

# Graduation challenges & International Support Measures

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Regional workshop on Graduation for LDCs in Asia

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# Work on LDCs

## INDEPENDENT EXPERTS THINKING AHEAD



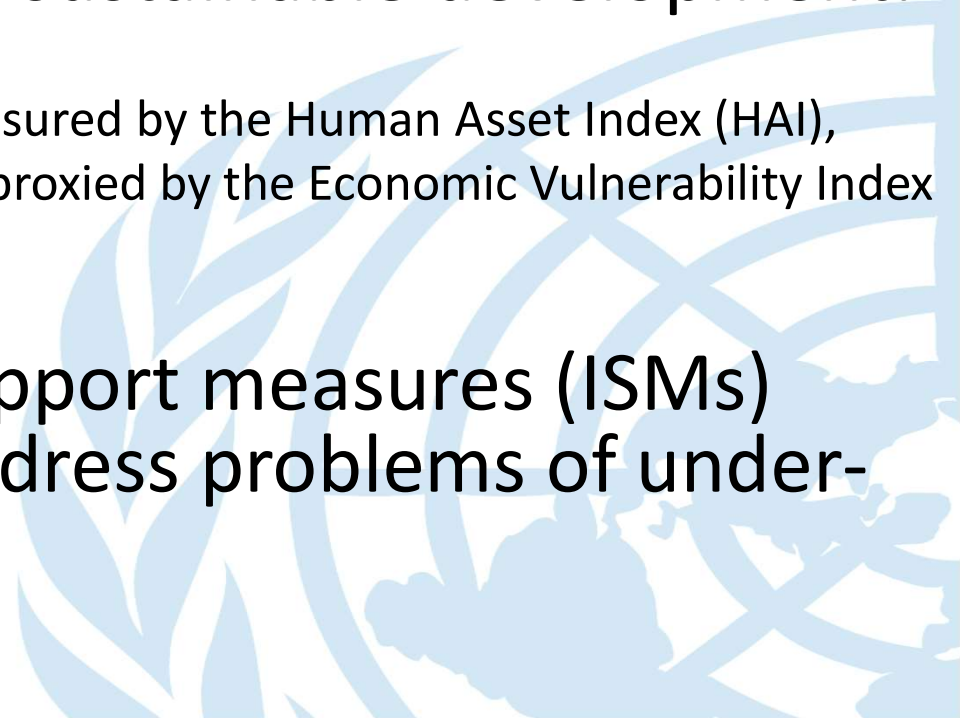
*Innovative and practical  
policy advice  
for a better world*

CDP website: <http://cdp.un.org>

- Reviews triennially the list of LDCs
  - Recommends countries for inclusion and graduation
    - Triennial reviews since 1991
  - ECOSOC endorses the recommendations
  - General Assembly takes note
- Develops and refines criteria and procedures for identifying LDCs
  - Endorsed by ECOSOC and General Assembly
  - Current criteria confirmed in 2017
  - Multi-year work programme (2017-2020)
- Monitors graduating and graduated LDCs
- Analytical papers on LDCs
- Capacity Development activities for LDCs

**Least Developed Countries =  
Low-income countries +  
Facing structural handicaps to sustainable development**

- ❑ GNI per capita (as a measure of income)
- ❑ Structural impediments sustainable development:
  - Level of human development measured by the Human Asset Index (HAI),
  - Structural vulnerability to shocks proxied by the Economic Vulnerability Index (EVI)
- Special international support measures (ISMs) needed to help LDCs address problems of under-development



