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Committee for Development Policy

Report on the twenty-fifth session (20–24 February 2023)

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Summary

The present report contains the main findings and recommendations of the Committee for Development Policy at its twenty-fifth session. As its contribution to the annual theme of the Economic and Social Council for 2023 “Accelerating the recovery from the coronavirus disease (COVID-19) and the full implementation of the 2030 Agenda for Sustainable Development at all levels”, the Committee addressed the pressing issues of just transition and external debt. It also undertook an analysis of the voluntary national reviews; a review and refinement of the criteria for the identification of least developed countries; a review of the application of the least developed country category by United Nations development system organizations; and the enhanced monitoring of countries that are graduating or have graduated from the list of least developed countries. The Committee also provided further suggestions as inputs to the review by the Council of its subsidiary bodies.

A just transition, broadly defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies, can enable more ambitious climate action and provide an impetus to attaining the Sustainable Development Goals. Countries need to develop, through inclusive dialogue, approaches to a just transition that reflect the needs, priorities and realities of their societies and their historical responsibilities for climate change and environmental degradation. The concept of just transition, while arising from concerns for justice at the local and national levels, cannot be separated from the broader issues of global climate justice and common but differentiated responsibilities. A globally just transition requires countries to meet their climate commitments and ensure that in doing so, they do not push poorer countries further behind by creating barriers to trade or excluding them from the opportunities associated with the expansion of new product markets. It also requires policy space for developing countries to develop their productive capacities, new intellectual property frameworks for and the co-development of clean technologies, the expansion of systems for the payment of ecosystem services and scaled-up international cooperation to ensure financing for infrastructure and resilience-building.

The Committee discussed the escalating external debt distress and financial constraints faced by many developing countries, particularly in the light of the COVID-19 pandemic, rising interest rates, high food and energy prices and currency depreciation. It stressed the importance of a comprehensive financing strategy to address the large scale of investment needs of developing countries. It also highlighted the need for short-term solutions such as multilateral financing and debt renegotiation to tackle the current debt crisis, while simultaneously establishing long-term solutions to prevent future debt crises. The Committee also called for improvements in the contractual approach with private creditors, including enhanced collective-action clauses and a more predictable framework for debt restructuring. To support vulnerable economies, additional special drawing right allocations contingent on well-defined economic shocks and rechannelled through multilateral development banks can play an important role. At the same time, there is a need to efficiently allocate concessional finance for both climate adaptation and mitigation and for developed countries to transfer additional resources to compensate for historical carbon debt to developing nations. Furthermore, the Committee recommended that developing countries also implement preventive measures to strengthen debt management to avoid future debt crises.

The Committee reviewed the analyses of the voluntary national reviews that it conducted annually from 2018 to 2022 and synthesized lessons learned into a consolidated set of findings and recommendations. While it welcomed the

considerable improvements made in the reports during that period, concerns remain that the potential of the voluntary national reviews as a tool of mutual learning is not being reached. In that context, the Committee recommends launching a new generation of reviews to help rescue the Sustainable Development Goals. The "voluntary national reviews – version 2" should refocus the reports away from descriptive narratives towards more in-depth analysis of successes and failures, policy insights and identification of structural obstacles. The Committee further recommended improvements to the voluntary national review process through broader stakeholder participation, feedback loops that bring lessons learned back into national debates and decision-making, and greater space for civil society and shadow reports at the high-level political forum on sustainable development.

The Committee reviewed its criteria for the identification of least developed countries and undertook refinements to the composition of the criteria and their application procedure, while confirming their structure and principles for the 2024 triennial review.

The Committee noted that the least developed country category had been useful in attracting political support for least developed countries, but had, to a much lesser extent, led to explicit assistance from the United Nations development system. In line with its past reviews, the Committee urged the United Nations development system organizations to expand the use of the least developed country category in their programming and budgeting. It also noted that some United Nations development system entities providing least developed country-specific support did not have specific graduation support programmes or mechanisms to phase out support for graduating countries. As a result, those organizations may not always be able to support the smooth transition of graduating and graduated countries.

In its enhanced monitoring of countries that are graduating or have graduated from the least developed country category, the Committee reviewed the development progress of one recently graduated country and seven graduating countries. The Committee expressed its concern at the limited national capacity of those countries to address diverse challenges, originating from multiple crises, including the socioeconomic impacts of the COVID-19 pandemic, global crises in food, fuel and finance, disasters and the war in Ukraine. It urged countries to continue reporting to the Committee on their progress on preparing and implementing smooth transition strategies. The Committee also reviewed the urgent situation in Solomon Islands and agreed that the country required an additional three years to prepare for a smooth and sustainable transition out of the least developed country category. The Committee welcomed the positive feedback and recognition by Member States of the enhanced monitoring mechanism. Consistent with paragraph 284 of the Doha Programme of Action for the Least Developed Countries (General Assembly resolution 76/258, annex) and subject to the availability of resources, it will continue to customize and improve the mechanism.

The Committee considered the findings of the review by the Economic and Social Council of subsidiary bodies and evaluated its thematic analyses and working methods against the Council's recommendations. The Committee found that its programme of work was well aligned with the recommendations. The Committee proposed to continue holding its current interaction with the Council during its plenary session, as well as separate Council briefings, and will seek additional opportunities to engage with the Economic and Social Council, Council subsidiary bodies and other stakeholders.

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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

Annual theme of the Council for 2023: Accelerating the recovery from the coronavirus disease (COVID-19) and the full implementation of the 2030 Agenda for Sustainable Development at all levels

Just transition

1. The Committee recommends that, in line with the concept of a just transition, the Economic and Social Council encourage Member States to pursue strategies that will secure climate action, environmental sustainability and resilience-building in a way that reinforces the ambitions to meet all the Sustainable Development Goals. The strategies should be founded on structured and inclusive processes of social and political dialogue based on transformative and strategic thinking that reflects the specific contexts of each country.

2. With the understanding that historical responsibility is at the heart of a just transition, and in line with the principle of common but differentiated responsibilities, the Committee recommends that the Council:

(a) Urge developed countries to formulate their mitigation strategies in ways that promote the participation of developing countries in emerging value chains in the clean tech economy and that avoid imposing prohibitive barriers to their current exports, particularly those of small and medium-sized enterprises, through compliance costs and conditions that are incompatible with local financial resources and technical capabilities. Transition periods and support for compliance must be compatible with the challenges faced;

(b) Promote systems of technology co-development that acknowledge the contribution of developing country markets in securing commercially viable scale for new technologies and enable the pooling of financial, human, technical and other resources and intellectual property rights in a system of co-ownership of such intellectual property;

(c) Ensure that international agreements do not constrain the policy space for developing countries that are pursuing industrial policy as a means of developing productive capacities and upgrading their economies in the context of their just transitions;

(d) Draw attention to the need for lower cost of capital for sustainable infrastructure investment in developing countries and engage with multilateral and regional development banks to promote the use of their capital in derisking and crowding in private sector investment, while ensuring universal access to essential services, especially water, sanitation and electricity;

(e) Draw attention to the need to avoid the possibility that increasing the engagement of multilateral development banks in climate action might draw resources away from productive capacity development and other issues under the Sustainable Development Goals;

(f) Encourage the development of capacity to regulate the environment and social actions of non-State entities to eventually participate in more regulated markets and tap into the resulting international investment.

