



**Vulnerable developing countries
in the post-2015 agenda**

***OHRLLS-Ferdi-France-Burkina Faso-OECD-UN LDC IV Monitor
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**« Taking into account the specificity of vulnerable countries
in a universal agenda »**

by

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Why such an event? What is at stake?

- Consensus for the 2015 agenda to be *universal*, meaning concerning not only all countries, but all citizens in each country, i.e. all citizens of the world
- At the same time strong demand of *differenciation* between developing countries, coming from several parts of the international community , in particular for aid policies
- Consensus also for mergering previous *MDGs*, possibly augmented, and post Rio+20 *SDGs*
- Fear that broadening the goals leads to dilute the *priority* previously given to the countries the most in need of support



I

Consistency between universalism and differentiation

- Let us agree on the *universality* of goals and on the concern of promoting equity or justice among the citizen of the world
- Also remember that *equity* means equality of opportunities and that the citizen opportunities differ according the country where they are located, because development opportunities differ among countries
- In poor countries facing *structural handicaps* to growth, in particular structural vulnerabilities, the *probability for a citizen not to be poor in the future* is lower than in other countries
- LDCs are precisely designed as poor countries facing structural handicaps and as such more likely to stay poor
- Landlocked and small island developing countries are also facing significant and structural vulnerabilities.

