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**Statement by Mr. Paul Akiwumi  
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in the 20th session of the Committee for Development Policy  
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Mr. Chairman (Chair of the Committee for Development Policy),

CDP colleagues and Secretariat colleagues,

Thank you for giving me this opportunity to address you briefly.

I do not think that I need to remind you of the importance UNCTAD attaches to the goal of economic progress in the Least Developed Countries, a subject we have amply analyzed. The graduation milestone, for any LDC on the development road, must be synonymous with progress one way or the other, and I think this is the cornerstone of your work at the time of reviewing the list.

The triennial review is a very important exercise, and we in UNCTAD consider our support to it as being of no lesser importance. The review is important not only as a meticulous insight into the changes that will take place in the list, but also because answering the question of country status is a critical time:

- first, to reflect on the extent to which the reviewed country has effectively achieved structural economic progress;
- secondly, to figure what will be the right mix of special support measures for that country to be able to remain on its path of structural progress, and hopefully to amplify its transformational progress after graduation.

If we all agree on the importance of nurturing structural progress, we'll also agree on the fact that everything is linked in the graduation nexus: a country about to be reclassified is a country which will almost invariably continue to need special attention, perhaps even, undiminished special treatment for a period of time. This is why the subject is a system-wide matter, and why I reiterate UNCTAD's commitment to work hand in hand with you.

Yet let me be very frank at this stage: I see a number of growing concerns in the present graduation landscape –though they are not insurmountable.

You are presently dealing with 6 potential graduation cases. Out of 6, you have 2 Asian LDCs where structural transformation is either visible or within reach: **Nepal and Bhutan.**

Then you have 2 small island LDCs in which graduation will take place though structural progress has been minimal: **Sao Tome and Principe** and the **Solomon Islands**.

Finally, you have 2 very small, highly vulnerable LDCs (**Kiribati** and **Timor-Leste**) where structural change has been more or less non-existent despite the apparent prosperity in per capita income terms. These last 2 countries, like Tuvalu, are resisting the idea of graduation.

Overall, you are dealing with a sample of cases which epitomizes what has been haunting us for years in our LDC work, namely, the heterogeneity of the category, a fact of life now bringing us to the point where the review of the list has almost become unmanageable. Moreover, your Committee is facing an unprecedented challenge: it is dealing with countries which no longer make it a secret that, irrespective of what the CDP decides, they will ultimately handle the question of their status themselves at political levels if they feel that the CDP's sympathy with their case is insufficient.

In this context, colleagues, I would like to summarize our approach to the question of graduation in the form of three basic, necessary steps. Answering the question of graduation is the role of the CDP, but helping the CDP answer this question by casting light on the essential steps is the role of UNCTAD, among others.

The **first step** the UN ought to recognize is analytical: has there been genuine structural economic progress in the country under review? The question almost sounds paradoxical since we are talking about graduation, but it is not: we have seen many cases (I repeat: many cases) of LDCs with little if any scope for structural transformation and yet meeting graduation criteria, and even being recommended for graduation. We do our best, in our Vulnerability Profiles of graduating countries, to cast light on the genuineness of structural progress, and we will continue to do so because we think that this is an important service to be rendered to the CDP.

The **second step** toward sound decision-making is policy-related: is there a need for continued or alternative special treatment in the country under review if the latter is bound to lose LDC status? We know it, the answer is yes in most cases. In fact, identifying the need for continued special attention in order to make the transition to post-LDC life truly “smooth” is so important that even a country like

Bhutan, which welcomes graduation, finds it appropriate to request an extended pre-graduation grace period, namely 5 years instead of 3.

A joint DESA & UNCTAD Development Account-funded project of technical assistance to graduating LDCs is expected to start this year, and our two agencies want to make it, among other things, the UN's tool for making the goal of smooth transition a meaningful objective. For a number of years, the UN has voiced the importance of "smooth transition" to post-LDC status, but the concept has been kept procedural whereas it ought to be substantive. Helping LDCs secure a "smooth transition" to post-LDC status is not ushering them to the exit door and looking forward to their departure; rather, it implies identifying the right mix of special treatment and the right calendar for it, with only one goal on the radar screen: making further structural transformation possible beyond graduation. The UNDESA-UNCTAD duo will spearhead the UN's move to make the smooth transition doctrine a platform for progress in graduating LDCs.

The **third** and last **step** is quintessential, because it brings us back to the ultimate responsibility of the Committee for Development Policy, namely, sound decision-making on every country case: is it reasonable to graduate the reviewed country considering what we see in that country in terms of genuine progress, and

considering what we think is the desirable mix of external support to enable the country to maintain its momentum of progress?

If you take the view that the answer is yes, meaning, graduation is reasonable and timely, then the serious work on smooth transition I was just talking about will be one of the keys to success. If on the other hand your answer is no because you have come to the conclusion that the progress was not sufficiently convincing –if at all palpable— then you should have no hesitation in recognizing that a decision to give breathing space to the country if it continues to need maximum concessionary treatment would be fair. And if an amendment to the current graduation rule to statistically identify such cases is necessary, so be it. The door to adopting such an amendment should be open. We will be pleased, in due course, to contribute ideas in this regard.

Finally, a concluding remark, Mr. Chairman and colleagues.

The question of graduation is not an emotional issue, it is a development equation. The parameters within this equation are many, ranging from measurement of progress to calibration of special treatment. Resolving an equation which ultimately will have political implications is an art, and the Committee for

Development Policy is bound to continue to master that art. If we all agree that country status is not an end in itself, and that the bottom line is the goal of structural progress in these countries, the subject cannot be anything other than systemic. This is why you can count on UNCTAD to continue to be on your side.