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Ex-ante Impact Assessment of likely
Consequences of Graduation of
Kiribati
from the Least Developed Country Category

**SUSTAINABLE
DEVELOPMENT**  **GOALS**

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Summary

This ex-ante impact assessment considers the implications of the withdrawal of support measures currently available to Kiribati as a least developed country (LDC) upon its graduation from the LDC category. It updates the previous impact assessment from 2015. In general, the assessment finds that a possible graduation would have only minor impacts on Kiribati's current sources of income, but could significantly affect its prospects and efforts for economic diversification. Development cooperation flows are unlikely to be affected, but the country would continue to be highly dependent on enhanced international support for climate change adaptation. The main conclusions are summarized as follows:

Trade

Market access – goods. There can be a small impact on market access for Kiribati's current merchandise exports, as the country's exports of tuna loins and related processed fish products (a key element in Kiribati's development strategy) would face a small tariff increase in Japan. Exports of fish products to the United States and to Australia would not be impacted. Similarly, exports of copra and coconut would not face tariff increases either.

There could be a possibly significant negative impact on Kiribati's export prospects, as graduation would lead to a relatively large increase in tariffs for tuna loins and related processed fish products in the European Union. Whereas Kiribati does currently not export fish products to the EU, it has recently cleared market access barriers and has attracted commitments for foreign direct investment (FDI) to serve the large EU market utilizing LDC benefits.

Market access – services. Kiribati's development and trade strategies highlight the potential of services. The available information strongly suggests that such efforts would not be affected by the potential loss of preferential market access in services under the WTO services waiver, because the main targeted service (tourism) does not face significant market access barriers.

Other sources of income. Graduation would not impact Kiribati residents working abroad, as the preferential access to Australia and New Zealand through seasonal workers schemes is independent of LDC status and Kiribati seafarer and fishing crews do not receive preferential treatment.

WHAT ARE EX-ANTE IMPACT ASSESSMENTS IN THE CONTEXT OF GRADUATION FROM THE LDC CATEGORY?

To graduate from LDC status, a country needs to be found eligible for graduation, based on criteria determined by the UN General Assembly, in two successive triennial reviews conducted by the Committee for Development Policy (CDP).

After a country is found eligible for the first time, the CDP requests that the United Nations Department of Economic and Social Affairs (UNDESA) prepare an ex-ante assessment of the expected impacts for the country of no longer having access to international support measures for least developed countries (LDCs).

This assessment is used, along with a "vulnerability profile" prepared by the United Nations Conference on Trade and Development (UNCTAD), the views of the concerned Government and other relevant information, as an input for the CDP's decision on whether to recommend the country for graduation once it is found eligible for a second time.

Graduation would not impact Kiribati's main income source, international fishing licenses.

WTO. As Kiribati is neither WTO member nor an acceding member, graduation has no impact on multilateral trading obligations.

Aid for Trade. The main Aid for Trade instrument that is specifically geared at LDCs is the Enhanced Integrated Framework (EIF). Kiribati would be eligible for support from the EIF for a period of up to five years after graduation. Other components of Aid for Trade are generally not linked to LDC status.

Development cooperation

Graduation is not expected to impact official development assistance (ODA) flows. All significant bilateral development partners confirmed that their support to Kiribati does not depend on Kiribati's LDC status. Similarly, all significant multilateral partners either do not utilize the LDC category for operational activities (World Bank and Asian Development Bank) or confirmed their continuing support (European Institutions).

Almost all United Nations entities confirmed that they will continue to support Kiribati after a possible graduation. However, UNDP noted that Kiribati could face a reduction in the allocation from UNDP resources. A number of entities (DESA, OHRLLS, UNCTAD, UNCDF, UNESCO) would be in the position to offer graduation-specific support.

Given the extremely high vulnerability of the country to climate change, the country will continue to require significant international support for adaptation purposes. Kiribati would lose access to the LDC fund under the United Nations Framework Convention for Climate Change (UNFCCC), but would continue to have priority access to the Green Climate Fund.

General Support

Graduation will not impact Kiribati's contributions to the United Nations regular budget and to the budgets of most other United Nations organizations. It will lead to small increases in its contributions to United Nations peacekeeping operations, international tribunals and to the World Intellectual Property Organization (WIPO).

After a transition period of up to five years after graduation, Kiribati would no longer be eligible for funds supporting travel of representatives to the official meetings of the United Nations General Assembly.

The country and its nationals may no longer benefit from other forms of support for travel to participate in international forums or from certain scholarships and fellowships. It would continue to have access to mechanisms dedicated to other developing countries and particularly to SIDS.

1. Background, scope and sources

Kiribati was found eligible for graduation from the least developed country (LDC) category in 2006, 2012 and 2015, based on its GNI per capita and its score on the human assets index (HAI) (see Box 1).¹ The CDP considered the country for graduation in 2015, but deferred its decision on a recommendation to the upcoming 2018 triennial review.² It also requested UNCTAD to update its vulnerability profile³ and DESA to update its ex-ante assessment of the expected impacts for Kiribati of no longer having access to international support measures for LDCs⁴. This impact assessment responds to this request and will be considered by the CDP at the 2018 triennial review. It updates not only data sources and analysis, but also introduces a dynamic element by addressing both current exports and key potential exports and markets.

Scope of the impact assessment. The purpose of the ex-ante impact assessment is to examine the likely consequences of graduation for countries' economic growth and development. It identifies potential risk factors or challenges that countries may face after graduating in view of the possible change in the nature of support received by development and trading partners by evaluating the direct effects of graduation on the main international support measures (ISMs) extended to LDCs. Support measures fall into three main areas: i) international trade; ii) development cooperation; and iii) other general support (related to United Nations funding, support for travel to official meetings, and scholarships and research grants).⁵

The analysis considers only concrete support measures that are made available to the country concerned exclusively on basis of its LDC status. In international trade, the analysis first identifies products of interest on the basis of current bilateral trade flows and relevant policy documents. Then, it assesses to which extent these products benefit from LDC-specific preferential market access and how market access conditions would change after a possible graduation. If applicable, it also considers the impact of graduation on obligations within the World Trade Organizations and regional trading arrangements as well as the impact on Aid-for-Trade support. The impact of graduation on development cooperation is assessed in two steps. First, the assessment identifies major partners on basis of current development cooperation inflows and projects. Subsequently, and on basis of development cooperation policies and country-specific information from individual development partners, it identifies whether belonging to the LDC category is likely to significantly influence cooperation programmes or limits access to specific instruments. The impact of graduation on contributions to United Nations organizations is assessed by considering the hypothetical contributions a country would have to make to the most recent budget if the country did not have LDC status.

Graduation also has potential benefits, such as a heightened sense of national progress that accompanies a move out of the official lowest rung of the development ladder and increased

¹ United Nations Committee for Development Policy, Report on the seventeenth session (23-27 March 2015) of the Committee for Development Policy (E/2015/33, Supplement No. 13).

² See <http://undocs.org/en/E/2015/33>

³ http://www.un.org/en/development/desa/policy/cdp/cdp_news_archive/2015-cdp-plen-pre-6b.pdf

⁴ http://www.un.org/en/development/desa/policy/cdp/cdp_news_archive/2015-cdp-plen-pre-6a.pdf

⁵ A comprehensive catalogue of LDC-specific international support measures is available at <http://www.un.org/ldcportal>.

political standing in regional and international institutions. It would be difficult and potentially misleading to attempt to reliably establish and quantify the significance of these factors for individual countries and their consequences for economic growth and development. Therefore, these issues are not addressed in the assessment. Graduation may potentially also affect access to and conditions in financial markets. However, there is currently no evidence from publicly available documents or empirical studies that international rating agencies, international banks or investors include LDC status per se as one of their decision criteria.

Main sources. Sources used in this assessment include official data, relevant documents and studies published by the government, regional and international organisations and other relevant institutions. Information was specifically requested from the main development and trading partners of all LDCs to be considered for graduation by the CDP in 2018 on support measures, including the amount and/or type of preferences, benefits and assistance, as well as on the likely changes in those support measures should the country's graduation be confirmed.⁶ UN DESA is very grateful to those Governments and institutions that participated and contributed to this exercise.

The draft report of the ex-ante impact assessment was circulated to the Government of Kiribati for comments before being finalized for submission to the CDP Expert Group Meeting (EGM) consultations on 1-2 February 2018. No comments had been received by January 19.

⁶ Responses were received from Australia, Austria, Brazil, the European Union, Finland, Germany, Ireland, the Netherlands, New Zealand, Norway, Portugal, Thailand, and the United Kingdom as well as from the Enhanced Integrated Framework (EIF), the Global Environment Facility (GEF), the International Labour Organization (ILO), the International Telecommunication Union (ITU), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (Unicef), UN Volunteers, the World Food Programme (WFP) and the World Trade Organization (WTO) (as of 10 January 2018).

