



UNITED NATIONS
UNCTAD

Graduation with momentum

LDC GRADUATION: DEVELOPMENT COOPERATION

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Least Developed Countries (LDCs) (46 countries)

Africa 33, Asia 9, Caribbean 1, Pacific 3



LDC Graduation

- Graduation – the exit from the list of LDCs – 46 countries.
- *While only six countries graduated over 26 years (1994–2020), seven are scheduled to graduate in the coming four years (2023–2026).*

Least Developed Countries (LDCs) (46 countries)

Africa 33, Asia 9, Caribbean 1, Pacific 3



“Graduation with momentum”

- The measurable progress justifying the decision to graduate LDCs may not necessarily signal sufficiently advanced:
 - Structural economic transformation
 - Economic and institutional Statecraft
- *Need to steer the graduating country through the challenges associated with graduation*

Least Developed Countries (LDCs) (46 countries)

Africa 33, Asia 9, Caribbean 1, Pacific 3

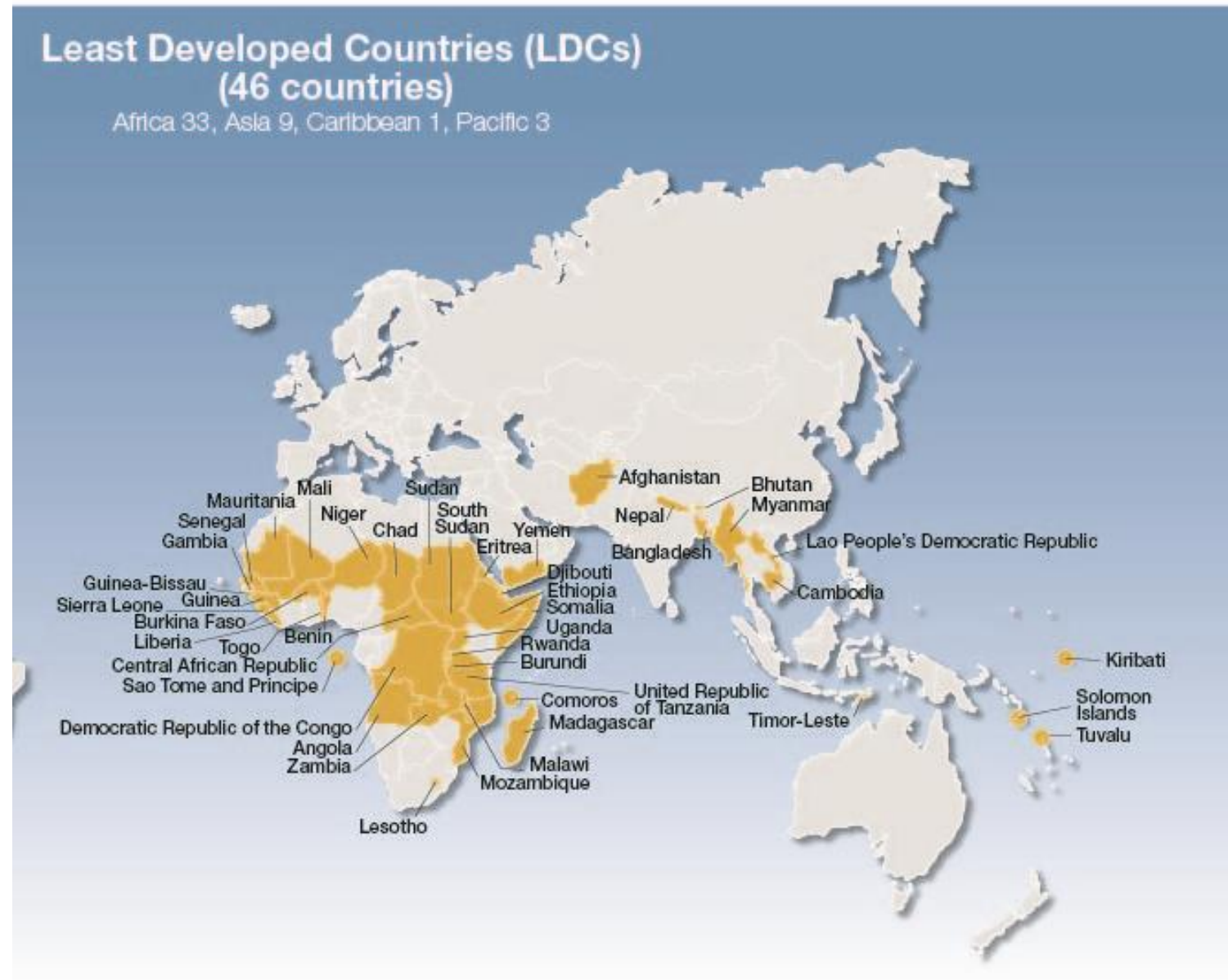


“Graduation with momentum”

- *How graduation is achieved is probably as important as achieving it.*
- Graduation is a first milestone, **NOT** the winning post in the race to leave LDC status
- *Need to focus on longer-term development processes required*

Why “graduation with momentum”?

