



Committee for Development Policy

United Nations Department of Economic and Social Affairs
Development Policy and Analysis Division

Mitigating the impact of graduation from the least developed countries category

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LDC category

Latin America and the Caribbean

1

Africa

34

Asia

9

Oceania

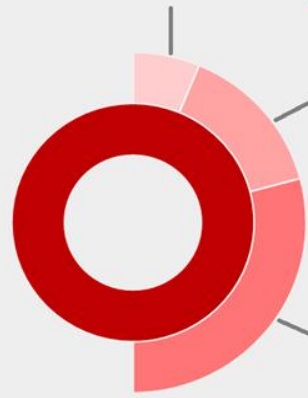
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How many of the 48 LDCs met graduation thresholds in 2015?

3 Graduating LDCs

→ Graduation schedule: Angola - 2021, Equatorial Guinea - 2017, Vanuatu - 2020



7 LDCs met two thresholds or income-only threshold

→ Must meet eligibility criteria again in 2018 to be considered for graduation

14 LDCs met one threshold

→ Did not meet eligibility criteria

Leaving the LDC category

Graduation thresholds for any two of the three graduation criteria (alternatively, income-only criterion) must be met in two consecutive triennial reviews to be considered for graduation



Per capita GNI

2015 graduation threshold: \$ 1,242 or above
2015 income-only threshold: \$ 2,484 or above



Economic vulnerability index (EVI)

2015 graduation threshold: 32 or below



Human assets index (HAI)

2015 graduation threshold: 66 or above

Which LDCs met the criteria for graduation in 2015 and which thresholds were fulfilled?

Graduating LDCs

- Angola*
- Equatorial Guinea*
- Vanuatu +

LDCs meeting graduation criteria

(Considered for graduation if meeting eligibility criteria in 2018)

- Bhutan +
- Kiribati +
- Nepal +
- Sao Tome and Principe +
- Solomon Islands +
- Timor-Leste*
- Tuvalu** +

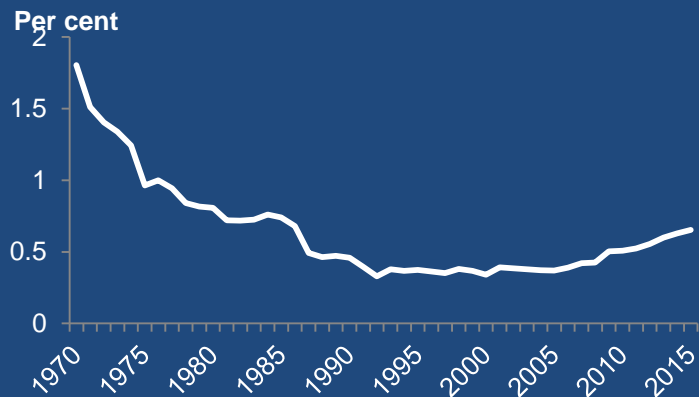
Did you know?

Only 4 countries have graduated from the LDC category

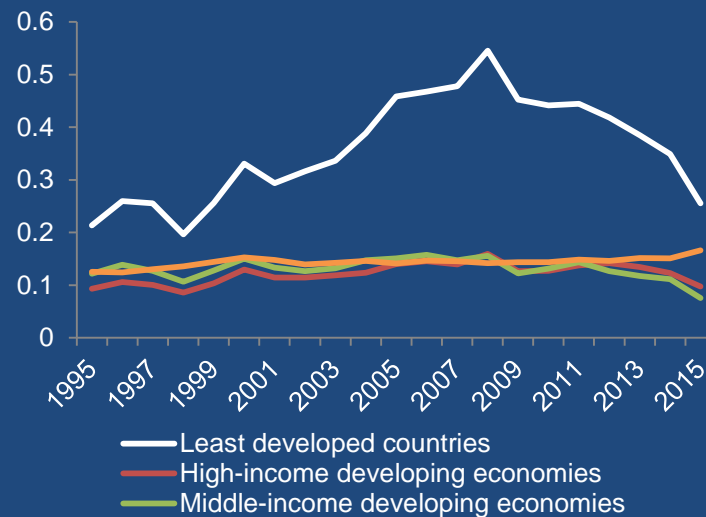
Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014)

