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**Report on the twenty-sixth session
(4–8 March 2024)**

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Committee for Development Policy

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Summary

The present report contains the main findings and recommendations of the Committee for Development Policy at its twenty-sixth session. As its contribution to the ECOSOC theme for 2024, the Committee addressed the challenges and opportunities of innovation ecosystems for development, structural change and equity. It also undertook the triennial review of the least developed countries (LDCs); the monitoring of countries that are graduating or have graduated from the list of LDCs; a discussion of graduation in the global context, as well as other LDC-related activities in support of a smooth transition from the LDC category.

The CDP has analysed the challenges and opportunities of innovation ecosystems for development, structural change and equity. Innovation can be a powerful driver of sustainable development, yet this potential remains vastly under-realized, particularly in developing countries but also for public interest purposes across the world. The current global crises and shifts in the global economy and innovation landscape are reshaping challenges and opportunities for harnessing technology for sustainable development. This requires a reassessment of science, technology and innovation (STI) policy frameworks by national governments and global institutions to create an effective national and global innovation system fit for the 21st century. Intellectual property rights (IPRs) are one of the key policy levers in a functioning innovation ecosystem to advance development, structural change, and equity, and build resilience to crises. Developing countries require policy frameworks for innovation tailored to their specific priorities and can make more effective use of the existing policy space to pursue priorities for development, equity and productive capacity. The global system in place to support innovation for development needs to be reassessed to be made fit for purpose to ensure innovation for (global and regional) public goods and for countries to address the challenges of the 21st century.

The Committee conducted its triennial review of the list of LDCs. It recommended Cambodia, Djibouti and Senegal for graduation and found that these countries require a five-year preparatory period. It deferred its decision on a possible recommendation for graduation of Comoros and Myanmar to the 2027 triennial review. In that review, it will also consider whether Rwanda, Uganda, and the United Republic of Tanzania, that met the graduation criteria for the first time in 2024, can be recommended for graduation.

In its enhanced monitoring of countries that are graduating or have graduated from the LDC category, the Committee reviewed the development progress of three recently graduated countries and six graduating countries. Expressing concern over the limited national capacity of these countries to address various challenges, including those stemming from rising food and fuel prices, less affordable finance, geopolitical tensions, volatile commodity prices, high transportation costs, more frequent and severe disasters, the Committee underscored the importance of addressing these issues with continued support from trading and development partners, as well as UN entities. The Committee found that Angola no longer meets the criteria for graduation and concluded that the graduation process would recommence when Angola meets the criteria for graduation again at a future triennial review.

The Committee welcomed the improved participation of countries in the Enhanced Monitoring Mechanism (EMM) and encouraged continued reporting on progress in preparing and implementing smooth transition strategies. Acknowledging the positive feedback and support from Member States regarding the EMM, and subject to the availability of resources, the Committee will review its options regarding the ongoing

customization and enhancement of the mechanism to better serve the needs of countries graduating and graduated from the LDC category.

The Committee reviewed how the changing global context is impacting processes and prospects of LDC graduation. It found that global shocks and their interplay with domestic factors are posing significant challenges to countries already graduating, while dimming the graduation prospects of many remaining LDCs. Current international support to graduation processes is insufficient. While noting a need for redesigning international support measures for LDCs in general, the Committee also calls specifically for a rapid operationalization of the new sustainable graduation support facility iGRAD at a scale commensurate with the challenges. The Committee also finds that the concept of LDC graduation and smooth transition requires a broader rethink and that the graduation framework provided by General Assembly, the Council and the Committee itself requires updating. It will include this topic in its work programme and looks forward to contributing to the upcoming efforts to update the existing resolutions on smooth transition from the LDC category.

The Committee proposed to continue holding its current interaction with the Economic and Social Council during its plenary session, as well as separate Council briefings, and will seek additional opportunities to engage with the Council.

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Chapter I

Matters calling for action by the Economic and Social Council or brought to its attention

A. Matters calling for action by the Council

Triennial review of the list of LDCs

1. The Committee recommends that Cambodia, Djibouti and Senegal graduate from the list of LDCs. In line with General Assembly resolutions 59/209 and 67/221, the Committee advises the Council to reiterate the importance for development and trading partners of supporting graduating countries with concrete measures to facilitate a smooth transition. The Committee finds that all three countries require an extended preparatory period of five years to effectively prepare for graduation.

Monitoring of countries that are graduating and have graduated from the list of LDCs

2. The Committee finds, based on an analysis of the situation and following consultations with the Government of Angola, that Angola no longer satisfies the graduation criteria. Based on this finding, the Committee concludes that the graduation process would recommence when, in accordance with the established procedures, and at a future triennial review, Angola meets the criteria for graduation again. The Committee recommends that the Council take note of this finding and endorse this conclusion.

Graduation support

3. The changing global context of LDC graduation, including an increase in frequency and severity in crises and an increase in the number of graduating and graduated countries, also increases the demand on the Committee and its Secretariat under the enhanced monitoring mechanism (EMM). In this context, it views further strengthening of the capacity of countries to effectively engage in preparing and implementing the smooth transition strategy and the monitoring mechanism as a key element. As a contribution to ensuring the achievement of sustainable graduation, the Committee recommends that the Council request the Secretary-General the provision of adequate resources to the Committee's secretariat in order to enable an effective engagement between the Committee and participating countries in the EMM.
4. The Committee finds that countries graduating from the LDC category are facing an increasingly challenging external environment. This calls for additional support to graduating countries to ensure that their graduations are smooth and sustainable. A failure to provide adequate support would be a failure of the international community, in particular the United Nations. The Committee is very concerned about the slow operationalization and implementation of the newly established sustainable graduation support facility iGRAD. In this regard, the Committee recommends that the Council calls upon development partners to urgently provide adequate financial resources to iGRAD to significantly scale up graduation support.

B. Matters brought to the attention of the Council

Triennial Review

5. The Committee found that Rwanda, Uganda, and United Republic of Tanzania fulfilled the criteria for graduation for the first time. These countries will be considered for graduation at the next triennial review in 2027.
6. The Committee deferred decisions on a possible recommendation for graduation of Comoros and Myanmar to the 2027 triennial review. Timor-Leste and Zambia no longer meet the graduation criteria and are, thus, not eligible for graduation.