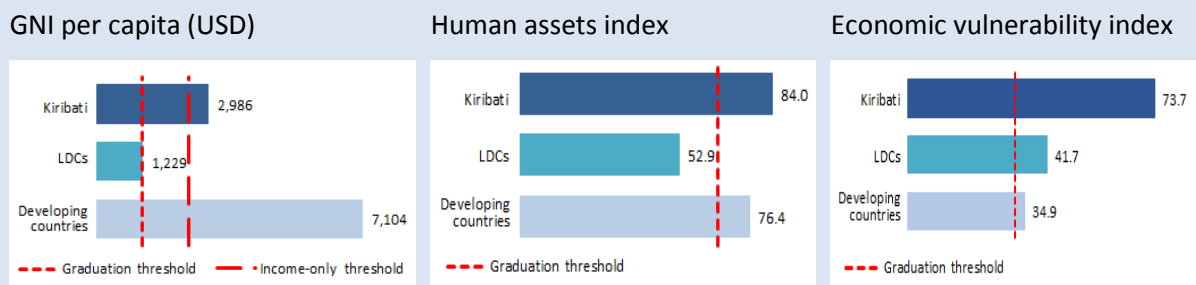
Box 1. Graduation eligibility and the process towards graduation

A country becomes **eligible** for graduation from the LDC category when it meets any **two of three criteria** in two consecutive **triennial reviews** conducted by the CDP. In the 2018 review, the criteria are as follows:

- GNI per capita of USD 1,230 or above (also referred to as the income threshold)
- Human Assets Index (HAI) of 66 or above*
- Economic Vulnerability Index (EVI) of 32 or below*

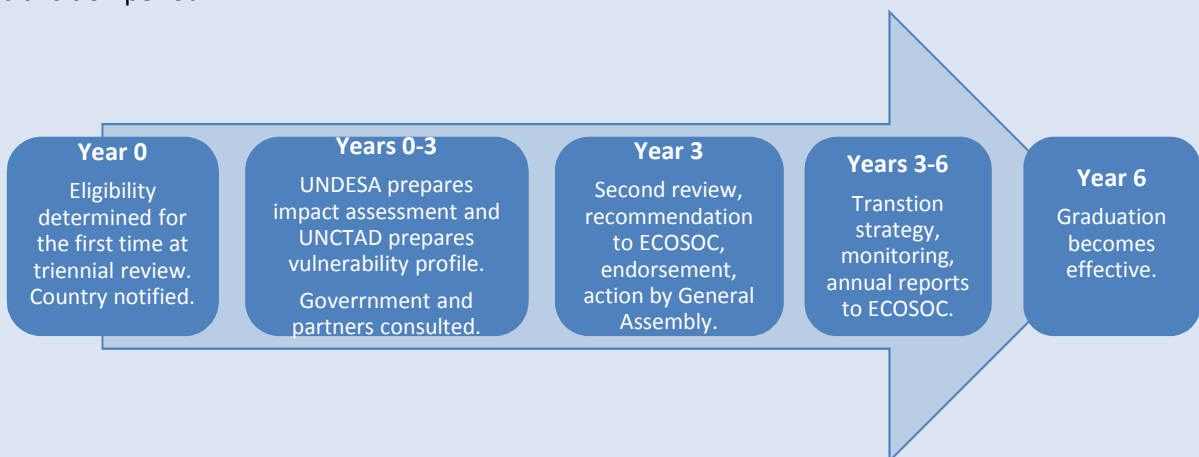
Alternatively, a country may become eligible for graduation if its GNI per capita is more than double the income threshold during two consecutive reviews.

Kiribati's eligibility. In 2012 and 2015, Kiribati's GNI per capita were USD 1,937 and USD 2,489, above the former thresholds of USD 1,190 and USD 1,242. Its HAI scores were 86.9 and 86.3, above the threshold of 66. In the 2018 review, Kiribati's GNI per capita is USD 2,986, exceeding the income graduation threshold of USD 1,230 as well as the 'income-only' graduation threshold of USD 2,460. Its HAI score is 84.0, also exceeding the graduation threshold. Although its EVI score of 73.7 remains far above the maximum threshold of 32.0, meeting the income and HAI criteria is sufficient for Kiribati to have met the eligibility criteria for the third consecutive time.



Data based on the 2018 triennial review

The process towards graduation. After the CDP recommends graduation, ECOSOC endorses and the General Assembly takes note of the recommendation. Graduation becomes effective three years after action by the General Assembly. Exceptionally, the General Assembly may decide on a longer transition period.



*For information on the composition of the indexes, see

<https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-criteria.html>

2. Trade-related support measures

The main trade-related support measures to LDCs include preferential access to markets (section 2.2); the conditions of accession to the WTO and special treatment related to the implementation of WTO commitments after accession (section 2.3); and capacity-building related to trade (section 2.4). As background information, the following section provides an overview of Kiribati's current and potential exports.

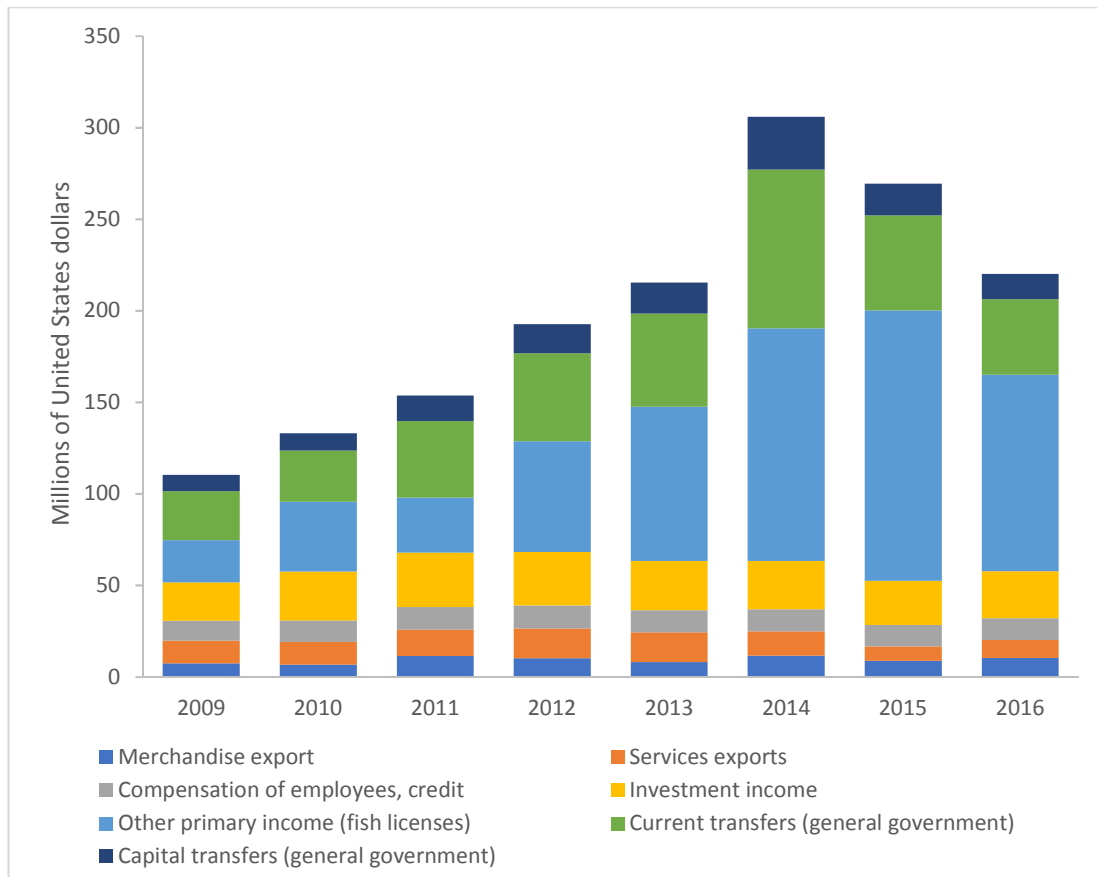
2.1 Overview of Kiribati's export structure

Kiribati has only very limited exports of goods and services, largely a consequence of its remoteness, limited productive capacities and lack of resources such as land or freshwater. The resulting high demand for imports to satisfy consumption needs⁷ is partly covered by income from Kiribati nationals working abroad (as seafarer and as participants in seasonal worker schemes in Australia and New Zealand), proceeds from saving funds (Revenue Equalization Reserve Fund, RERF, and Kiribati Provident Fund, KPF) and donor support (see section 3). However, Kiribati's main source of external financing are international fishing licenses, which have significantly increased with the introduction of the vessel day scheme in the Pacific.⁸ The licenses are not related to LDC status and, therefore, will not be affected by a possible graduation. Figure 1 shows the evolution of key elements of the balance of payments.

⁷ In recent years, imports in Kiribati are close to 100 per cent of GDP and close to 50 per cent of GNI. GNI is much larger than GDP due to large primary income inflows (compensation of employees, investment income, international fishing licenses) from abroad.

⁸ The vessel day scheme (VDS) sets a common price per vessel and day for all commercial fishing fleets fishing in the ten Pacific Island States that are Parties of the Nauru Agreement. The VDS has enabled country to capture a higher share of the resource rent than previous arrangements. However, income remains volatile for individual countries as fish migrate regionally due to global climate patterns.

Figure 1: Kiribati – Main sources of external financing



Source: IMF Data, Balance of Payments Statistics (BOPS) (<http://data.imf.org/?sk=7A51304B-6426-40C0-83DD-CA473CA1FD52>), accessed 2 Oct 2017.

