



Global Green Growth Institute

Seventh Meeting of the Management and Program Sub-Committee (MPSC)

April 24-25, 2018

Seoul, Republic of Korea

Reclassification of LDC Country Category: The Case for Vulnerable Countries

Summary

GGGI's Council has established that at least 50% of its programmatic core resources will be allocated to Least Developed Countries (LDCs), and at most 50% to Middle Income Countries (MICs). The implicit rationale is presumably that LDCs have a higher priority for development assistance due to their lower resource base, lower capacity and consequently higher vulnerability to shocks and stress. Somewhat challenging is that there are multiple definitions of LDC countries, and that countries are at times reclassified during GGGI's budget periods. More of a challenge to the purpose of the LDC-linked allocation criterion is that some countries that are classified as MIC have very low capacity and are very vulnerable to shocks. Particularly the Small Island Developing States that are very vulnerable to climate change come to mind.

As an alternative to prioritizing LDCs for GGGI's resource allocation, GGGI could consider defining vulnerable countries. The United Nations has a High Representative for vulnerable countries, defined as Least Developed Countries, Land-locked Developing Countries and Small Island Developing States (UNOHRLLS).¹ This UN office has developed and maintains a definition of vulnerable countries (into the three categories mentioned) that GGGI could adopt. The primary consequence of such a change for GGGI would be that a number of SIDS classified as MIC would move to the category of countries GGGI prioritizes.

MPSC Decision

It is proposed that MPSC recommends to the GGGI Council to: (1) adopt the definition of vulnerable countries as maintained by UNOHRLLS; and (2) change its resource allocation priority to allocate at least 50% of its programmatic resources to these vulnerable countries.

¹ UNOHRLLS, <http://unohrlls.org/about-un-ohrlls/>

Background and Rationale

1. In its Refreshed Strategic Plan 2015-2020, GGGI recognizes the importance of working in LDCs by allocating at least 50% of the programmatic resources to operations in LDCs². GGGI's country classification is determined in its Refreshed Strategic Plan 2015-2020 and is based on the UN's classification based on Gross National Income (GNI), Human Assets Index (HAI) and Economic Vulnerability Index (EVI) for LDCs and World Bank's classification based on GNI for Middle and High-Income Countries.

2. While the Refreshed Strategic Plan 2015-2020 emphasizes the relevance of GGGI's services in LDCs, and the relevance of its work in the vulnerable countries is further accentuated due to the compounding challenges arising from weather-related risks, remoteness, landlockedness, and narrow endowment base, all calling for greater capacity building and advisory efforts to integrate green growth and sustainable development solutions into these countries policies and investment plans. The proposal entails implications on implementing GGGI's strategic direction and resource allocation. In this context, GGGI could better support the most vulnerable groups impacted by climate change, while simultaneously address their poverty reduction, social inclusion, environmental sustainability, and economic growth in a sustainable way.

3. GGGI has an important role to play in countries that are particularly vulnerable to the adverse effects of climate change, yet do not qualify for priority as they are not classified as LDCs under GGGI's Refreshed Strategic Plan 2015-2020. For instance, GGGI is being requested to operate and expand its programs in the Pacific and the Caribbean regions, such as Fiji, Guyana, Papua New Guinea, and the member countries of the Organisation of Eastern Caribbean States (OECS)³— countries that are most prone to natural disasters, have a low capacity to address the challenges, but are not classified LDCs.

4. Small Island Developing States (SIDS) are recognized as a distinct group of developing countries in the Caribbean, Pacific, Atlantic, and Indian oceans, as well as the South China Sea, with specific social, economic, and environmental vulnerabilities.⁴ Importantly, while they are the least responsible for causing climate change and lowest emitters of greenhouse gasses, they are the most impacted and have suffered adversely from the slow response to address these challenges due to their distinct characteristics of their economies, such as their narrow resource base and small and often remote domestic and regional markets.⁵

² GGGI Refreshed Strategic Plan 2015-2020, Page 24.