# Structure

## 1. International Support Measures for LDCs

- Q&A

## 2. Challenges faced by LDCs

- Q&A

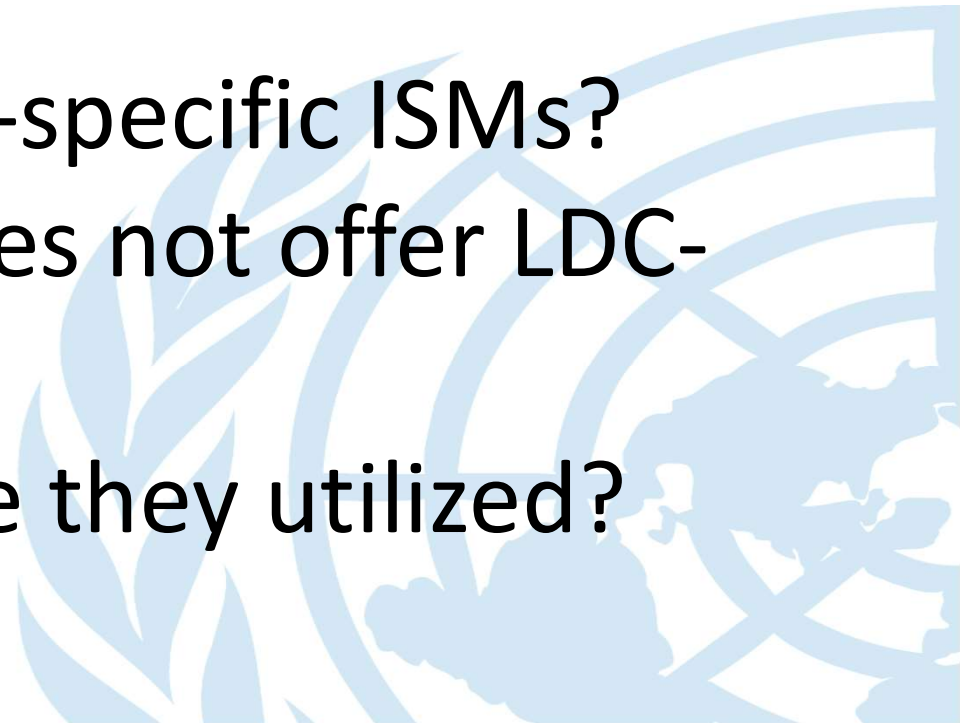
## 3. Sources of information

- Q&A



# Graduation & International Support Measures (ISM)s

- ☐ Fear, anxiety, apprehension
- ☐ Facts
  - ☐ What are LDC-specific ISMs?
  - ☐ Who does/does not offer LDC-specific ISMs?
  - ☐ How much are they utilized?







## International support measures for least developed countries (LDCs): what and why?



### LDC News



#### Progress of African LDCs in IPoA priority areas

At the 52nd Session of the United Nations Economic Commission for Africa (March



#### Empower Women, Power Trade – a new EIF initiative in LDCs

A new initiative led by the Enhanced Integrated



#### Committee for Development Policy addresses LDC issues

The United Nations Committee for Development Policy (CDP)



#### New strategic plan for the EIF, 2019-2022

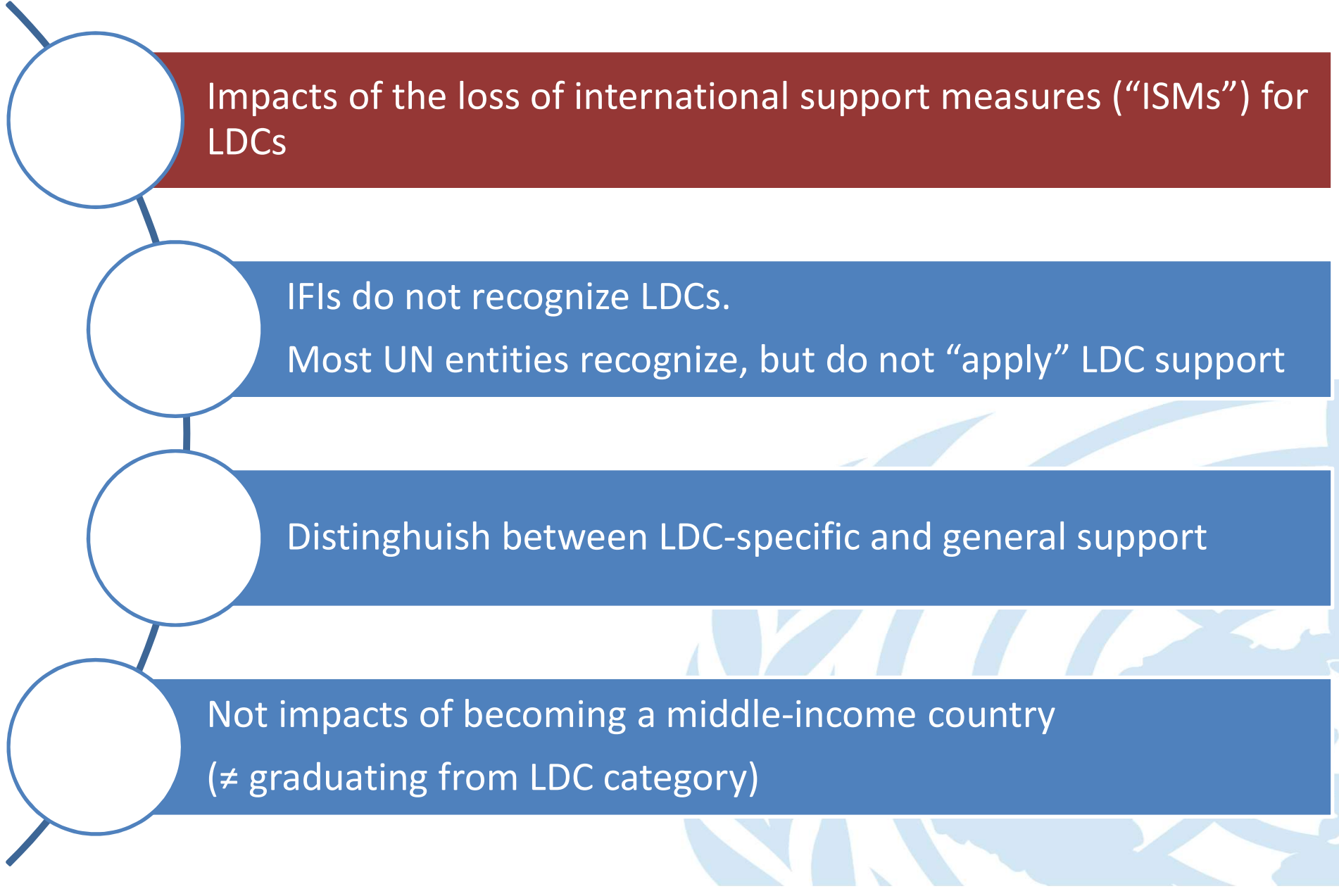
The Enhanced Integrated Framework (EIF), which is dedicated to addressing the