Monitoring of countries that are graduating and have graduated from the list of LDCs

7. The Committee monitored the development progress of nine countries that have recently graduated or are graduating from the list of LDCs. It noted, with one exception, an overall advancement towards sustainable graduation, albeit amidst challenges stemming from various global crises, geopolitical tensions, and climate change. These challenges have manifested in the form of significant hurdles for many countries in maintaining macroeconomic stability, such as mounting debt, inflationary pressures, and currency devaluation.
8. In response, many countries require substantial support from their trading and development partners, including entities within the UN system, to facilitate their progress towards sustainable graduation. The Committee will continue to review the lessons-learned on the implementation of its EMM and report its findings to the Council in 2025.

Graduation in the global context

9. The Committee appreciates that the Council welcomed in 2023 the Committee's finding on the need to update the General Assembly resolutions on smooth transition. It reiterates its commitment to contribute substantively to this process. The Committee will also initiate a review of the LDC graduation framework.

Chapter II

Innovation ecosystems for development, structural change and equity

10. In the Political Declaration issued at the 2023 SDG Summit, Member States committed to ‘bridging the science, technology and innovation divides and the responsible use of science, technology, and innovation (STI) as drivers of sustainable development and to build the capacities necessary for sustainable transformations’ and to ‘take action to enhance the ability of developing countries to benefit from STI and address the major structural impediments to accessing new and emerging technologies’. The Committee has analysed the challenges and opportunities of innovation ecosystems for development, structural change and equity. Harnessing the opportunities while overcoming the challenges will be essential for the objectives outlined in the 2024 theme of the Council and the HLPF, “Reinforcing the 2030 Agenda and eradicating poverty in times of multiple crises: the effective delivery of sustainable, resilient and innovative solutions”.

The potential of technological innovation for development is under-utilized, which requires a reassessment of domestic and international policy frameworks

11. Technological innovation can be a powerful driver of sustainable development, yet this potential remains vastly under-realized, particularly in developing countries but also for public interest purposes across the world. At the same time, contemporary global crises, shifts in the global economy and the evolving innovation landscape are reshaping challenges and opportunities for harnessing technology for sustainable development. This requires a reassessment of STI policy frameworks by national governments and global institutions to create an effective national and global innovation system fit for the 21st century.
12. Technology can increase productivity, advance inclusion, build resilience against crises, and address urgent global priorities such as climate change, infectious diseases, food insecurity, and gender and other social inequities. The importance of technological innovation is recognized throughout the 2030 Agenda for Sustainable Development and in the Political Declaration issued at the 2023 SDG Summit.
13. However, this potential has not been fully realized, particularly for the structural transformation of developing countries; the transition of LDCs out of systemic vulnerability; and inclusion and equity in all countries.
14. Critical gaps include the undersupply of technologies for many development priorities; extreme concentration of global STI investments and capacity in a few countries; and weak STI capacity and knowledge assets in most developing countries despite the emergence of China and other Global South countries as poles of innovation. Yet, policy arrangements for transfer of technology have been unfavourable; and the diffusion of technologies to address global climate and pandemic challenges has been inadequate. Existing frameworks and institutions are often inadequate to incentivize innovation in a dynamic setting where the drivers of innovation are continuously evolving, and to ensure access to the products of innovation especially in responding to emergencies. There are severe inequities, including social and gender inequities, in both access to STI opportunities such as STEM education and the outputs of the STI systems.

15. For developing countries, the longstanding challenges remain acute, but are aggravated in the 21st century knowledge economy driven by knowledge assets, dominated by intellectual property (IP) monopolies. We are at a juncture in which governments are still working to address the longstanding challenges while confronted with a new generation of global shifts and trends. There are ongoing transformations in how and where research and development (R&D) and innovation take place, and in the drivers of productivity growth. These include the shifts in the global economy with the rise of financialization, and the increasing importance of intangibles; the advance of the fourth industrial revolution; demographic changes such as the ageing populations in countries at various stages of development and the untapped potential of a youthful population in many developing countries; climate change; new geopolitics tied, among other things, to the distribution of critical minerals for the energy transition; and developments in global agriculture.
16. These developments have great potential, but present equally great challenges. Depending on how they are harnessed in domestic and global STI policy frameworks and corresponding legislation, they can work for or against public priorities, defining how the benefits of this new economy are distributed.
17. The current context demands a fundamental discussion about national and global innovation ecosystems, which should lead to a reframing of policy discourse and policy on innovation and innovation ecosystems. The Committee's work in 2023/24 addresses these challenges and focuses on issues related to intellectual property rights (IPRs) as an important part of a well-functioning innovation ecosystem.

IPRs are one of the key policy levers in a functioning innovation ecosystem that can advance development, structural change, and equity, and build resilience to crises

18. Innovation is not an end in itself but serves multiple ends that extend beyond economic growth, to include structural change, meeting social and environmental goals and building resilience against crises.
19. IPRs are a public policy tool in innovation ecosystems; their objectives are to both incentivize innovation and ensure the dissemination of its benefits. The myth that the stronger the patent protection, the better, is not grounded in evidence. Strong patent protection can also create obstacles to innovation and limit the diffusion of the benefits of scientific progress.
20. The current IP system (national, regional and international frameworks) is dysfunctional in many ways for the purposes of equitable and sustainable development. The existing rules and institutions were not formulated with a view to supporting innovation or the dissemination of new technologies for development purposes or for facing planetary-scale shocks. They are biased towards rewarding innovators over users. IP protection often far exceeds what would be necessary to incentivize innovation, leading to high prices, an under-supply of public goods, and reducing the global dissemination of the benefits of innovation, which contributes to new inequalities.
21. Existing international agreements leave governments policy space to balance the goals of innovation and access in the form of flexibilities such as compulsory licensing and government procurement, and to formulate and implement IP frameworks and policies fit for their national priorities. Flexibilities are well established in legal frameworks and practice in technologically advanced economies,

to meet public objectives. This is exemplified in the use of compulsory licenses for pandemic countermeasures in many countries with well-established IP frameworks and innovation ecosystems. Yet developing countries face obstacles in making use of flexibilities due to gaps in information, trade sanctions and other forms of political pressure, and incompatible national legal frameworks.