3. The Committee also recommends that the Council call for:

(a) Immediate capitalization of the loss and damage finance facility;

(b) Significantly increased financing for investment in resilience-building, especially for climate-vulnerable and marginalized communities, and for the mitigation of inequalities that have an adverse impact on those communities on the road to a more sustainable economy;

(c) Establishment of effective international mechanisms of payments for ecosystem services.

4. In line with its recommendations on a new generation of voluntary national reviews (see below), the Committee recommends that the Council urge Member States to report, through the reviews, on how the principle of leaving – and pushing – no one behind is being applied in transitions to low-carbon and environmentally sustainable economies. It also recommends that the Council promote cooperation, dialogue and the sharing of experience on just transitions and their international dimensions.

External debt

5. The Committee recommends that the Council call upon Member States and the international community to urgently improve the method, process and speed of debt relief to developing countries. The process should begin with the establishment of a country-owned macrofiscal framework, including an economic recovery strategy and realistic fiscal inputs. Prolonged debt distress harms both the country and the lenders. The debt relief process should be clear and agreed upon and inclusive of all relevant stakeholders, including the private sector, to build trust and foster creative solutions.

6. The Committee also recommends that the Council call for an efficient allocation of different financing sources, including compensation for losses and damages and provision of concessional financing for both climate adaptation and mitigation. This should be in addition to a mechanism for developed countries to transfer resources as payment for historical carbon debt owed to developing countries.

7. The Committee further recommends that the Council call for the adoption of preventive actions to avoid future debt crises. Countries should be incentivized to increase their debt management capacity, have full legal and financial details of all their debt, including those of State-owned entities, and regularly interact with their creditors.

Voluntary national reviews

8. While appreciating the progress made in the voluntary national reviews since 2016, the Committee recommends that, in view of the urgent need for deeper, faster and more ambitious action to achieve the Sustainable Development Goals, the Council and Member States launch a new generation of reviews, "voluntary national reviews – version 2", to realign the reports with their agreed purpose as vehicles for exchange of experience and peer learning.

9. The Committee recommends that Member States pursue this realignment of voluntary national review content by refocusing the reports away from lengthy descriptive narratives of progress in the implementation of the Goals towards evidence-based analysis of progress, lessons learned from implementation, discussions of policy successes and failures, identification of key challenges, and assessment of the core transformative elements of the 2030 Agenda for Sustainable Development, including the means of implementation. Reports should be framed under the concept of sustainable development as integrated and universal, with commitments to inclusion, human rights and respect for planetary limits.

10. The Committee also recommends that Member States undertaking voluntary national reviews strengthen the review process by including a feedback mechanism that facilitates learning from experience and informs future policy discussion and action. National processes should be inclusive and participatory, creating space for civil society contributions to identifying priorities, obstacles and opportunities.

11. To strengthen the review process for the implementation of the Goals, the Committee recommends that the Council: (a) include space for the presentation of shadow reports by civil society organizations at the high-level political forum on sustainable development; and (b) encourage countries presenting voluntary national reviews to incorporate, more systematically and comprehensively, voluntary peer review arrangements with partner countries as input to their national reviews.

Review of the recognition and use of the least developed country category by United Nations development system entities

12. The Committee recommends that the Council endorse its recommendation that the review of the recognition and use of the least developed country category by United Nations development system entities currently undertaken by the Committee be streamlined and included in the reports of the Secretary-General on the follow-up to the Fifth United Nations Conference on the Least Developed Countries and calls on relevant members of the United Nations development system to provide related information.

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

13. The Committee recommends that the Council urge the international community to provide targeted and innovative support to graduating and recently graduated countries. It advises the Council to call for increased financing for development, particularly in response to the global crises in food, fuel and finance, to expand productive capacities and build resilience to possible future pandemics, while ensuring the sustainability of external debt. The Committee also recommends that the Council urge trading partners to extend, for an appropriate time beyond graduation, trade-related international support measures, including all least developed country-specific trade preferences, and special and differential treatment in the World Trade Organization agreements, especially in trade-related intellectual property rights.

14. The Committee recommends that the Council encourage Member States and relevant United Nations entities to support the enhanced monitoring mechanism developed by the Committee for countries graduating and graduated from the list of least developed countries. The Committee also recommends that the Council reiterate its call upon graduating and recently graduated countries to participate actively in the enhanced monitoring mechanism and to effectively link it to the implementation of their smooth transition strategies.

B. Matters brought to the attention of the Council

Just transition

15. As countries pick up the pace of their climate change mitigation strategies, it is critical that developed countries do not transfer the burden of the transition onto developing countries. There is a risk that the transition towards low-carbon economies, when imposing standards and other measures that constitute both tariff and non-tariff barriers to trade, will exclude developing countries from effective participation in emerging value chains, jeopardize their traditional exports and further widen the technological divide between rich and poor countries. Moreover, the

financial capacity of developed countries to provide subsidies for the development of new products, technologies and infrastructure and their permissibility under multilateral rules and regulations contrasts with both the financial constraints and lack of policy space faced by developing countries trying to implement their structural transformation strategies, widening the technology and development gaps.

External debt

16. The Committee recognizes that the lack of a consensus on key parameters of the framework for sovereign debt restructurings leads to repeated stalemates. The global sovereign debt round table launched in 2023 is a welcome first step towards a more systematic and predictable approach. New statutory bodies such as an independent panel for sovereign debt negotiations and an international bankruptcy court could potentially provide a fair treatment of claims while protecting the sovereignty of debtor countries.

17. The Committee acknowledges that adopting a statutory mechanism for sovereign debt restructurings may not be feasible in the short term. Thus, it is important to improve the current contractual approach and increase the use of enhanced collective-action clauses in sovereign bonds, as well as adopt majority-voting provisions in non-bonded debt instruments. Issues related to collateralized debts and the lack of transparency of some commercial and official claims underpin the need for a reinforcement of ongoing debt transparency initiatives.

18. The Committee recognizes the key role of the multilateral development banks in financing the development of countries and emphasizes the need to enhance the lending capacity of such banks, including the implementation of the recommendations of the G20-mandated independent review of multilateral development banks' capital adequacy frameworks and general capital increases where necessary. The rechannelling of special drawing rights and the wider use of guarantees as additional tools to fund the Sustainable Development Goals or resilience initiatives are encouraged.

Review of the least developed country criteria

19. The Committee reviewed the least developed country criteria and their application procedures. It reconfirmed that least developed countries are identified on the basis of three criteria (gross national income (GNI) per capita; human assets index; and economic and environmental vulnerability index), while introducing refinements to their components and the procedures for the application of the criteria as described in chapter V.

Review of the recognition and use of the least developed country category by United Nations development system entities

20. As mandated by the Council in its resolution 2017/29, the Committee assessed how the United Nations development system is applying the least developed country category. It noted the limited changes in the application of the least developed country category by the development system since the first and second reviews conducted in 2017 and in 2019, respectively.

21. The Committee underlined the importance for entities of the United Nations development system to give priority attention to the least developed country category in their programming and budgeting, and that treating least developed countries as a group based on their low per capita income, human asset development and economic and environmental vulnerability remains the fundamental premise for special support measures in their favour. It emphasized that United Nations development system

entities must support smooth transitions of countries that are graduating from the least developed country category.