Main merchandise exports

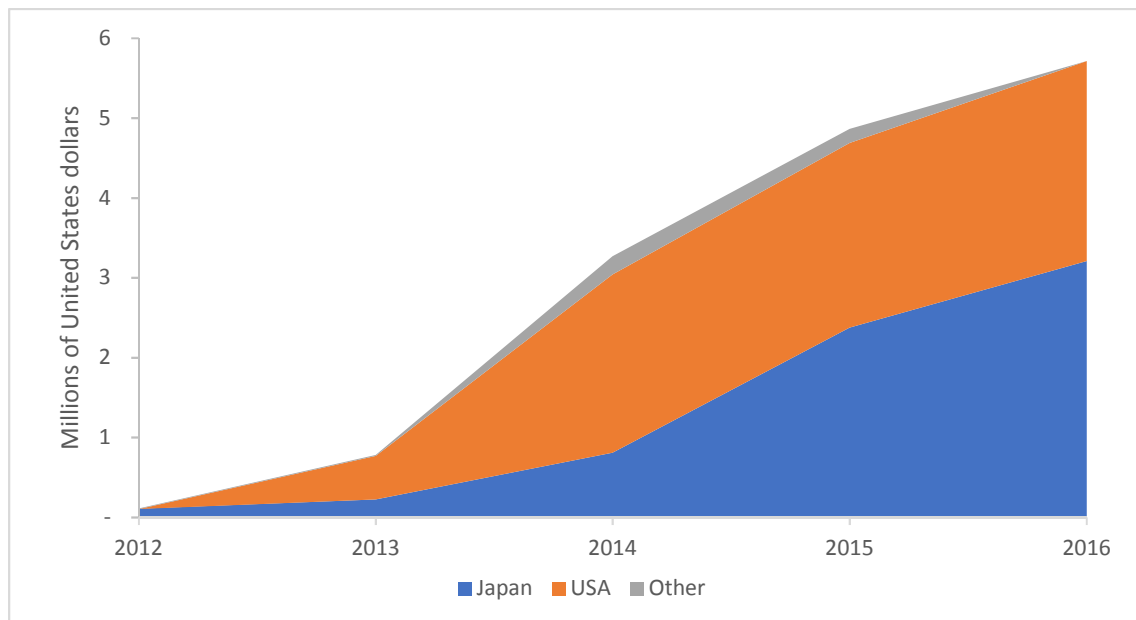
Information on merchandise exports of Kiribati has to be analysed carefully due to the overall low volume of exports and high fluctuations in terms of products and destinations. Moreover, as in many LDCs, data coverage is limited. The United Nations Comtrade database has export data (i.e., data reported by Kiribati) for 2007-2013 and for 2016, but not for 2014 and 2015.⁹ Based on the 2007-2016 averages, main exports were coconut oil (HS 1513), dried fish products (HS 0305) and copra (HS 1203), with Taiwan Province of China, Australia and Hong Kong, China as main destination (see table A.1). There is substantial variation in products and destinations over time. For example, Malaysia was the largest destination in 2016 in total trade (importing coconut oil and copra), but received no exports between 2007 and 2013. Similarly, in 2016 there are no recorded exports to Taiwan Province of China and Morocco, the main destinations between 2011 and 2013. Moreover, recorded exports of copra dropped to zero between 2010 and 2012, but re-emerged in 2013; exports of solid coconut oil residues (HS 2306), the fourth largest

⁹ Additional national trade data was not available at the time of writing this report.

export in 2007, dropped to zero in 2016. The export data also reveals exports of products such as yachts or petroleum oils that are not produced in Kiribati and, hence, almost certainly represent either re-exports or data entry errors.

Utilizing mirror data from Japan and the United States indicated that Kiribati has experienced increasing exports of fish (tuna) fillets (HS 0304), making processed fish by far the most relevant export, see figure 2 and table A.2. These imports are missing in Kiribati’s export data, though data on 2014 and 2015 are generally missing. In addition, export data includes some exports of frozen fish (HS 0303) to the United States that are missing from mirror data, which could indicate coding discrepancies. Exports of processed fish (HS 0304) are likely to reflect the initial success of the new fish processing plant, a joint venture between the Government of Kiribati and two fishing and fish processing companies in Fiji and China.¹⁰ Mirror data also shows significantly higher amounts of live fish exports of (HS 0301) to the United States than contained in export data.

Figure 2: Imports from Kiribati of fish fillets (HS 0304)



Source: UN Comtrade, accessed 3 August 2017.

Mirror data for Kiribati from Comtrade also contains massive exports of frozen tuna (HS 0303), particularly to Thailand, but also to Japan, and other countries. The average of these presumed imports from Kiribati in 2016 was US \$ 115 million, far outstripping Kiribati recorded exports. However, these presumed exports are most likely erroneously attributed to Kiribati. One factor for the increase in presumed imports might be that the number of fishing vessels flagged by Kiribati has increased from 4 to 35 (with catch value increasing from US \$ 32 to 233 million) between 2008 and 2015 (Pacific Islands Forum

¹⁰ Onshore processing in Kiribati started in 2012 and rose to 761 tons in 2015 (Pacific Islands Forum Fishery Agency, Compendium of Economic and Development Statistics 2016). The processing plant employs over 200 people (<http://kiribatifishltd.com/about-us/>).

Fishery Agency, Compendium of Economic and Development Statistics 2016). However, as long as these vessels are operated and controlled by residents of other countries, their sales to foreign countries should not be counted as exports of Kiribati, and are therefore not included in the present report.

Main potential exports

The new development strategy of Kiribati (Kiribati Vision 20, short KV 20¹¹) emphasizes sustainable fisheries and marine development as main growth sector of the economy, as did earlier documents such as the Kiribati Development Plan 2016-2019¹² and its predecessors and the Diagnostic Trade Integration Study (DTIS) from 2010¹³. A key element in the development strategies is the support to fish processing within Kiribati, which would not only increase the share of value added appropriated by Kiribati, but would also generate employment opportunities in Kiribati. As tuna canning is not a viable option due to lack of water resources and other constraints, the main processing activities is tuna loining, making fish fillets and related products (HS 0304) the main potential export item. Nevertheless, exports of unprocessed frozen fish (HS 0303) may also be seen as potential for export earnings within the attempts to maximize benefits from fish resources, in addition to currently exported live fish (HS 0301) and dried fish products (HS 0305). As noted above, the strategy to increase fish processing activities has shown some success after the establishment of a fish processing plant in 2012. Currently, Australia, Japan and the United States are the main export markets. Kiribati is not yet exporting to the European Union. However, Kiribati recently secured the status as an EU Competent Authority, enabling it export sustainable Marine Stewardship Council (MSC) certified tuna to the important EU market (see PNA Tuna Market Intelligence, July 2017). The improved export opportunities to the EU also revitalized plans by a Filipino company to establish a second fish processing plant on Kiribati, which is planned to start operating in 2018 (Undercurrent News, 28/8/2017).

In addition, the strategy documents also emphasize efforts to revitalize the coconut industry (though in the KV 20 this is primarily driven by domestic policy objectives such as reducing domestic migration). This calls for maintaining copra (HS 1203) and coconut oil (HS 1513) as goods of interest for exports, even though remote island States such as Kiribati may face cost disadvantages compared to larger producers in South-East Asia. The KV 20 also references seabed mining as potential growth area. However, explorative activities have not yet started and environmental and infrastructure challenges may be substantial.

Tourism, currently rather underdeveloped, is the second main focus of KV 20 and featured already in earlier strategies. Whereas the main emphasis in the DTIS was on fishery-related tourism (particularly on Kiribati in the Line Islands, which is geographically much

¹¹ <http://www.mfed.gov.ki/sites/default/files/KV20%20VISION.pdf>

¹² <http://www.mfed.gov.ki/sites/default/files/Kiribati%20Development%20Plan%202016%20-%202019.pdf>

¹³ <http://www.enhancedif.org/en/system/files/uploads/kiribati20dtis20rpt20final.pdf?file=1&type=node&id=3043>

closer to the United States and which is less land-constrained than the Gilbert Islands where most of Kiribati's population lives), the KV 20 also emphasizes tourism aiming at harnessing the rich and diverse cultural tradition of Kiribati. Potential is also seen in fishery-related services, including crewing and transshipment services.

The KDP 2016-2019 as well as the DTIS also put emphasis on income generation from working abroad, from seafarers, fishing crews and from participants in the regional seasonal worker schemes offered by Australia and New Zealand.

2.2 Preferential market access

Developed countries and several developing countries grant preferential market access to goods and services from LDCs. These preferences generally do not require an LDC to be member of the WTO. The practical significance of these measures, and therefore of their withdrawal upon graduation, depends on what the country in question exports and where to. Graduation has no impact on exports of products and services that do not benefit from LDC-specific preferences, or on exports to markets that do not grant LDC-specific preferences. The following paragraphs discuss their applicability in Kiribati and expected changes once the country graduates from the LDC category.

Preferential market access – trade in goods

Background: *The Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (known as the “enabling clause”) adopted under the General Agreement on Tariffs and Trade (GATT) in 1979 allows developed countries to extend more favourable, non-reciprocal, treatment to the exports of developing countries in general, and deeper margins of preferences for LDCs. The clause forms the legal basis for the Generalised System of Preferences (GSP) and for LDC-specific schemes within those systems. In 1999, WTO members adopted a waiver that allows developing countries to extend preferential treatment to imports from LDCs.¹⁴ In 2005, at the Sixth Ministerial Conference in Hong Kong, WTO members committed to further improving market access conditions for LDCs, providing duty-free, quota-free (DFQF) market access.¹⁵ As a result, developed countries and several developing countries have LDC-specific preferential arrangements. When a country graduates from the LDC category and after a possible transition period, it no longer benefits from the LDC-specific preferences. In developed countries, it typically continues to have access to the GSP, in addition to any other preferential terms resulting from bilateral or regional agreements. In developing countries, if no bilateral or regional agreements are in place, non-preferential tariff rates apply, which in most cases are the most-favoured nation (MFN) rates under the WTO.*

¹⁴WTO, WT/L/304/17, 17 June 1999. See also LDC Portal at <https://www.un.org/ldcportal/preferential-treatment-to-merchandise-exports/>

¹⁵ WTO, WT/MIN(05)/DEC.

The impact of graduation on preferential market access can be assessed by identifying the main current and potential export products and destinations. Table 1 below shows the impact on average tariff rates in key markets. Averages are simple averages of all tariff lines falling under the respective HS heading. Tariffs are 'best available' tariffs (the lowest tariff rate of all tariff regimes applicable to the country, before and after graduation) and do not take potential non-utilization of preferences due to failure of meeting rules of origin or other requirements into account. Current main markets (based on Comtrade data of Kiribati exports and mirror data from the United States and Japan) are shaded in medium blue; additional potential market destinations are shaded in light blue, taking into account global imports of the relevant headings and sub-headings as well as geographic proximity.