Developing countries can make more effective use of the existing policy space to pursue priorities for development, equity and productive capacity

22. Countries require policy frameworks for innovation tailor made to their specific priorities. Countries at different stages of STI development require different approaches.
23. All countries have policy space to use a range of IP policy tools and approaches to pursue national development priorities. There are considerable opportunities to make more effective the use of IPRs as an incentive policy for stimulating local innovation in developing countries, such as through copyright in creative industries, utility models for SMEs, and protection of indigenous knowledge in design. Similarly, flexibilities can be utilized more proactively for public priorities for example to reduce the cost of medicines such as part of a pandemic response strategy. The first step would be to review the administrative and legal obstacles to the effective implementation of flexibilities.
24. The new generation of industrial policies, ushered in by the COVID-19 pandemic and the climate crisis, will need to use IPR tools, and the policy space available in international frameworks, as tools for building local technological and innovative capacities. Ongoing debates on policy space for industrial policy and trade are an opportunity for an integrated approach to these issues.
25. Digital creative industries are an example of knowledge industries that are growth areas that contribute to structural diversification of economies, creating new opportunities for income generation. They face the challenges of copyright management, negotiations, and the distribution of revenue between platforms and creators.
26. Energy transition in developing countries, especially LDCs, will require meeting the objectives of both expanding access to clean energy and deploying clean energy infrastructure. This requires considering multiple challenges (limited finance, concentration of clean technology IPRs and supply chains, unilateral environment-related trade measures, etc.). A feasible approach would be technology co-development and co-ownership with mechanisms rooted in equity and transparency, innovative finance for technological development, and using clean technology solutions for livelihoods and resilience of vulnerable communities.

The global system in place to support innovation for development needs to be reassessed to be made fit for purpose to ensure innovation for (global and regional) public goods and for countries to address the challenges of the 21st century

27. The international IP system was developed in the context of the 80s and 90s and did not address the critical need for openly accessible technology as global public goods for addressing planetary shocks (climate, pandemics) of the 21st century.
28. Better models of collaborative research and development are needed to address challenges such as climate change and to promote the expansion of R&D in developing countries. One example is the CGIAR model, in which research is patented but access to technology is free. There are multiple other forms of collaboration and financing models for R&D and innovation, each presenting solutions and lessons for different situations.
29. The potential for South-South and regional frameworks that incentivize innovation in and for developing countries is large and growing but underexploited. The AfCFTA is illustrative of an opportunity to develop a coherent regional IPR policy with specific goals of structural transformation challenges, addressing inclusion and equity issues such as traditional knowledge, traditional expression, genetic resources, and the use of utility models. More investment is needed in policy research and the sharing of experiences on approaches that have worked in developing countries.
30. Implementation of TRIPS provisions for technology transfer and to support development have not had the desired impact.
31. The challenges of STI and the role of IP frameworks are a neglected issue in international organizations with a mandate for development. These organizations should provide developing countries with proactive support at the country level for the development of IP architecture and policy frameworks, for the deployment of IP as a development policy tool, and for the implementation of TRIPS flexibilities and other measures to pursue public interest. This includes providing policy analysis on alternative approaches. International organizations should also expand their work on global governance for the ethical use of new technologies.
32. The importance of innovation and IPRs needs to be elevated in the LDC graduation process, including in graduation impact assessments and in the development of smooth transition strategies and development strategies beyond graduation. These should include a stronger focus on IP's role as both catalyst and obstacle to innovation and access, and as a policy tool for structural transformation and equity including strategic management and use of flexibilities.

Chapter III

The 2024 triennial review of the list of least developed countries

A. Introduction

33. The identification of LDCs — defined as low-income countries suffering from severe structural impediments to sustainable development— is based on three criteria: (a) per capita gross national income (GNI); (b) the human assets index (HAI); and (c) the economic and environmental vulnerability index (EVI).
34. Graduation from LDC status follows the procedures specified in General Assembly resolution [59/209](#) and the guidelines adopted by the Committee for Development Policy in [2007](#) and endorsed by the Council.
35. The latest refinements of the [criteria](#) for identifying LDCs and their application procedures, including thresholds, were adopted in [2023](#). In preparation of the triennial review, a preliminary review of the list of LDCs was conducted by an Expert Group in January 2024. The Committee also consulted with country representatives on their views regarding graduation and considered graduation assessments, based on vulnerability profiles prepared by UNCTAD and impact assessments prepared by DESA, and the set of supplementary graduation indicators (SGIs).

B. Criteria in the 2024 triennial review

36. The table below shows the criteria values of LDCs in the 2024 triennial review. Data for all UN Member States in developing regions is available at the CDP [website](#).

Table 1: Least developed country criteria for all least developed countries at the 2024 triennial review