22. The Committee remained concerned that the International Monetary Fund (IMF) and the World Bank did not recognize and apply the least developed country category.

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

23. The Committee monitored the development progress of eight countries that have recently graduated or are graduating from the list of least developed countries. It observed that there had been an overall deterioration of their circumstances since they had been recommended for graduation. Angola, Bangladesh, Bhutan, the Lao People's Democratic Republic, Nepal, Sao Tome and Principe and Vanuatu have been further affected by the socioeconomic impacts of the COVID-19 pandemic, the war in Ukraine, global crises in food, fuel and finance, and disasters and climate change, to varying degrees. All of the countries have limited albeit varying policy space to address short-term challenges originating from external shocks and to achieve long-term development objectives at the same time. Policy interventions in each country need to be carefully designed and implemented to manage trade-offs. Continued support by trading and development partners, including the United Nations system, is required to assist these countries in making progress towards sustainable graduation.

24. The Committee found that Solomon Islands was facing serious development challenges originating from external shocks, namely, the COVID-19 pandemic, the war in Ukraine, disasters from natural hazards such as the recent earthquake, and domestic civil unrest. The country is therefore unable to effectively prepare for the graduation currently scheduled in 2024 in a sustainable manner. Based on consultations, including with the Government and the United Nations country office, and its interim crisis assessment, the Committee finds that Solomon Islands requires an additional three years to prepare for graduation. It strongly urges Solomon Islands to make a firm commitment to utilizing the additional preparatory period, if granted, to prepare a smooth transition strategy by the end of 2024 and to start implementing appropriate policies to minimize the negative impacts of the external shocks and promote productive capacity.

25. The Committee will continue to improve and customize the enhanced monitoring mechanism for each country in order to reflect the changing nature of the country context and ensure flexibility to address country-specific challenges. It will consider current and possible future roles of United Nations entities in further strengthening support that needs to be clearly linked with the monitoring and report the findings to the Council in its report in 2024.

26. The Committee highlights the importance and necessity of clear guidance from the Council and the General Assembly on the process of extending the preparatory period preceding graduation. Such guidance is required to establish a monitoring mechanism that is responsive to emerging crises and that better links monitoring to specific support, including possible extensions of the preparatory period, as called for by the Member States (General Assembly resolution 76/258, annex, para. 284).

27. In that context, the Committee recalls that General Assembly resolution 67/221 on a smooth transition for countries graduating from the list of least developed countries includes, among other things, provisions on the monitoring of graduating and graduated countries and on the support provided by development and trading partners, including the United Nations system. The Committee is of the view that an updated resolution would be beneficial in providing guidance on implementing the relevant commitments of the Doha Programme of Action and overall strengthening of

the international support measures, in line with the Committee's recommendations on monitoring contained in chapter I, section A.

Review of the work of the subsidiary bodies of the Economic and Social Council

28. The Committee welcomes the review of the work of the subsidiary bodies of the Council and has taken note of the findings and recommendations. It has reviewed its own workplan and working methods and finds them to be well aligned with the recommendations. In particular, the Committee finds that its programme of work is closely linked to the 2030 Agenda and that its recommendations are presented in a short and concise manner that is in line with the findings. On the issue of coordination, in recent years, the Committee has added an interaction session with the Council to the annual plenary agenda and has also introduced a briefing to the Council on the work of the Committee. The Committee proposes to continue holding such events in the future and seeks additional opportunities to engage with the Council, Council subsidiary bodies and other stakeholders.

Chapter II
Just transition

29. The concept of just transition, broadly defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies, has gathered increased interest and recognition. From its origins in the defence of the interests of workers faced with job losses as a result of the adoption of environmental regulations, it has expanded to include the broader interests of affected communities and other stakeholders, different concepts of justice, and elements of procedural justice such as inclusive and participatory decision-making. A transition that is just enables more ambitious environmental and climate action and can provide impetus to meeting the Sustainable Development Goals.

30. Moving towards a low-carbon and environmentally friendly economy can reprioritize development objectives towards sustainable, equitable development, harness the opportunities associated with the development of products and services, increase the participation of women in labour markets, ensure the protection of ecosystems and biodiversity and build resilience. Greater availability and affordability of renewable energies can be instrumental for new and more equitable models of urban organization and mobility. The concept of a just transition acknowledges that potential as well as the need to address trade-offs on the path towards sustainability. It should involve not only targeted compensatory measures, but also a process of embedding equity, inclusiveness and respect for human rights in sectoral and cross-cutting policy areas.

31. The concept of just transitions goes beyond addressing the impacts of changing energy paradigms. For example, in countries where deforestation is a major source of greenhouse gas emissions, just transition strategies may need to prioritize the challenges of the fight against environmental crimes such as illegal deforestation, illegal logging and mining in forested areas, and the creation of sustainable sources of livelihood for local populations, such as systems for the payment of environmental or ecosystem services.

32. Countries need to develop approaches to a just transition that are commensurate with the demands, priorities and realities of their societies and their historical responsibility. Developing countries face incomparably more challenging circumstances: greater fiscal constraints and more limited access to financing; underfunded social security systems; higher poverty rates; greater food insecurity; substantial gaps in the provision of basic services and infrastructure, including energy; high rates of unemployment and underemployment and high degrees of informality; limited scientific and technological capacities; greater vulnerability to external shocks, including climate change; and often greater economic dependence on fossil fuels. For a least developed country with significant gaps in energy access and a negligible contribution to greenhouse gas emissions, the objectives of ensuring access to affordable, reliable and modern energy services for all and enabling energy consumption commensurate with development needs cannot be secondary to the objective of moving away from fossil fuels as energy sources.

Just transition in the global context

33. The concept of just transition was born out of concerns for justice at the local and national levels, but it cannot be separated from the broader issues of global climate justice and common but differentiated responsibilities or from the realities of global inequalities in consumption and emissions patterns and productive and financial capacities.

34. The global transition to low-carbon economies can be used strategically as an opportunity to reduce dependency on fossil fuel- and pollution-intensive exports, make production processes more efficient and advance structural transformation, avoiding the inequality-perpetuating traps of commodity dependence. However, developing countries face many of the challenges of the past in terms of constraints in productive capacities, financial resources and policy space, aggravated by increasingly integrated and interdependent global markets and a rapidly shrinking carbon space. Greater financial and institutional capacity as well as multilateral rules allow developed countries to provide subsidies for the development of new products, technologies and infrastructure that are out of reach for developing countries trying to implement their structural transformation strategies, thereby widening technology and development gaps.

35. Furthermore, there is a risk that, in the transition towards low-carbon economies, policy measures may be designed in ways that push companies from developing countries, particularly small and medium-sized enterprises, behind. Increasingly complex standards, including private standards, and reporting requirements can constitute barriers to trade, excluding developing countries from effective participation in emerging value chains, jeopardizing their traditional exports and further widening the technological divide.

36. At the same time, developing countries have critical assets for the development of technologies, products and markets of global relevance in climate action. It will be necessary to form new systems of technology co-development that acknowledge the contribution of developing country markets in securing commercially viable scale for new technologies and enable the pooling of financial, human, technical and other resources and intellectual property rights in a system of co-ownership of such intellectual property.

37. A globally just transition requires that climate financing commitments be met, loss and damage compensated for, and mitigation undertaken in accordance with the Paris Agreement without shifting the burden to developing countries. It requires transition strategies that consider the structure of global and regional supply chains, with the inclusion of relevant workers and stakeholders throughout the supply chain in dialogue and decision-making.