- Without adequate preparation, graduation may render an economic shock, such that a graduating country struggles to maintain a robust development trajectory beyond graduation.
- *UNCTAD advocates explicit strategies to build/accelerate growth momentum through reinforcing endogenous resilience drivers (LDCR 2016); hence graduation with momentum*



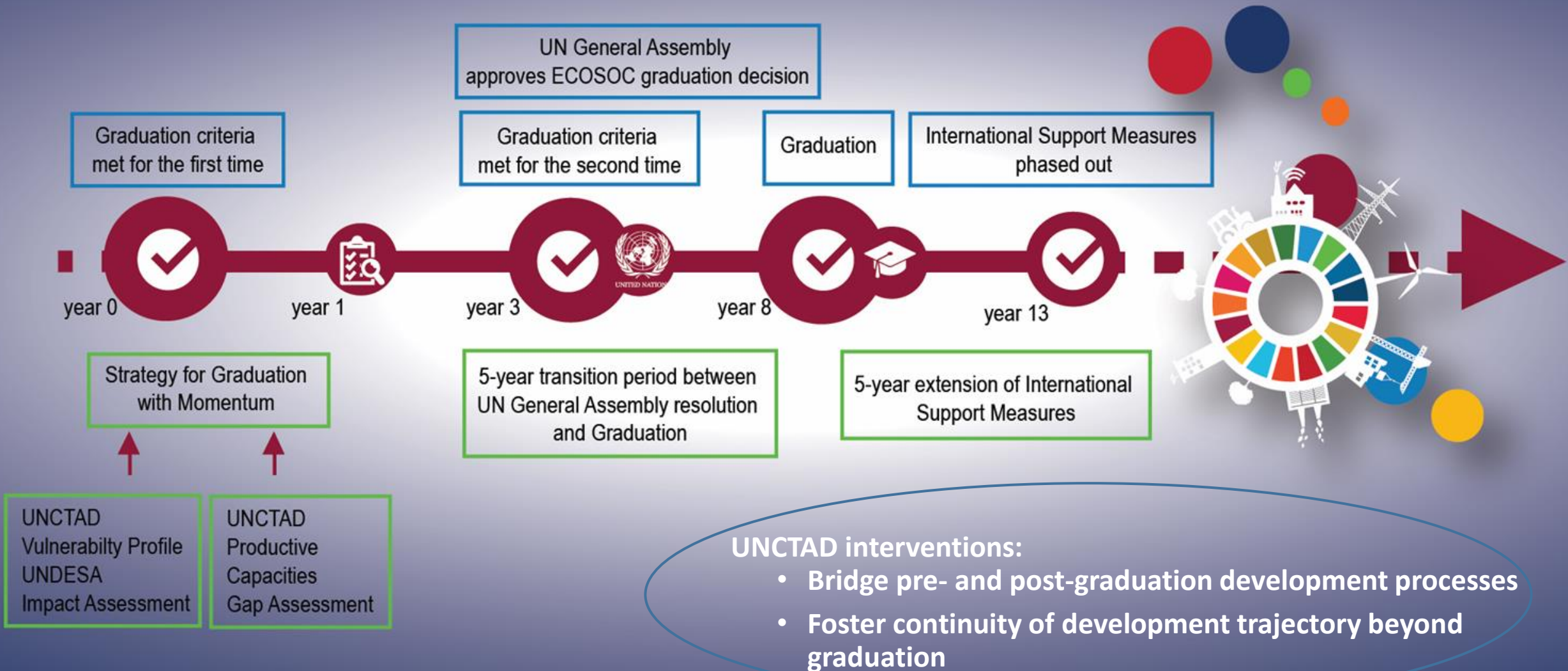
**UNCTAD
activities in
support of
smooth
graduation and
sustainable
development**

UNCTAD assists the work of the Committee for Development Policy (CDP) and the Economic and Social Council of the United Nations (ECOSOC) in their examination of progress towards graduation of LDCs from the point they are pre-qualified for graduation

- Prepares country Vulnerability Profiles (**VPs**)
- Undertakes Productive Capacities Gap Assessments (**PCGAs**)
- Provides advisory services on national smooth transition strategies (**STSs**)

..... in accordance with General Assembly resolutions A/RES/59/209 and A/RES/67/221, and in fulfilment of the Nairobi Mandate of 2016, reconfirmed by The Bridgetown Covenant of 2021

Timeline for Graduation with Momentum



Contribution of UNCTAD activities to non-disruptive graduation and sustainable development

- **VPs and PCGAs** form the **bedrock** of graduation with momentum plans and **STSs**