Table 1. Import tariffs on products exported by Kiribati, with and without LDC preferential treatment, 2015

	Live fish (HS0301)	Frozen fish (HS 0303)	Fish fillets (HS 0304)	Dried fish (HS 0305)	Copra (HS 1203)	Coconut oil (HS 1513)
Australia	0/0	0/0	0/0	0/0	0/0	0/0
European Union	0/6.7	0/6.6	0/6.9	0/9.5	0/0	0/4.1
Fiji	0/0	0/0	0/0	0/0	0/0	0/0
Hong Kong, China	0/0	0/0	0/0	0/0	0/0	0/0
Japan	0.4/2	1.6/4.3	1.9/4.5	5.8/11.2	0/0	0/0
Malaysia	0/0	0/0	0/0	4.1/4.1	0/0	2.2/2.2
Philippines	3.3/3.3	8.3/8.3	7/7	13.2/13.2	10/10	14/14
Republic of Korea	6/9	7.1/10	3.5/14.7	8.4/20	0/3	0/5.4
Taiwan, Province of China	10/10	21.4/21.4	21.1/21.1	22.5/22.5	0/0	0/0
Thailand	0/30	0.7/0.7	1.3/5	1.7/5.8	36/36	124.8/124.8
United States	0/0	0/0	0/0	0/0.8	0/0	0/0
Viet Nam	15.9/15.9	14.3/14.3	15/15	19.2/19.2	10/10	15.6/15.6

Note: The first figure is the average best-available tariff as an LDC; the second figure the possible average best-available tariff as a non-LDC. See text for additional explanations.

Source: TRAINS, accessed 2 November 2017.

The main findings from the tariff analysis, the replies by preference-granting countries and an analysis of existing documentation on preference schemes are as follows:

- As confirmed by the Government of Australia, there is no impact of a possible graduation on exports to Australia as Kiribati will be able to export duty and quota free under the PACER Plus agreement.
- There is no impact on exports to the United States, as the relevant products are duty free under MFN.
- There is some impact on exporting processed fish to Japan, as average tariffs on processed fish (HS 0304) will raise from 1.9 per cent to 4.5 per cent. Within that

heading, tariffs for tuna will increase from 0 per cent under the LDC preferences to 3.5 per cent under MFN (fish products being generally excluded from the regular GSP program of Japan). Based on previous graduation cases, tariff increases will become effective shortly after graduation.

- Graduation could significantly reduce the potential to export processed fish to the EU, after Japan the second largest World market for processed tuna products and a key market targeted by economic diversification and export strategies of Kiribati. The EU applies a three-year transition period before the preferential access under its LDC preferential scheme (the 'Everything-but-Arms' initiative). After graduation, Kiribati's export would face general GSP rates. For the main potential exports (HS 0304), average tariffs would raise to 6.9 per cent. In fact, tuna (which is the main item within the heading) would face tariffs of 10 per cent.

In principal, Kiribati may apply to receive GSP + treatment, which would reduce tariffs on fish products back to zero. However, it would need to ratify and implement 27 conventions related to human- and labour rights, environmental protection and good governance, which may require additional capacity in the country.¹⁶ Targeting higher value segments may also be a possibility to mitigate potential impact on increasing tariffs, as evidenced by the post-graduation experiences of the Maldives. However, this again may require additional capacities.

- The country would also face increased barriers in case it would attempt to export processed fish to the Republic of Korea, globally the fourth largest market of processed tuna, but currently not explicitly targeted by Kiribati.
- There is no significant impact on exports to other Asian markets. Only Thailand and Taiwan Province of China have preferential schemes for LDCs in place; Malaysia, Philippines and Viet Nam do not grant LDC preferences; exports to Fiji are duty-free under the Pacific Island Countries Trade Agreement (PICTA); and China, Hong Kong is a duty-free destination for all countries.

In Thailand, MFN tariffs on frozen tuna (for which it is the largest market in the World) are MFN zero and tariffs on other frozen fish are excluded from the LDC preference-scheme. There are some impacts on processed fish products, but the country has only minor imports of HS 0304 (and HS 0305). In Taiwan Province of China, coconut products are duty free under MFN and fish products are excluded from the preferential scheme.

¹⁶ Currently, Kiribati is a member of 18 of these conventions.

Preferential market access – trade in services

Background: In 2011, members of the WTO adopted a decision on preferential treatment to services and services suppliers of LDCs which exempts them from the obligation of treating all members equally and allows them to grant market access preferences in services for LDCs, for a period of 15 years from the date of adoption, that is, until 2026.¹⁷ The decision was not put in practice over the first two years and, in 2013, the Bali Ministerial Decision established steps to promote its operationalization. In 2014 the LDC group submitted the “LDC collective request”, identifying the sectors and modes of supply of particular interest to them. Between 2015 and August 2017, 23 countries or territories notified the WTO of sectors and modes of supply where they intend to provide preferential treatment to LDC services and service suppliers and the EU signaled its intention to notify.¹⁸ Within the WTO, trade in services is categorized into four different modes: 1) Cross Border, supplied from a country into another (e.g., software services); 2) Consumption Abroad, supplied in a country to the consumer of another (e.g., example: tourism, education, health, aircraft repair); 3) Commercial Presence, supplied through any type of business or professional establishment of a country in another (e.g., branch of a foreign bank); 4) Presence of Natural Persons, supplied by national of a country in another.

Upon graduation, Kiribati would no longer have access to preferential treatment under those instruments. The implementation of the waiver is incipient, and there is still significant uncertainty regarding the practical implications of the services waiver and therefore of the withdrawal of this support measure in the case of graduation. Among others, there are uncertainties regarding implementation, the extent to which notified preferences effectively exceed MFN treatment or GATS schedules and the degree of liberalization.¹⁹ Moreover, for tourism exports, the main interest of Kiribati, there are essentially no import barriers in place²⁰, so preferential market access would not matter in any case. Generally, research on the constraints to service exports in LDCs suggests that

¹⁷ WTO, WT/L/847, 17 December 2011. The waiver is due to expire in December 2026. See also LDC Portal at <https://www.un.org/ldcportal/preferential-treatment-to-services-and-services-suppliers/>.

¹⁸ As at September 2017, notifications had been received from Panama, Turkey, Thailand, Uruguay, Canada, South Africa, Liechtenstein, Brazil, Iceland, Chile, India, United States, Mexico, EU (signaled intention to notify), Japan, Switzerland, New Zealand, Hong Kong (China), the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Singapore, China, Republic of Korea, Norway, Australia (https://docs.wto.org/dol2fe/Pages/FE_Browse/FE_B_009.aspx?TopLevel=8660#/)

¹⁹ M. Rodriguez Mendoza, H. Schloeman, C. Bellmann and H. Hijazi. “The LDC Services Waiver – Operationalized? A first look at preferences granted, constraints persisting, and early conclusions to be drawn.”. Background paper. Geneva 2016.

²⁰ Tourism exports are mostly in the form of consumption abroad (mode 2 in GATS terminology), so import barriers would be limits by foreign countries to allow their citizen to travel for tourism purposes.

supply-side constraints may be more significant than the lack of preferential market access in services.²¹

In its communication to the CDP secretariat, the WTO stated that LDCs can obtain transition periods in the application of the services waiver through a consultative process with the preference-granting WTO members.

Graduation will not impact income generation from compensation of employees working abroad (which constitute a services export under the trade in services concept underlying the GATS, but is not counted as services export under national accounts conventions). The seasonal worker schemes of Australia and New Zealand do not depend on LDC status; Australia confirmed that they are expanding access to the Australian labour market for Kiribati workers. Moreover, there are no preferences in place for Kiribati seafarers and fishing crews.

2.3 Obligations from WTO membership and other trading agreements

Kiribati is neither a member of the WTO nor has it requested to accede to the WTO. Consequently, graduation would have no impact on obligations under global trading arrangements.

Kiribati is a member of the regional Pacific Agreement on Closer Economic Relations (PACER Plus), which will enter into force in 2018 or 2019, long before a possible graduation of Kiribati. Generally, LDCs must implement their tariff reduction commitments starting in 2028. If a country graduates from the LDC category, implementing the reduction commitment commences the year following graduation.²² Tariffs must be reduced to zero over a 25-year period (unless a specific item is unbound). However, as Kiribati eliminated all custom duties during a major tax reform in 2014 (with duties and a hotel tax being replaced by a value added tax and excise taxes), graduation has no impact on its obligations.

2.4 Support measures related to capacity-building in trade

Aid for Trade, a component of Official Development Assistance (ODA) directed specifically at helping developing countries overcome trade-related constraints, is delivered through multiple bilateral, regional and multilateral channels. In 2015, Kiribati received approximately USD 22.7 million in Aid for Trade as measured by the OECD (OECD.stat, downloaded 24 October 2017), corresponding to 38 per cent of total ODA. The vast majority of Aid for Trade is provided by Kiribati's bilateral partners and by international

²¹ P. Sauv  and N. Ward, "A trade in service waiver for least developed countries: towards workable proposals", in P. Sauv  and M. Roy (eds.), *Research Handbook on Trade in Services*. Edward Elgar, 2016

²² See <https://www.un.org/ldcportal/pacific-agreement-on-closer-economic-relations-pacer-plus-delayed-tariff-reductions-for-ldcs/>

development banks (World Bank and Asian Development Bank). As discussed in section 3 below, these flows will not be impacted by a possible graduation.

