

TRAINING PROGRAMME ON “NEGOTIATING PREFERENTIAL TRADE AGREEMENTS”

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Rajan Sudesh Ratna

Economic Affairs Officer

Trade, Investment and Innovation Division

UNESCAP, Bangkok

Email: ratna@un.org



Criteria for Identification and Graduation of LDCs

- The Committee for Development Policy (CDP), a subsidiary body of the UN Economic and Social Council, is – inter alia – mandated to review the category of LDCs every three years and monitor their progress after graduation from the category.
- The identification of LDCs is currently based on three criteria: **per capita gross national income (GNI)**, **human assets** and **economic vulnerability to external shocks**. The latter two are measured by two indices of structural impediments, namely the human assets index and the economic vulnerability index (for more details see: [LDC Criteria](#)).

Income criterion

- **Based on a three-year average estimate of GNI per capita for the period 2011-2013, based on the World Bank Atlas method (under \$1,035 for inclusion, above \$ 1,242 for graduation as applied in the 2015 triennial review).**

Human Assets Index (HAI)

- **Indicators:**
 - (a) nutrition: percentage of population undernourished;**
 - (b) health: mortality rate for children aged five years or under;**
 - (c) education: the gross secondary school enrolment ratio; and**
 - (d) adult literacy rate.**

Economic Vulnerability Index (EVI)

- **Indicators:**
 - (a) population size;**
 - (b) remoteness;**
 - (c) merchandise export concentration;**
 - (d) share of agriculture, forestry and fisheries;**
 - (e) share of population in low elevated coastal zones;**
 - (f) instability of exports of goods and services;**
 - (g) victims of natural disasters; and**
 - (h) instability of agricultural production.**

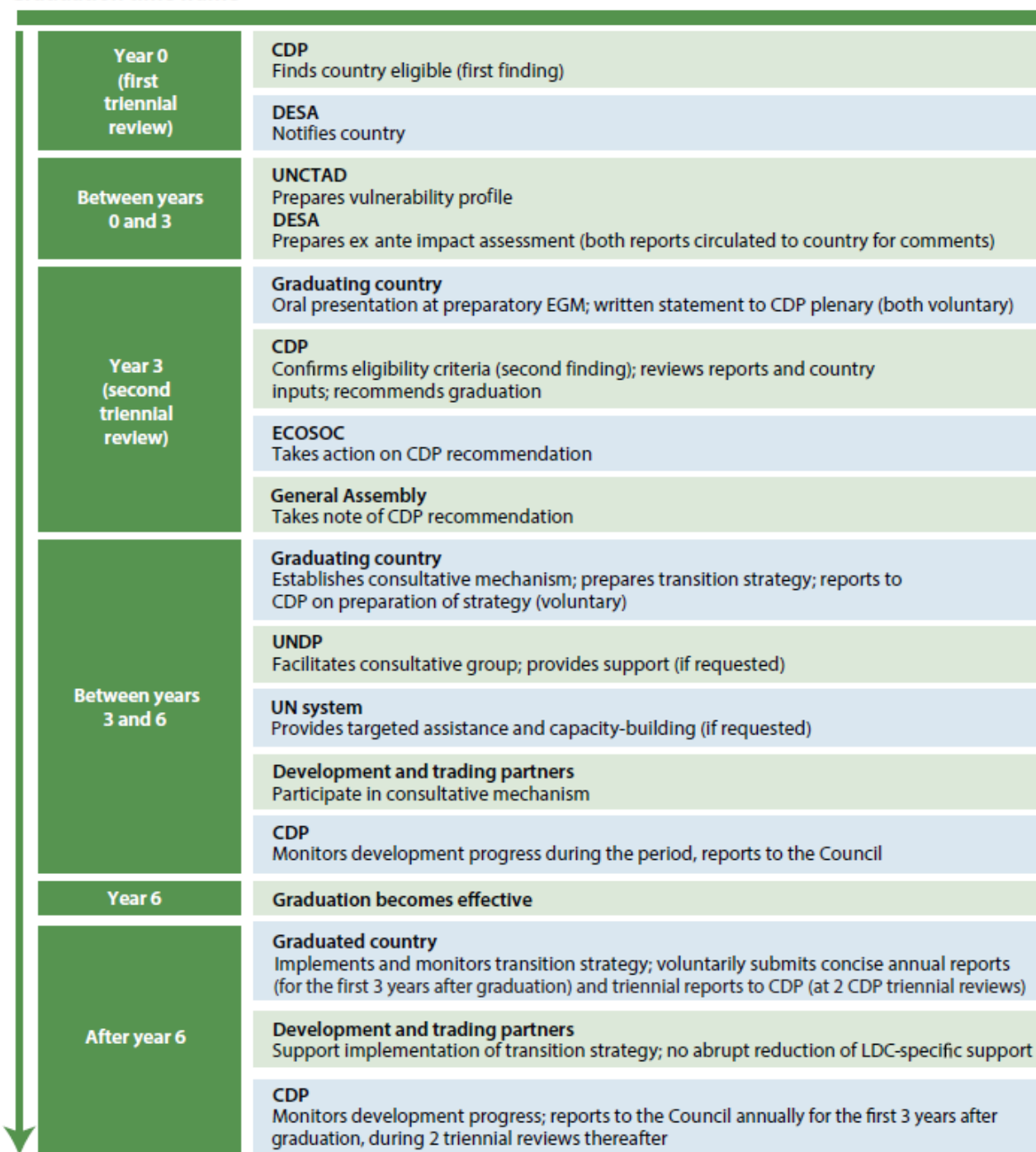
Committee for Development Policy (CDP)