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Gross national income (GNI) per capita, (2020-2022 average)		Human assets index (HAI)		Economic and environmental vulnerability index (EVI)	
Burundi	298	South Sudan	19.3	Eritrea	56.4
Yemen	350	Chad	21.5	Djibouti	54.7
South Sudan	395	Niger	25.5	South Sudan	54.5
Afghanistan	437	Central African Republic	29.4	Somalia	54.4
Central African Republic	473	Somalia	31.8	Niger	54.2
Liberia	473	Afghanistan	37.5	Kiribati	53.6
Madagascar	487	Burundi	45.5	Mauritania	52.9
Mozambique	491	Mozambique	45.8	Tuvalu	50.8
Sierra Leone	497	Guinea	46.4	Chad	50.2
Democratic Republic of the Congo	547	Mali	46.7	Solomon Islands	49.6
Somalia	573	Benin	48.6	Mali	49.0
Niger	589	Guinea-Bissau	49.2	Lesotho	47.8
Malawi	606	Liberia	50.6	Burkina Faso	46.9
Eritrea	609	Angola	55.2	Afghanistan	46.8
Sudan	619	Sierra Leone	55.3	Sudan	46.4
Gambia	750	Ethiopia	58.1	Liberia	45.9
Guinea-Bissau	764	Madagascar	58.6	Gambia	45.5
Burkina Faso	835	Democratic Republic of the Congo	59.5	Malawi	43.2
Mali	838	Burkina Faso	59.9	Senegal	42.3
Rwanda	843	Malawi	60.5	Yemen	41.3
Uganda	909	Lesotho	60.7	Timor-Leste	41.3
Chad	922	Togo	61.1	Mozambique	41.0
Togo	942	Sudan	62.0	Sao Tome and Principe	40.0
Ethiopia	1,008	Eritrea	62.0	Zambia	39.8
Guinea	1,037	Yemen	62.5	Haiti	39.1
United Republic of Tanzania	1,093	Mauritania	64.5	Sierra Leone	38.7
Zambia	1,113	Haiti	64.8	Angola	38.5
Lesotho	1,184	Timor-Leste	65.6	Burundi	37.3
Nepal	1,300	Uganda	66.3	Comoros	37.0
Benin	1,316	Senegal	66.7	Ethiopia	36.9
Myanmar	1,381	Rwanda	66.8	Democratic Republic of the Congo	34.6
Haiti	1,536	Djibouti	66.9	Central African Republic	34.2
Senegal	1,558	United Republic of Tanzania	68.1	Benin	34.2
Cambodia	1,590	Comoros	68.7	Guinea-Bissau	34.0
Comoros	1,603	Gambia	69.0	Madagascar	32.3
Mauritania	1,797	Zambia	71.4	Myanmar	30.2
Angola	2,027	Lao People's Democratic Republic	74.8	Lao People's Democratic Republic	29.8
Sao Tome and Principe	2,271	Nepal	76.3	Nepal	29.7
Solomon Islands	2,281	Myanmar	76.3	United Republic of Tanzania	29.5
Timor-Leste	2,314	Bangladesh	77.5	Guinea	29.2
Lao People's Democratic Republic	2,503	Cambodia	77.8	Togo	29.1
Bangladesh	2,684	Solomon Islands	79.4	Rwanda	28.2
Kiribati	2,916	Kiribati	84.6	Uganda	28.2
Djibouti	3,238	Sao Tome and Principe	91.4	Cambodia	24.1
Tuvalu	6,830	Tuvalu	92.9	Bangladesh	21.9

..... Graduation thresholds

GNI per capita: \$1,306 or above; HAI: 66 or above;
EVI: 32 or below

----- Income-only graduation exception threshold

GNI per capita: \$3,912 or above

C. Eligibility for inclusion and graduation

1. Countries considered for inclusion

37. No country met all three criteria for inclusion in the list of LDCs.

2. Countries considered for graduation

38. The Committee notes that fifteen LDCs are meeting the graduation eligibility criteria, one less than in 2021. Of these, five countries were already graduating, two had been previously recommended for graduation, five met the graduation criteria for the second consecutive time and were considered for a possible recommendation, and three are meeting them for the first time. Three countries who had met the criteria in 2021 no longer meet them, while one country has graduated in 2023. This lack of progress at the aggregate level underscores the difficult global environment that LDCs are facing in their pursuit towards graduation.

Cambodia

39. The Committee recommends Cambodia for graduation, noting it meets all three LDC criteria for graduation for the second consecutive time and with significant margins. The Committee welcomes the Government's strong commitment to LDC graduation. It considered the request by the Government for an extended preparatory period of five years to ensure smooth transition. The Committee found the request justifiable and credible. Cambodia has utilized international support measures – particularly preferential market access and intellectual property arrangements – effectively and with high female participation in the labour market and hence needs to implement exceptionally extensive measures to prepare for graduation. Moving forward, the country must advance both product and market diversification and develop productive capacity that is resilient to geopolitical and geo-economic shifts and capable of competing without LDC-specific international support measures.

40. Cambodia needs to increase its fiscal space to become more resilient against economic, health and environmental shocks. Cambodia also needs to focus on seizing the opportunities emerging from energy transition and strengthen the country's science, technological and innovation capabilities (including human capital and women's participation), which are essential if the country is to maintain the structural transformation drive by moving up the value chain, and productivity and technological development ladders, while making full use of existing policy space provided by international agreements. In these efforts, as well as in its efforts to build climate resilience, Cambodia requires continued support from its development and trading partners.

Djibouti

41. The Committee recommends Djibouti for graduation. Djibouti meets the graduation criteria for the second consecutive time. It meets the income criterion by a wide margin and HAI with a very small margin. The Government's strong commitment can contribute to a smooth transition out of the category with continued support from its development partners. The Committee also considered the request by the Government for an extended preparatory period of five years and finds the request justifiable and credible. Djibouti requires an extended period to implement measures to address its exceptionally high vulnerability that is reflected by the second highest

EVI score among all LDCs and underscored by recent regional events. This period would provide Djibouti with the time to increase its competitiveness and overcome fragilities by reducing the cost of electricity, improving the quality and affordability of internet services, diversifying the economy beyond port-related services and increasing public investments in social sectors.

Senegal

42. The Committee recommends Senegal for graduation. Senegal meets the income criterion and, by a very small margin, the HAI, for the second consecutive time. The Committee found the request by the Government for an extended five years justifiable. This period will enable the country to effectively prepare for its graduation, with the support of its development and trading partners, by aligning the preparations with its development planning processes, engaging all stakeholders meaningfully, and further improving its HAI score.
43. The Committee welcomes the strong commitment of the Government to graduate and the decision to integrate graduation into the country's national development plan. A successful and smooth transition requires strengthening strategies for diversification, industrialization and scientific and technological development. This includes revising legislative frameworks to make full use of the policy space provided by international agreements and the regional Bangui agreement on intellectual property rights. A smooth transition also requires enhancing the country's education system to ensure greater rates of completion, as well as addressing the urban-rural inequalities, including by improving basic infrastructure in rural areas and connectivity.