38. Furthermore, a globally just transition requires greater financing to meet the needs of climate-vulnerable and marginalized communities, as well as solutions to lower the cost of capital for sustainable infrastructure investment in developing countries. Multilateral and regional development banks should derisk and crowd in private sector investment, while supporting universal access to essential services, especially water, sanitation and electricity. Financing by development banks for climate change mitigation should not divert resources away from financing other issues under the Sustainable Development Goals. New and expanded systems of payment for ecosystem services should be developed.

39. It will be necessary to put in place international mechanisms that ensure investments in clean energy and energy security, reflecting the specific challenges of clean energy, including security in the supply of critical minerals. International mechanisms that derisk investments in sustainable energy infrastructure, whether large-scale or distributed, and against physical climate risks in the developing world, are also needed.

Chapter III
Raw reality of the growing external debt crisis: A call to action

40. The COVID-19 pandemic has inflicted severe economic damage on the developing world, surpassing the impact of the 2008 global financial crisis. Despite a modest recovery in 2021, the situation remains fragile and uneven, as many developing countries continue to struggle with increasing debt levels and a rising cost of borrowing. That precarious financial state has been exacerbated by a series of critical factors, including the rising global interest rates; high food and energy prices prompted by the war in Ukraine; the lingering effect of the COVID-19 pandemic; and a steep depreciation of many emerging and developing economy currencies against the United States dollar. According to IMF and the World Bank, many low-income and emerging market economies are in or at high risk of debt distress.

41. Developing countries face a challenging financial situation that undermines economic recovery and investment in climate resilience. Climate-proofing the economy and public finances is necessary to avoid unsustainable debt burdens and increasing climate vulnerability. The least developed countries, many of which are in Africa, and the small island developing States have suffered disproportionately from climate change and they have a legitimate claim to carbon credits owing to hindered growth and development caused by resource extraction by advanced economies. It is also necessary to efficiently allocate financing sources, including compensation for losses and damages and concessional financing for adaptation and mitigation projects. Developed countries should also transfer additional resources to compensate for their historical carbon debt owed to developing nations.

42. To address existing debt difficulties and make necessary investments in climate resilience, a comprehensive debt and financing strategy is required, particularly for poor and vulnerable countries. In addition, a tailored and comprehensive approach is necessary to address challenges faced by countries with high levels of debt, including liquidity problems, debt overhang, and climate-related debt issues in climate-vulnerable countries. This includes expanding access to low-cost liquidity facilities and finance and implementing systematic debt-suspension clauses in loan contracts for natural disasters, as pioneered in the Bridgetown Initiative.

43. The Debt Service Suspension Initiative of the G20 allowed 48 out of the 73 eligible countries to temporarily halt debt service payments to bilateral official creditors. This provided resources that could be used to mitigate the impact of COVID-19. The initiative suspended $12.9 billion in debt-service payments before it expired in December 2021. However, access to financial markets has tightened since then, putting almost half of the 73 eligible countries at risk of debt distress. The G20 and the Paris Club endorsed the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative in 2020 to coordinate and provide debt relief to countries eligible under the Initiative, but only four countries have applied thus far and progress has been limited. Some middle-income countries have already defaulted or face severe debt distress, while others have restructured their external debts.

44. Sovereign debt restructuring requires comprehensive reforms, including improvements to the existing “contractual approach” with private creditors, and has been criticized for lack of transparency, in particular in non-bond and collateralized debts. Half of the sovereign debts of emerging and developing countries lack enhanced collective-action clauses, exacerbating the problem. Urgent attention is needed to reach a consensus on key parameters of the framework, including cut-off dates and comparability of treatment. The Global Sovereign Debt Round Table is a positive forum but just a first step towards a more predictable approach to debt

restructurings. That could involve new statutory bodies, such as an independent panel and an international bankruptcy court. To improve debt relief, stakeholders should agree on a process that is inclusive of the private sector and based on a macrofiscal framework for a country, fostering trust and creative solutions, including recovery-based instruments.

45. To tackle the current debt crisis, it is necessary to prioritize short-term solutions such as multilateral financing and temporary mechanisms for debt renegotiation, while also developing long-term comprehensive solutions. Governments would benefit from a time-bound lifeline of multilateral disbursements to facilitate debt renegotiations. Additional special drawing right allocations contingent on well-defined economic shocks could be an important instrument to assist vulnerable economies if there is an effective mechanism in place for their distribution and rechannelling, including through multilateral development banks. Developing economies require abundant low-interest, long-term financing from multilateral lenders, and multilateral development banks are critical in financing development. The lending capacity of such banks should be strengthened through the implementation of the G20 recommendations and general capital increases where headroom is limited. Guarantees should be widely used to fund projects towards achieving the Sustainable Development Goals or resilience initiatives.

46. To address the challenges of increasing debt levels, higher interest rates and constrained access to financing, it is also crucial to take preventive actions to avoid unsustainable debt in the future. That could concretely translate into countries being incentivized to: (a) increase their debt management capacity, including their capacity to monitor their debt sustainability and run their own simulations; (b) have at hand full legal and financial details of all the obligations contracted by the country, including by State-owned entities; and (c) know and regularly interact with their creditors. In addition, developing and deepening domestic debt markets, attracting foreign investors and managing and balancing both domestic and external debt are important for debt sustainability, financial stability and resilience to economic shocks.

Chapter IV
Analysis of the voluntary national reviews

47. From 2018 to 2022, the Committee conducted annual analyses of the voluntary national reviews presented at the high-level political forum on sustainable development the previous year.[1] In 2023, it made recommendations on strengthening the process by taking stock of the findings from previous analyses, reviewing the findings of the analysis of voluntary national review reports conducted by civil society groups and meeting with stakeholders in the reviews. The objective is to contribute to the Sustainable Development Goals Summit to be held in September 2023 by distilling the key lessons learned from the voluntary national review process to date into clear messages and recommendations aimed at enhancing the role of the reviews as an effective instrument in accelerating the implementation of the Goals.

48. The Committee noted that improvements could be seen in the quality of the reports prepared over the years and that they had evolved to provide a more inclusive and comprehensive picture of the state and prospects of sustainable development in countries submitting the voluntary national reviews. It particularly welcomed the broader and more consolidated treatment of the pledge to leave no one behind and the increased discussions on inequality. However, to fully serve as effective vehicles for the acceleration of the implementation of the Sustainable Development Goals, further improvements in both content and process are required. In view of the slowdowns and reversals in progress in achieving the Goals, and the urgent challenge to "rescue the Sustainable Development Goals", the midterm review is an opportunity to re-examine the nature of the reports.

49. **Substantive content, analytical depth and policy focus**. The Committee consistently finds that the reports lack analytical depth and policy focus. The voluntary national reviews were conceived as a tool to facilitate the sharing of experiences, including successes, challenges and lessons learned, with a view to accelerating the implementation of the 2030 Agenda. However, most reports are descriptive and do not adequately reflect on core priorities for the country, lessons learned from good practices that have accelerated progress, the nature of the challenges, the alternative policy measures that could be considered, or the gaps in knowledge where lessons from other countries would be of use.