* Income-only criterion
** Considered by ECOSOC

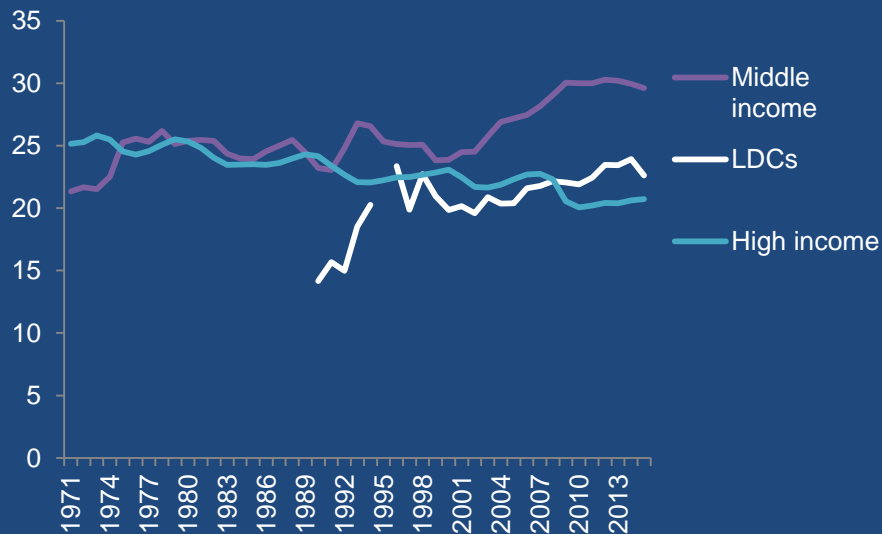
Share of non-oil LDC exports of goods and services in world exports



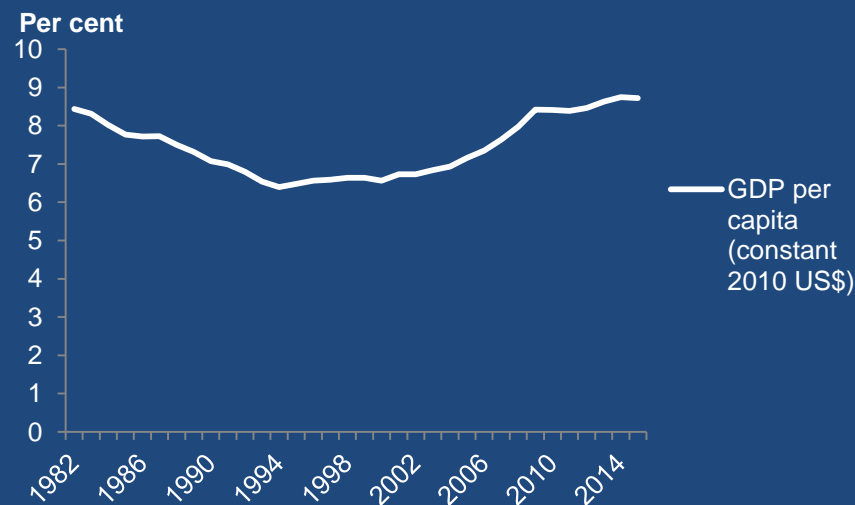
Export concentration index by development status, 1995-2013



