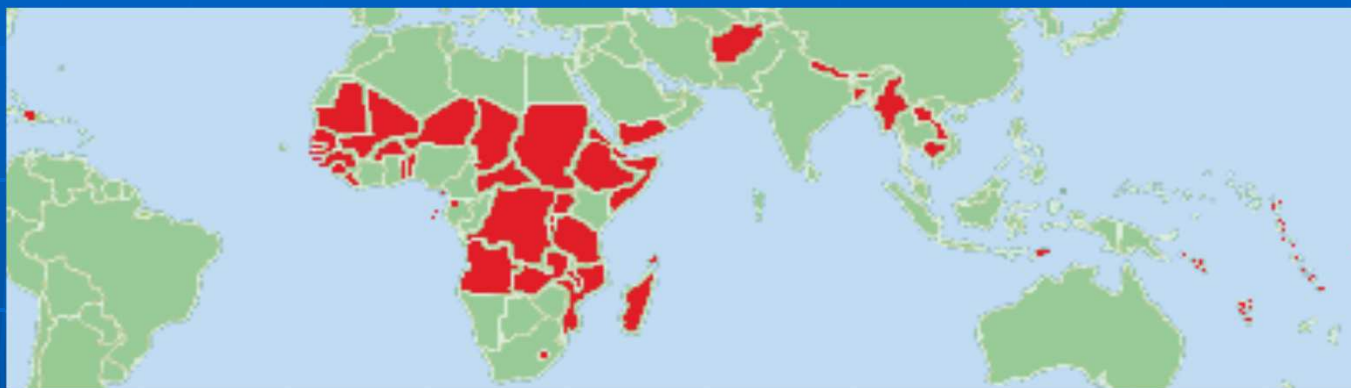


Briefing on Graduation from the LDC category

New York, 25 June 2015



Session 4 and 5: The graduation process

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Presentation Structure

1. Between the first and second eligibility finding
2. After General Assembly decision: Preparing smooth transition
3. After graduation: Implementing smooth transition



1. BETWEEN THE FIRST AND SECOND ELIGIBILITY FINDING

Timeframe

- Year 0:
 - Eligibility at the first triennial review
- **Between year 0 and 3**
 - **Preparation of additional material and country consultations**
- Year 3:
 - Eligibility at the second triennial review

Notification of findings

- The CDP finds a country eligible for graduation for the first time
 - In 2012, Angola and Kiribati
 - In 2015, Bhutan, Nepal, Sao Tome and Principe, Solomon Islands and Timor-Leste
 - In 2018, ???
 - The CDP Secretariat officially informs the countries of these findings
 - Done in April 2015

Request for additional information

- CDP requests UNCTAD to prepare a vulnerability profile (VP) and DESA to prepare an impact assessment (IA) for each country
 - VPs and IAs to be prepared for the next triennial review
 - 2018 for countries found eligible for the first time this year
 - Requests are confirmed by the CDP the year before the second review
 - 2017 for countries found eligible for the first time this year

Vulnerability profiles

- Part of the graduation procedures since 1999
 - Concurrent with introduction of EVI
 - First VPs prepared for 2000 triennial review
 - 15 VPs for 8 countries prepared so far
- Prepared by UNCTAD:
 - UNCTAD consults directly with the country concerned
- Purposes:
 - Give country-specific background
 - Verify disparities between international and national data
 - Address other areas relevant for graduation that are not covered by LDC criteria

EGM preparing triennial review

- Before each triennial review, there is an **expert group meeting** (EGM) that prepares the review
 - Next one held in **January or February 2018**
 - **CDP sub-group** and **relevant international organizations** participate
- Objectives:
 - **Reviews** triennial review **data**
 - **Reviews** **vulnerability profiles** and **impact assessments**
 - **Exchanges** **views with countries** considered for graduation
 - **Prepares** CDP Plenary **recommendations** for inclusion and graduation

EGM preparing triennial review – Country consultation

- Countries considered for graduation are invited to make oral presentation at the EGM
 - Opportunity for countries to present their own views on a possible graduation
 - Countries are informed about the dates and their role in the preceding year
 - In 2015, Angola and Kiribati made presentations
 - Participation of country cannot be sponsored by the CDP or DESA
 - Presentation will normally be published on CDP website
- Subsequently, countries are invited to submit a written statement to the CDP Plenary

Possible actions for LDCs

- Countries considered for graduation do not need to take other actions
- Information gathering on utilization of LDC specific support measures
 - Helps preparation in later stages
 - May facilitate better use of currently available measures
- Considering possibility of future graduation in long-term development strategy and sectoral strategies



2. PREPARING FOR SMOOTH TRANSITION

Timeframe

- Year 3:
 - Eligibility at the second triennial review
 - Recommendation by CDP
 - Depending on eligibility AND additional material and country consultations
 - Intergovernmental decisions
 - ECOSOC and General Assembly
- **Between year 3 and 6**
 - **Country prepares for smooth transition, in cooperation with development and trading partners**