³ OECS comprises ten countries in the Eastern Caribbean including Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, British Virgin Islands, Anguilla and Martinique, <http://www.oecs.org/homepage/about-us>

⁴ UNOHRLLS, 2011. Small Island Developing States, <http://unohrlls.org/custom-content/uploads/2013/08/SIDS-Small-Islands-Bigger-Stakes.pdf>

⁵ UNOHRLLS, 2011. Small Island Developing States, <http://unohrlls.org/custom-content/uploads/2013/08/SIDS-Small-Islands-Bigger-Stakes.pdf>

5. Landlocked least developed countries (LLDCs) often suffer from water shortage and experience highly sensitive impacts from climate change, particularly desertification, droughts, and land degradation. Despite their location on various continents, LLDCs share common key challenges to their economic and development prospects: remoteness from major markets, insufficient transport infrastructure, and high transport cost lead to greater difficulties in addressing increasing environmental challenges. Green growth solutions are paramount in these cases, as it simultaneously targets economic performance and environmental sustainability, ultimately supporting the sustainable development of developing and emerging countries to achieve poverty reduction, job creation, and social inclusion. GGGI's Establishment of Agreement also highlights the need to support the poorest communities and the LDCs through effective green growth strategies and plans to improve the economic, environment and social conditions.⁶

6. While a large portion of UN and other international organizations and the development community recognize and identify LDCs as priority countries, some question the effectiveness of income-based country groupings as these omit to account for the significant diversity or special characteristics within these group, such as the vulnerabilities experienced with respect to climate change⁷; similarly, within the middle-income country grouping, a serious income distribution inequities place vulnerable countries at different footings among one another, and thus particularly the countries identified as vulnerable lack measures and capacity to address the challenges they face without extensive support. To address this concern and better capture organizational mandate and objectives, variety of classifications or mix different groupings are in use by international organizations. Classifications that are most frequently applied as a priority with the LDCs are the LLDCs and SIDS.⁸ Annex 1 indicates a number of different classifications and definitions around the groups of vulnerable countries currently being used by UN, World Bank and OECD.

7. In moving to the next biennium, 2019-2020, GGGI has an opportunity to adjust for a more nuanced and country-case based needs assessment and to account for the distinct challenges and individual circumstances. To ensure an inclusive approach in appraising the relevant aspects of climate change and vulnerability, GGGI proposes to utilize the definition from the UNOHLLS⁹, which includes SIDS and LLDCs in addition to LDCs.

8. The consequence of adopting the vulnerable country definition is that a larger share of GGGI's work would be part of the high priority (at least 50%) category, and it would favor support to SIDS.

9. If MPSC supports the proposal, the institute would propose the change to Council and incorporate the change in the next iteration of resource allocation scenarios for the 2019-20 WPB.

⁶ GGGI Establishment Agreement, <http://ggi.org/wp-content/uploads/2012/10/Agreement-on-the-Establishment-of-the-GGGI.pdf>

⁷ UNDESA, 2012. CDP Background Paper No. 15, Page 12.

⁸ UNDP, UNIDO, WFP, UNWTO, UNOPS.

⁹ Established by the UN General Assembly in 2001, UNOHRLLS assists 91 vulnerable countries with a combined population of 1.1 billion people.

Annex 1: Classifications and Definitions for Vulnerable Countries by UNOHRLLS, World Bank and OECD