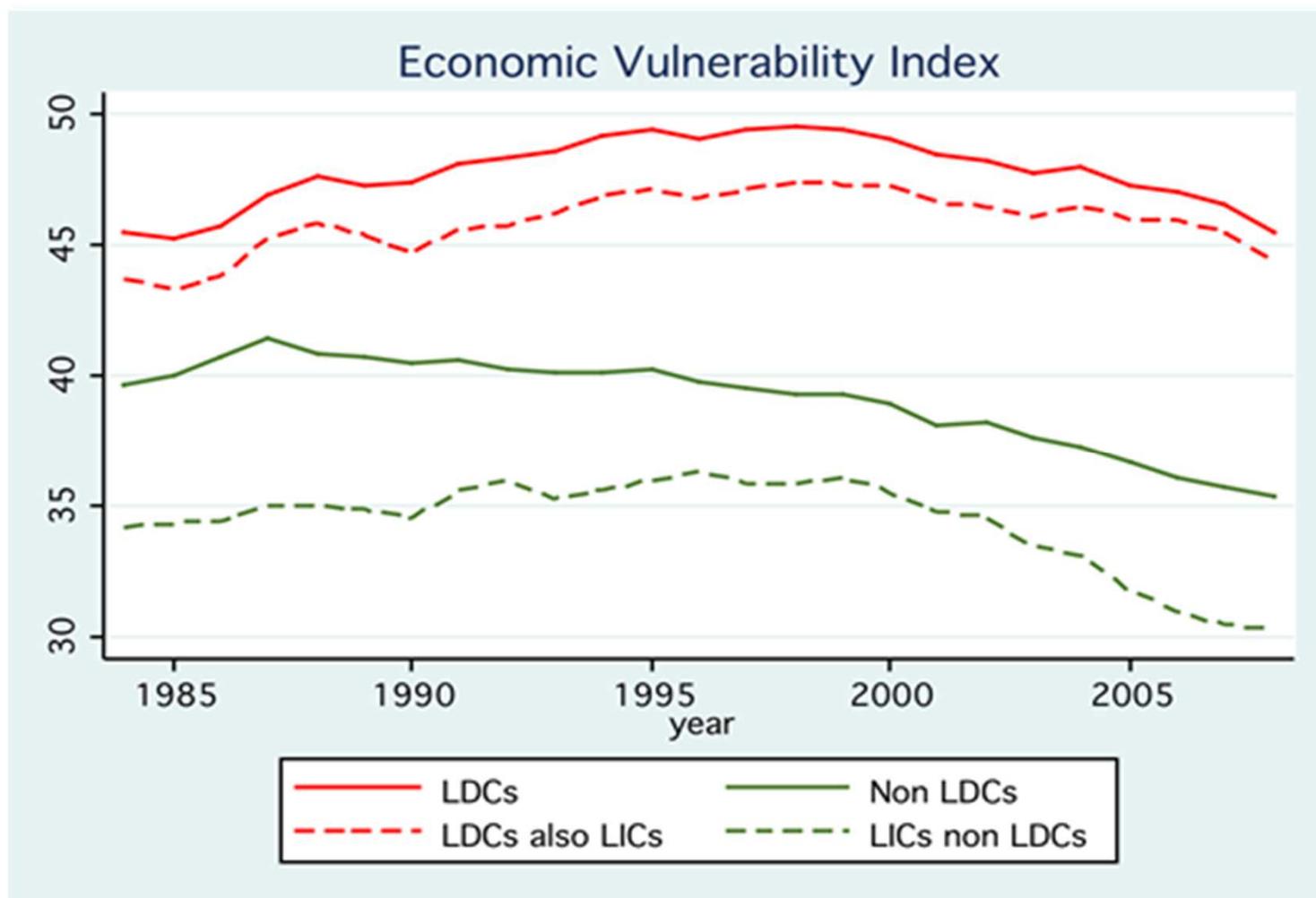


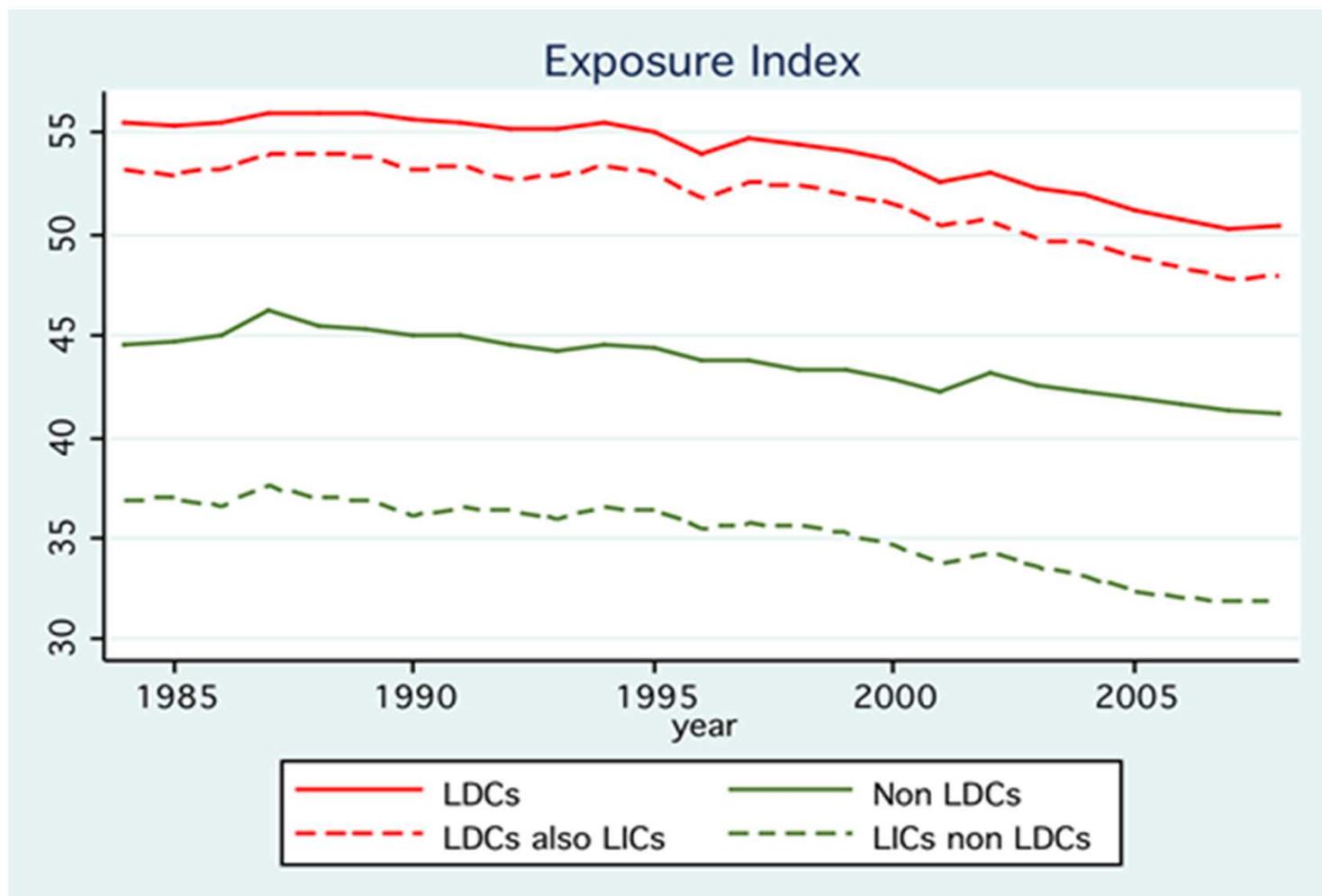
High and lasting vulnerability in LDCs, according to EVI

