

SUPPORT TO GRADUATION FROM LEAST DEVELOPED COUNTRY STATUS

SUPPORTING STRUCTURAL PROGRESS TOWARDS GRADUATION



GLOBAL CONTEXT

No country wants to be a least developed country (LDC) forever. Making graduation from LDC status possible has been one of the paramount objectives of the United Nations system. The Istanbul Programme of Action – the Programme of Action for the Least Developed Countries for the Decade 2011–2020 – adopted in May 2011 sets the ambitious goal of seeing at least half of all LDCs meet graduation criteria by the end of 2020. In more than 40 years, though, only four countries have graduated from LDC status. Achieving structural progress towards graduation is a challenging objective for LDCs, given the geographical disadvantages many of them suffer from and their exposure to risks of external shocks beyond domestic control.

Structural economic transformation through productive capacity-building is a key development objective of LDCs. This is what the quest for graduation from LDC status ultimately entails. Sound economic diversification is generally aimed at as the most desirable form of structural change, conducive to economic resilience and poverty reduction, ideally with stable employment opportunities. UNCTAD supports LDCs in achieving structural progress towards and beyond graduation. This involves mapping and measuring structural change in all LDCs, strengthening the capacity of individual LDCs to accelerate structural transformation and approach graduation thresholds and guiding graduating countries in their pursuit of a smooth transition to post-LDC life.

WHAT TYPES OF ASSISTANCE ARE PROVIDED?

In addition to general support to LDCs on the road to structural transformation, UNCTAD provides advisory services to countries that face the challenge of graduation from LDC status. Such services are provided before an official decision by the United Nations to take a country off the list of LDCs and after such a decision has been taken (through a General Assembly resolution).

Before a United Nations decision on graduation, UNCTAD prepares a vulnerability profile of each country considered pre-eligible for graduation. The aim of vulnerability profiles is to enrich the understanding of all major constraints on a country's development, particularly its exposure to risks of external shocks and analyse all possible elements of its economic and social progress. UNCTAD also assists LDCs in harnessing their structural progress before they have reached the stage of pre-eligibility for graduation. After a United Nations decision to graduate a country has been taken, UNCTAD assists the graduating State in formulating its smooth transition strategy. The exercise involves making an inventory of the benefits from LDC status of particular importance to the economy and

supporting the country's negotiations with relevant development partners, to ensure that the eventual loss of LDC treatment will not disrupt the continuation of progress.

PROGRAMME FACTS AND FIGURES

Programme on support
towards LDC graduation: 48 LDCs

Programme start date: 1999

Number of countries
assisted to date: 12

Number of countries assisted
per year: 2 (average)

Programme website:
unctad.org/LDCs-graduation



RESULTS AND IMPACT AT A GLANCE

UNCTAD has assisted more than 10 LDCs – Angola, Cabo Verde, Cambodia, Equatorial Guinea, Kiribati, the Lao People’s Democratic Republic, Lesotho, Maldives, Myanmar, Samoa, Tuvalu and Vanuatu – in understanding the implications and consequences of graduation and in the pursuit of a smooth transition to post-LDC status:

- In Cabo Verde, UNCTAD was instrumental in assisting the Government and its transition support group in the preparation of a smooth transition strategy. During 2005–2007, this work focused on aid levels, preferential market access and preparing the country to implement World Trade Organization obligations at a time when Cabo Verde was approaching accession to the World Trade Organization (July 2008). The country graduated from LDC status in December 2007.
- For the Government of Maldives, UNCTAD prepared a smooth transition strategy document that enabled national authorities to negotiate continuation of duty-free, quota-free (LDC-like) treatment with trade preference-givers, notably the European Union and Japan.
- In 1997, Vanuatu became the first LDC to receive UNCTAD assistance on graduation. At the request of the Government in September of that year, a major reform of the LDC graduation criteria led the United Nations to adopt a vulnerability criterion as part of the methodology to identify graduation cases. That reform did justice to Vanuatu by highlighting its acute vulnerability to external shocks. Since then, UNCTAD has actively supported structural progress in Vanuatu, a country earmarked to graduate in December 2017.
- In Myanmar, at the request of the Government, UNCTAD prepared a road map to chart the pathway to the country’s graduation from LDC status – a key part of its support since 2014.

DONORS/ FUNDING SOURCE

Current: United Nations Development Account, self-financing countries

Past: Trust Fund for Least Developed Countries; Core Project (multi-donor: Austria, Belgium, Canada, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Norway, Portugal, the Republic of Korea, Sweden, Switzerland, Turkey, the United Kingdom, the Holy See and Common Fund For Commodities)