#### New UNCDF report on blended finance in LDCs

The report "Blended Finance in the Least Developed Countries" prepared by UNCDF in

# LDC ISM facts



Impacts of the loss of international support measures (“ISMs”) for LDCs

IFIs do not recognize LDCs.

Most UN entities recognize, but do not “apply” LDC support

Distinguish between LDC-specific and general support

Not impacts of becoming a middle-income country  
(≠ graduating from LDC category)

# Limited LDCs-specific support

- LDC category not applied by various organizations and bilateral partners
- LDCs priority blending with other country groupings
- Lack of budget targets
- Few LDC-specific trust funds and programmes
- Absence of guidelines in favor of LDCs for approval of projects





# Areas of ISMs



Trade



Development cooperation



Support for participation in the  
UN/international processes

# Trade



1. Market access
2. Special treatment under WTO rules
3. Regional agreements
4. Technical assistance, capacity building related to trade

# Areas of ISMs



Trade



Development cooperation



Support for participation in the  
UN/international processes

# Development cooperation



- Impacts on development cooperation programmes
- Instruments exclusively for LDCs

# Development cooperation programmes

- Istanbul Programme of Action targets (0.15 - 0.20 of GNI)
- Generally not based on LDC status: income, creditworthiness, other criteria
- Transition often under way (e.g. loans vs grants)



# Development cooperation: LDC-specific

Enhanced Integrated Framework (EIF) (smooth transition period)

UN Capital Development Fund (LDC priority) (smooth transition)

LDC Fund (Climate Change)

Technology Bank for LDCs (5 years smooth transition)

Investment Support Programme for LDCs (IDLO/OHRLLS) (5 years smooth transition)

Would need to join ACWL to benefit from its services (legal representation, legal advice, training) (one-time membership fee)



# Areas of ISMs



Trade



Development cooperation



Support for participation in the  
UN/international processes

# Support to participation in UN and international forums

## Caps and discounts on budget contributions

- UN rate of assessment (LDC cap no longer applied) (UN regular budget and most agencies)
- Peacekeeping (smaller discount on rate)
- 3 agencies based on classes of contribution. Only LDCs can belong to the classes that contribute the lowest shares (in some cases graduates can obtain exceptions)

## Support for travel

- General Assembly – 3 year transition.
- Others



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# Graduation logic

- Binary logic:
  - Not adapted to the process of development
    - Apparent abrupt change in the country status
    - Development is continuous
- Generates perverse incentives