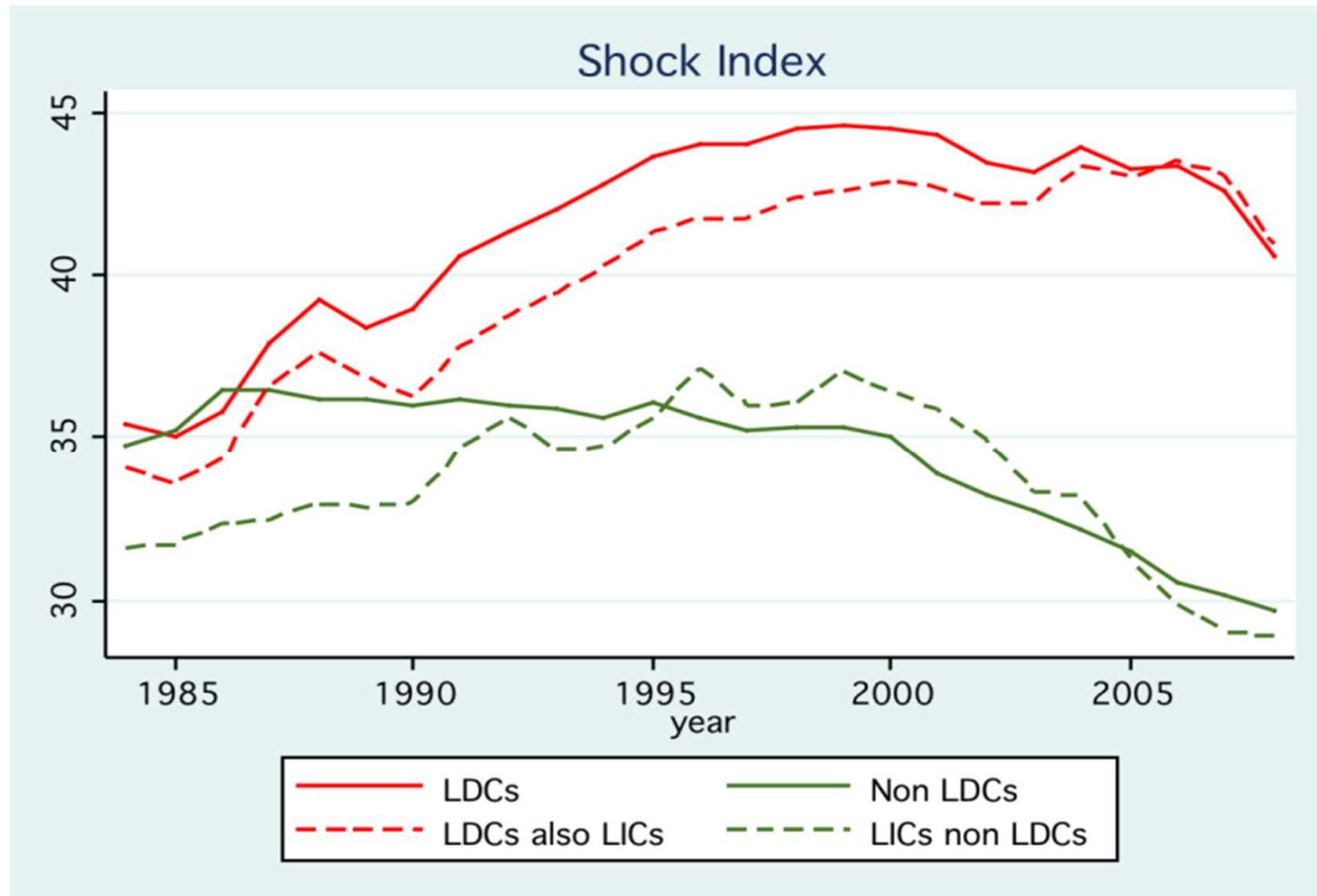
- The *Economic Vulnerability Index* (EVI), progressively set up by the CDP in 2000- 2005 for the identification of LDCs, slightly revised in 2011, balancing shock and exposure components, naturally evidences the high vulnerability of the LDCs
- According to the figures used for the 2012 review of LDCs list,