The principal instrument for delivery of Aid for Trade specifically geared at LDCs is the Enhanced Integrated Framework (EIF), a multi-donor programme that supports countries through analytical work, institutional support, and productive capacity building projects.²³ In Kiribati, the EIF has supported the preparation of the DTIS (2010) and is currently implementing an institutional capacity-building project to mainstream trade strategies and policies with a total budget of USD 600,000.²⁴ Graduation of Kiribati from the LDC category will not immediately affect its access to the EIF, as smooth transition provisions are in effect that grant graduating countries access to EIF benefits for up to five years after graduation.

3. Development cooperation

This section addresses 1) official development assistance (ODA) and south-south cooperation; and 2) assistance in specific areas. Important elements of the context in which development cooperation strategies are and will be deployed in the period until 2030 are the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, both of which recognize the specific challenges of LDCs but also of SIDS and African countries, among other categories.

3.1 Official Development Assistance (ODA) and South-South cooperation

Official development assistance (ODA) as recorded by the OECD includes flows reported by its members and by multilateral institutions. Kiribati received USD 48.9 million in net ODA in 2015. The ratio of net received ODA to GNI was 19.1, which is the eleventh highest value of this measure of aid dependence in the world. However, Kiribati's ODA-to-GNI ratio is lower than in fellow LDC Tuvalu and three non-LDC small Pacific island States.²⁵

²³ Additional information is available at <http://www.enhancedif.org/en>, <http://www.enhancedif.org/en/funding> and www.un.org/ldcportal. Under the EIF, Tier 1 funds can be used to fund the preparation of Diagnostic Trade Integration Study (DTIS) and to provide support to National Implementation Units. Tier 2 funds are available to finance priority small-scale projects to build up trade-related and supply-side capacities.

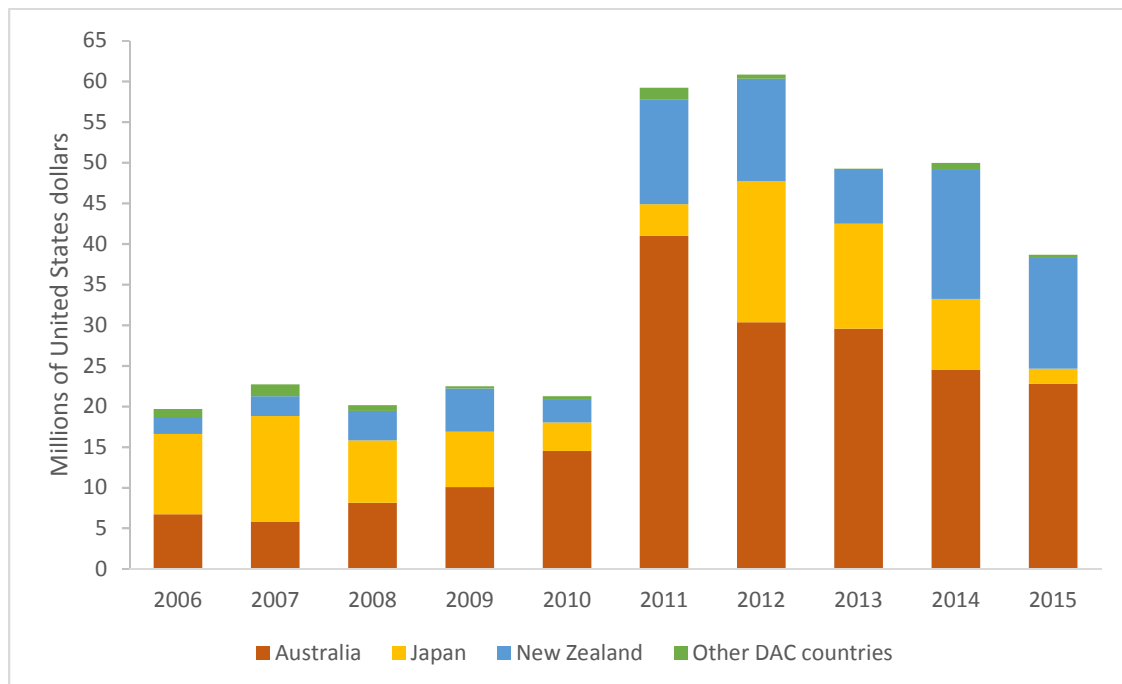
²⁴ <http://www.enhancedif.org/en/country-profile/kiribati>, accessed 24 October 2017. The EIF Secretariat informed the CDP Secretariat that project is scheduled to be completed in July 2018.

²⁵ World Bank DataBank <https://data.worldbank.org/indicator/DT.ODA.ODAT.GN.ZS>

Bilateral flows

Australia, Japan and New Zealand are the dominant bilateral ODA providers, jointly contributing per year between 98 and 100 per cent of all ODA from OECD/DAC countries (see Figure 3 and table A.3). Generally, most bilateral ODA commitments fall into social infrastructure and services (see table A.4).

Figure 3: Bilateral ODA disbursements from OECD/DAC countries, 2006-2015



Source: OECDStat, accessed July 2017, based on total net ODA.

Both Australia and New Zealand increased its ODA to Kiribati in 2011. Australia's increase is in line with its new aid policy to promote prosperity, reduce poverty and enhance stability. It has an increased geographical focus on the Indo-Pacific region, with funding linked to progress against a rigorous set of targets and performance benchmarks at the national and other levels. The two main objectives of Australia's aid are economic reforms and building a better educated and healthier population.²⁶

New Zealand's aid is based on the Commitment for Development jointly signed by the Governments of Kiribati and New Zealand in 2014. The focus of New Zealand's aid is on economic development through improving fisheries infrastructures and upgrades in the transport and energy sectors as well as on the health sector.²⁷

²⁶ See <http://dfat.gov.au/geo/kiribati/development-assistance/Pages/development-assistance-in-kiribati.aspx>

²⁷ See <https://www.mfat.govt.nz/en/aid-and-development/our-work-in-the-pacific/kiribati/>

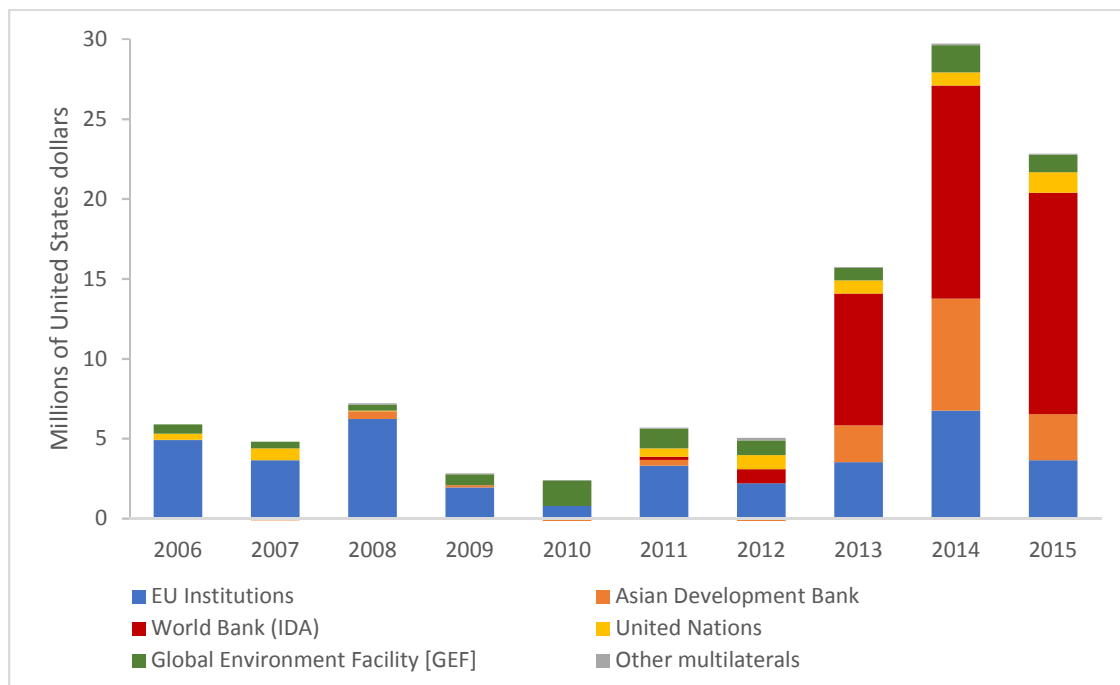
ODA from Japan is dominated by medium to large scale infrastructure projects related to the main port in Betio (rehabilitation project in 2005-2007 and expansion project in 2012-2014) and other fisheries infrastructure projects on the main island South Tarawa and in Kiritimati.

In addition to ODA from OECD/DAC countries, Kiribati has also been receiving support from emerging donors. The United Arab Emirates funded a solar panel project (with funding of USD 4.3 million) between 2012 and 2015. Taiwan Province of China provided a loan over AUD 20 million within the Kiribati Aviation Investment Project led by the World Bank. Moreover, it is currently implementing three multi-year agriculture and fisheries projects with budgets totaling USD 7.3 million.

Multilateral flows

Traditionally, the European Union has been the most important multilateral donor (figure 4 and table A.5), focusing mainly on water and sanitation, health services and renewable energy. Since 2013, the Asian Development Bank and even more so the World Bank have emerged as main partners, focusing on improving the airport and roads on the main island, South Tarawa.

Figure 4: Multilateral ODA disbursements, 2006-2015



Source: OECDStat, accessed July 2017, based on total net ODA.

The potential impact of graduation from LDC status on support by major donors and United Nations entities active in Kiribati is summarized in Table 2 below. While graduating from LDC status may lead to changes in the type of assistance granted, almost all organizations do not rely on LDC status as a criterion for the allocation of aid and will consider countries' particular vulnerabilities and challenges. UNDP is the only

organization that foresees possible impacts of graduation on its support. The EIF and the GEF, which do have LDC specific programs in place, are discussed in sections 2.4 and 3.2. All major bilateral donors would continue to support the Kiribati. In addition, the support from relevant non-traditional donors is not determined by LDC status either.