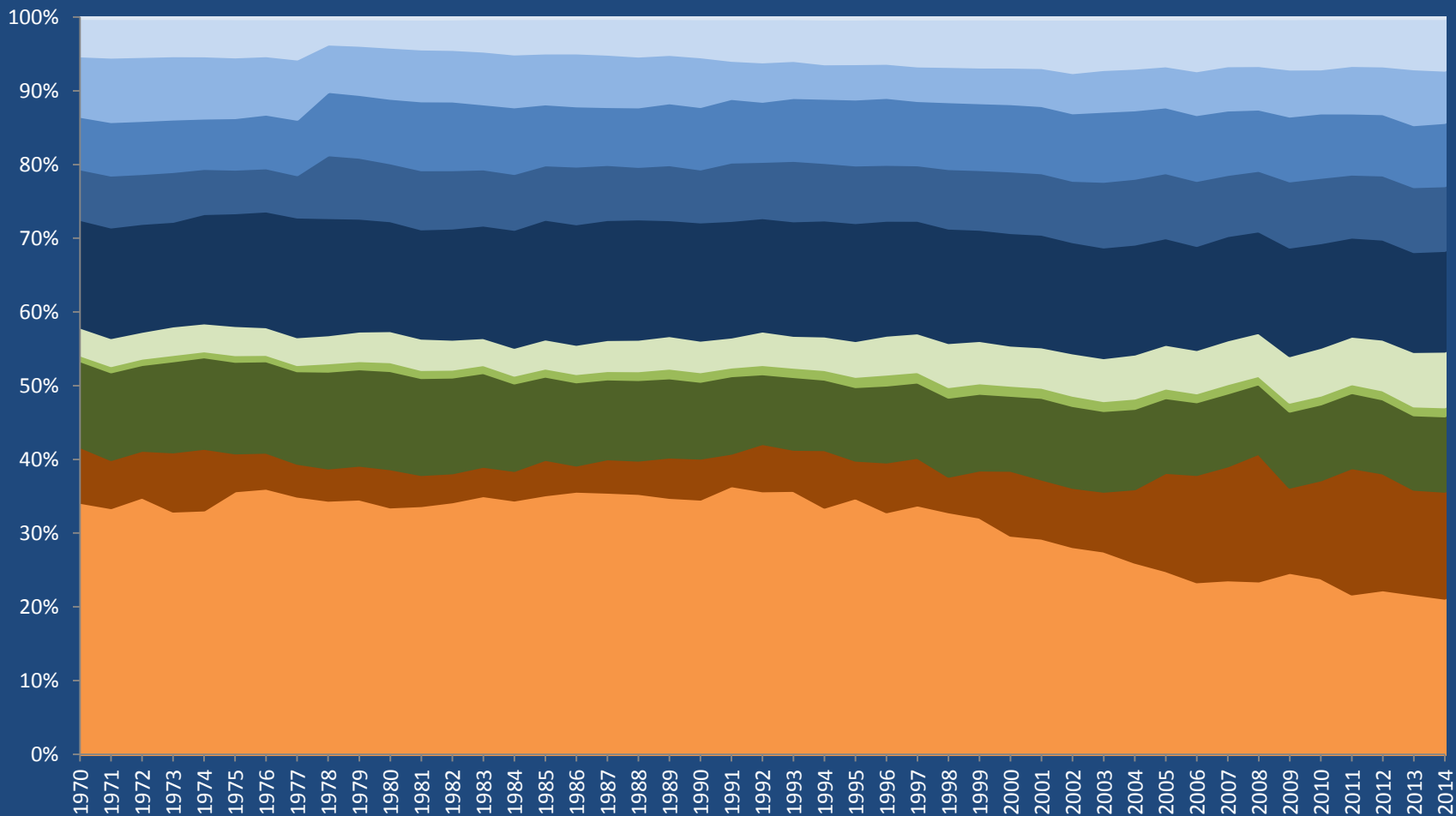
Investment as % GDP



LDC GDP as share of world total

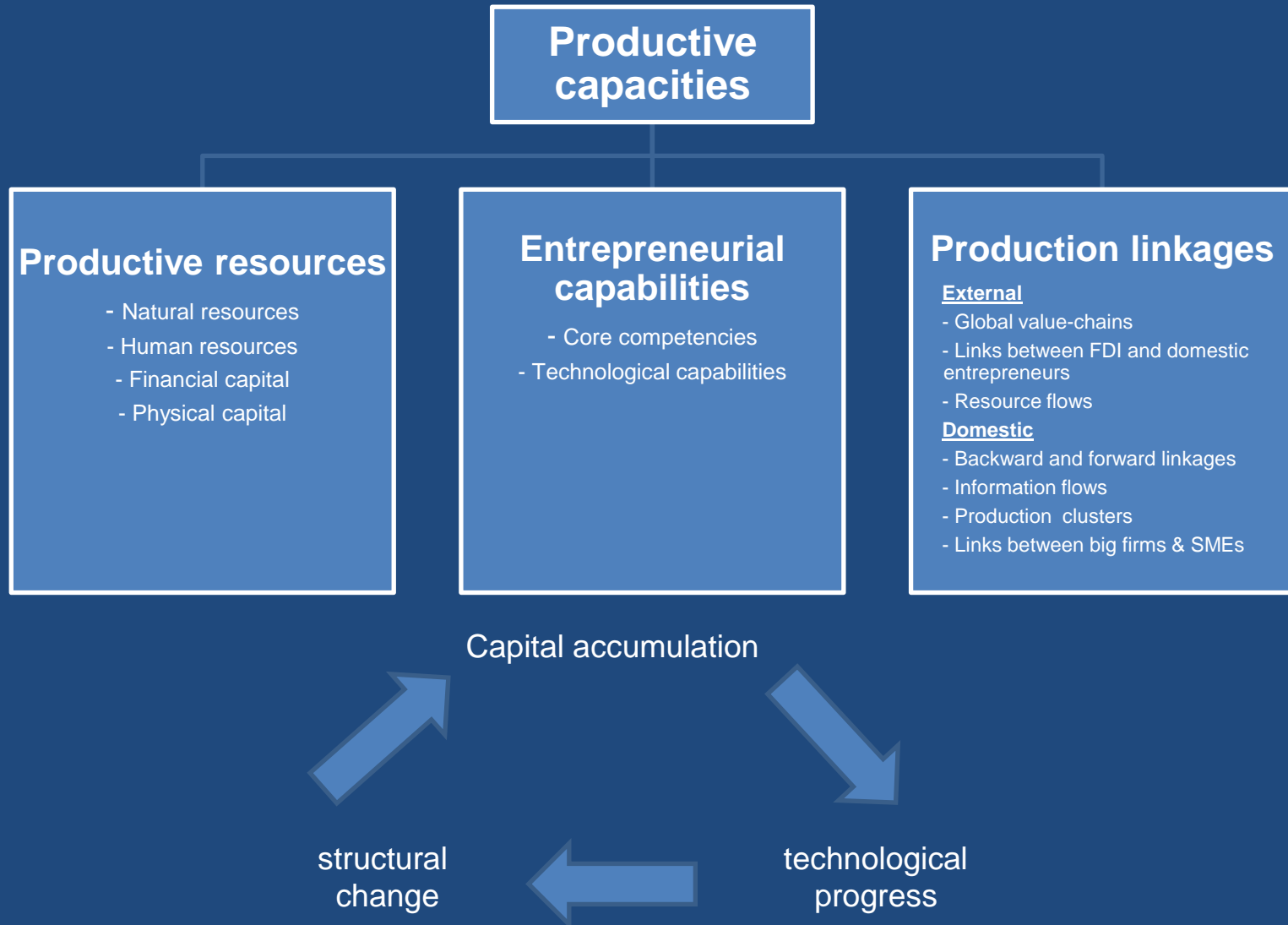


Evolution of economic structure in LDCs since 1970



- Private households with employed persons
- Education; health and social work; other community, social and personal services
- Public administration and defence; compulsory social security
- Financial intermediation, real estate, renting and business activities
- Transport, storage and communications
- Wholesale, retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants
- Construction
- Electricity, gas and water supply
- Manufacturing
- Mining and quarrying
- Agriculture, hunting, forestry; fishing

What is productive capacity?