	EVI	Exposure I.	Shock I.
LDCs	45.7	42.3	49.2
ODCs	33	34.9	31.1
SIDS non LDCs	42.1	48.7	35.4
SIDS	46.2	52.5	39.8

- According to a *Retrospective EVI*, set up at Ferdi for the last 30 years from the 2006-09 CDP definition, *less decline* in LDCs than in ODCs and in other LICs, and due more to the shock components than to the exposure components









Beyond EVI, strong structural handicaps (SHI)

- EVI is one of the two indicators of structural handicap used, with the GNIpc, to identify LDCs, the other one being the *Human Assets Index (HAI)*
- HAI can also be viewed as reflecting an important aspect of the structural resilience to shocks, so that the combining HAI and EVI leads to an enlarged assessment of structural vulnerability , called « *structural handicap index* » (SHI) in *Caught in a trap*
- SHI assessment of vulnerability even more evidences the specific situation of LDCs, due to the low average level of their HAI, compared with any other group of DCs, in particular SIDS



Resulting lag in MDGs attainment (3 ex.)

- Comparison between LDCs, LLDCs, SIDS and other DCs progress towards MDGs, depending on data availability, from 1990 to 2010 (Ferdi draft document)
- *MDG1 (T1), decrease the % of people below the poverty line (weighted):*
 - **(target: -50%): LDCs -29% , ODCs -48%**
 - absolute: LDCs -20 pts, ODCs -26 pts
 - number of poor: LDCs +16% > ODCs -45% (-22% without China)
- *MDG1 (T3), decrease the % of people who suffer from hunger*
 - **relative (target: - 50%): LDCs - 29% , ODCs - 41%**
 - absolute: LDCs -12pts (from 40 to 28%), ODCs -9 pts (from 21 to 13%)
 - number: LDCs +17%, ODCs -23%
- *MDG 4 (T4A), decrease by 2/3 the under-five mortality rate*
 - **relative (rate): LDCs - 39 % , ODCs - 46 %**
 - absolute : LDCs -63pts (161 to 98) , ODCs -27 pts (58 to 31)



Also revealing inadequacy in goals measurement

- Goals are designed independently of their initial level, so that the meaning of the indicator is undermined by the « normal » evolution path
- Many targets are measured as a % of change in an indicator of « bad » (poverty, undernourishment, child mortality,...) , making achievement of a given % of change more difficult to obtain from a high initial level
- It would be the reverse if the goal was expressed as a change in the corresponding indicator of « good » (for instance child survival, enrollment ratio,...), initially low
- A solution for differentiating according to initial levels would be to express the target as an average of the relative change in the indicators of « good » and « bad » (logit change), eg average of change in child mortality and child survival



Taking into account the growth elasticity of poverty in LDCs

- Resumed growth in LDCs during the 2000's
- But limited impact on poverty reduction
- Due to a lower elasticity of poverty to income in LDCs: one additional point of growth results in a lower *relative* decline of poverty ratio in LDCs compared to ODCs, while it results in a higher *absolute* decline
- Means that a higher rate of economic growth was needed in LDCs to meet the MDG1



II

Consistency between broadening the goals and focusing on vulnerable countries

- Sustainability issues cannot be addressed without taking into account corresponding vulnerabilities
- The SDGs added to the previous and probably modified MDGs should not fundamentally change the location of the main vulnerabilities
- The LDCs, as well as the SIDS, have relatively high levels of vulnerability to climate change
- They are also particularly affected by security and state fragility issues
- So they are clearly the countries facing the most structural (or physical) obstacles to sustainable development



Sustainability and vulnerability

- Goals of sustainable development cannot be designed and pursued without considering the corresponding vulnerabilities (vulnerability is a risk on sustainability)
- Consistent with a universal agenda of sustainable development: taking into account vulnerability in its various dimensions (economic, social, environmental), and paying special attention to countries vulnerable for these various reasons, such as LDCs, LLDCs and SIDS
- Economic vulnerability threatens the sustainability of economic growth and its inclusiveness, as does political or state fragility, itself to a large extent an outcome of structural economic vulnerability
- For environment, vulnerability is the opposite of environmental sustainability, as it clearly appears with climate change