➔ Addressing the binary nature



# Supporting Graduation

- ◎ Supporting countries (through the UN system) in preparation of transition strategies
  - ◎ Integrated in their national development strategies
- ◎ Assuring all development partners mainstream smooth transition needs in their approaches and strategies
- ◎ Monitoring the process of graduating countries to avoid setbacks



# Orderly phasing-out

- Extension of markets access preferences to enable graduated countries to adjust to the new conditions
- Phasing out LDC-specific Special and Differential Treatment in the WTO
- Avoiding abrupt reductions in official development aid provided to graduated countries, both from bilateral donors and from multilateral institutions





## ➤ Challenges

(Despite GA resolutions on this matter)

- Transition strategies are often prepared too late, if at all.
- Country level consultative mechanisms not always effectively set up.
- Support from UN system not always delivered in a coordinated manner.
- Often lack of UN system coordinating mechanism to support graduation at the country level, and lack of liaison with HQs processes.

## ➤ Lessons learnt

- Countries would benefit if receiving early and unified UN assessment of the possible consequences of graduation (prevent 'burden'/contradiction).
- Support needed from all partners (UN, bilateral and trading partners) should be identified as early as possible.
- Requests for support from development and trading partners should be facilitated in a coordinated manner and as early as possible.
- Timing of a smooth transition strategy (currently set to start in year 3) should be advanced and planning should start as soon as a country is identified for the first time.

# CDP's main proposed changes

## Analytical work: one early consolidated UN graduation assessment

- **Early:** the potential impact should be identified following a country's first identification for graduation.
- **Consolidated:** only one document ("Graduation Assessment") presenting a consolidated UN document
  - Inputs from: Country, UN Inter-Agency Task Force (IATF), the UN Country Team (UNCT), and development and trading partners.
- The Graduation assessment to **suggest a list of possible mitigating actions.**

## UN

- UN **country Task Team** on graduation is established by the UNRCs when a country first found eligible.
- UNRC to organize a **country-level Meeting on Graduation Support** to feed into CDP EGM prior to triennial review.

## LDCs

- Identify a country level **graduation focal point**
- Identify type of support needed to address potential loss of LDC-specific support.
- As soon as identified for graduation, establish **consultative mechanism.**

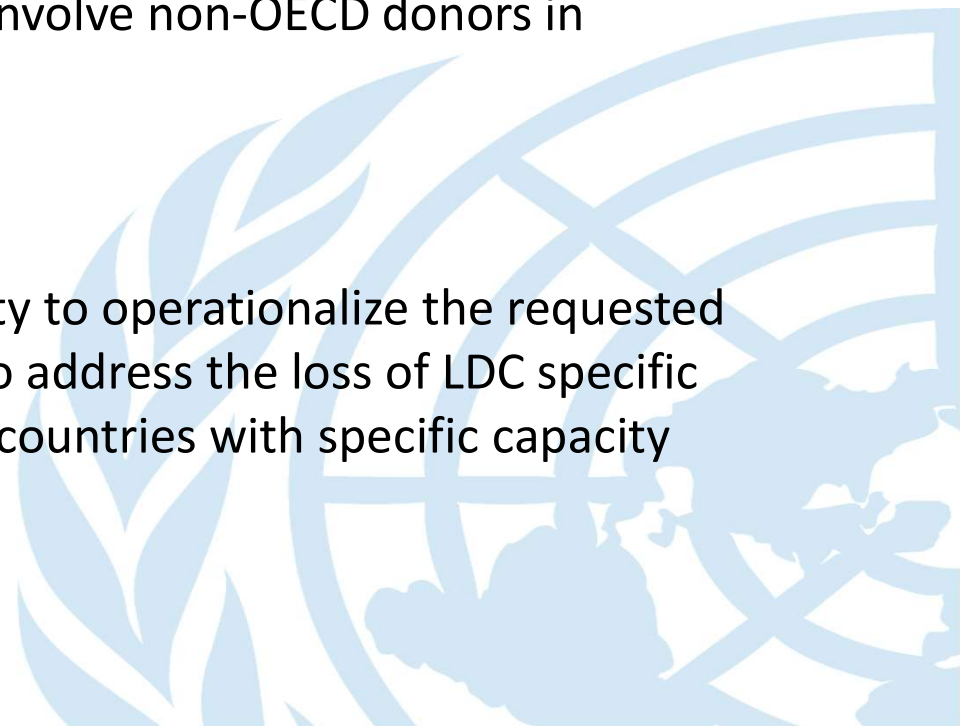
# Main proposed changes (continued)

## Trading and development partners

- Partners **participate** in graduating country's coordination mechanism/consultative mechanism.
- OECD review consequences of graduation on access to development finance, and develop a policy toolkit which could act as a basis for designing support to graduating and graduated LDCs.
- Establish consultation process to involve non-OECD donors in preparation of policy toolkit.

