



**Looking to LDC V:
A Critical Reflexion by the LDC IV Monitor
Malborough House, London
29 January 2019**

*Looking Ahead to 2021 in the context of the 2030
Agenda and the SDGs: the Agenda for Research,
Outreach and Activities*

Comments by Patrick Guillaumont

(I) The context of the 2030 Agenda and the SDGs

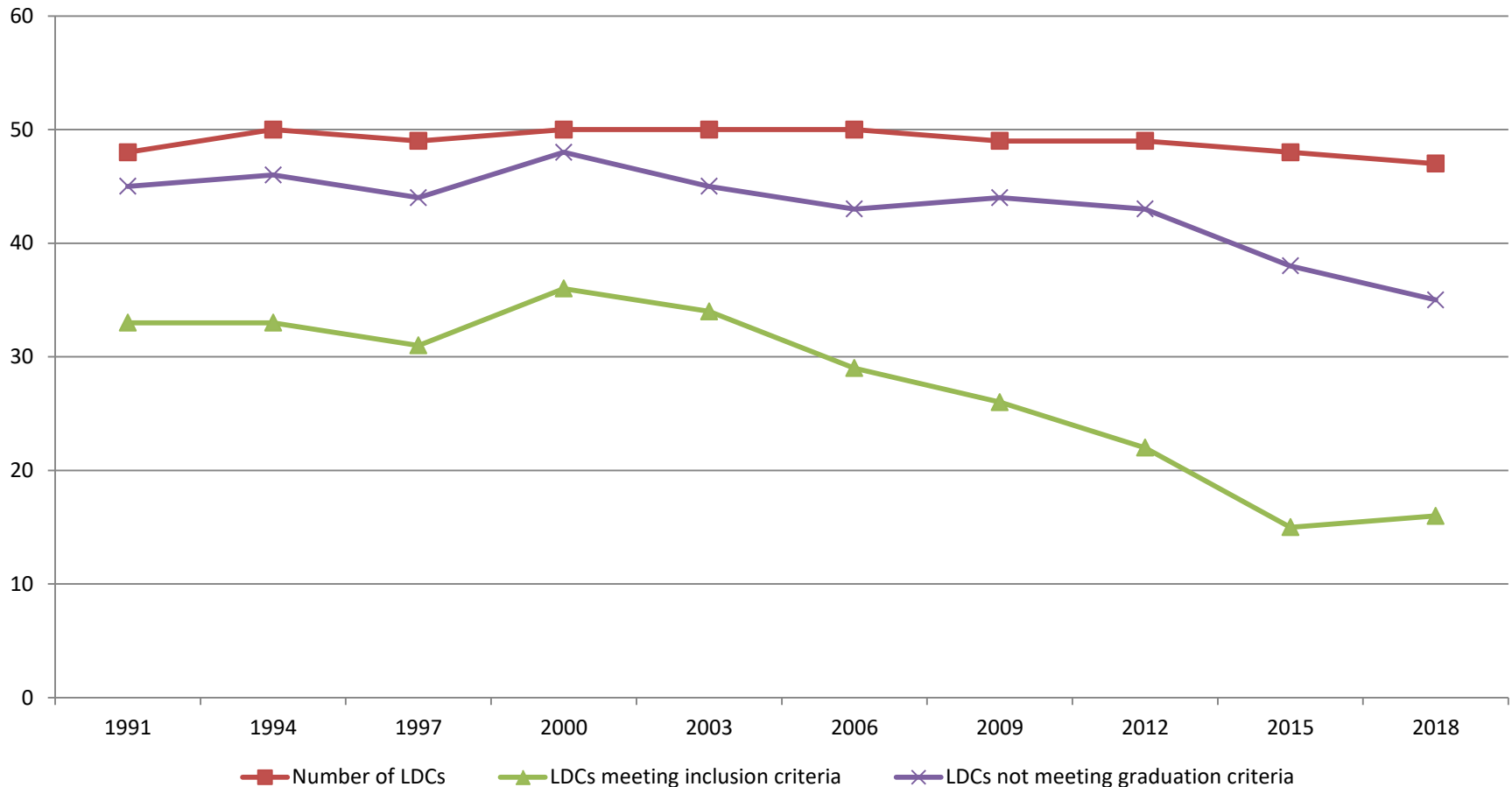
- As it refers to climate change and to conflict and security, this context has not yet been fully taken into account in designing LDCs and it should be
- It has indeed been so, and in advance, when LDCs have been re-designed as poor countries facing most severe handicaps to their sustainable development (and not only to economic growth)
- But in a too partial way: Through a new EVI component added LECZ (with unexpected consequences on the vulnerability ranking of some countries)
- Need to take into account all the major sources of *structural* (or exogenous) vulnerability: to economic shocks (revisited EVI), to climate change (through an index such as PVCCI), and possibly to conflict (structural fragility)

(II) The process of graduation with regard to the history and rationale of the category

- This process has not been fully consistent, as evidenced by the following graph: increasing gap between the number of LDCs and the number of those still meeting the inclusion criteria without meeting the graduation criteria
- Due mainly to the asymmetry of the criteria
- Possible to fill the gap without a major conceptual discontinuity with the past. How? By merging the human capital and vulnerability criteria into a structural handicap criterion,
- An index of structural handicap to sustainable development, including all structural components of vulnerability (see above)
- Would result in more consistency, better process of graduation (always taking into account vulnerability)
- Anyway, whatever the criteria applied, need to refer to LDCs as countries suffering from structural handicaps to sustainable development (will make easier to address the issues of graduating ones)



Inclusion and graduation: how the category composition has evolved (from P. Guillaumont Edr, *Out of the trap. Supporting the LDCs*, 2019)



(III) Support measures: are they enough focused on the specific features of present and graduating LDCs?

- Not enough targetted to lowering the structural handicaps of LDCs, enhancing human capital and lowering/dampening vulnerabilities. Addressing structural vulnerabilities remains a priority
- Focus on structural transformation not clearly designed and differentiated according to the size and income level of countries (Bangladesh/Gambia). Of course increasing productive capacity in all cases...
- As for development finance, need to implement the important para 23 of the UNGA resolution 66/213 on smooth transition inviting development partners to use the LDC criteria as aid allocation criteria...,
- ...and to broaden its scope by taking into account structural vulnerability in its various dimensions
- It would channel development finance towards the most vulnerable LDCs, and the the most vulnerable graduating or graduated as well...
- ... and make the specificity of those countries indirectly recognised by partners, in particular the IFIs (MDBs)

(IV) Final remarks

- As for binary trade measures, the postponement needed could be « institutionalized » through a duration defined according to the structural handicaps (assessed by an appropriate index)
- Addressing graduation should not be delinked from enabling the present LDCs to graduate
- Reinforcing the consistency of the category is needed to reinforce the support to LDCs, and to graduating countries as well