Smooth transition

- Objective of smooth transition
 - Ensure that graduation does not lead to reversal of development progress
- Guidelines in two GA resolutions
 - A/RES/59/209
 - A/RES/67/221
 - Based on work by Open Working Group
 - Suggestions by CDP
 - UN system, lead by OHRLLS
- Transition needs to be based on national transition strategy

Graduating country

- Establishes **consultative mechanism** to facilitate preparation of transition strategy
 - Together with development and trading partners
- *Strategy goals:*
 - **adjust to phasing out** of LDC-specific support measures
 - **identify actions** by all stakeholders
 - Strategy should be integrated with other process and initiatives between country and partners
- Preparing strategy **requires information:**
 - **Utilization** of LDC specific support measures
 - Actual and potential
 - **Plans by partners** for phasing-out

UN and other partners

- UNDP (chair of UNDG):
 - If requested, provide support of the Resident Coordinator as facilitator for consultation
 - Assist in preparation of transition strategy
- UN system entities:
 - Provide targeted assistance and capacity building to support of the formulation and implementation of the national transition strategy (if requested)
- Development and trading partners:
 - Bilateral and multilateral strategies and aid programmes to support transition strategy
 - Consider trade-related technical assistance as commitment to transition strategy
 - Clarify extension of trade preferences in predictable manner

CDP

- Monitors development progress of graduating countries, based on
 - Information provided by the country
 - Selected development indicators
- Monitoring included in annual CDP report to ECOSOC

Country report to CDP

- Country is invited to report annually to CDP on preparation of the strategy
 - Request sent by CDP Secretariat in fall
 - Report to be received by 31 December
- Suggested content
 - Consultative mechanism: members, meetings, UN support
 - ISMs and partners' commitments
 - Transition strategy: key issues



3. IMPLEMENTING SMOOTH TRANSITION

Timeframe

- Year 6:
 - Graduation
 - Normally, 3 years after GA decision
 - Different timeframes possible
- **After year 6**
 - **Implementation of transition strategy**
 - **Phasing-out of benefits**

Implementing smooth transition strategy

- Graduating country
 - Implements smooth transition strategy
 - Incorporates it into relevant strategy documents
 - E.g., PRSPs, EIF action matrix
- Development partners
 - Implement commitments in transition strategy
 - No abrupt reductions in support
 - Phase-out according to country needs
 - Invited to consider LDC criteria for ODA allocation
 - Avoids abrupt reductions in ODA
 - Improves alignment of international support with development needs

Phasing-out of trade ISMs

- WTO special and differential treatment
 - WTO members to consider extending LDC specific SDT provisions for a time appropriate to the development situation
- Enhanced integrated framework
 - Automatic three-year extension
 - Two additional years possible
- Duty-free quota-free market access
 - Some graduating countries covered by free trade agreements
 - EU Everything but arms: 3 year extension
 - Japan: rapid withdrawal
 - Other developed countries: Varying extensions
 - Developing countries: Unclear

Phasing-out of UN support

- LDC specific funds
 - Phase out over limited period of time and as appropriate for country
- LDC Fund under UNFCCC
 - Projects already approved will be funded
 - No new projects will be funded
- Entities with LDC targets for TA
 - Extend and gradually phase out LDC specific support for a fixed period
- Travel benefits
 - Extend for appropriate time, at most 3 years

CDP

- Monitors development progress of graduated countries
 - **Annually** for **three years** after graduation
 - Afterwards, for **2 triennial reviews**
 - Identifies signs of reversal in development progress
 - Reviews **information by the country**
 - Consults with country (through CDP Secretariat)
- Monitoring included in annual CDP report to ECOSOC

Country report to CDP

- Country is invited to report to CDP on implementation of the strategy
 - Request sent by CDP Secretariat in fall
 - Report to be received by 31 December
- Suggested content
 - Implementation of transition strategy
 - Phase out of ISMs
 - Impact of phasing-out on development

Experiences by graduated countries

- Generally, limited number of experiences
 - Botswana 1994
 - Cabo Verde 2007
 - Maldives 2011
 - Samoa 2014
- Provisions for smooth transition change over time
- Every country is different
- Exchange of experiences still valuable and are encouraged

Observations on graduated countries

- No graduated country has fallen back to **LDC status**
- Graduated countries **continued to make progress** according to LDC criteria
- No indication of overall decline in **ODA**
 - Some change in sectoral composition
- No decline in **exports**
- No clear trend for **FDI**
 - Initial increase in both **Cabo Verde** and **Maldives**
- Increase in external debt for **Cabo Verde** and **Maldives**
 - Link to LDC status unclear
- Change in political standing ???

Thank You

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[http:// www.un.org/en/development/desa/policy/cdp](http://www.un.org/en/development/desa/policy/cdp)