The physical vulnerability of LDCs and SIDS to climate change

- As with the EVI, vulnerability to climate change can be assessed at the country level as a structural vulnerability, not depending on present or future policy, but only on components reflecting both the likely size of the climatic shock and the exposure to these shocks
- Such an index set up at Ferdi, the *Physical Vulnerability to Climate Change Index (PVCCI)*, with components reflecting both the impact of progressive shocks (sea level rise and desertification) and of the intensification of recurrent shocks (in rainfall and temperature)
- According to this index, the LDCs appear to be significantly more vulnerable, as are SIDS, than ODCs: for LDCs, PVCCI= 38; for ODCs, 35; for SIDS, 38 (SIDS non LDCs, 36)



Progress towards environmental MDGs in vulnerable countries

- MDG 7, although limited in scope, is to insure environmental sustainability
- Progress in LDCs have been significant, but weaker than in the ODCs, with regard to the quantitative targets, as illustrated by target 7.C « Halve the % of people without access to safe drinking water and basic sanitation »
- Improved water source, *population without*
 - 1)- relative rate of change (target -50%): LDCs -33%; ODCs -45%
 - 2)- absolute change: LDCs 48%-32%= 16pts; ODCs 18%-10%= 8pts
 - 3)- relative rate of change of *population with* LDCs +30% ODCs +10%
 - 4)- average of -1) and 3): LDCs 31%; ODCs 27%
- Useful also for SDGs to assess progress with regard to initial levels



III

Intertemporal consistency: linking the post-2015 agenda to the previous meetings and commitments

What will be the credibility of the post-2015 agenda if the commitments recently taken with regard to vulnerable countries are forgotten?



From Istanbul to post 2015

- In Sept 2010, Ferdi organized here a side-event on « *From MDG Summit to UN LDC IV Conference: Focusing on the LDCs for the MDGs and Filling the Gap* »
- May 2011: UN LDC IV adopts the IPoA, reviewing the 2001 BPoA and including a large set of « *Priorities areas for action* » in a « *Renewed and strengthened partnership for development* »
- Even if some objectives may not seem realistic (enabling half of LDCs to meet the criteria for graduation in 2020), IPoA is gathering a set of actions to be taken by LDCs as well as their development partners during the next 10 years
- Need of consistency over time, without which there is a lack of credibility of new commitments



Other commitments with regard to vulnerable countries

- Scheduled in 2014: UN (OHRLLS) Conference on Landlocked Developing Countries (LLDCs) and UN Conference on SIDS
- And the MDGs 8A (ODA and market access for LDCs) and 8B (for SIDS and LLDCs), still valid
- In particular for ODA, the target of 0.15% - 0.2% for LDCs is likely to gain more importance with the debate about the ODA global target of 0.7% and the more focused role expected from ODA in the post-2015 agenda : vulnerable countries are those for which ODA will remain the more relevant
- However, unstable trends: from 2005 to 2011 the ODA to LDCs ratio improved, while the global target ratio deteriorated, but in 2012 the ODA to LDCs is estimated to have decreased (-13%), more than the total amount of ODA (-4%)



From principles to criteria, more than to categories

- Underlining the need to take into account the specificity of vulnerable countries in the post-2015 agenda is not a defense of « categories » (only LDC is an official one), but of principles: global equity involves addressing countries structural handicaps to sustainable development
- Most often, *continuous criteria* can be used for policy purposes, instead of ad hoc and possibly arbitrary categories that are leading to binary measures
- Progress in that direction made by the GA in December Resolution on the *Follow-up to the 4th UN Conference on the LDCs, §23* :
« Invites development partners to consider least developed country indicators, gross national income per capita, the human assets index and the economic vulnerability index as part of their criteria for allocating official development assistance »



Towards application and extension

- The application of such a principle, in particular by the Multilateral Development Banks, would be a significant progress in ODA allocation, which would rely on uniform criteria and not on ad hoc and debatable categories (such as fragile states or very small or very large countries)
- Similar principle may be applied to other sources of public external finance, in particular the resources for adaptation to climate change
- For adaptation, relevant to consider the physical vulnerability to climate change as part (may be a main part) of the criteria for allocating official resources devoted to the adaptation to a climate change for which the poor and vulnerable countries are not responsible.