- **AND** the **recovery from the COVID-19 shock**



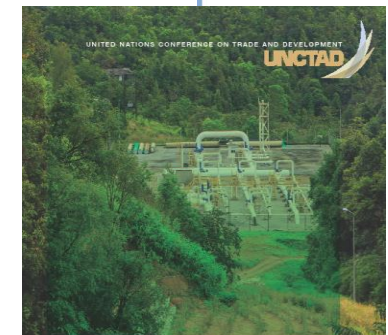
Vulnerability Profile

LAO PEOPLE'S DEMOCRATIC REPUBLIC



Vulnerability Profile

BANGLADESH



Vulnerability Profile

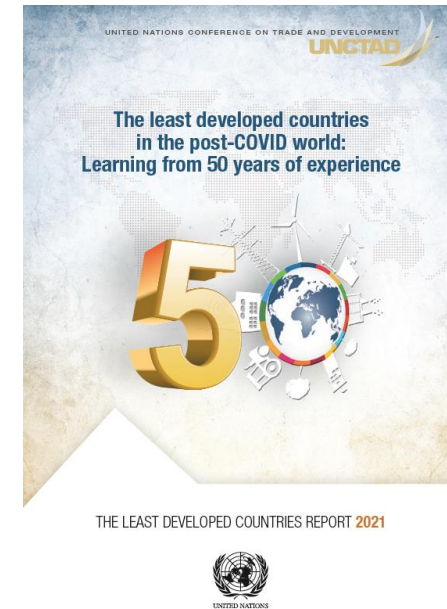
MYANMAR



UNCTAD activities in support of smooth graduation and sustainable development

Examples of UNCTAD's recent work

- **VPs** for Bangladesh, Lao PDR, Myanmar
- White paper for the formulation of Bhutan **STS** (Angola STS under preparation)
- **LDC Report** annual series
- **PCGA** for Zambia (Bangladesh in preparation)
- **Technical assistance and advisory services** on RoO and Preference utilization
- **Policy analysis** on impact of LDC graduation on textiles and clothing value chain (jointly with WTO, EIF, DESA etc)
- **Capacity development** => National Trade Facilitation Committees and on debt management (DEMFAS)
- Studies on the **impact of COVID 19** on the services sectors of Mali, Gambia and Ethiopia.



UNCTAD's novel approach to evaluate the consequences of LDC's special vulnerabilities

(1) Situation analysis

- Challenges and opportunities of graduation must be understood in the context of regional dynamics, the Covid-19 pandemic and the countries' current productive capacities.

(2) Identifying vulnerabilities

- UNCTAD analyses areas of vulnerabilities including people, the economy and the environment, going beyond the graduation criteria.

(3) Evaluation of the consequences of the identified vulnerabilities

- An in-depth risk-assessment of vulnerabilities allows a deeper understanding of key considerations for LDC's graduation with momentum.
- The VPs discuss feasible pathways for strategic export diversification as a key to building a resilient and sustainable economy.

(4) Policy coherence and recommendations

- Policy options in the areas of domestic resource mobilization, private sector development, and building resilience against natural disasters are highlighted.

VPs also highlight concerns about access to finance

Institution	Main concessional windows	Main eligibility criteria	Eligible	Small economy/small island exception	ADF Gap countries	Blend countries	Non eligible
IMF	Poverty Reduction and Growth Trust (PRGT)	GNI per capita + capacity to access funds on the international finance market	45 LDCs				Angola
World Bank	International Development Association (IDA)	GNI per capita + creditworthiness	29 LDCs	Bhutan		Bangladesh	Angola
				Comoros		Cambodia	
				Djibouti		Lao, PDR	
				Kiribati		Lesotho	
				Sao Tome and Principe		Mauritania	
				Solomon Islands		Myanmar	
				Timor-Leste		Senegal	
				Tuvalu		Zambia	
African Development Bank	Africa Development Fund (ADF)	GNI per capita + creditworthiness	26 LDCs (out of 33 in Africa)	NO EXCEPTION	Djibouti Lesotho Mauritania Sao Tome & Principe	Senegal Zambia	Angola
Asian Development Bank	Asian Development Fund (ADF)	GNI per capita + creditworthiness => LDC status used in the decision matrix	9 LDCs (out of 12 in Asia and Pacific, but Yemen is not covered)	Premium for high economic vulnerability (based on EVI)		Bangladesh Timor-Leste	
	Scheduled for LDC graduation in 2023						Met graduation criteria for the second time in 2021
	Scheduled for LDC graduation in 2024						Met graduation criteria for the first time in 2021
	Decision deferred						

The Asian Development Bank operations are probably the most carefully tailored to LDC graduation issues: (i) LDC status is part of the criteria to determine access to its concessional window; and (ii) countries with high economic vulnerability (EVI) receive larger Performance-Based Allocations.



Thank you!

