

SUPPORT TO GRADUATION FROM LEAST DEVELOPED COUNTRY STATUS

HELPING THE LEAST DEVELOPED COUNTRIES TO GRADUATE SMARTLY



GLOBAL CONTEXT



All developing countries aspire to achieve structural progress, notably through productive capacity-building, the paramount avenue for poverty reduction. For LDCs, graduation from LDC status is a milestone on the pathway to structural progress. Achieving this milestone in the largest possible number of LDCs has been an important goal of the United Nations. 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 the graduation criteria by the end of 2020. Five countries, namely Botswana, Cabo Verde, Equatorial Guinea, Maldives and Samoa, have graduated from LDC status, and 14 more are either confirmed to graduate or LDCs likely to be found eligible for reclassification by 2024 at the latest. Achieving structural progress towards and beyond graduation from LDC status is a challenging objective for all LDCs, a majority of which are constantly exposed to serious risks of external shocks beyond domestic control.

At the forefront of United Nations action to fulfil the ambitious goal of the Istanbul Programme of Action, UNCTAD aims to help LDCs create and maintain a momentum of structural transformation towards and beyond graduation. Sound economic diversification is generally seen as the most desirable form of structural transformation if it involves creating stable employment opportunities – a necessary condition for durable poverty reduction – and building resilience to adverse factors. From the perspective of UNCTAD, this involves mapping and measuring structural change in all LDCs, and strengthening the capacity of individual LDCs to pave the way for structural transformation and to make the change of status an opportunity to re-examine their need for special and differential treatment. In this context, a key area of action by relevant countries, with UNCTAD support, has been to formulate a strategy for securing a smooth transition to post-LDC life.



WHAT TYPES OF ASSISTANCE ARE PROVIDED?

In addition to general support to LDCs in their efforts to achieve 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 this exercise is to analyse the implications of pre-eligibility, to enrich the understanding of all major constraints on a country's development, in particular its exposure to risks of external shocks beyond domestic control, and to analyse the various facets of its economic and social progress. The vulnerability profile is a key input to the work of the Committee for Development Policy, the group of independent experts that may recommend an eligible



PROGRAMME FACTS AND FIGURES

Start date: 1999
Countries assisted per year:
5 (average)
Countries assisted: 14

Website:
unctad.org/LDCs-graduation

**Sustainable Development
Goals addressed:**

Directly: 8
Indirectly: 10 and 17



country's graduation in the light of the graduation criteria and other considerations.

After a United Nations decision to graduate a country has been taken, UNCTAD assists the graduating State in formulating its smooth transition strategy. This 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, an approach informally referred to as the move to graduate smartly.



RESULTS AND IMPACT AT A GLANCE

UNCTAD has assisted the following 17 LDCs or former LDCs in understanding the implications and consequences of graduation and in achieving a smooth transition to post-LDC life: Angola, Bhutan, Cabo Verde, Cambodia, Equatorial Guinea, Kiribati, the Lao People's Democratic Republic, Lesotho, Maldives, Myanmar, Nepal, Samoa, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu.

- In Cabo Verde, Maldives and Samoa, UNCTAD was instrumental in assisting national authorities in a smooth transition and their request for continued preferential market access. In Maldives, this work enabled the Government 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 with regard to 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. This 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 2020.
- In Cambodia, the Lao People's Democratic Republic and Myanmar, UNCTAD has carried out several advisory and training activities to help national authorities chart a path to graduation, notably in the form of a road map for government action.



DONORS/ FUNDING SOURCE

Current: Self-financing by some countries and United Nations Development Account

Past: : Trust Fund for Least Developed Countries (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)