## Capacity development

- Explore **Graduation Support** facility to operationalize the requested support by graduating countries to address the loss of LDC specific support measures and to provide countries with specific capacity development/policy advice.



# Elements of a transition strategy

## Make full use of remaining period to build capacity for post-graduation

- DTIS/EIF
- ACWL for WTO-related impacts
- WTO, ACWL training
- Tech Bank, Investment Support
- Capacity-building under LDCF

## Delay

- Negotiate smooth transition for DFQF with partners other than EU
- Request extension of TRIPS waiver for pharma
- Request UN for smooth transition in LDC contribution rate
- Take advantage of provision to extend travel support to GA

## Compensate

- Temporary derogation on RoO on garments in EU?
- Engage with EU in review of regulation for 2024
- Careful consideration of costs and benefits of Bilateral Trade Agreements
- Negotiate provisions in regional agreements?
- Develop WTO-compliant forms of support for industry
- Consider joining ACWL
- Continue to build capacity to mobilize climate funding

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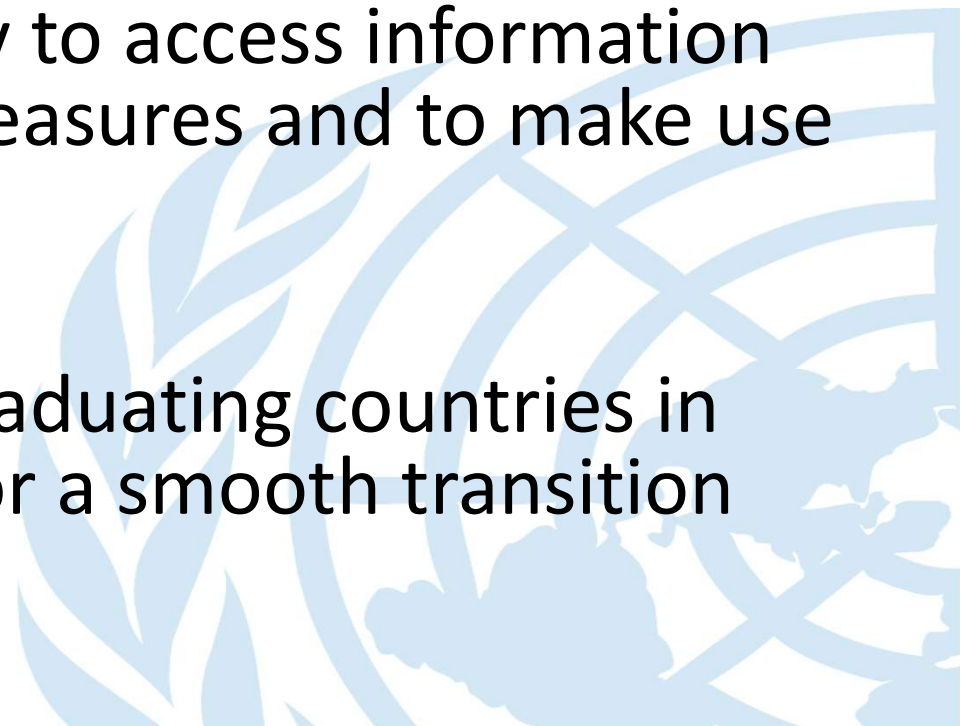
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[www.un.org/ldcportal](http://www.un.org/ldcportal)

## Objectives: addressing limited knowledge and use

- ☐ Consolidated platform with all relevant information on LDC-specific ISMs
- ☐ Improve LDCs capacity to access information on existing support measures and to make use of such measures
- ☐ Building capacity in graduating countries in preparing strategies for a smooth transition





***Gradjet***

Why?



- Lots of countries graduating
- Uncertainty surrounding graduation process
- Fear of losing international support measures
- Demand for information and support, particularly on smooth transition
- Need to put information and tools in one place.