Comoros

44. The Committee deferred a decision on the graduation of Comoros to the 2027 triennial review. While the country meets the income and HAI criteria for the second consecutive time and is eligible for graduation, the recent and current multiple global crises have underscored the high vulnerability of Comoros to external economic and environmental shocks. Therefore, the ability of Comoros to sustain the progress achieved to date is uncertain, as also confirmed by the Government. The CDP welcomes the serious and determined efforts by the Government to identify and address key vulnerabilities and highlights in this regard the need for increased support from development partners.

Myanmar

45. The Committee deferred a decision on a graduation of Myanmar. While the country meets all three criteria as in the previous two triennial reviews, the available data does not reflect the severe negative impacts on the country's development triggered by the military takeover in 2021. Since then, there has been a significant deterioration in the country's socio-economic situation. The Committee also notes discrepancies between international data sources on the level of income. The Committee had already deferred a decision on Myanmar in 2021 because of concerns about the sustainability of development progress caused by the takeover that occurred just prior to that triennial review. Evidence suggests that the progress achieved in the years prior to the military takeover has been reversed and that socio-economic conditions are likely to continue to deteriorate.

Timor-Leste

46. Timor-Leste is no longer eligible for graduation as it now only meets the income criterion. The Committee previously deferred a decision on a recommendation due to concerns on the sustainability of Timor-Leste's development progress. It welcomes the constructive and fruitful dialogue with the Government. It appreciates the determined efforts by the Government to address the long-standing problem of extraordinarily high stunting rates and encourages the Government and its partners to urgently implement the necessary measures to address the multidimensional drivers of child undernutrition. The Committee also shares the concerns of the Government regarding the sustainability of the current economic model relying on the Petroleum Fund for state revenue. Economic diversification and development of a vibrant private sector are essential for the country to embark on a path towards sustainable graduation.

Zambia

47. Zambia is no longer eligible for graduation as it now meets only one criterion, the HAI, due to a decline in income since the last triennial review. The Committee welcomes the constructive and fruitful dialogue with the Government. The strong commitment of the Government to graduate and the preparatory activities that have already been undertaken will no doubt contribute to a smooth graduation process once the country becomes eligible again in a future review. Overcoming the macroeconomic instability is the main immediate priority and requires support from its development partners as well as private creditors for resolving the debt restructuring. In the longer term, reducing the excessive dependence on copper exports is essential not only for economic diversification but also for ensuring macroeconomic stability.

3. Other Countries

48. Three countries met the eligibility criteria for the first time: Rwanda, Uganda, and United Republic of Tanzania. All three have met the EVI criterion and, with relatively low margins, the HAI criteria, while failing to meet the income criterion. In line with the established procedures, the CDP will consider these countries for eligibility and a possible recommendation for graduation from the LDC category at the 2027 triennial review.
49. Kiribati and Tuvalu continue to be eligible for graduation, surpassing the income and HAI thresholds by wide margins while continuing to show a very high degree of vulnerability in EVI. The Committee recalled that it has already recommended Tuvalu (in 2012) and Kiribati (in 2018) for graduation, but that the Council has repeatedly deferred its consideration of these recommendations. The Committee welcomes the consultations it had with both countries since the last review on the question of graduation. It reiterates that graduation must not be seen as a signal that these countries no longer need special treatment. The extreme and permanent vulnerability of these countries to climate change requires specific, sustained and easily accessible financial and technical support that is outside the scope of LDC-specific support measures. The Committee believes that keeping countries in the LDC category for a prolonged period, while they no longer share the essential characteristics of the group, creates inconsistency and poses negative risks for the credibility of the category.

Chapter IV

Enhanced monitoring of countries that are graduating or have graduated from the list of least developed countries

A. Introduction

50. As mandated in Council resolution 2023/10 and General Assembly resolution 67/221, the Committee monitored the development progress of three recently graduated countries -Bhutan, Equatorial Guinea, Vanuatu-, and six graduating countries: Angola, Bangladesh, the Lao People’s Democratic Republic, Nepal, São Tomé and Príncipe, and Solomon Islands. The detailed monitoring reports, with recommendations on policy priorities and support needs as well as full reports submitted by countries, are available on the Committee’s website. The table below shows the LDC criteria scores vis-à-vis the graduation thresholds established at the 2024 Triennial Review of LDCs.

Least developed country criteria for the countries monitored, 2024

	<i>Least developed country criteria</i>		
	<i>Gross national income per capita (United States dollars)</i>	<i>Human assets index</i>	<i>Economic and environmental vulnerability index</i>
Graduation threshold (2024)	≥1306	≥66.0	≤32.0
Graduated country			
Bhutan	3311	79.4	31.2
Equatorial Guinea	5768	69.9	19.3
Vanuatu	3420	75.8	46.0
Graduating countries			
Angola	2027	55.2	38.5
Bangladesh	2684	77.5	21.9
Lao People’s Democratic Republic	2503	74.8	29.8
Nepal	1300	76.3	29.7
São Tomé and Príncipe	2271	91.4	40.0
Solomon Islands	2281	79.4	49.6
Averages			
Least developed countries	1307	59.6	40.6
Other developing countries	9358	88.0	31.9

Source: CDP Secretariat.

Note: Details on the LDC criteria are available on the [Committee’s website](#).

B. Graduated countries

Bhutan

51. Bhutan successfully graduated in December 2023, marking a significant milestone acknowledged by the UN Member States. Despite facing a severe blow to its economy from the COVID-19 pandemic, particularly due to the halt in tourism, the

country managed to swiftly recover and resume its trajectory of progress. In the medium term, challenges include mounting fiscal and current account deficits, while longer-term challenges entail diversification efforts, reducing reliance on hydropower exports, and fortifying resilience against environmental shifts. The Committee cautions that the target outlined in the national development plan of achieving high-income status by 2034 may be overly ambitious. It suggests considering advancements in manufacturing and the digital sector, with a focus on enhancing the digitalization of the service sector. Additionally, addressing the gap in productive capacity and incorporating agriculture into future plans are emphasized as crucial steps forward. The Committee also acknowledges and supports the country's requests for further UN support, through iGRAD, such as on south-south exchange and monitoring process.