It is important to note that United Nations system entities and divisions within the United Nations Secretariat provide assistance to LDCs in forms that are not necessarily reflected in ODA flows, such as analysis and policy advice, advocacy and certain forms of training and capacity building. Upon graduation, countries may no longer benefit from efforts dedicated specifically to LDCs, but Kiribati would continue to receive priority support that United Nations entities provide to SIDS.

The United Nations General Assembly has recently requested entities of the United Nations Development System to provide assistance and country-specific support to graduating countries.²⁸ In their replies to the CDP Secretariat, UNCTAD, UNESCO and OHRLLS confirmed that they would provide specific support to the country in case it would graduate from the LDC category. DESA also undertakes targeted capacity building activities to support graduation from the LDC category. In addition, UNFPA will strengthen its humanitarian actions in all programme countries, in particular in LDCs and recently graduated countries. The United Nations Capital Development Fund, which is dedicated to LDCs, currently does not have country-specific activities in Kiribati. However, the UNCDF informed the CDP Secretariat that it would be in the position to provide smooth transition support to Kiribati, subject to the approval of the smooth transition approach contained in the UNCDF Strategic Framework 2018-2021 by the UNCDF Executive Board and the availability of funding.

²⁸ General Assembly resolution A/RES/71/243, para 40 available at <http://undocs.org/A/RES/71/243>

Table 2. Summary of post-graduation perspectives for major development partners

Australia	As per communication by the Government of Australia to DESA, a graduation from Kiribati would not be a determining factor for Australia’s bilateral development assistance to Kiribati.
New Zealand	As per communication to DESA, the Government New Zealand anticipates no significant reduction of its development assistance to Kiribati. It also envisages no impact on its technical cooperation activities.
Japan	As per previous communications, Japan ODA allocation does not depend on LDC status. LDC status affects the interest rates for ODA loans, but all support to Kiribati is on a grant basis and hence not affected by graduation.
World Bank Group	The World Bank does not use the LDC category as a criterion in its operations. Kiribati is eligible for concessional financing from the International Development Association (IDA) under the small island economies exception, even though its per capita income exceeds the regular IDA operational cut-off applicable for other countries. Kiribati will remain eligible for the small island economies exception after graduation. The recent IDA 18 has significantly enhanced IDA support to small states.
European Union	As per communication from the European Commission, there may be a reduction of grant-based aid for countries that are on a sustained growth path or are able to generate sufficient resources of their own. The EU considered that countries graduating from LDC status are unlikely to be in this position immediately after graduation and would address specific situations and vulnerabilities in future programming cycles.
Asian Development Fund	The Asian Development Bank does not use LDC status as a criterion in its operations.
IFAD	The IFAD does not use LDC status as a criterion in its operations.
ILO	Development cooperation by ILO does not depend on LDC status. The last operational activities of ILO in Kiribati have ended in 2016.
UNDP	UNDP allocates at least 60 per cent of its core budget to LDCs. While Kiribati would no longer count towards this commitment, it is not possible to measure the impact on Kiribati, if any. In its communication to UN DESA, UNDP noted that because Kiribati would no longer belong to its priority groups (LDCs and low-income countries), the country could face a reduction in the allocation from the core budget. However, the exact impact on the availability of UNDP funds to the country cannot be established at the current stage.
UNICEF	UNICEF allocates at least 60 per cent of its core budget to LDCs. While Kiribati would no longer count towards this commitment, it is not possible to measure the impact on Kiribati, if any. As per UNICEF’s response, its “focus on giving every child and equal chance in life does not change while a country graduates from the list of LDCs”.
UNESCO	As per UNESCO’s response, it will continue to support Kiribati, whether a LDC or not.
WHO	WHO support to Kiribati is guided by the WHO Multi-Country Cooperation Strategy for the Pacific (2013-2017), which does not refer to LDC status as a criterion.

Note: The list of abbreviations can be found at the end of this document.

3.2 Cooperation in specific areas: climate and technology

Climate change commitments and finance

Specific support measures for LDCs were put in place during the seventh Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2001. An LDC work programme was established and the Least Developed Countries Fund (LDCF) was created to support its implementation, which included the preparation and implementation of National Adaptation Programmes of Action (NAPAs), designed to enable LDCs to communicate their urgent and immediate adaptation needs. The Global Environment Facility (GEF) was appointed to manage the LDCF. Also in 2001, an LDC expert group (LEG) was created to provide guidance and advise on the preparation and implementation strategies for NAPAs, as well as the other elements of the LDC work programme. Use of the LDCF has since been expanded to include the elaboration of the National Adaptation Plans (NAPs) in LDCs. NAPs build on the NAPAs and provide a means to address medium and long-term adaptation. The mandate of the LEG was also expanded to provide guidance and support to the formulation and implementation of NAPs.

In Kiribati, UNDP is currently implementing one project financed from the LDC Fund (with around USD 4.5 million as grant from the LDC Fund and USD 7.1 million in co-financing). In addition, there is another project awaiting approval with financing of around USD 9 million from the LDC Fund and USD 45 million in co-financing.²⁹ The UNFCCC Secretariat highlighted that implementation of approved projects is currently limited by the lack of funding.

Graduation entails the loss of access to funding under the LDCF. UNFCCC and GEF confirmed that projects submitted and approved before the actual date of graduation will continue to receive funding for the implementation. However, once Kiribati would graduate, it would not be eligible to receive new funding approvals under the LDCF, as there is no transition policy in place.

However, graduated LDCs have access, for the elaboration and implementation of their NAPs, to the Special Climate Change Fund (SCCF) also created in 2001 and open to all developing countries and, more significantly, to the Green Climate Fund (GCF). The GCF was created in 2010 and is expected to be the largest dedicated climate fund. The GCF's governing instrument, approved by the COP in 2011, determines that it take into consideration, in the allocation of resources for adaptation, the "urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States", using minimum allocation floors. The fund aims for a balance between mitigation and adaptation funding over time and

²⁹ The total costs for implementing the Kiribati Joint Implementation Plan on Climate Change and Disaster Risk Management over the 2013-2023 period are estimated to be around USD 75 million, see http://www.mfed.gov.ki/sites/default/files/KJIP%20BOOK%20WEB%20SINGLE_0.pdf

for floor of 50% of adaptation funds to be allocated to these countries.³⁰ Upon graduation, Kiribati would not only still qualify for the GCF as a developing country but also still be included in group of countries considered particularly vulnerable to the adverse effects of climate change as a SIDS.³¹ The prioritization of adaptation funding to LDCs and SIDS by the GCF is in line with Article 9 of the Paris Agreement under the UNFCCC, which calls for the provision of scaled-up financial resources under the Agreement to take the priorities and needs of LDCs and SIDS into account. The same article also calls for the entities of the Financing Mechanism of the Convention (i.e., the GCF and the GEF) to simplify approval procedures and enhance readiness support for developing country Parties, in particular for LDCs and SIDS.³²

According to the UNFCCC, the overall impact on access to adaptation support for LDCs that graduate is likely to be minimal, given that the GCF does not have funding windows exclusive to LDCs and that support is available to all developing countries. As at May 2017, 10.2 billion dollars had been pledged for the Green Climate Fund, compared to 1.2 of the LDCF and 0.4 for the SCCF.³³ However, it should be emphasized that climate change may pose an existential threat to Kiribati. Consequently, even a small decline in adaptation support could have significant impact on the country.

The UNFCCC further clarified that the modalities used in technical support to the LDCs under the UNFCCC through the work of the LEG, which include technical guidance materials, training workshops and related events, will always remain available and accessible to other interested developing countries.

The Paris Agreement also contains special provisions for LDCs concerning their contributions to climate change mitigation (Article 4.6), capacity building (Art 11.1) and reporting requirements (Art. 13.4). All these provisions accord LDCs and SIDS the same treatment. Consequently, a possible graduation of Kiribati would have no effect on these provisions.³⁴

³⁰ See GCF Board Decision B.06/06. As of April 2017, the GCF had approved USD 2.2 billion, of which 27 % were for adaptation, 41 % for mitigation and 32 % for cross-cutting issues. Of the adaptation funding, close to 80 % went to LDCs, SIDS and African States. See GCF document B.17/22, p. 8f.

³¹ www.greenclimatefund.org and Green Climate Fund, 2016. According to information provided by the UNFCCC secretariat to the CDP secretariat, there are no ongoing projects under the GCF in Kiribati. However, the GCF has approved funding of approximately USD 600,000 for readiness and preparatory support in Kiribati.

³² Article 9.4 states that “The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation.” Article 9.9 states “The institutions serving this Agreement, including the operating entities of the Financial Mechanism of the Convention, shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States, in the context of their national climate strategies and plans.”

³³ Climate Funds Update, <http://www.climatefundsupdate.org/data>.

³⁴ Article 4.6 states “The least developed countries and small island developing States may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances”. Article 11.1 states “Capacity-building under this Agreement should enhance the capacity and ability of developing

Technology: LDC Technology Bank

The Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action or IPOA) called for the establishment of a “Technology Bank and Science, Technology and Information supporting mechanism, dedicated to least developed countries which would help improve least developed countries’ scientific research and innovation base, promote networking among researchers and research institutions, help least developed countries access and utilize critical technologies, and draw together bilateral initiatives and support by multilateral institutions and the private sector, building on the existing international initiatives.” The Technology Bank was officially established in January 2017³⁵ and operationalized in September 2017. It is still too early to assess its effectiveness and therefore the impacts of loss of access. After graduation, Kiribati would continue to have access to the LDC Technology Bank for a period of five years.