Overview of activities

Expected project outputs and workflow

Bhutan, Nepal, Uganda



Main Outputs

National communications and advocacy activities including media articles and briefings

Productive capacity diagnostic

Policy papers

LDC graduation platform

Progress

- Productive capacity diagnostic studies - Bhutan, Nepal, Uganda
 - Using CDP work and the growth identification and facilitation framework (GIFF) developed by Justin Lin
 - Identify latent comparative advantage to choose the right target
 - Identify binding constraints
 - Attract global investors
 - Scale-up successful self-discoveries
 - Recognise power of industrial parks
 - Provide limited incentives to appropriate industries
- Developing LDC graduation platform

Progress cont.

Scoping missions



Consultations – Antalya IPoA



Internal discussions



Development of LDC platform prototype



Formation of focus group



Progress cont.

Training on productive capacity with 10 LDCs at workshop in Beijing with Justin Lin & Charles Gore



Testing & discussion of LDC platform



Consultations with experts and agencies in Geneva

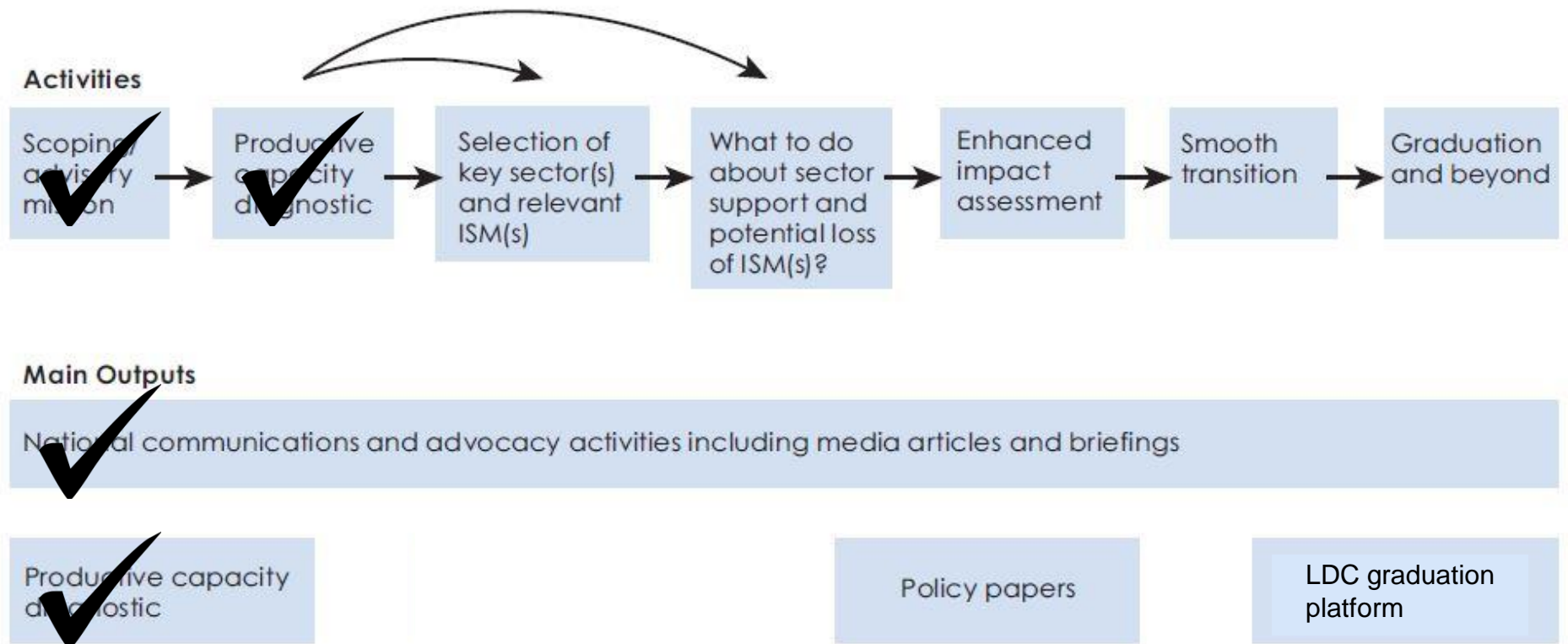


Improvement of concept

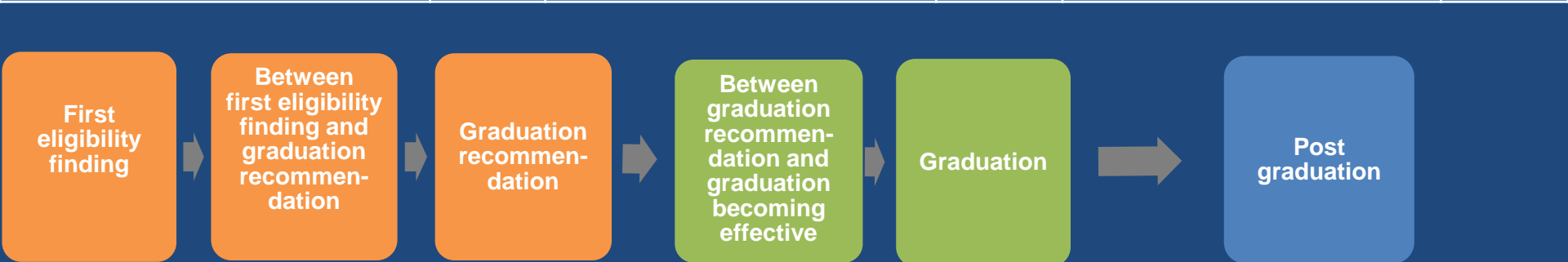


Progress cont.

Expected project outputs and workflow



| Before | | During | | After | |
|---|--|--|--|--|--|
| Information and data <ul style="list-style-type: none"> Overview of LDC criteria Historical status/ data & snapshots Link to ITC country page Link to OECD DAC ODA data visuals Case study Role of UN agencies inc. CDP | | Information and data <ul style="list-style-type: none"> Best practice on graduation Expert view Info on smooth transition (including examples of smooth transition strategies) Case study | | Information and data <ul style="list-style-type: none"> Best practice on post-graduation Expert view Info on smooth transition Case study | |