# What?



**[www.GradJet.org](http://www.GradJet.org)**

- A mobile-first App detailing data, timeline and best practice for LDC graduation
- Tailored to each country
- Divided into '**before**', '**during**' and '**after**' graduation phases





## What is GradJet?

GradJet helps government officials in least developed countries understand what it means to leave the LDC category and to plot a course for future action. It's also aimed at the wider development community and anyone else interested in LDC graduation. Tailored to each country, showing what graduation means in context, the three main areas of the site illustrate what happens before, during and after leaving the category, with contacts, information and suggestions about what to do at each stage.

The UN Least Developed Countr...



## Graduation Process ▼

### Before graduation

How graduation works, information about your country's LDC status and what to do in the years before you are considered for graduation

### During graduation

Information and suggested activities when your country has been identified for graduation

### After graduation

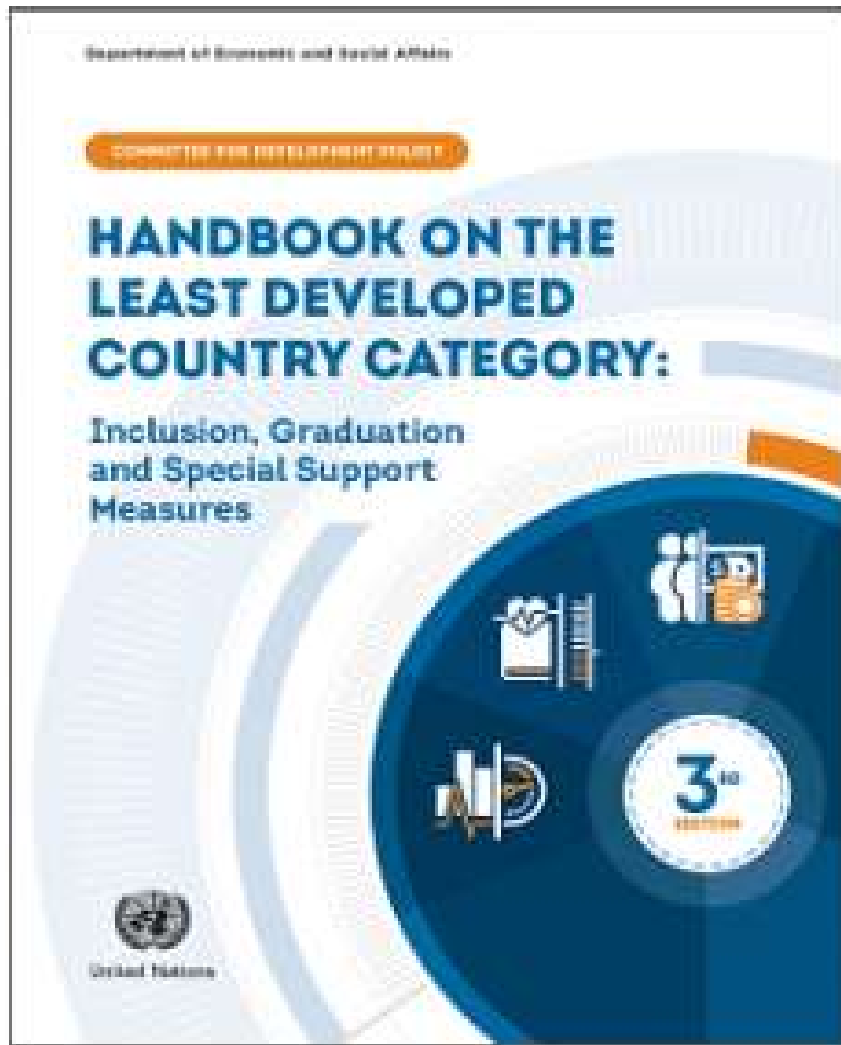
How to manage graduation and incorporate it into policymaking

## ***Gradjet***

- Includes:
  - Country data and progress on LDC criteria
  - Best practice on graduation
  - Activities before, during and after graduation
- A 'briefcase' to store information, download it and share it



# Handbook on the LDC category



- ISMs
- LDC Category criteria
- Graduation process
- Smooth transition and monitoring provisions

✓ Also available from CDP website:

[CDP.UN.ORG](http://CDP.UN.ORG)



# Thank you!

[cdp.un.org](http://cdp.un.org)

[www.un.org/ldcportal](http://www.un.org/ldcportal)

[www.gradjet.org](http://www.gradjet.org)

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