50. **Transformative change**. There is a disconnect between the transformative ambition of the 2030 Agenda and the implementation efforts. Presented as a plan of action to transform our world, the Agenda envisions bold action for people, prosperity and planet that fundamentally changes the social contract for a more inclusive, equitable, just and sustainable future. The voluntary national reviews do not reflect the scale of effort needed to reach those ambitious aspirations. True transformative action and policy aimed at the root causes of inequality, injustice and degradation of the environment are often ignored in favour of superficial treatment of issues that avoids the deeper structural causes. Furthermore, many reports neglect the targets and goals that have particularly powerful potential to drive transformative and long-term change, including the means of implementation.

51. **Policy coherence for an integrated agenda**. The concept of Agenda 2030 as an interdependent and integrated agenda is acknowledged in principle but missing in practice. A growing number of countries are setting up interdepartmental coordination frameworks for implementation of the Sustainable Development Goals, as well as multidimensional poverty measures that incentivize coordination. Yet, the strategies for implementation do not reflect an integrated approach. The reports discuss

[1] See http://www.un.org/development/desa/dpad/our-work/committee-for-development-policy.html.

individual goals in isolation and there is little discussion of interdependencies and interlinkages. Mostly, scarce attention is given to trade-offs or synergies in policy strategies and policy coherence is discussed only superficially.

52. **A process for mutual learning**. Using the voluntary national reviews as tools for learning from a country's own experience and that of others depends not only on the substantive content of the reviews but also on the process. Findings from the review preparation process should inform policy discussions and help to shape policies and actions for implementation of the 2030 Agenda. Voluntary national review processes seldom include a feedback mechanism whereby lessons learned are taken into account in domestic policy formulation and introduced in public discourse.

53. **A more inclusive process**. Broader engagement and consultation with stakeholders is lacking in the preparation of many reviews as well as in feedback from the high-level political forum on sustainable development and the voluntary national review process. Incorporating the views and perspectives of non-State actors, including civil society, academic institutions and businesses, is particularly important. The Committee has consistently recommended the ongoing engagement of civil society and space in the review process for independent input from all stakeholders, including the presentation of shadow reports.

54. The Committee recommends launching a new generation of reviews, voluntary national reviews – version 2, to help rescue the Sustainable Development Goals. The new generation of reviews should incorporate improvements to: (a) report content, by including more in-depth analysis of policy successes and failures, identification of key challenges and assessment of the core transformative elements of the 2030 Agenda; and (b) voluntary national review processes, by strengthening learning and feedback mechanisms, stakeholder participation and peer review.

Chapter V
Review of the least developed country criteria

55. Every three years, the Committee is mandated to review the list of least developed countries and to make recommendations to the Council on which countries should be added to or graduated from the list. For that purpose, it has developed a set of three criteria as a basis for its recommendations as well as a set of procedures for their application. Over time, the Committee has regularly revised its criteria, in line with the evolution of development thinking and changes in the availability of data. Accordingly, it reviewed and refined the criteria and their application procedures for the 2024 triennial review. The Committee confirmed its long-standing principles for reviewing the criteria and built on its comprehensive multi-year review of the criteria implemented between 2017 and 2020. The Committee confirmed that it defined least developed countries as low-income countries suffering the most severe structural impediments to sustainable development.

Income criterion

56. The Committee confirmed that for the 2024 triennial review, the income criterion would be measured by the three-year average of GNI per capita in United States dollars, using conversion factors based on the World Bank Atlas methodology. It noted the important link between the World Bank income classification and the least developed country income criterion, with the World Bank low-income threshold serving as the basis for the least developed country income thresholds. The Committee recalled its previous findings that purchasing power parity (ppp) conversion factors were better suited to the comparison of income levels of countries. It welcomed progress by the International Comparison Programme, which mitigated its previous concerns concerning possible drastic swings in reported GNI between different International Comparison Programme rounds. The Committee will consider moving from Atlas conversion factors to ppp conversion factors in calculating GNI per capita when the World Bank adopts ppp conversion factors for its income classifications, while in the interim paying special attention to ppp-based GNI per capita before making recommendations for graduation.

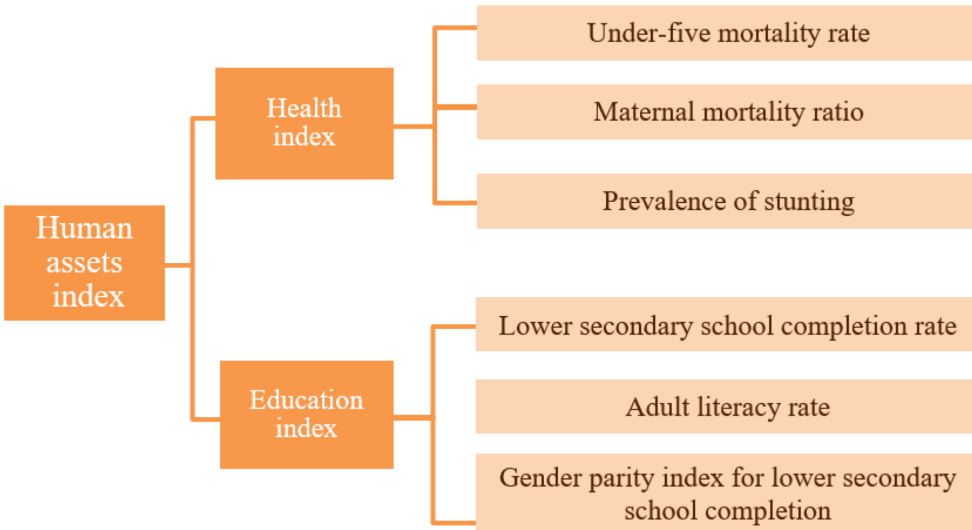
Human assets index

57. The Committee confirmed the three health-related indicators of the human assets index: the under-five mortality rate, as an indicator for the overall health situation of the country; the maternal mortality ratio, as an indicator to reflect specific risks associated with pregnancy as well as broader development handicaps such as poorly developed health-care systems and gender inequality; and prevalence of stunting, as a measure for structural impediments caused by chronic malnutrition.

58. The Committee confirmed adult literacy rate as a measure for the base available for enlarging trained and skilled human resources. It welcomed the progress made by the United Nations Educational, Scientific and Cultural Organization in publishing consistent and timely information on school completion rates for most developing countries, thereby providing an improved measure for the level of skills deemed necessary for significant future development progress. Hence, it decided to replace the current indicator “gross secondary school enrolment” with “lower secondary school completion rate”. To ensure consistency of the least developed country criteria, it also decided to replace the gender parity index for gross secondary school enrolment with “gender parity index for lower secondary school completion”.

59. Indicators are converted into indices using the established methodologies and are aggregated giving each indicator equal weight. The refined human assets index is shown in figure I.

Figure I
Refined human assets index



Economic and environmental vulnerability

60. Within the economic vulnerability sub-index, the Committee confirmed share of agriculture, forestry and fishing in gross domestic product as an important and readily available indicator to reflect a lack of structural transformation that exposes countries to external shocks. It confirmed remoteness and landlockedness as a measure for capturing vulnerabilities caused by physical distance from markets, adjusted for specific challenges of landlocked countries, and export instability as an indicator for vulnerability to trade shocks, as highly variable export earnings typically cause fluctuations in production, employment and foreign exchange availability.