In sum, while development cooperation has put in place mechanisms to provide special support to LDCs, these often also consider multiple aspects of vulnerability and thereby other groups of countries including the particular challenges of SIDS. For many of the mechanisms currently benefitting Kiribati, LDC status is not determinant. For others, it may affect the form in which cooperation is delivered, but the terms of cooperation would be based on the country’s particular challenges, the nature of bilateral relations and other factors. In some cases, smooth transition mechanisms are in place so that support would not be discontinued immediately upon graduation.

4. General support measures

4.1 Ceilings and discounts on the contribution to the United Nations system budgets

According to the Charter of the United Nations, all Member States have the obligation to bear the expenses of the UN, as apportioned by the General Assembly. LDCs benefit from ceilings, special rates and discounts. The main components are the regular budget, the peacekeeping budget, the budget of UN tribunals and the budgets of entities of the UN system other than the Secretariat.

country Parties, in particular countries with the least capacity, such as the least developed countries, and those that are particularly vulnerable to the adverse effects of climate change, such as small island developing States, to take effective climate change action, (...). Article 13.4 states “The transparency framework shall build on and enhance the transparency arrangements under the Convention, recognizing the special circumstances of the least developed countries and small island developing States, (...).”

³⁵ A/Res/71/251

Regular budget of the United Nations

Each country's contribution to the **regular budget** is determined based on capacity to pay, translated into specific criteria that consider gross national income, debt-burden, and per capita income, among others. General Assembly Resolution [70/245](#) of 23 December 2015 determines the elements and criteria to be applied in the definition of the scale of assessments for the period from 2016 to 2018, as well as the scale itself. A minimum assessment rate is defined at .001% of the UN regular budget and a maximum at 22%. The maximum rate for LDCs, however, is .01%.³⁶ Kiribati is assessed at the minimum rate of .001% for the period from 2016 to 2018, which is substantially below the ceiling of 0.01% applicable to LDCs.³⁷ Loss of LDC status would therefore not, under equivalent criteria, affect the applicable assessment rate. For 2017, the amount of the assessment was USD 27,765.³⁸

Peacekeeping

The rates of assessment for **peacekeeping operations** are based on the scale of assessments for the regular budget adjusted by a premium in the case of permanent members of the Security Council and discounts in the case of all countries with per capita gross national product below the Member State average. Member States are grouped into levels based on per capita GNI, with larger discounts applying for the levels of countries with lower incomes. LDCs are entitled to the greatest discount, of 90%.³⁹ Should equivalent criteria be in place when Kiribati graduates, the applicable discount would be 80% (there would be no change in the assessment rate, as explained above).⁴⁰ Applied to the peacekeeping budget for the period from July 2017 to June 2018, the difference would amount to USD 6,803.⁴¹

International tribunals

The international tribunals currently in operation include the International Criminal Tribunal for Rwanda and the International Criminal Tribunal for the Former Yugoslavia, both likely to end their operations soon (and most likely before the earliest possible date of graduation of Kiribati), with residual functions taken up by the International Residual Mechanism for Criminal Tribunals established in 2010. Half of the budget for international tribunals (including the Residual Mechanism) is paid for by Member States based on the scale of assessments applicable to the regular budget of the United Nations and half in accordance with the rates of assessment applicable to peacekeeping operations

³⁶ http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/245

³⁷ http://www.un.org/ga/search/view_doc.asp?symbol=A/72/11

³⁸ The information is confirmed by communications received from the Committee on Contributions Secretariat within UN Department of Management on 20 June 2017.

³⁹ For the period 2016-2017, the applicable levels of contribution are defined in resolution 70/246.

⁴⁰ For the period from 2016 to 2018, non-LDCs with per capita GNI under USD 9,861 have a discount rate of 80% (Resolution 70/246).

⁴¹ Calculated based on the total budget of \$6.8 billion for the fiscal year 1 July 2017 - 30 June 2018 (A/C.5/71/24).

(resolutions [52/217](#) and [52/218](#)). As discussed above, the first component is not affected by LDC graduation in the case of Kiribati. As for the second, and focusing on the contributions to the Residual Mechanism, graduation today would imply a negligible increase in the contribution of USD 33.5.

Other UN agencies and entities

Finally, many UN agencies have adopted rules to ensure lower contributions to their budgets by the LDCs. The assessment rates of FAO, ILO, UNESCO, UNIDO and WHO are based on the UN assessment scale. Consequently, a possible graduation would have no impact (see table 3).

ITU and WIPO have established different classes of contributions with LDCs contributing at the lowest levels. Graduation from the LDC category would entail an increase in the amount of contributions due by Kiribati to WIPO. Contributions to ITU might also increase. However, ITU has a provision that allows the ITU Council to authorize countries under exceptional circumstances a reduction in contributions. All former LDCs that graduated since 2007 continue to contribute at the lowest level.

The provisions for budget contributions to the institutions of the World Bank Group, the IMF, IFAD, UNWTO and WTO do not accord special treatment to LDCs. Consequently, graduation would not have any impact.

Table 3. Kiribati’s contributions to the budgets of United Nations System entities

UN entity	Methodology	LDC provisions	Rate with LDC status	Rate without LDC status	Impact of loss of LDC status
UN regular budget	UN scale of assessments	Ceiling of 0.01%	0.001%	0.001%	No impact
Peace-keeping	Based on UN scale of assessments with discounts according to income level	Discount level J (90% discount)	0.0001%	0.0002%	Contribution increase for 2017/2018 budget: USD 6,803
Criminal Tribunals	Calculated as 50% UN regular budget and 50% Peacekeeping budget	Peacekeeping discount level J applies to 50% of the budget	0.00055%	0.0006%	Contribution increase for 2017 budget: USD 33.5
CTBTO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
FAO	Based on UN scale of assessments	Ceiling of 0.01%	0.001%	0.001%	No impact

	adjusted to entity membership				
ILO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
ISBA	Based on UN scale of assessments adjusted to entity membership and floor contribution of 0.01%	Ceiling of 0.01%	0.01%	0.01%	No impact
ITLOS	Based on UN scale of assessments adjusted to entity membership and floor contribution of 0.01%	Ceiling of 0.01%	0.01%	0.01%	No impact
ITU	Voluntary selection of class of contribution	Special class of 1/8 or 1/16 units	1/16 units	1/4 units	Possible contribution increase for 2017 budget: CHF 59,625 (see text above)
OPCW	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
UNESCO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
UNIDO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No impact
WHO	Based on UN scale of assessments adjusted to entity membership	Ceiling of 0.01%	0.001%	0.001%	No Impact
WIPO	Assessment based on 14 different classes of contribution	<i>STer</i> class	1/32 units	1/16 units	Contribution increase for 2017 budget: CHF 1,424

Note: The list of abbreviations can be found at the end of this document.

4.2 Support for travel to participate in United Nations meetings

The United Nations offers travel support for up to five representatives of each Member State designated as an LDC to attend the regular sessions of the General Assembly.⁴² Between 2012 and 2016, the total amount disbursed for this travel support to Kiribati was USD 98,400. In three of the six years, Kiribati did not use this benefit.⁴³ After graduation, travel support to attend the UN General Assembly sessions may be extended for up to three years subject to the availability of funds.⁴⁴

Other UN entities also support travel of LDC representatives participating international conferences. Kiribati would no longer be entitled to those.⁴⁵ Some of these are also applicable to other categories of countries, including SIDS.

4.3 Fellowships and research grants

A number of institutions provide scholarships, fellowships and research grants targeted at researchers from LDCs.⁴⁶ No consolidated information is available at this time on the use of these benefits by nationals of Kiribati. Support for research will be available through other instruments after graduation, including fellowships and grants for nationals of developing countries or categories thereof.

⁴² United Nations (1991), Rules governing payment of travel expenses and subsistence allowances in respect of members of organs or subsidiary organs of the United Nations (ST/SGB/107/Rev.6). Available from <http://documents-dds-ny.un.org/doc/UNDOC/GEN/NS0/000/21/img/NS000021.pdf?OpenElement>

⁴³ Information provided by the Department of Management of the United Nations.

⁴⁴ United Nations (2011), Implementing the smooth transition strategy for countries graduating from the list of least developed countries (A/RES/65/286)

⁴⁵ For more information, see <https://www.un.org/ldcportal/category/general-support-isms/>

⁴⁶ A comprehensive list of grants and scholarships are available at <https://www.un.org/ldcportal/category/general-support-isms/>

Annex: Tables

Table A.1 Kiribati's main exports, 2007-2016 average (thousands of United States dollars) and main destinations (top 11 products at the 4-digit HS level)

HS Code	Commodity	Value	Share of total exports (percentages)	Top 3 destinations and share of product export
	<i>Total trade</i>	<i>7,429.0</i>	<i>100</i>	<i>Other Asia, nes 21.9% Australia 18.8 % Hong Kong SAR China 10.5 %</i>
1513	Coconut (copra), palm kernel or babassu oil and their fractions; whether or not refined but not chemically modified	3,179.2	42.8	Other Asia, nes 48.5% Morocco 21.9% Australia 16.4%
0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption	888.8	12.0	China, Hong Kong SAR 77.8 % Viet Nam 11.2% Australia 7.1%
1203	Copra	515.9	6.9	Philippines 47.8 % Malaysia 18.7 % Australia 14.6%
2710	Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils	433.2	5.8	Fiji 44.6% Marshall Islands 24.7% New Zealand 11.5%
0303	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04	332.8	4.5	United States 80.4% Japan 16.5% Fiji 2.7%
2306	Oil-cake and other solid residues; whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils other than those of heading no. 2304 or 2305	261.1	3.5	Australia 72.4% Other Asia, nes 16.6 % New Zealand 10%
8903	Yachts and other vessels; for pleasure or sports, rowing boats and canoes	199.7	2.7	Australia 99.8% Tuvalu 0.2 %
7616	Aluminium; articles n.e.c. in chapter 76	176.3	2.4	Singapore 59.5 % Australia 15 % Viet Nam 7.7 %

1212	Locust beans, seaweeds and other algae, sugar beet, sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones, kernels and other vegetable products (including unroasted chicory roots) used primarily for human consumption, n.e.c.	144.5	1.9	Viet Nam 75.4% China, Hong Kong SAR 13.6 % Philippines 7 %
9999	Commodities not specified according to kind	137.6	1.9	Australia 63.3 % New Zealand 8.9 % Fiji 8.8 %
0301	Fish; live	126.1	1.7	USA 88.7 % Fiji 10.5 % China, Hong Kong SAR 0.5 %

Source: UN Comtrade database, accessed 1 November 2017. Data are reported by importing countries (mirror data).

