74. Many least developed countries lack data to measure and track progress in the goals and targets of the Istanbul Programme of Action and in the Sustainable Development Goals. Only 40 per cent of children under 5 years of age in the least developed countries had a birth registration in 2018. The average statistical capacity indicator increased from 56.4 in 2011 to 58.0 in 2017, but remained well below the world average of 66. Only three quarters of the least developed countries have

¹ Voice and accountability reflect perceptions of the extent to which a country's citizens are able to participate in selecting their Government, as well as freedom of expression, freedom of association and a free media. The estimated score ranges from approximately -2.5 (weak) to 2.5 (strong) with regard to governance performance.

implemented a plan to improve capacity in gathering statistics. Thus, building statistical capacity is crucial to enhancing policy planning and monitoring.

III. Engagement of stakeholders in the implementation of the Istanbul Programme of Action

75. Reflecting on the 10 years since world leaders gathered in Istanbul to agree on the priorities for the least developed countries for the decade, Member States, United Nations system entities and various other partners have undertaken significant efforts towards achieving poverty eradication and structural transformation in the least developed countries.

76. As the Istanbul Programme of Action period draws to a close, 2019 witnessed increased activity by various stakeholders engaging in and advancing the implementation of its priorities, including on least developed country graduation and smooth transitions.

77. A broad range of activities have been implemented by Governments of least developed countries to integrate the Istanbul Programme of Action into their national planning documents, in order to achieve its targets and to meet the criteria for graduation.

78. A workshop of least developed country national focal points organized in New York in November 2019 provided an opportunity to share experience and lessons learned in the lead-up to the Fifth United Nations Conference of the Least Developed Countries. For example, the Lao People's Democratic Republic has mainstreamed the priority areas of the Istanbul Programme of Action into both its 2011–2015 and 2016–2020 five-year national socioeconomic development plans. The integration of the Programme of Action and the national socioeconomic development plan has led to a planning process that is more transparent and engages with various stakeholders. Information on how the national development plan is formulated, implemented and monitored is now made publicly available, together with annual and mid-term progress reports. Since 2011, the Lao People's Democratic Republic has demonstrated progress in many of the priority areas and the country is on track to meet the least developed country graduation criteria. However, ongoing efforts are needed to ensure that graduation is inclusive and sustainable.

79. Similarly, Burkina Faso has mainstreamed the Istanbul Programme of Action into its 2011–2015 and 2016–2020 national socioeconomic development strategies. The country has demonstrated progress in achieving development objectives, notwithstanding facing a significant number of external shocks, such as global geopolitical tensions, a deteriorating regional security situation and political instability, the internal displacement of people, price fluctuations of commodities (especially cotton), the outbreak of the Ebola virus disease, climate crises, and several internal socioeconomic and political crises.

80. Many bilateral donors have continued to provide support to the implementation of the Istanbul Programme of Action. However, the ODA targets established in the Programme of Action have not been met. In 2018, only 6 donor countries (Denmark, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland) met the Programme of Action target of committing 0.15 per cent or more of their gross national income as ODA to the least developed countries, compared with 10 donor countries in 2011.

81. South-South cooperation has continued to gain momentum, and its activities in relation to the least developed countries have intensified. For example, the collaboration between Morocco/the Moroccan Agency for Sustainable Energy and

Ethiopia led to the announcement of the Coalition on Sustainable Energy Access for the least developed countries at the 2019 Climate Action Summit, in September 2019.

82. LDC-Vision 2050 and the Initiative for Effective Adaptation and Resilience, together with the Coalition on Sustainable Energy Access, comprised the least developed country-specific announcements made at the 2019 Climate Action Summit.² Those initiatives recognized that, while the least developed countries are specifically affected by climate change, they are ready to commit to more ambitious climate action, including a commitment to delivering zero greenhouse gas emissions by 2050. The two initiatives engaged with a range of stakeholders, among them Member States, the United Nations system, regional development banks and research institutes.

83. United Nations system entities have contributed actively to the implementation of the Istanbul Programme of Action, individually and through a range of joint programmes and activities. For example, the Technology Bank for the Least Developed Countries, operationalized in 2018, has begun to provide increased support to the least developed countries in building the science, technology and innovation capacity needed to promote their structural transformation. Programmes are now running in 20 countries and work is under way with partners to enhance support and coordination in technology sectors.