61. The Committee confirmed that export concentration reflected a key impediment faced by least developed countries, namely, a lack of economic diversification. It decided to maintain the indicator on merchandise export concentration but to adapt its methodology to cover not only product but also market concentration, given that the problem of a narrow set of export markets exposes many least developed countries to the risk of country-specific external demand shocks. The Committee commits to exploring options for broadening the export concentration indicator to also cover services exports in the future if data availability improves.

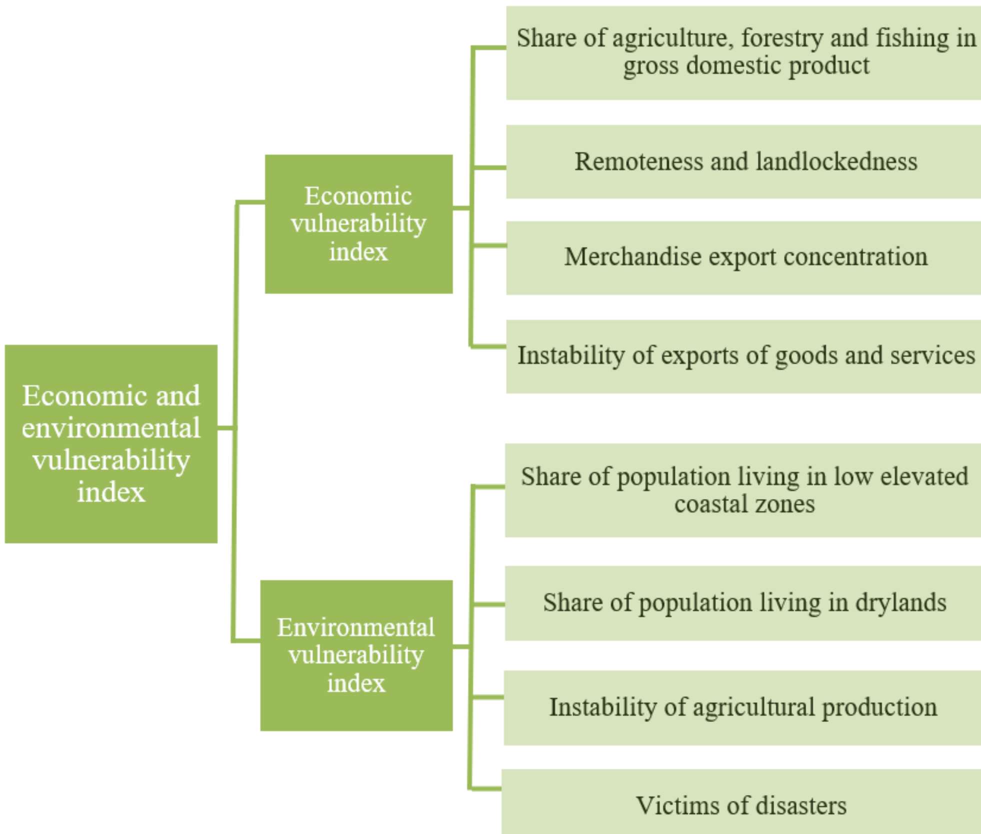
62. In the environmental vulnerability sub-index, the Committee confirmed share of population living in low-elevated coastal zones as an indicator capturing vulnerability to coastal impacts such as sea level rise and storm surges associated with climate change. as well as share of population living in drylands as an indicator to capture vulnerabilities in areas that are particularly sensitive to changing rainfall patterns and land degradation induced by climate change. The review also confirmed instability of agricultural production as an indicator for vulnerability to the impacts of natural shocks, including droughts and disturbances in rainfall patterns.

63. The Committee confirmed victims of disaster as an indicator of the human impacts of disasters associated with natural hazards. It welcomed the improved coverage of data from the Sendai Framework monitor reported by the United Nations

Office for Disaster Risk Reduction, including for selected Sustainable Development Goal targets, and adopted the monitor as a main data source owing to its official status and the high quality of the data.

64. Indicators are converted into indices using the established methodologies and are aggregated giving each indicator equal weight. The refined economic andenvironmental vulnerability index is shown in figure II.

Figure II
Refined economic and environmental vulnerability index



Application of the criteria

65. At each triennial review, the least developed country criteria are applied to all countries in developing regions. Despite the refinements of the criteria, the overall distribution of index scores around the thresholds remains unaffected, so that the current human assets index thresholds (60 and below for inclusion, 66 and above for graduation) and economic and environmental vulnerability index thresholds (36 and above for inclusion, 32 and below for graduation) will apply in 2024. Consistent with the established practice, the inclusion threshold of the income criterion will be the simple average of the low-income thresholds established by the World Bank for the years 2020 to 2022 and the graduation threshold will be 20 per cent above the inclusion threshold.

66. The Committee reconfirmed the basic rules for identifying countries for inclusion and graduation. Countries need to meet the established inclusion thresholds for all three criteria in a single review to become eligible for inclusion. Inclusion requires the consent of the country concerned and becomes effective immediately after the General

Assembly takes note of the Committee's recommendation. For graduation, a country must meet not just one but at least two criteria at the established graduation threshold at two consecutive reviews. Countries that are highly vulnerable, have very low human assets or have low per capita income would not be recommended for graduation if they do not meet the other two criteria by sufficiently high margins.

67. The Committee reviewed experiences and concerns in respect of the "income-only" exception to the graduation rule, which allowed countries with a sufficiently high and sustainable level of per capita income to be eligible for graduation even if they failed both of the other criteria. The Committee decided to maintain the principle of allowing such countries to become eligible in cases in which their inability to meet the other criteria was not a consequence of external structural factors. However, it decided to raise the threshold in such cases to three times the regular graduation threshold.

68. Regarding recommendations for graduation and inclusion, meeting the basic rules is necessary but not sufficient. For inclusion, the Committee considers a country assessment and the country views expressed in writing. For graduation, the Committee considers a set of supplementary graduation indicators available on its website, country-specific analysis through a graduation assessment (incorporating a vulnerability profile prepared by the United Nations Conference on Trade and Development, an ex-ante impact assessment prepared by the Department of Economic and Social Affairs and additional information from relevant United Nations entities and other organizations) and the views of the country expressed in dedicated consultations and in writing.

69. The additional information is critical for the Committee to reflect relevant issues that cannot be captured or are only partially captured in the least developed country criteria, including inequality, debt vulnerability, climate change vulnerability and the biodiversity crisis. It also serves as an entry point for identifying policy priorities and support needs for a smooth transition from the least developed country category, which the Committee includes in any recommendation.

70. Given that least developed country criteria aim to capture longer-term progress and because of time lags in producing official data, least developed country indicator scores are limited in capturing short-term changes. The Committee therefore confirmed that before making recommendations, it would continue considering estimates and other suitable techniques for least developed country criteria when appropriate, particularly in case of major external shocks. The Committee highlighted the importance of keeping the least developed country criteria under review in future work programmes.

Chapter VI
Review of the recognition and use of the least developed country category by United Nations development system entities

71. The Committee reviewed the results of a questionnaire on the application of the least developed country category by the United Nations development system, which was sent to members of the Inter-Agency Consultative Group for Least Developed Countries in 2022 in a joint effort with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to gather information both for a report of the Secretary-General on the implementation of the Doha Programme of Action and the mandated briefing by the Committee to the Council on how the United Nations development system is applying the least developed country category.