Equatorial Guinea

52. Equatorial Guinea, since its graduation in 2017, has faced a rapid decrease in real income, largely attributable to diminishing oil production. Despite its massive economic boom in the 1990s and 2000s, the country has struggled to foster widespread development, with limited investments in health and education. Persistent challenges including weak governance, lack of transparency, and endemic corruption continue to hinder progress. The Committee emphasizes the critical need for Equatorial Guinea to establish a solid economic foundation for diversifying the economy away from the oil and gas sector and to invest in human assets.

Vanuatu

53. Vanuatu graduated successfully in 2020, despite remaining highly susceptible to external and environmental shocks, such as those caused by COVID-19 and recurrent cyclones. The government has been diligently implementing its smooth transition strategy (STS) and is seeking additional support from the UN system, particularly through iGRAD, to integrate the STS into planning, budgeting, and monitoring processes.

C. Graduating countries

Angola

54. Angola no longer satisfies the graduation criteria, as its Gross National Income (GNI) per capita has been in decline for several years, dropping below the graduation threshold of the income-only exception in 2024. Moreover, there have been minimal improvements both in the Human Assets Index (HAI) and Economic and Environmental Vulnerability Index (EVI), which remain distant from the graduation thresholds. The macroeconomic landscape presents numerous challenges, including decreased oil production, high inflation, currency devaluation, constrained fiscal capacity, significant debt servicing obligations, and limited productive capabilities. External factors such as volatile international oil prices and geopolitical instability further compound Angola's development hurdles. Based on this finding, the Committee concludes that the graduation process would recommence when, in accordance with the established procedures, and at a future triennial review, Angola met the criteria for graduation again. The Committee commends the Angolan Government for its steadfast commitment to diversifying the economy and addressing the challenges posed by population growth. It underscores the importance

of the government's resolute efforts to effectively implement its National Development Plan, which should bring Angola again on a path towards graduation and contribute to an effective smooth transition strategy once the process resumes.

Bangladesh

55. Bangladesh is making significant progress towards sustainable graduation. Despite the challenges posed by the COVID-19 pandemic, the country has effectively mitigated its adverse effects and continues to show notable advancements in development. This progress is evident in the improvement across most LDC indicators and several Supplementary Graduation Indicators. However, the negative impacts of the food, energy and finance crises driven by the war in Ukraine and global monetary tightening, have created macroeconomic challenges that are currently being addressed. The Committee recommends that Bangladesh finalize its STS in 2024 and persist in implementing sound policies, with a particular focus on structural economic reform. Given the importance of LDC-specific support for the development progress achieved, there is an urgent need for the international community, including Bangladesh's trading partners and the United Nations, to provide Bangladesh with the requested support.

Lao PDR

56. Lao PDR continues to meet all LDC criteria and making progress towards sustainable graduation. The government's adoption of the STS in 2023, following thorough and effective preparation, underscores its commitment to progress. Despite successfully navigating many challenges posed by the COVID-19 pandemic and global food and energy crises, the country faces notable difficulties in managing its currency value and debt levels. The Committee advises continued implementation of appropriate macroeconomic policies to address these issues in line with the STS and other relevant strategies. It emphasizes the importance of international support for debt management and economic diversification.

Nepal

57. Nepal is steadily advancing towards sustainable graduation, with its GNI per capita nearing the graduation threshold in 2024 while continuing to meet HAI and EVI. The government is in the final stages of refining the STS, aligning it with the national development plan. Although the economy experienced a significant slowdown due to the COVID-19 pandemic and the global food, energy and finance crises have caused macroeconomic challenges, recovery has been relatively swift, particularly with the revival of the tourism and manufacturing sectors. Sustained efforts in implementing effective policies focused on economic diversification, trade policy (combined with investment promotion), and disaster risk reduction will be crucial in achieving sustainable graduation.

Adequacy of five-year preparatory period

58. In its 2024 triennial review, the Committee analysed whether the length of the preparatory period for Bangladesh, Lao PDR, and Nepal has been adequate. It finds that all three countries have effectively mitigated the adverse effects of the COVID-19 pandemic to some extent and made significant progress in preparing for sustainable graduation after the extended five-year preparatory period and for a

smooth transition. The Committee concurred that further extending the additional preparatory period for these countries beyond 2026 is unnecessary. The Committee will continue to closely monitor the progress in preparing and implementing their STSs, including the support received by development and trading partners.

Sao Tome and Principe

59. Sao Tome and Principe is progressing towards graduation in 2024. The Government opted not to have a separate STS, but to have key elements of smooth transition measures integrated in its national development plan. While the effects of COVID-19 on growth were not substantial, the country's economic foundation remains fragile, heavily dependent on external assistance, while its production and export base remain limited. Elevated inflation, driven by increases in food, energy, and other consumer goods prices, along with low foreign reserves stemming from limited revenue and extensive imports, pose challenges. The Committee recommends increased government involvement in the Enhanced Monitoring Mechanism (EMM) to monitor the country's continued development progress beyond graduation.

Solomon Islands

60. Solomon Islands, having its graduation postponed to 2027, has resumed its preparations for LDC graduation. The Committee welcomes the adoption of the extension in line with its EMM. The government has devised a comprehensive work plan, timeline and outline for the STS, working towards an adoption of the STS in 2024 and is receiving assistance from the UN system. The Committee highlights the importance of addressing deep-rooted challenges for a sustainable graduation, including the need for an inclusive graduation process and the low level of productive capacities, through the timely delivery of international support.