84. The Enhanced Integrated Framework, a partnership designed to support the least developed countries in using trade as an engine for growth, sustainable development and poverty reduction, has committed more than \$61.8 million for trade-focused interventions in the least developed countries during its second phase, which commenced in 2016. As of 2018, the Framework has supported 38 least developed countries in establishing trade coordination mechanisms, and 41 have integrated trade into their national development plans, while 29 have strengthened their human resources capacity in their trade ministries. The Framework has also partnered with WTO to develop a project to assess the trade-related implications of least developed country graduation, including in the context of relevant WTO agreements.

85. United Nations system entities have continued to discuss and coordinate support to least developed countries at the biannual Inter-Agency Consultative Group meetings convened by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. The Office has led the inter-agency task force on least developed country graduation, which was established in 2017 and is chaired by the Office, to enhance the coordinated support for countries graduating from the least developed country category. In 2019, the task force organized two joint United Nations missions, to Sao Tome and Principe and Solomon Islands, to engage with government officials, development partners, civil society and private sector regarding their path towards graduation and beyond. Both countries are scheduled for graduation in December 2024.

86. The private sector has shown an increasing interest in engaging in the implementation of the Istanbul Programme of Action. The private sector was represented at meetings co-organized by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and various partners. The Global Conference on Scaling-up Energy Access and Finance in Least Developed Countries, organized by the Office and the Global Energy Interconnection Development and Cooperation Organization, in China in June 2019, included a focus on increasing private sector contributions towards energy investment.

² See www.un.org/en/climatechange/assets/pdf/cas_report_11_dec.pdf.

87. Civil society and academia have been involved in several activities that contribute to the implementation of the Istanbul Programme of Action. In November 2019, the Fondation pour les études et recherches sur le développement international, launched the publication *Out of the Trap: Supporting the Least Developed Countries*, highlighting the international policy reforms needed for least developed countries in the post-2015 sustainable development agenda. The independent monitoring organization LDC IV Monitor is also planning to conduct research on international support measures for the least developed countries.

88. Civil society representatives have also been engaged in least developed country graduation. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States organized a meeting with civil society organization representatives in Solomon Islands in October 2019 that highlighted the role of civil society in the graduation process and the need to understand and be involved in addressing the effects of graduation.

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

89. Broad-based country-level preparations are being undertaken by all least developed countries, with a focus on assessing progress, obstacles, constraints and actions in the implementation of the Istanbul Programme of Action and to determine priorities for the next 10-year programme of action. To date, 23 least developed country reports have been received.

90. The African regional preparatory meeting and the Asia-Pacific regional preparatory meeting will help to gather valuable information for the process. In addition, the first United Nations mission was undertaken to the host country, Qatar, to begin planning for the fifth United Nations Conference of the Least Developed Countries.

91. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States has organized three inter-agency meetings to mobilize support from United Nations system entities for the Conference, and they are actively engaging in the preparatory process through sectoral appraisals in their relevant fields of competence and dedicated discussions within their governing bodies.

92. Preparations are also under way to ensure the effective participation of all relevant stakeholders, including parliamentarians, civil society, young people and the private sector. An academic conference in support of the Conference is being organized by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the World Institute for Development Economics Research and the Sustainable Development Solutions Network, and will be held in Helsinki on 15 and 16 October 2020.

V. Conclusions and recommendations

93. The Fifth United Nations Conference of the Least Developed Countries offers a unique opportunity to chart a course towards sustainable development for the most vulnerable countries and ensure that they are not left further behind.

94. The unfinished business of the Istanbul Programme of Action must be completed. Considerable progress has been achieved under it, notwithstanding

external shocks, including the decline in primary commodity prices, climate-related shocks and the 2014–2016 Ebola virus disease crisis. The least developed countries will be affected directly not only by the COVID-19 outbreak, but also by the ensuing global downturn, which will have an impact on, among others, commodity prices, global FDI, travel, tourism and other variables of key importance to the economies of the least developed countries. Urgent national and international measures for recovery and building resilience to such future shocks, including the strengthening of health systems, will need to be designed and implemented. Moreover, while the increase in the participation of the least developed countries in global trade envisaged under the Programme of Action has not been achieved overall, efforts should be made to replicate elsewhere the successful utilization of international support measures in the area of trade by several least developed countries, especially in the Asia-Pacific region. Export diversification, building productive capacity and moving up global value chains remain key objectives for the future. Recent progress achieved in sustainable energy access must be scaled up, and a major drive is needed to build resilient infrastructure.