72. The questionnaire results showed that all United Nations development system organizations recognized the least developed country category. Through their activities, they make contributions to the development efforts in many least developed countries to varying degrees. However, the Committee noted with concern that IMF and the World Bank still did not recognize the category in their operations. As in 2017 and 2019, the recognition of the category by United Nations system organizations does not translate into a consistent application of priorities and budget allocation, and there are large variations in the type and level of assistance provided to least developed countries. No significant policy changes have been reported since 2017 with regard to the application of the category. Assistance is often based on the organizations' own policies, priorities and criteria, which are not necessarily related to least developed country status.

73. Although the least developed country category often receives priority in the strategic frameworks or programme priorities of United Nations development system organizations, that priority is often shared with other country groupings, such as landlocked developing countries and small island developing States, or with thematic groups closely related to the mandates of the organizations. Furthermore, few United Nations development system organizations have earmarked allocations or targets for shares of their core budgets to be allocated to least developed countries. Some organizations have internal guidelines on how to translate the stated priority into their budget allocations or their capacity development projects. The Committee noted with appreciation the existence of specific funding mechanisms and programmes for least developed countries but remains concerned at their small number.

74. The Committee urged the United Nations development system organizations to expand the use of the least developed country category in programming and budgeting. It also noted with concern that support to graduating and graduated countries and phasing-out of least developed country-specific benefits was often reviewed on a case-by-case basis rather than on the basis of an established institutional approach, despite the increasing number of graduating countries.

75. In an effort to avoid duplication and streamline efforts, the Committee considers that the review on the application of the least developed country category by United Nations development system entities currently undertaken by the Committee should be included in the reports of the Secretary-General on the follow-up to the Fifth United Nations Conference on the Least Developed Countries.

Chapter VII

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

A. Introduction

76. As mandated in Council resolution 2022/8 and General Assembly resolution 67/221, the Committee monitored the development progress of one recently graduated country, namely, Vanuatu, and seven graduating countries, namely, Angola, Bangladesh, Bhutan, the Lao People's Democratic Republic, Nepal, Sao Tome and Principe and Solomon Islands. The Committee also consulted with Kiribati and Tuvalu, as mandated in Council resolution 2022/8 and General Assembly resolution 76/258. The detailed monitoring reports, with recommendations on policy priorities and support needs and full reports submitted by countries, are available on the Committee's website. The table below shows the least developed country criteria scores, to highlight longer-term socioeconomic development progress vis-à-vis the graduation thresholds established at the 2021 triennial review of least developed countries.

Least developed country criteria for the countries monitored, 2023

	Least developed country criteria		
	Gross national income per capita (United States dollars)	*Human assets index*	*Economic and environmental vulnerability index*
Graduation threshold (2021)	≥1 222	≥66.0	≤32.0
Graduated country			
Vanuatu	3 241	77.3	47.2
Graduating countries			
Angola	2 322	54.0	44.5
Bangladesh	2 477	77.3	26.7
Bhutan	2 914	82.6	25.2
Lao People's Democratic Republic	2 539	74.2	26.9
Nepal	1 229	77.4	24.6
Sao Tome and Principe	2 135	91.0	37.6
Solomon Islands	2 349	73.3	47.6
Averages			
Least developed countries	1 339	60.1	40.0
Other developing countries	9 402	88.5	32.0

Source: Committee for Development Policy secretariat.
Note: Details on the least developed country criteria are available on the Committee's website.

B. Graduated country

Vanuatu

77. Vanuatu graduated in December 2020. The country was heavily affected by Cyclone Harold in 2020 and the COVID-19 pandemic and its gross domestic product recovered slowly in 2021 and 2022. The Government of Vanuatu has been implementing the smooth transition strategy and has submitted its annual report to

the Committee. The Committee suggests a continued focus on promoting productive capacity, given that building resilience in the long run is critical, and expanding statistical capacity with assistance from development partners.

C. Graduating countries

Angola

78. Angola is scheduled to graduate in February 2024. The Committee takes note that the COVID-19 pandemic aggravated the overall macroeconomic situation. The high oil prices and the partial recovery of the currency depreciation led to a slow recovery, and macroeconomic and structural challenges continue to hamper economic and social development. GNI per capita has fallen below the graduation threshold of the income-only exception, while passing the regular income threshold. The country has not sufficiently improved in the other two least developed country criteria (human assets index and economic and environmental vulnerability index) and would thus no longer be eligible to be recommended for graduation.

79. The Committee considers the situation in Angola fragile and highlights the need to continue to monitor the country closely through the enhanced monitoring mechanism.

80. The Committee welcomes the timely submission of the country report, the participation of government officials in the consultation meeting and their efforts towards preparing a smooth transition strategy. It recommends that Angola finalize its strategy at the earliest and evaluate strategic options for a sustainable development path aligned with the priorities in the national development plan. As an oil-dependent country, structural transformation is crucial for Angola, which requires addressing trade-offs between long-term objectives and short-term macroeconomic stability.

Bangladesh

81. Bangladesh is scheduled to graduate in November 2026. The country recovered rapidly from the economic impacts of the COVID-19 pandemic, returning to pre-COVID levels of growth. The fiscal deficit and debt level have increased in response to the pandemic and the global crises in food, fuel and finance, but remain manageable, especially in view of the recent support from IMF.

82. The Committee found that Bangladesh was making substantial progress on preparing a smooth transition strategy, setting a good example for other graduating countries. It points out that there are unfinished items on the structural reform agenda to be pursued during the preparatory period for the smooth transition. Given that Bangladesh has sufficient national capacity to adequately address possible sudden adverse situations, the Committee will appropriately customize the enhanced monitoring mechanism for Bangladesh, strengthening the annual monitoring process.

Bhutan

83. Bhutan is scheduled to graduate in December 2023. Bhutan slowly started to recover in 2022 from the significant decline in economic activity caused by the COVID-19 pandemic. The country meets all graduation criteria and continues to make steady progress on GNI and the human assets index.

84. Bhutan has submitted its annual report on the preparation of a smooth transition strategy and has been highly responsive to Committee communications. The Committee recommends that in order to reduce import dependency and the reliance on hydropower exports, tourism and agriculture, the Government continue its efforts

to foster economic diversification by supporting the development of small and medium-sized enterprises and cottage industries.

Lao People's Democratic Republic

85. The Lao People's Democratic Republic is scheduled to graduate in November 2026. Maintaining macroeconomic stability and national debt sustainability has been challenging for the country given that the national currency devalued massively and inflation soared in 2022, and the pandemic has continued to have negative impacts. The situation has been exacerbated by the large infrastructure loans, large fiscal deficit owing to low tax revenue and high social expenditure during the COVID-19 pandemic.

86. The Government participated actively in the annual monitoring by submitting the national draft report on the smooth transition strategy and attending the consultation meeting, demonstrating that the preparation of the strategy is well on track. The Committee suggests a careful review of the data gap for the country, in particular data on the national debt, and requests the Secretariat to assist the country on the enhanced monitoring mechanism, particularly crisis monitoring indicators.

Nepal

87. Nepal is scheduled to graduate in November 2026. The Committee found that Nepal had recovered quickly from the impacts of the COVID-19 pandemic and that the country was on the path to meeting all graduation criteria.