D. Enhanced monitoring mechanism

61. The Committee acknowledges the progress made in implementing the Enhanced Monitoring Mechanism (EMM). The EMM has leveraged existing national and international monitoring processes, incorporating factors related to disruptive events that may impact the smooth transition out of the LDC category, as well as considering the short-term and long-term socioeconomic and environmental challenges.
62. Effective implementation of the EMM necessitates close collaboration among relevant United Nations entities, particularly the Inter-Agency Task Force (IATF) and the UN Resident Coordinator. It is imperative that the mechanism be intricately linked to a country's own monitoring of its preparation for graduation and implementation of smooth transition strategies.
63. The Committee notes that the national capacity of countries being monitored remains limited to fully engage in the EMM and to reap maximum benefits. It reiterates the call for support by Member States for the EMM, as outlined in ECOSOC resolution 2023/10 and General Assembly resolution 75/258 (annex para 284).
64. The Committee commits to ongoing review and improvement of the EMM, tailored to address country-specific challenges and contexts. It will continue to review the lessons-learned on the implementation of its EMM and report its findings to the Council in 2025. Subject to available resources, the Committee will consider options

regarding the ongoing customization and enhancement of the mechanism to better serve the needs of countries graduating and graduated from the LDC category. Key areas of focus could include:

- a) Continued improvement in data coverage and relevance.
- b) Clarifying the monitoring procedures, roles of CDP country rapporteurs, and expert group meetings on the EMM.
- c) Streamlining processes for short-term, high-frequency monitoring and responses.
- d) Improving coordination of strengthened support provided within the framework of the EMM, exploring possible resources for the CDP Secretariat, and synergies among UN entities with relevant expertise in this area.

Chapter V

Graduation – the Global context

A. A challenging global environment

65. The Committee reviewed how the changing global context is impacting graduation processes and prospects. LDC graduations in the 2020s have to cope with an increase in frequency and severity of global crises such as the COVID-19 pandemic; the spike in food and energy prices prompted by the war in Ukraine; rising global interest rates; steep currency depreciation experienced in several LDCs and other developing countries; an increase in protectionism amidst rising geopolitical and geoeconomic tensions; supply-chain and transportation disruptions; armed conflicts; displaced persons; as well as an intensification of climate change. Moreover, graduations are happening amidst accelerating technological change, including rapid advances in artificial intelligence, and the global low-carbon transition, posing both challenges and opportunities.

66. There are clear signs that the changes in the global environment are having negative impacts on LDC graduation, often amplified if they interact with domestic shocks. These impacts manifest themselves in several ways: First, certain graduation processes were interrupted and require extensions of the preparatory period. Second, some countries in various stages of the graduation process saw their move towards graduation derailed as they no longer meet the necessary criteria. Third, the graduation prospects of many LDCs remaining far below the necessary thresholds are becoming even dimmer, increasing the risk for these countries to be left behind in the development process. This holds particularly for countries affected by conflict. Fourth, almost all LDCs, including graduating countries, are facing difficulties as their fiscal space is diminishing, making it more difficult to undertake necessary investments for boosting productivity and innovation capabilities for post-graduation periods while also mitigating cost of living crises caused by price shocks. These difficulties are particularly acute in countries that already faced domestic and international macroeconomic imbalances for longer periods of time.

67. Despite these difficulties, commitment to graduation among LDCs remains overall strong. In each of the two last reviews, the Committee recommended three countries for graduation and, during their consultations with the Committee, all welcomed their forthcoming graduations.

68. The Committee believes that the changes in the global environment as well as experiences of countries in the graduation process require reflecting on the concept of graduation, strengthening international support, and adapting the graduation framework.

B. Required global response

1. Reflecting on the concept of LDC graduation

69. It is widely acknowledged that graduation should be seen as a milestone rather than an endpoint in the pursuit towards sustainable development. However, further reflection might yield a common understanding of what is required in this and future eras to arrive at graduation and how to progress after reaching it. These reflections would include how the current changes in the global context affect the understanding of the LDC category itself, beyond being a classification of those developing countries that are facing particularly severe development impediments. While it

would acknowledge the evolving nature of the LDC category over the past fifty years, the conceptual work must analyse whether the current global context necessitates changes to the set of impediments that define the category and its associated measures to overcome these impediments.

70. These conceptual issues have a direct bearing on the conceptualization of smooth transition strategies that graduating countries are invited to prepare and implement in cooperation with their development and trading partners. Experience reveals that countries follow different approaches. Some countries fully integrate their smooth transition strategy into existing national development strategies without producing separate strategy documents and processes for LDC graduation. Other countries prepare separate smooth transition strategies with clear and explicit linkages to national development strategies. A third approach combines both approaches, utilizing existing or updated development strategies as main instruments for smooth transition while including specific actions directly related to impacts of graduation into specific smooth transition documents.

71. Analysing these experiences and fostering exchanges between graduating and graduated countries may lead to further guidance on smooth transition strategies. This would include considering the balance between defensive approaches dealing with possible losses of graduation and approaches focusing on sustainable post-graduation development. It would also include guidance on the timeframes for preparing and implementing smooth transition strategies as well as on the role of development and trading partners.

2. Enhancing international support to graduation

72. The current context requires improved and additional support to graduating and recently graduated countries. Development and trading partners should provide generous support, including through an extension of LDC-specific support measures. The Committee welcomes progress made under the WTO in this regard but views further efforts as essential, particularly in cases where LDC-specific support has been fundamental for achieving graduation. Given the increasing importance of financing disaster recovery and rehabilitation and climate action, adequate smooth transition provisions of climate change-related LDC-specific instruments and disaster rehabilitation funds are critical, including improving access to alternative sources. However, graduation support should not be confined to extensions of existing measures but rather include specific measures targeting the post-graduation development pathway. The Committee notes that fifteen LDCs are meeting the graduation eligibility criteria, one less than in 2021, while only one country graduated since the last triennial review. This lack of progress at the aggregate level underscores the difficult global environment that LDCs are facing in their pursuit towards graduation.

73. The Committee welcomes the establishment of the new sustainable graduation support facility iGRAD in 2022, first proposed by the Committee in 2019, as iGRAD can provide much needed country-led demand-driven technical assistance to countries in the graduation process. However, the Committee is very concerned about the slow progress in its operationalization and the limited funding of the facility. The LDC category has been created and prioritized by the United Nations and the commitments to graduation in the recent Programme of Actions for the LDCs were adopted by all Member States. Hence, accountability for achieving smooth and sustainable resolutions does not rest with governments of graduating countries alone, but must be mutually shouldered by development and trading partners, including the United

Nations. The credibility of the international system, in particular the United Nations, is at stake if graduations from the LDC category are not sustainable.