- In the review process, the Committee determines threshold levels on each of the three criteria to identify the countries to be added to or graduated from the category. The thresholds for graduation are higher than for inclusion. In the identification process, the HAI and EVI thresholds are fixed by the Committee.
- **To be included in the list of LDCs, a country must satisfy all three criteria.** In addition, since the fundamental meaning of the LDC category, i.e. the recognition of structural handicaps, excludes large economies, the population must not exceed 75 million.
- To become eligible for graduation, a country must reach threshold levels for graduation for at least two of the aforementioned three criteria, or its GNI per capita must exceed at least twice the threshold level (\$2,484 in the 2015 triennial review), and the likelihood that the level of GNI per capita is sustainable must be deemed high.
- After a country has become eligible for graduation for the first time, an **ex-ante impact assessment** and a **vulnerability profile** are produced and delivered to the Committee as inputs for its deliberations.
- **To be recommended for graduation, a country must be found eligible at two successive triennial reviews by the CDP.**
- A country graduates from the LDC category three years after the GA takes note of the ECOSOC endorsement of the recommendation of the CDP. During this three-year period, the country remains on the list of LDCs and continues to benefit from the special support measures associated with LDC status. The **smooth transition strategy** is to be implemented only after the actual graduation of the country.

Smooth Transition Process

- By its [resolution 66/213](#) of 22 December 2011, the General Assembly established an ad hoc open-ended working group to further study and strengthen the smooth transition process for the countries graduating from the least developed country category and to submit a report to the General Assembly during its sixty-seventh session with specific recommendations, consistent with the Istanbul Programme of Action for LDCs for the Decade 2011-2020. The General Assembly also adopted the Terms of Reference of this working group in decision [A/66/L.30](#).

Graduation time frame



LDCs that did not meet the inclusion criteria at the 2015 triennial review

Not meeting GNI inclusion threshold	Not meeting HAI inclusion threshold	Not meeting EVI inclusion threshold
Angola ^{a,b}	Bangladesh	Afghanistan
Bhutan ^c	Bhutan ^c	Bangladesh
Equatorial Guinea ^{b,d}	Cambodia	Benin
Kiribati ^a	Gambia	Central African Republic
Lao People's Democratic Republic	Kiribati ^a	Democratic Republic of the Congo
Lesotho	Lao PDR	Ethiopia
Myanmar	Lesotho ^c	Guinea
Mauritania	Myanmar	Haiti
Sao Tome and Principe ^c	Nepal ^c	Mali
Solomon Islands ^c	Sao Tome and Principe ^c	Myanmar
Sudan	Solomon Islands ^c	Nepal ^c
Timor-Leste ^{c,b}	Tuvalu ^{b,d}	Senegal
Tuvalu ^{b,d}	Vanuatu ^{b,d}	Togo
Vanuatu ^{b,d}		Uganda
Yemen		United Republic of Tanzania
Zambia		Yemen

Source: CDP secretariat.