| Activities <ol style="list-style-type: none"> Identify sectors – GIFF & others Determine potential impact of graduation on ISMs <ol style="list-style-type: none"> Trade, Aid Other ISMs Set up graduation work programme Consult stakeholders | | Checklist <ol style="list-style-type: none"> Set up consultative mechanism Consult stakeholders and build awareness Build graduation into development plan Ensure impact of graduation incorporated into sector strategies Reassess potential impact of graduation if necessary Consult development partners Prepare smooth transition strategy Report to CDP | | Activities <ol style="list-style-type: none"> Manage graduation Implement transition strategy Improve institutional capacity for graduation Enact policies to develop productive capacity in identified areas Ensure smooth transition incorporated into development strategy Continue to ensure impact of graduation incorporated into sector strategies | |
| Checklist <ol style="list-style-type: none"> ✓ ✓ ✓ ✓ | | Checklist <ol style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ | | Checklist <ol style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ | |



Tools

- Productive capacity indicators (UNCTAD)
- CDP monitoring reports
- Impact assessments
- Productive capacity studies (GIFF)
- ITC market analysis tools
- Diagnostic Trade Integration Studies (DTIS)
- CDP Cost-benefit analysis tool
- OECD production transformation policy reviews
- UNIDO work on structural transformation
- UNCTAD vulnerability profiles

Help & sources of collaboration

UN DESA/ CDP, UNDP, UNCTAD, UNFCCC, UNOHRLLS, ITC, WTO, EIF, OECD, Regional commissions, graduated countries and other potential graduates