Table A.2 Main imports from Kiribati, 2007-2016 average (thousands of US Dollars), main reporters (top 11 products at the 4-digit HS level)

HS Code	Commodity	Value	Share of total exports (percentages)	Top 3 reporters and share of product imports
	<i>Total trade (excl. HS 0303)</i>	<i>9,706.6</i>	<i>100</i>	<i>United States 18.5% Other Asia, nes 16.7.9% Rep. of Korea 16.2 %</i>
1513	Coconut (copra), palm kernel or babassu oil and their fractions; whether or not refined but not chemically modified	1,663.5	17.14	Other Asia, nes 89.1% Singapore 4.9% Malaysia 4.6%
8901	Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods	1,561.4	16.09	Rep. of Korea 87.5 % Indonesia 12.5%
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	1,474.7	15.19	United States 51.5% Japan 45.6% Australia 2.1%
0301	Fish; live	755.7	7.79	USA 89.1% China, Hong Kong SAR 5.9 % Japan 3.5%
1203	Copra	435.9	4.49	Philippines 52.0% Malaysia 34.2% Fiji 9.4%

0307	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked molluscs, whether in shell or not, whether or not cooked before or during the smoking process; flours, meals and pellets of molluscs, fit for human consumption	316.4	3.26	China, Hong Kong SAR 87.7% Germany 4.8% Australia 3.5%
2306	Oil-cake and other solid residues; whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils other than those of heading no. 2304 or 2305	265.3	2.73	Australia 63.3% Other Asia, nes 23.6 % New Zealand 13.2%
9999	Commodities not specified according to kind	235.6	2.43	United States 68.7% Japan 14.0% Mexico 7.4%
8908	Vessels and other floating structures for breaking up	198.0	2.04	Turkey 99.8% Japan 0.2 %
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments	157.8	1.63	Sri Lanka 90.5% United States 4.8% Bangladesh 2.8%
8903	Yachts and other vessels; for pleasure or sports, rowing boats and canoes	147.4	1.52	Australia 100%
<i>Memo: 0303</i>	<i>Fish, frozen, excluding fish fillets and other fish meat of heading 03.04</i>	55,447.1	<i>n.a.</i>	

Source: UN Comtrade database, accessed 1 November 2017.

Table A.3 Kiribati: bilateral ODA flows from OECD DAC countries, 2006-2015 (net disbursements in current prices, millions of United States dollars)

Donor	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
DAC Countries, Total	19.66	22.7	20.13	22.47	21.25	59.22	60.85	49.26	49.97	38.66	36.42
Australia	6.71	5.77	8.12	10.07	14.53	40.98	30.35	29.55	24.53	22.79	19.34
Canada	..	0.34	0.03	0.1	..	0.72	..	..	..	..	0.12
Germany	0.01	0.01	..	..	0.1	0.05	..	..	..	..	0.02
Greece	0.01	0.04	..	..	..	..	..	..	..	..	0.01
Italy	..	..	0.06	..	..	..	..	..	0.27	..	0.03
Japan	9.88	13.05	7.68	6.79	3.47	3.9	17.38	12.91	8.68	1.85	8.56
Korea	0.11	0.3	0.11	0.13	0.21	0.64	0.51	0.01	0.57	0.34	0.29
New Zealand	2.08	2.41	3.63	5.33	2.88	12.9	12.58	6.76	15.89	13.61	7.81
United Kingdom	0.09	0.07	0.03	0.03	0.06	0.03	0.03	0.02	0.03	0.02	0.04
United States	0.77	0.71	0.47	0.02	..	..	..	..	..	0.05	0.20

Source: OECDStat, accessed July 2017.

Table A.4 Kiribati: ODA by sector – bilateral commitments by all DAC donors (millions of United States dollars)

Sector	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
Bilateral ODA Commitments by Purpose (CRS)	15.6	27.4	32.1	18.6	26.7	105	51.4	40.7	45.1	40.1	40.2
Social infrastructure and services	10.7	9.4	21.4	4.8	18.2	37.8	29.5	22.1	25.1	27.5	20.6
Education	1.6	1.7	7.7	1.9	15.1	12.3	14.6	10.9	12.3	15.9	9.4
Water supply and sanitation	..	0.0	..	0.0	0.2	10.8	5.4	4.7	1.2	4.5	2.7
Economic infrastructure and services	0.3	2.1	3.8	1.2	1.7	53.0	4.6	10.4	13.0	7.0	9.7
Transport and Communications	0.3	1.7	3.6	1.1	1.7	53.0	4.2	10.2	12.1	4.2	9.2
Energy	..	..	..	0.0	..	..	..	0.0	0.5	2.8	0.3
Production sectors	0.8	11.7	1.4	2.1	1.8	2.4	2.2	2.0	3.1	1.7	2.9
Agriculture, forestry and fishing	0.8	11.7	1.3	1.5	1.8	2.2	1.9	1.7	3.0	1.7	2.7
Industry, mining and construction	0.0	..	0.0	0.3	0.0	0.1	0.0	..	..	0.0	0.0
Multisector	0.0	0.0	0.0	0.4	0.0	0.1	0.3	0.3	0.1	0.0	0.1
Programme assistance	3.6	2.5	4.9	5.0	4.9	10.3	15.0	6.2	3.7	3.6	6.0
Food Aid	0.1	0.6	0.0	5.4	0.1	1.3	..	..	0.2	0.2	0.8
Action relating to debt	..	..	..	..	..	..	..	..	..	..	0.0
Humanitarian aid	..	..	..	..	..	..	..	..	..	..	0.0
Unallocated/unspecified	..	..	..	..	0.0	..	0.1	..	..	0.1	0.0

Source: OECDStat, accessed July 2017.

Table A.5 Kiribati: multilateral ODA flows, 2006-2015 (net disbursements in current prices, millions of United States dollars)

Donor	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
Multilaterals, Total	5.9	4.7	7.2	2.8	2.1	5.7	4.8	15.7	29.7	22.8	10.1
EU Institutions	4.9	3.7	6.2	1.9	0.8	3.3	2.2	3.5	6.8	3.6	3.7
Asian Development Bank, Total	0.0	-0.1	0.5	0.1	-0.4	0.4	-0.2	2.3	7.0	2.9	1.3
United Nations agencies, funds and programmes, Total	0.4	0.7	0.0	..	..	0.5	0.9	0.8	0.8	1.3	0.5
FAO	..	..	..	..	..	..	..	0.1	..	..	0.0
IFAD	..	..	..	..	..	..	..	..	..	0.3	0.0
ILO	..	..	..	..	..	..	0.1	0.2	0.2	0.2	0.1
UNDP	..	..	..	..	..	0.2	0.1	0.0	0.2	0.0	0.0
UNICEF	..	..	..	..	..	..	..	..	..	0.2	0.0
UNTA	0.4	0.7	0.0	..	..	..	..	..	..	..	0.1
WHO	..	..	..	..	..	0.3	0.6	0.4	0.5	0.6	0.2
World Bank Group (IDA)	..	..	..	..	..	0.2	0.9	8.3	13.3	13.9	3.7
Other Multilateral, Total	0.6	0.4	0.5	0.7	1.6	1.3	1.1	0.8	1.8	1.2	1.0
GAVI	..	..	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
GEF	0.6	0.4	0.4	0.7	1.6	1.2	0.9	0.8	1.7	1.1	0.9

Source: OECDStat, accessed July 2017. As per OECD guidelines, multilateral ODA only covers disbursements from core resources, as earmarked contributions are counted under bilateral ODA.

List of abbreviations

CDP	Committee for Development Policy
CTBTO	Comprehensive Nuclear-Test-Ban Treaty
DAC	Development Assistance Committee
DESA	Department of Economic and Social Affairs
DFQF	Duty-free, quota-free
EIF	Enhanced Integrated Framework
EU	European Union
EVI	Economic vulnerability index
ECOSOC	Economic and Social Council
FAO	Food and Agriculture Organization
GATT	Global Agreement on Tariffs and Trade
GAVI	Global Alliance for Vaccines and Immunization
GEF	Global Environment Facility
GNI	Gross national income
GSP	Generalised System of Preferences
HAI	Human assets index
HS	Harmonized Commodity Description and Coding System (Harmonized System)
IAEA	International Atomic Energy Agency
ICC	International Criminal Court
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ISBA	International Seabed Authority
ISM	International support measures
ITLOS	International Tribunal for the Law of the Sea
ITU	International Telecommunication Union
LDC	Least developed country
MFN	Most favoured nation
OECD	Organization for Economic Co-operation and Development
ODA	Official development assistance
OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OPCW	Organization for the Prohibition of Chemical weapons
SIDS	Small Island Developing States
UNCTAD	United Nations Conference on Trade and Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNTA	United Nations Regular Programme for Technical Assistance
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization