

United Committee for Development Policy

2025

Reviewing the framework for graduation from the least developed country category

Excerpts from the summary and chapters I and III of the report of the twenty-seventh session of the Committee for Development Policy (E/2025/33). The full report is available at https://undocs.org/E/2025/33.

In 2024 (https://undocs.org/E/2024/33), the Committee for Development Policy (CDP) found that the changing global context and the experiences of countries in the graduation process called for an updating of the graduation framework to make it fit for purpose. Having proceeded with the review:

The Committee for Development Policy (CDP) remains highly concerned about the difficult external environment that least developed countries face in their pursuit towards achieving the Sustainable Development Goals and their own national development goals, including progressing towards graduation from the list of least developed countries. The mounting impacts of climate change, armed conflicts, long-lasting negative effects from the coronavirus disease (COVID-19) pandemic, macroeconomic challenges, an increase in protectionism and looming massive reductions in official development assistance (ODA) cloud the prospects of least developed countries. This holds true in particular for those that remain far from meeting the established criteria for graduation and often face severe impediments for which there is currently no adequate international support. A thorough rethinking of international support to least developed countries is needed.

An effective framework for graduation requires not only specific support and incentives that reflect a changing global environment and persistent and emerging challenges but also procedures that can address possible disruptions to multi-year graduation processes. The Committee developed concrete proposals to refine the current procedures for ongoing and upcoming graduations. In this regard, the Committee reiterates the importance of updating the existing General Assembly resolutions on smooth transition as one of the means to make the graduation framework fit for purpose. It reiterates its availability to substantively contribute to the process culminating in a new resolution.

The Committee initiated its review of the framework for graduation from the least developed country category. In view of the significant changes in the global economic and trading landscape since the General Assembly created the category over 50 years ago, it started to revisit the conceptual underpinnings of the category, the challenges with graduation, and experiences and challenges with smooth transition out of the category. It also examined the current procedures governing least developed country graduation and developed proposals for their refinement.

The Committee for Development Policy (CDP) is a subsidiary advisory body of the United Nations Economic and Social Council (ECOSOC). It provides independent advice on emerging issues that are critical for the implementation of the United Nations development agenda. The CDP is also responsible for recommending which countries should be on the United Nations list of least developed countries (LDCs). More information at https://cdp.un.org.

Conceptual underpinnings of the least developed country category, graduation and smooth transition

The Committee has been entrusted with the responsibility of identifying the least developed countries and monitoring their progress since the inception of the category in 1971. Despite international consensus on the need to support least developed countries in overcoming their structural challenges by better integrating themselves into the global economy, over the first two and a half decades of the category's existence most of the least developed countries fell further behind their peers in key dimensions of sustainable development. While least developed countries have experienced some convergence since then towards other developing countries in their human and social development, particularly in the 2000s, and made notable gains in raising national incomes, most of them made only very limited progress towards structurally transforming their economies. Most recently, the intensification and increase in frequency of crises has reversed some hard-fought development gains, and prospects remain highly uncertain.

Momentum towards graduation has increased over the past two decades. Eight countries have graduated from the least developed country category, and 14 others have started the formal graduation process. At the same time, challenges for graduating and recently graduated countries are mounting in the face of an increase in the frequency and severity of global crises as well as of idiosyncratic factors disrupting their graduation processes. Moreover, based on current trajectories, graduation prospects appear extremely low for many of the least developed countries that are far below the thresholds for graduation. Often, these countries are in conflict or post-conflict situations, host large numbers of refugees, rely significantly on dwindling ODA for the provision of social services, and are particularly affected by climate change and environmental shocks. Perceptions of least developed country status, graduation and smooth transition are evolving. While concern over the loss of access to support measures specific to least developed countries persists, a greater number of countries are giving greater attention in their smooth transition strategies to harnessing opportunities arising from graduation and to ensuring post-graduation development momentum.

While international support measures have been expanding over time, they have remained insufficient. The most important measures have been in the area of trade, particularly duty-free, quota-free market access to developed and major developing country markets. However, these measures have been focused on market access, without commensurate additional support for capacity-building to remedy the supply side constraints faced by least developed countries. Consequently, many least developed countries have been unable to use some of these measures.

Consequently, there is a need to improve the support available to all least developed countries, particularly those that have not yet reached the graduation thresholds, but also countries in the process of graduating. This, in turn, requires a broader rethinking of the support available to least developed countries, both support for integrating them better into the global economy for overcoming structural economic challenges and support for addressing persistent and recurring challenges and building resilience. Such rethinking should be approached as a long-term and inclusive undertaking based on a thorough assessment of available support that goes beyond currently available assessments. The Committee has rich experience acquired through its triennial reviews of the list of least developed countries and its monitoring of graduating and graduated countries, and it stands ready to engage in such assessment and rethinking.

Improved support to all least developed countries would be an essential element of a strengthened graduation framework, if it assists least developed countries in advancing towards sustainable development and becoming eligible for graduation. Strengthening the graduation framework also requires improving graduation-specific support for a smooth transition out of the category, as well as providing concrete incentives.

Updating the graduation procedures

Based on its thorough review of the current graduation procedures, the Committee decided to refine the methods with which it implements its mandates in order to reduce uncertainties and to increase the transparency of the graduation framework. For the preparation and conduct of the upcoming triennial reviews, the Committee will apply the following:

(a) One year after a country meets the graduation criteria for the first time, the Committee appoints one of its members as rapporteur for the country. Working closely with the Committee secretariat, the country rapporteur will assist with the identification of additional information requirements and, in case the country is subsequently recommended for graduation, the monitoring of the country under the enhanced monitoring mechanism. In preparation for the subsequent triennial review, the country rapporteur will have virtual or in-person (subject to the

availability of resources) meetings with the Government and the United Nations resident coordinator. Increasing awareness and knowledge of the least developed country graduation process within the country depends predominantly on efforts made by the Government and the United Nations system;

(b) At the same time, the Committee requests the United Nations Conference on Trade and Development (UNCTAD) and the Department of Economic and Social Affairs to identify key vulnerabilities and impacts of graduation, respectively, that could affect the sustainability of post-graduation development progress. These overviews should be drawn from the more comprehensive studies prepared by the respective entities based on the existing mandates, which should also be shared with countries and the Committee;

(c) The Committee requests its secretariat to incorporate these inputs, together with information on the least developed country criteria and the set of supplementary graduation indicators, into a "graduation assessment" report for consideration by the Committee during the official preparatory meeting of the triennial review to take place before the actual triennial review;

(d) For the preparatory meeting, the Committee invites the country to submit a written statement on its views on graduation and give a presentation at the meeting, including on risks to the sustainability of the progress achieved. The Government may update its statement after the official preparatory meeting but before the actual triennial review;

(e) If the country meets the graduation criteria for a second consecutive time at the triennial review, the Committee will recommend the country for graduation unless it finds that the least developed country criteria scores and the additional information, including the views expressed by the Government, reveal significant concerns over the sustainability of the progress achieved by meeting the graduation criteria (i.e. if the Committee identifies a significant risk that the country will cease to be eligible for graduation in the near to medium term);

(f) If the Committee clearly identifies such concerns, it defers the consideration to the next triennial review. Normally, it would contemplate deferment only if requested by the Government in the written submission. If the Committee defers a country's consideration, it will request the Department of Economic and Social Affairs and UNCTAD to update their inputs to the graduation assessment for the next triennial review, and request its secretariat to prepare an updated graduation assessment;

(g) The Committee has consistently found that countries require a five-year preparatory period to prepare themselves effectively for graduation. While the standard length of the preparatory period remains three years, the Committee will normally include in a recommendation for graduation a statement that the countries require an extended period of five years (see para. below);

(h) The Committee monitors the development progress of graduating and recently graduated countries within its enhanced monitoring mechanism, which includes consultations with the country concerned. Consultations will also be held with countries whose graduation has been deferred;

(i) The Committee would recommend an extension within the enhanced monitoring mechanism if requested by the country in writing and if the Committee finds that external shocks significantly disrupt the preparations for graduation or create a significant risk for the country no longer meeting the criteria in the foreseeable future.

The Committee will take these refinements into account when reviewing the least developed country graduation criteria and indicators and the supplementary graduation indicators for the 2027 triennial review, together with its long-standing principles for reviewing the criteria, to reflect advances in development thinking and data availability.

While these measures should already contribute to improving the graduation procedures, the Committee reiterates its previous findings that the existing General Assembly resolutions on smooth transition (resolutions 59/209 and 67/221) require updating that should, among other things, strengthen the graduation procedures. The Committee suggests that such strengthening include considering the following proposals:

(a) Consolidate all key provisions regarding the graduation procedures in the resolution;

(b) Request relevant United Nations entities to support the country in starting to prepare for graduation after the country meets the graduation criteria for the first time;

(c) Request countries considered for graduation to submit a written statement (see para. 37 (d) above) as an input to the triennial review;

(d) Provide guidance on deferments by the Council of the Committee's recommendations and the distinctive functions of the Council and the General Assembly in the graduation process. The guidance should include a way forward for those countries for which a recommendation is currently before the Council, in one case for over a decade;

(e) Set the standard length of the preparatory period at five years, to allow for countries to prepare a smooth transition strategy under a consultative whole-of-society approach and to start its implementation before the actual graduation date;

(f) Clarify that extensions of preparatory periods in case of external shocks must be addressed within the enhanced monitoring mechanism, requiring: (i) a written request by the country; (ii) a recommendation by the Committee; (iii) an endorsement by the Council; and (iv) a decision by the General Assembly;

(g) Clarify that situations where a graduating country no longer meets the graduation criteria must be addressed within the enhanced monitoring mechanism. The country would cease to be considered a graduating country if: (i) requested by the country to the Committee; (ii) the Committee finds that failing to meet the graduation criteria is not merely a short-term temporary situation; (iii) the finding is endorsed by the Council; and (iv) a final decision is made by the General Assembly. Its graduation process would restart once it is recommended again following the established procedures;

(h) Specify the role of the resident coordinator and various international United Nations entities in the provision of graduation-specific support during the preparatory and transition periods;

(i) Establish a fixed length of nine years for the post-graduation transition period, during which the monitoring by the Committee continues (see also chap. IV);

(j) Introduce a readmittance procedure for recently graduated countries that no longer meet the graduation criteria during the nine-year transition period. The procedure could follow the same format as in cases of graduating countries no longer meeting the criteria (see subpara. (g) above).

As reported previously, the update of the resolution on smooth transition would also allow the provision of additional guidance on smooth transition strategies and, most importantly, an opportunity to agree on strengthened graduation support measures and on international incentives for graduation. The Committee confirms its readiness to engage in a process leading to a new resolution.