LDC graduation platform

The image displays a user interface for the LDC graduation platform. On the left, a navigation menu titled 'LDC SMOOTH TRANSITION' includes a 'my suitcase' icon and four main steps: 1. Assess timing and process of graduation, 2. Assess graduation impact (ISM's), 3. Organise for graduation, and 4. Manage graduation. The main content area shows a detailed view of the 'Organise for graduation' section, which is divided into two sub-sections: '3 Organise for graduation' and '4 Manage graduation'. The '3 Organise for graduation' sub-section includes 'Review process' and 'Set-up consultative mechanism'. The '4 Manage graduation' sub-section includes 'Define national strategy', 'Plan institutional capacity', 'Define trade/sector strategy', and 'Develop productive strategy'. A right-hand sidebar provides an 'Overview' (with a description of the topic), 'Best practice', 'Expert video' (with a dynamic presentation and two video thumbnails), 'Checklist', and 'Links'. A bottom navigation bar shows '4 Manage graduation' and 'Define national strategy'.

And examples or tools in each section

Next steps

Validate studies

- Uganda
- Bhutan
- Nepal

Put into practice

- Facilitate development of policy proposals
- Link with international partners – eg. Centre for New Structural Economics
- Integrate productive capacity studies with LDC platform

Analyse loss of ISMs

- Help graduates and potential graduates understand loss of ISMs (ongoing).

Next steps

Facilitate smooth transition

- Provide information
- Assist with smooth transition strategies where possible (ongoing)

Impact assessments (2017)

- Bhutan, Nepal
- Kiribati, Sao Tome, Solomon Islands, Timor Leste

Develop LDC platform

- Finalise concept
- Build website
- Test, focus group
- Target soft launch by end-2017

Questions

- Feedback on conceptual approach?
- Comments on LDC graduation platform?
- Collaboration?
- Contributions to platform?

Impact Assessment

- Ex-ante impact assessment of the likely consequences of graduation
- Eligible for graduation for the first time
 - Impact Assessment (DESA), Vulnerability Profile (UNCTAD)
- Examine possible changes in preferential markets access, special treatment regarding WTO obligations, ODA and general assistance.

Static assessment

- Collect information through data and research on the *support of current use*
- Collect information from the country's main development and trading partners
- Partners asked for smooth transition
- Limited responses from development partners

Enhanced assessment

- Use assessments of productive capacity undertaken in DA project
- Scenarios on trade changes and global trend
- Implemented in 2018 triennial review
- Likely to be applied to 6 countries