88. The Government has taken steps to prepare a smooth transition strategy, submitted its annual report to the Committee and participated in the consultation meeting. The country has sought technical assistance on the smooth transition strategy under the Sustainable Graduation Support Facility and is pursuing more South-South exchanges with other graduating and graduated least developed countries on specific issues. The Committee recommends that Nepal continue taking concrete measures to promote productive capacity, including promoting the cottage industry and diversifying the economy.

Sao Tome and Principe

89. Sao Tome and Principe is scheduled to graduate in December 2024. The Committee takes note that Sao Tome and Principe has been able to effectively mitigate the socioeconomic impacts of the pandemic with external support. However, it acknowledges that the country continues to be highly dependent on such external assistance. Public spending has been supported by a notable level of grants and loans. The country is in debt distress owing to the prolonged unsettled external arrears in respect of bilateral partners, while the debt sustainability assessment varies across sources. The significant macroeconomic and structural challenges make it difficult to assess the stability of the country's developmental trajectory.

90. Overall, Sao Tome and Principe continues to show improvement in all least developed country criteria indicators and its graduation is not at risk. Given the currently extremely low participation rate in the monitoring, the Committee strongly recommends that the country actively participate in the enhanced monitoring mechanism and provide more information to the Committee so that appropriate actions can be taken and adequate support delivered in a timely manner.

Solomon Islands

91. Solomon Islands is currently scheduled to graduate in December 2024. The economy is undiversified and has a narrow export base as well as a highly

concentrated export market. The country is heavily reliant on the logging industry, but the resource has been overexploited and is facing depletion.

92. Solomon Islands experienced significant socioeconomic impacts from the COVID-19 pandemic, particularly as a result of the border closure in 2020 and local outbreaks in 2022. Riots in Honiara in November 2021 resulted in significant economic costs, especially to public infrastructure, owing to the widespread looting and burning. The war in Ukraine also affected the economy owing to the country's high dependence on oil and food imports. Two earthquakes in November 2022 affected key functions of the government ministries responsible for preparing for graduation.

93. As a result of multiple shocks and crises, Solomon Islands has triggered the crisis response process under the enhanced monitoring mechanism. The country reported that global crises and political turmoil had posed significant challenges in preparing a smooth transition on time.[2] Hence, the Solomon Islands formally requested an extension of the preparatory period of an additional three years.[3] The Committee prepared an interim crisis assessment and consulted with the Government, the inter-agency task force on least developed country graduation and the United Nations country team. It found that the country did in fact require an additional three years given that external shocks had prevented the conduct of wide and inclusive consultations that are essential to prepare a sustainable graduation of the country. The Committee urges the country to make a firm commitment to preparing a draft smooth transition strategy by December 2024 and implementing appropriate policy measures to respond to multiple crises and promote productive capacity, with support from development and trading partners.

D. Deferred countries

94. As mandated in Council resolution 2022/8, the Committee consulted with countries whose graduation had been deferred, namely, Kiribati and Tuvalu, to discuss the development challenges they were facing. The Committee welcomed the enhanced engagement with those countries.

95. Kiribati reported during the virtual consultation that the impacts of the COVID-19 pandemic and global crises in food, fuel and finance had been significant. The Government has been responding to the shocks with assistance from its development partners.

96. The Committee held a hybrid consultation meeting with Tuvalu, during which it was noted that the pandemic had had significant economic and social impacts and that the country remained very vulnerable to further external shocks. The Government is strongly committed to participating in the enhanced monitoring mechanism and to acquiring information on international support measures, including the support that could be provided by the United Nations Technology Bank for Least Developed Countries.

E. Enhanced monitoring mechanism

97. The Committee welcomes the affirmative recognition in the Doha Programme of Action (General Assembly resolution 76/258, annex, para. 284) and the call by the Council on Member States and relevant United Nations entities to support the Committee's enhanced monitoring mechanism for countries that are graduating or

[2] Letter from Solomon Islands addressed to the Secretary-General, dated 12 November 2022.
[3] Letter from Solomon Islands addressed to the Secretary-General, dated 19 February 2023.

have recently graduated from the least developed country category (Council resolution 2022/8, para. 5).

98. The enhanced monitoring mechanism will complement existing national and international monitoring processes by factoring in disruptive events that may affect the smooth transition out of the least developed country category and the short-term and long-term implications of socioeconomic and environmental trends. The successful implementation of the enhanced monitoring mechanism requires close cooperation among relevant entities of the United Nations, especially the inter-agency task force and the United Nations resident coordinator. The mechanism must be closely linked to a country's own monitoring of its preparation and implementation of the smooth transition strategy.

99. The Committee will continuously review and improve the enhanced monitoring mechanism while implementing it, reflecting country-specific challenges and context.

Chapter VIII
Future work of the Committee for Development Policy

100. The Committee for Development Policy will continue to align its work programme with 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 that context, the Committee, in addressing the annual theme of the Council for 2024, namely, "Reinforcing the 2030 Agenda and eradicating poverty in times of multiple crises: the effective delivery of sustainable, resilient and innovative solutions", intends to continue to work on issues related to just transition and on intellectual property rights.

101. The Committee will undertake a review of the list of least developed countries in 2024, applying the criteria adopted at its 2023 plenary and reviewing additional information and reports, and consult with the countries concerned.

102. In accordance with the relevant mandates, the Committee will also monitor the development progress of two recently graduated and seven currently graduating countries. The Committee will hold consultations with those countries as well as with Kiribati and Tuvalu, countries whose graduation has been deferred, in accordance with the provisions of Council resolution 2022/8 and General Assembly resolution 76/258. Subject to available resources, the Committee will continue to review and improve the enhanced monitoring mechanism.

Chapter IX
Organization of the session

103. The Committee held its twenty-fifth session from 20 to 24 February 2023. Seventeen 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.

104. The Department of Economic and Social Affairs provided substantive services for the session. The Vice-Chair of the Committee opened the session and welcomed the participants. Subsequently, the President of the Economic and Social Council and the Under-Secretary-General for Economic and Social Affairs addressed the Committee. Statements are available on the Committee's website (https://www.un.org/development/desa/dpad/publication/cdp-plenary-2023/).

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

Annex I

List of participants

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

Debapriya Bhattacharya

Sofia Borges

Ha-Joon Chang

Sakiko Fukuda-Parr

Ahmed Galal

Arunabha Ghosh

Trudi Hartzenberg

Rolph van der Hoeven

Anne-Laure Kiechel

Keith Nurse

José Antonio Ocampo Gaviria

Annalisa Prizzon

Liliana Rojas-Suarez

Taffere Tesfachew

Kori Udovicki

Natalya Volchkova

Xufeng Zhu

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

Committee of Experts on Public Administration secretariat

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

Organization for Economic Cooperation and Development

United Nations Conference on Trade and Development

United Nations Framework Convention on Climate Change secretariat

United Nations Industrial Development Organization

United Nations Office for Disaster Risk Reduction

World Intellectual Property Organization

Annex II

Agenda

1. Opening session.
2. Committee for Development Policy at a glance.
3. Theme of the Economic and Social Council.
4. Review of the subsidiary bodies of the Economic and Social Council.
5. Voluntary national reviews.
6. Overview of least developed countries.
7. Monitoring of least developed countries.
8. Capacity development issues of least developed countries.
9. Least developed country workplan.
10. Decisions on the year ahead.
11. Interaction with the Economic and Social Council.

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