



# 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 economic progress, generally through productive capacity-building, the path to poverty reduction. For the least developed countries (LDCs), graduation from LDC status is a normal milestone on the road to socioeconomic betterment. Bringing structural economic progress to fruition in the largest possible number of LDCs has been an important goal of the United Nations. In the Programme of Action for the Least Developed Countries for the Decade 2011–2020, member States postulated the ambitious vision of seeing at least half of all LDCs meet graduation criteria by the end of the 2020 decade. Five countries (Botswana, Cabo Verde, Equatorial Guinea, Maldives and Samoa) have already graduated from LDC status, and 10 more are either confirmed graduation cases or LDCs that are likely to be found eligible for graduation in 2021 or 2024. Achieving structural change toward and beyond graduation from LDC status is a challenging objective for all relevant countries, a majority of which are at a geographical disadvantage and constantly exposed to serious risks of external shocks beyond domestic control.

Helping LDCs create and maintain a momentum of structural economic transformation toward graduation is the aim of UNCTAD in the forefront of United Nations action to fulfil the vision of the Programme of Action. Economic diversification is generally considered a desirable engine of structural transformation if it involves more employment opportunities (a necessary condition for sustainable poverty reduction) and greater resilience to adverse factors. UNCTAD plans its action along these lines by mapping and measuring structural change and strengthening the capacity of policymakers in the most advanced LDCs to pave the way for structural progress through action on the fundamental factors of change in key structures of the economy, particularly productivity levels.



### WHAT TYPES OF ASSISTANCE ARE PROVIDED?

In addition to its general support to LDCs in their efforts to achieve structural economic transformation, UNCTAD provides specific advisory services to countries that are faced with the challenge of graduation from LDC status. It does so **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** the United Nations has found an LDC to be eligible for graduation and decided that it will be reclassified, UNCTAD prepares a vulnerability profile of the country to analyse the implications of its pre-eligibility for graduation. The aim of this exercise is to enrich the understanding of all major constraints on the country's development, particularly 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 who will recommend the eligible country's graduation based on graduation criteria and other considerations.

**After** the decision to graduate a country has been taken and as the country begins to benefit from the grace period preceding the loss of LDC status, UNCTAD helps the country formulate a smooth transition strategy. The exercise involves inventorying the LDC benefits of particular importance to the economy and supporting the Government'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).



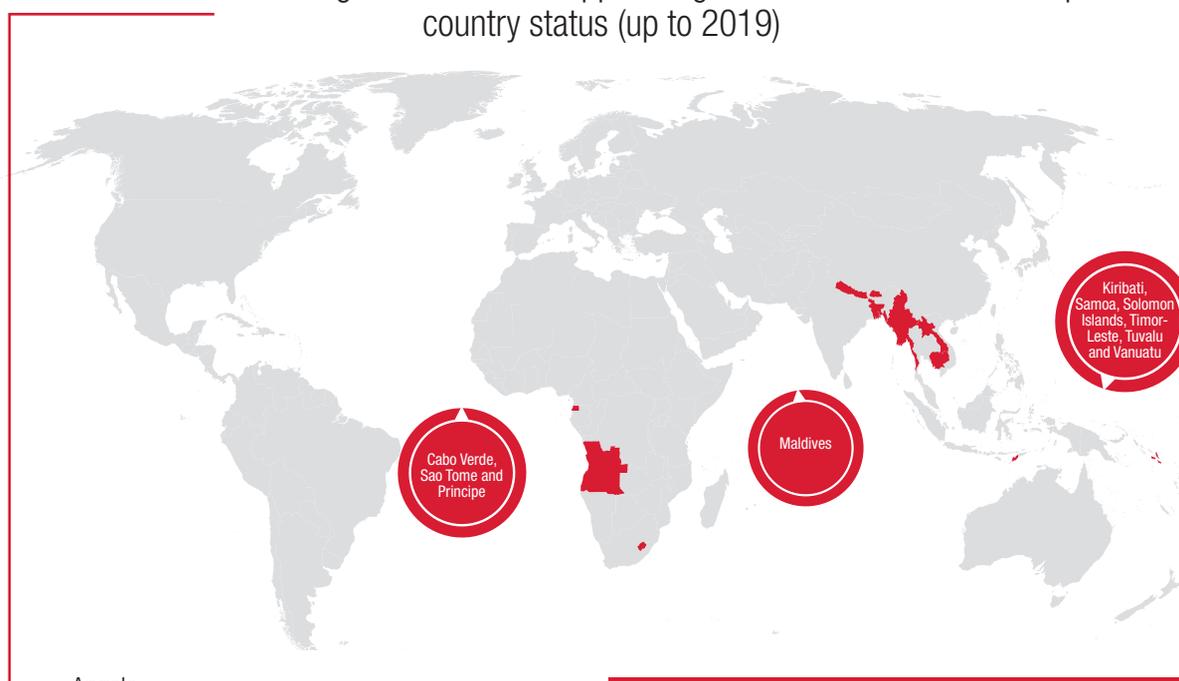
### RESULTS AND IMPACTS AT A GLANCE

UNCTAD has helped policymakers in some 18 LDCs understand the implications and anticipate the consequences of graduation from LDC status. It has also helped these countries achieve a smooth transition to their new status. UNCTAD action in this area of technical assistance has enhanced the capacity of beneficiaries to make a sound plea to the United Nations with regard to the question of graduation (particularly when the loss of LDC status was not welcome in a capital), or to secure a smooth transition to post-LDC status once the General Assembly had endorsed the recommendation to graduate the country concerned.



- In 1997, *Vanuatu* became the first LDC to receive UNCTAD assistance on the question of graduation from LDC status. 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 been actively supporting structural economic progress in Vanuatu, a country earmarked to graduate in December 2020.
- In *Cabo Verde, Maldives* and *Samoa*, UNCTAD was instrumental in assisting national authorities in their request for continued concessionary treatment and a smooth transition. In Maldives, this work enabled the Government to negotiate the continuation of duty-free, quota-free (LDC-like) treatment with a major trade preference giver, namely the European Union.
- In *Angola, Bangladesh, Cambodia, Kiribati, the Lao People's Democratic Republic, Lesotho, Myanmar, Nepal, Sao Tome and Principe, Timor-Leste* and *Tuvalu*, UNCTAD has carried out advisory and training activities to help national policymakers and other stakeholders chart the pathway to graduation from LDC status and establish a road map for government action.

### Countries benefiting from UNCTAD support to graduation from least developed country status (up to 2019)



- Angola
- Bangladesh
- Bhutan
- Cabo Verde
- Cambodia
- Equatorial Guinea
- Kiribati
- Lao People's Democratic Republic
- Lesotho
- Maldives
- Myanmar
- Nepal
- Samoa
- Sao Tome and Principe
- Solomon Islands
- Timor-Leste
- Tuvalu
- Vanuatu



#### PROGRAMME FACTS AND FIGURES

Start date: 1999  
 Countries assisted to date: 18  
 Persons trained or officials advised: more than 100  
 Programme website: [unctad.org/LDCs-graduation](http://unctad.org/LDCs-graduation)



Sustainable Development Goals addressed:  
 Directly: 8  
 Indirectly: 10, 17



#### DONORS/FUNDING SOURCE (2014–2019)

Self-financing by some countries, Trust Fund for Least Developed Countries (multi-donor), United Nations Development Account