Organization	Classification	Definition/Criteria	List of Countries	GGGI Members and Partner Countries
UNOHRLLS	LDCs (Least Developed Countries)	Countries that exhibit the lowest indicators of socioeconomic development, with the lowest Human Development Index ratings of all countries. <ul style="list-style-type: none"> • GNI per capita: \$1,025 or below • Human Assets Index (HAI): 60 or below • Economic Vulnerability Index (EVI): 36 or above 	Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen, Zambia (total of 47 countries, as of June 2017) ¹⁰	Burkina Faso, Cambodia, Ethiopia, Kiribati, Lao PDR, Mozambique, Myanmar, Nepal, Rwanda, Senegal, Uganda, Vanuatu (12)
	Landlocked Developing Countries (LLDCs)	Developing Countries that are landlocked	Afghanistan, Armenia, Azerbaijan, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Kazakhstan, Kyrgyzstan, Lao PDR, Lesotho, Malawi, Mali, Mongolia, Nepal, Niger, Paraguay, Republic of Moldova, Rwanda, South Sudan, Swaziland, Tajikistan, The Former Yugoslav Republic of Macedonia, Turkmenistan, Uganda, Uzbekistan, Zambia, Zimbabwe (total of 32 countries, as of Feb 2017) ¹¹	Burkina Faso, Ethiopia, Lao PDR, Nepal, Rwanda, Uganda, Mongolia, Paraguay (8)
	Small Island Developing States (SIDs)	A distinct group of developing countries facing specific social, economic and environmental vulnerabilities	Antigua and Barbuda, Mauritius, Bahamas, Nauru, Bahrain, Palau, Barbados, Papua New Guinea, Belize, Samoa, Cabo Verde, São Tomé and Príncipe, Comoros, Singapore, Cuba, St. Kitts and Nevis, Dominica, St. Lucia, Dominican Republic, St. Vincent and the Grenadines, Fiji, Seychelles, Grenada, Solomon Islands, Guinea-Bissau, Suriname, Guyana, Timor-Leste, Haiti, Tonga, Jamaica, Trinidad and Tobago, Kiribati, Tuvalu, Maldives, Vanuatu, Marshall Islands, Federated States of Micronesia, American Samoa, Guadeloupe, Anguilla, Guam, Aruba, Martinique, Bermuda, Montserrat, British Virgin Islands, New Caledonia, Cayman Islands, Niue, Commonwealth of Northern Marianas, Puerto Rico, Cook Islands, Sint Maarten, Curacao, Turks and Caicos Islands, French Polynesia, U.S. Virgin Islands (total of 58 countries) ¹²	Vanuatu, PNG, Fiji, Guyana, Tonga, Kiribati, OECS (Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Montserrat, Saint Lucia, St Vincent and The Grenadines, British Virgin Islands, Anguilla, Martinique) (16)
World Bank	International Development Association (IDA)	GNI per capita below an established threshold and updated annually (\$1,165 in fiscal year 2018)	Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, C.A.R., Chad, Comoros, Congo, Democratic Republic of (formerly Zaire), Congo, Republic of Cote d'Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Pr., Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Uganda, Zambia, Zimbabwe, Cambodia, Kiribati, Lao PDR, Marshall Islands, Micronesia, Mongolia, Myanmar, Papua New Guinea, Samoa, Solomon Islands,	Burkina Faso, Ethiopia, Mozambique, Rwanda, Senegal, Uganda, Cambodia, Kiribati, Lao PDR, Mongolia, Myanmar, PNG, Tonga, Vanuatu, Nepal, Pakistan, OECS (Dominica,

¹⁰ https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf

¹¹ <http://unohrlls.org/about-lllcs/country-profiles/>

¹² <http://unohrlls.org/about-sids/country-profiles/>

			Timor-Leste, Tonga, Tuvalu, Vanuatu, Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, Kosovo, Kyrgyz Republic, Moldova, Tajikistan, Uzbekistan, Dominica, St Vincent, Grenada, Guyana, Haiti, Honduras, Nicaragua, St Lucia, Djibouti, Syrian Arab Republic, Republic of Yemen (Total of 75 countries) ¹³	St Vincent, Grenada, St Lucia), Guyana (21)
	Low-income Economies	(\$1,005 OR LESS)	Afghanistan, Guinea, Rwanda, Benin, Guinea-Bissau, Senegal, Burkina Faso, Haiti, Sierra Leone, Burundi, Korea, Dem. People's Rep., Somalia, Central African Republic, Liberia, South Sudan, Chad, Madagascar, Tanzania, Comoros, Malawi, Togo, Congo, Dem. Rep, Mali, Uganda, Eritrea, Mozambique, Zimbabwe, Ethiopia, Nepal, Gambia, Niger (total of 31 countries) ¹⁴	Rwanda, Senegal, Burkina Faso, Uganda, Mozambique, Ethiopia, Nepal (7)
OECD	Fragile Status (FS)	State of government	Afghanistan, Angola, Burundi, Cambodia, Cameroon, CAR, Chad, Comoros, Congo, Dem. Rep., Congo, Rep., Djibouti, Equatorial Guinea, Eritrea, Gambia, Guinea, Guinea Bissau, Haiti, Iraq, Kenya, Kiribati, Korea, Dem. Rep., Lao PDR, Liberia, Mauritania, Myanmar, Nepal, Nigeria, Niger, Pakistan, PNG, Rwanda, Sao Tome & P, Sierra Leone, Solomon Islands, Somalia, Sudan, Tajikistan, Togo, Tonga, Uzbekistan, Yemen, Rep. Zimbabwe (total of 43)	Cambodia, Kiribati, Lao PDR, Myanmar, Nepal, Pakistan, PNG, Rwanda, Tonga (9)

¹³ <http://ida.worldbank.org/about/borrowing-countries>

¹⁴ <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>