3. Making the graduation framework fit-for-purpose

74. The changing global context also requires updating the existing graduation framework, to make it fit for purpose. The framework should include rules to deal with interruptions to graduation processes rather than dealing with them on an ad-hoc basis. This could include rules on: a) extensions of preparatory periods; b) deferments by the Committee, the Council, or the General Assembly; and c) actions in case of reversals in graduation eligibility during the graduation process. The notion of a standard three-year preparatory period provided for in the current framework needs revisiting, given that the last five completed and all ongoing graduations include longer preparatory periods. The linkages between monitoring of graduating and graduated countries by the Committee through its enhanced monitoring mechanism, the preparation and implementation of smooth transition strategies, and graduation-specific support may also require further clarification.

75. In the changing global context, monitoring by the Committee is not only prolonged but also becoming more demanding in terms of assessing linkages between development setbacks and graduation processes, requiring a review of the internal functioning of the enhanced monitoring mechanism. A rethinking of the concept of LDC graduation may impact the triennial review of the list of LDCs undertaken by the Committee, and, hence, require changes to the LDC criteria, their application procedures and the analytical information used by the Committee before making recommendations.

C. Way forward

76. There is a clear need to scale up the delivery of graduation support. As immediate action, development partners should urgently provide generous funding to iGRAD and the Secretary-General of the United Nations should ensure that such funding can be rapidly deployed to respond to the increasing demands by countries. However, development and trading partners also need to provide significantly more direct support to graduating countries to support the smooth transition of countries concerned.

77. The Committee appreciates the positive response by the Council to its finding in 2023 that the General Assembly resolutions on smooth transition require updating and stands ready to substantively support the process. The new resolution offers a not-to-be-missed opportunity to provide specificity to the incentives and support measures for graduation that countries have already committed to in the Istanbul and Doha Programmes of Actions. The resolution should also provide for improvements to the graduation procedures.

78. The Committee will initiate work on a review of the LDC graduation framework. The work will include reviewing the conceptual underpinnings of the LDC category, graduation, smooth transition and smooth transition strategies. Over the next year, it will also develop proposals for updating the graduation procedures, both as input to the planned new General Assembly resolution on smooth transition and as guidance to the preparations for the upcoming triennial reviews. Based on this work, the Committee will undertake a review of the LDC criteria and their application

procedures for the upcoming triennial reviews, to be adopted at its 2026 Plenary. It will report its findings and conclusions in its reports to the Council in 2025 and 2026.

Chapter VI

Future work of the Committee for Development Policy

79. The Committee for Development Policy will continue to align its work programme with the needs and priorities established by the Economic and Social Council, with a view to contributing effectively to the Council's deliberations and assisting it in the performance of its functions. In that context, the Committee will examine, in a multi-year programme, development policy issues under the framework of fundamental shifts and megatrends redefining the global economy and requiring new development pathways.
80. The Committee will also undertake a multi-year work programme on a review of the LDC graduation framework.
81. In accordance with the relevant mandates, the Committee will monitor the development progress of recently graduated and currently graduating countries. In case the Council will endorse and the General Assembly take note of any additional previous or current recommendations of the Committee to graduate countries from the LDC category, the Committee will also monitor the progress of such countries. The Committee will hold consultations with graduating and recently graduated countries as well as with countries whose graduation has been deferred, in accordance with the provisions of Council resolution 2023/10 and General Assembly resolution 76/258. The Committee will continue to review the enhanced monitoring mechanism, particularly its effectiveness in the face of crises which have increased in frequency and severity and have already interrupted and extended graduation processes. Subject to available resources, it will improve the mechanism to accommodate these circumstances and adequately support countries on their graduation pathways.

Chapter VII

Organization of the session

82. The Committee held its twenty-sixth session from 4 to 8 March 2024. Twenty members of the Committee, as well as observers from several international organizations, attended the session. The list of participants is included in Annex I to the present report.
83. The Department of Economic and Social Affairs provided substantive services for the session. The Chair of the Committee opened the session and welcomed the participants. Subsequently, the Vice-President of the Economic and Social Council and the Under-Secretary-General for Economic and Social Affairs addressed the Committee. Statements are available on the Committee's website <https://www.un.org/development/desa/dpad/publication/cdp-plenary-2024/>
84. The agenda for the twenty-sixth session is contained in Annex II to the present report.

Annex I

List of participants

1. The following members of the Committee attended the session:

Sabina Alkire
Debapriya Bhattacharya
Sofia Borges
Ha-Joon Chang (virtual)
Sakiko Fukuda-Parr
Ahmed Galal
Arunabha Ghosh
Trudi Hartzenberg
Rolph van der Hoeven
Anne-Laure Kiechel (virtual)
Carlos Lopes (virtual)
Amina Mama
Keith Nurse
José Antonio Ocampo Gaviria
Annalisa Prizzon
Liliana Rojas-Suarez
Taffere Tesfachew
Kori Udovicki
Natalya Volchkova
Xufeng Zhu.

2. The following entities of the UN system and other international organizations were represented at the session:

Committee of Experts on Public Administration Secretariat
Department of Economic and Social Affairs
Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
Office of the United Nations High Commissioner for Human Rights
United Nations Conference on Trade and Development
United Nations Development Programme
United Nations Economic and Social Commission for Asia and the Pacific
United Nations Framework Convention on Climate Change
United Nations Office for Disaster Risk Reduction

Annex II

Agenda

1. Opening session and overview.
 2. Committee for Development Policy's linkages to the intergovernmental process.
 3. Innovation ecosystems for development, structural change and equity.
 4. Triennial review of the list of Least Developed Countries.
 5. Open Session: Innovation ecosystems - making intellectual property work for development, equity and structural change.
 6. Graduation in the global context.
 7. CDP inputs to the new smooth transition resolution.
 8. Perspectives on graduation.
 9. Country monitoring.
 10. Implementing and improving the Enhanced Monitoring Mechanism.
 11. Least Developed Countries' capacity development work.
 12. Committee for Development Policy's work in the year ahead.
 13. Next steps.
 14. Interaction with the Economic and Social Council.
 15. Briefing: Least Developed Countries policy issues and role of the Committee for Development Policy.
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