



**UNGA Special Thematic Event
« Building Synergy and Coherence
in the implementation of the IPoA
in the context of the 2030 Sustainable Development Agenda »**

11 February 2016

***Panel II: Forging strengthened multi-stakeholder partnerships for
timely implementation of the IPoA
and the 2030 Sustainable Development Agenda***

Remarks by Patrick Guillaumont



1. A new LDC dynamics opens the way to make the Mid-term Review an important step for LDCs

- The specificity of LDCs that seemed a little forgotten after Istanbul now clearly recognized: Great progress, compared to Busan (Dec 2011), where LDCs vanished
- Reversal of attitudes during the preparatory process of the post-2015 Agenda; increasing focus on LDCs, starting from the principle of a universal agenda, evidenced by an increasing number of references to LDCs (and vulnerable countries) from one report to the other one: HLP (1), SDSN (1), SG 2013 on SDGs (5), OWG 2014 (26) and finally AAAA (37), NUGA Declaration on SDGs (14) or the COP21 Declaration (8), or the WTO Nairobi Declaration
- At the same time, the broadened agenda has made clearer new needs of development finance, while the pace of LDCs graduation lags behind the IPoA goal
- The Mid-term Review of IPoA appears as a great opportunity to go ahead



2. Scaling up ODA to LDCs, a goal still far to be reached

- The leitmotiv “beyond aid” seemed welcome to underline that ODA is only a small part of development finance and has to be combined to other sources of finance (in particular ODA as a leverage to increase domestic finance and FDI)
- It also enhanced the risk of an erosion of ODA detrimental to the LDCs, as evidenced in 2014
- Actually it led to look for giving a priority to the LDCs in the allocation of ODA,, less evidenced by the most recent evolution of flows than by the adoption of new rules likely to increase the share of ODA to LDCs (50% of ODA to LDCs, new accounting of ODA creating an incentive for aid to LDCs,...):
- The consensus on the priority to be given to LDCs in aid allocation re-legitimizes ODA by underlining its rationale



3. Using the LDCs identification criteria as aid allocation criteria will make easier scaling up of ODA to LDCs, and enhance its rationale

- LDCs identification criteria, because they refer to poverty and (exogenous) structural handicaps to development are logical criteria for aid allocation
- Underlined in the UN GA Resolution 67/221 on “smooth transition” for graduating countries (§23), “inviting development partners to consider LDC indicators, GNIpc, HAI and EVI, as part of their criteria for allocating ODA”
- It helps to channel ODA towards the LDCs, and towards the least developed ones, improving the allocation between them
- It also dampens the decrease in ODA received by an LDC after its graduation
- And it extends the “aid preference” to vulnerable countries not classified as LDCs
- Would involve a reform in the allocation criteria of the aid supplied by MDBs (improving the PBA)



4. Using LDCs identification criteria for aid allocation may need a refinement of these criteria

- Refinement of criteria needed to make them more relevant for this purpose, in particular vulnerability
- EVI initially designed as an indicator of structural economic vulnerability
- Slightly revised in 2012 to add a new component related to the risk of sea level rise, what is only one aspect (and a rather long term one) of the vulnerability to climate change, what is more specifically relevant for the allocation of aid for adaptation to climate change
- Need to rely on a broader assessment of the (physical) vulnerability to climate change in the allocation of concessional resources for adaptation (rules of which are still to be designed beyond the Green Fund)
- Big issue for the LDCs after the COP21, because they are also highly vulnerable to climate change, although to a various extent, and for some (non LDC) SIDS as well



5. Improving the quality of concessional inflows to LDCs (and vulnerable poor countries) to reach the SDGs

- Scaling up is not only to compensate the development handicaps, it also aims at reducing these handicaps by innovative ways, as those indicated in the IPoA or other ones
- For instance, through the Bank of technology, for the weakness of human capital
- or by supporting regional integration, for the vulnerability, etc
- and more generally by supporting policies of resilience to external and natural shocks (including adaptation policies)
- Reducing handicaps is the main structural transformation to implement in order to make economic growth sustained , and the progress is still slow for vulnerability
- Sustained growth will remain the main factor leading to graduation from now to 2020 (IPoA horizon) and to 2030 (SD Agenda)