Length of transition period from the taking note by the General Assembly to the effective date of graduation, selected countries

Country	Taking note by the General Assembly	Anticipated date of graduation at the time of taking note by the General Assembly	Effective date of graduation	Transition period
Botswana	20 December 1991	19 December 1994	19 December 1994	3 years
Cabo Verde	20 December 2004	20 December 2007	20 December 2007	3 years
Maldives	20 December 2004	20 December 2007	01 January 2011	6 years
Samoa	17 December 2007	17 December 2010	01 January 2014	6 years

Source: CDP secretariat.

2015 Triennial Review

- **Angola** met the criteria for graduation for the second consecutive time. The Committee recommended Angola for graduation from the LDC category.
- **Kiribati** met both the income and HAI criteria for second consecutive time. The Committee did not recommend, however, **Kiribati to be graduated from the LDC category due to its extreme high vulnerability and decided to defer consideration on the graduation of Kiribati to its 2018 session.** According to the EVI, Kiribati is the most vulnerable country in the world.
- **Bhutan, Sao Tome and Principe, Solomon Islands, Timor-Leste and Nepal** met the criteria for first time. According to present rules, if these countries meet the criteria for graduation during the 2018 triennial review, they may be recommended for graduation by the Committee.
- The Committee noted the high vulnerability, as illustrated by the country's EVI, of **Tuvalu**, which was recommended by the committee for graduation at its 2012 triennial review, and requested the international community to provide Tuvalu with adequate technical assistance and concessional financing to address the climate change challenge. **ECOSOC has decided to defer the consideration of the graduation of Tuvalu to its session of 2018 to allow the Council "to have an opportunity for further consideration of the particular challenges that Tuvalu faces"** (See [E/2015/L.13](#))

2015 triennial review (2)

- **Equatorial Guinea** was found eligible for graduation for a second time during the 2012 triennial review. **The General Assembly has conceded six additional months to the three year preparatory process leading to graduation and has invited the country to prepare its national smooth-transition strategy, with the support of the United Nations system and in cooperation with its bilateral and multilateral development and trading partners. (See resolution [A/RES/68/18](#))**
- **Vanuatu**, which has been found eligible for graduation in 2006, 2009 and 2012, was recommended for graduation in the 2012 triennial review. **The General-Assembly decided to grant an additional preparatory period of one year before the start of the three-year preparatory process and invited the country to prepare its national smooth-transition strategy, with the support of the United Nations system and in cooperation with its bilateral and multilateral development and trading partners. (See resolution [A/RES/68/18](#))**

International Support Measures

- **The framework for international cooperation in support of LDCs has been laid out in four programmes of action for these countries under the auspices of the United Nations, each covering a period of 10 years, the last of which was adopted in Istanbul in 2011.**

3 pillars

- **Measures and special treatment related to trade**
- **Official Development Assistance (ODA)**

Trade related measures

- **Preferential market access**
 - **Goods**
 - GSP
 - DFQF
 - **Services**
 - Services waiver in WTO
- **S & DT in WTO**
 - **Accession to WTO**
 - **Goods and services: No obligations to bind**
 - **TRIPS: Transition period (article 66.1)**
- **Capacity building and technical assistance**

Official Development Assistance (ODA)

- **Bilateral assistance**
- **Multilateral assistance**
 - **The United Nations Capital Development Fund (UNCDF)**
 - **The Least Developed Countries Fund**

Other supports

- **Travel benefits**
- **Scholarships**
- **Research grants**
- **Budget caps for LDCs – eg. Contribution to UN capped and 90 per cent discount in their contributions to peacekeeping operations.**
- **Support for graduation from the LDC category and phasing out of ISMs.**

Way forward

- **To ensure preparedness**
- **Understand implications of graduation**
- **Trade related issues:**
 - **S&D treatment : case of Maldives in SAFTA**
 - **WTO obligations**
 - **Transition periods**
- **Technical assistance needs**
- **Other issues**

References

- <http://unohrlls.org/about-ldcs/criteria-for-ldcs/>
- http://www.un.org/en/development/desa/policy/cdp/cdp_publications/2015cdphandbook.pdf
- <https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-graduation.html>

THANK YOU