95. Coinciding with the decade of action for the Sustainable Development Goals, the next programme of action will provide a window of opportunity for a concerted effort to address barriers and bottlenecks to the achievement of the Goals in the least developed countries. The Istanbul Programme of Action target of achieving sustained, equitable and inclusive economic growth, to at least the level of 7 per cent annually, was achieved only by a limited number of countries, and only modest progress was made in poverty eradication. A road map to eradicate extreme poverty and address food security and hunger in the least developed countries stands out as a top priority. The need to build peaceful, just and inclusive societies that provide equal access to justice and that are based on respect for human rights (including the right to development), on effective rule of law and good governance at all levels and on transparent, effective and accountable institutions is recognized in the 2030 Agenda. These principles must cut across the new programme of action. Resolving or preventing conflict and supporting post-conflict countries can help to achieve progress in achieving the Goals and in meeting the graduation criteria. Resource mobilization for the Goals and the new programme of action will be among the greatest of challenges, and both traditional and innovative approaches will be needed. The significant data gaps on the Goal indicators in the least developed countries must be filled by building national statistical capacity to allow for meaningful policy formulation and monitoring.

96. Against this backdrop, the global landscape has continued to evolve, presenting new and emerging challenges, but also opportunities. Six key areas for action are outlined below.

97. Among the most striking success stories of the Istanbul Programme of Action period is the progress made in mobile phone telephony and access to the Internet. In the future, it will be essential to fully harness the potential of new technologies and prevent a deepening of the divide, not only with regard to broadband, but also artificial intelligence, blockchain and other new technologies. Ensuring that all least developed countries have access to new technologies and the capacity to make the best use of them, including overcoming rural-urban and gender disparities, will be cornerstones of future action. Because emerging digital technologies rely on access to large amounts of digital data, how the flow and transfer of data across borders is regulated is of increasing importance, especially to least developed countries that are likely to adopt these technologies much later.

98. The challenge of indebtedness in the least developed countries has deepened, and the changing composition of external debt is presenting new vulnerabilities. Urgent measures need to be taken to reach sustainable debt levels in all least

developed countries, including through the restructuring of existing high debt, additional flexibility in the event of external shocks and natural hazards, and increased technical capacity in debt management. At the same time, access to other sources of finance, including through blended finance and investment promotion, needs to be stepped up.

99. The high projected rates of urban growth in the least developed countries will exacerbate existing urban socioeconomic problems and present new challenges, but also offer new economic opportunities. Areas for special focus include inequality, social exclusion and marginalization, slums and informal settlements, the provision of essential services, resilience and urban environmental management.

100. There must be a special focus on young people. The high rates of population growth in the least developed countries mean that the already large proportion of young people will increase further. A strong youth policy should be aimed at reducing the numbers of young people who are out of school, especially girls, and ensuring that they acquire the skills needed to realize their aspirations. Rather than add to the numbers of marginalized and vulnerable people, young people can become agents of change in leveraging the benefits of the data revolution and new technologies.

101. The heavy toll from climate change-related disasters has crossed the emergency threshold. It is essential to address bottlenecks in implementing the Sendai Framework for Disaster Risk Reduction 2015–2030 and national adaptation plans. This must be complemented by building capacity to formulate and implement adaptation projects, improving readiness and increasing absorptive capacity on the ground. The least developed countries also need to be equipped with instruments to address risks and vulnerabilities at all levels.

102. Lastly, the unprecedented number of least developed countries meeting the graduation criteria for the first or second time calls for stepped-up support for the smooth transition of and a package of incentives for graduating countries. All stakeholders must be mobilized, especially the development partners and the United Nations and Bretton Woods institutions, including through the resident coordinator system and the inter-agency task force on least developed country graduation.