United Nations

CDP

Committee for
Development Policy

Support Measures Portal for LDCs

www.un.org/ldcportal

Namsuk Kim

UN DESA

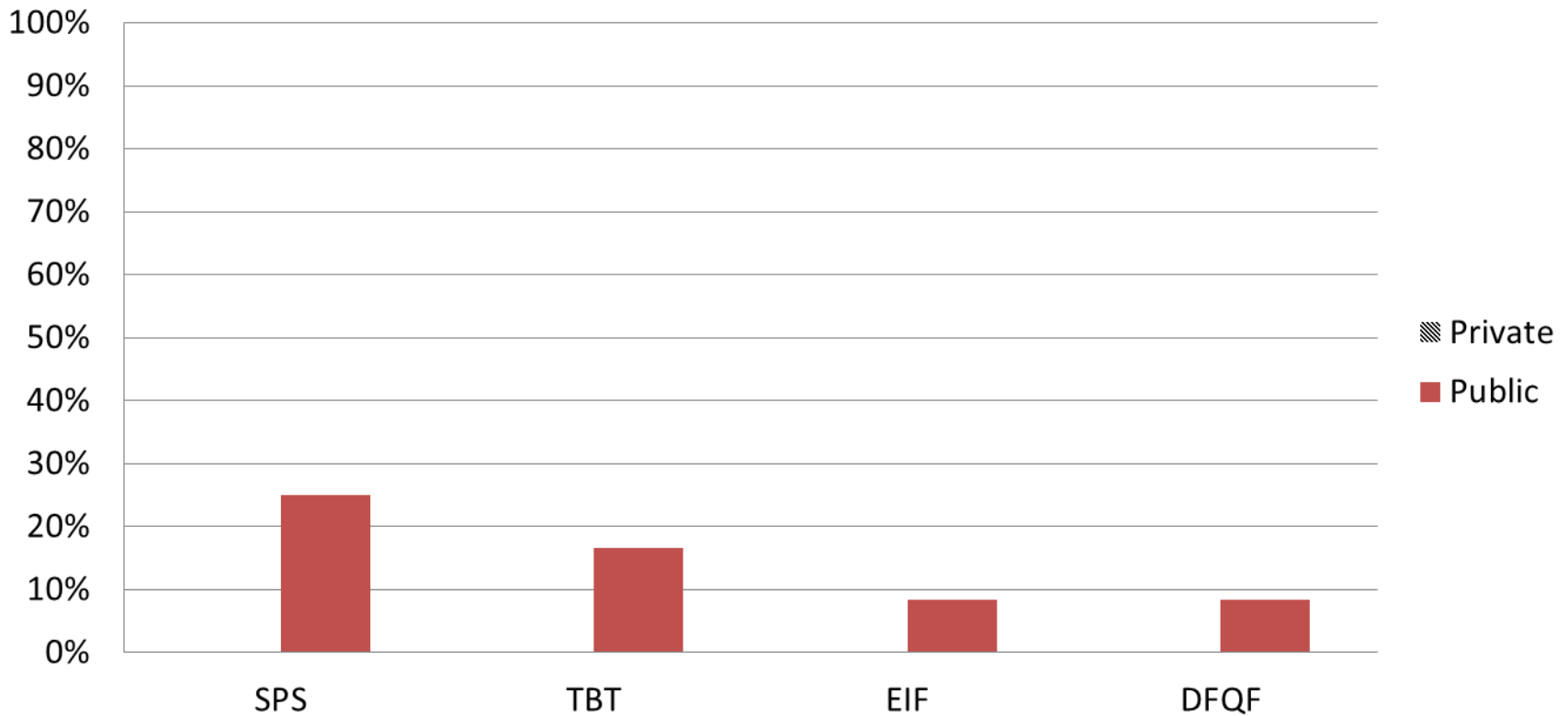
What is the LDC Portal?



- Platform with relevant information on LDC-specific international support measures
- Launched at the Fourth UN Conference on the LDCs, Istanbul, 2011
- GA requests its continuous updating and improvement (A/RES/67/221)

Lack of knowledge

Nepal:
Private and Public sector respondents with knowledge on training to access ISMs



Source: Nepal, Trade-related ISMs Cost Benefit Analysis, 2015

Purpose of the LDC Portal

- Consolidate access of information on availability
- Increase awareness of measures and conditions
- Explanation of rules related to access
- Assist in identifying gaps in access and delivery
- Support capacity building to access the measures
- Enhance ownership of the measures
- Providing tools to become more pro-active

Institutional capacity building for accessing trade-related measures in Nepal

This area of the LDC Portal gives access to a limited group of users involved in the implementation of UN DESA project "Capacity building for removing constraints in utilizing trade-related international support measures for LDCs in Nepal. Our objective is to provide project consultants, collaborating agencies, donors and government officials up-to-date information about the status of the project, to create a central point of information about the project and related documentation, and to generate discussions among those involved.



Related Assets:

[Workshop on validation of priority products in Nepal](#)

Trade-related ISMs

Key trade-related support measures in Nepal

Project activities focus on support measures which are already being used or which have the potential of being used to address limitations faced by producers of priority exporters. Subsequently, institutional constraints in using these measures will be identified.

Related Projects in Nepal

INCLUDE – Inclusive Development of the Economy

Project Name: INCLUDE – Inclusive Development of the Economy Implementing Institutions: ...

Trade Promotion Programme in Nepal

Latest news about Nepal

The impact of Brexit on the least developed countries

The United Kingdom vote in June 2016 to leave the European Union will have major implications for...

Information in the LDC Portal

Resource allocation by multilateral organizations for LDCs

Several multilateral organizations have rules or targets to earmark their resources to LDCs. For example, UNDP, UNICEF and WFP have numerical rules to earmark the allocation of their programme budget or extra-budgetary resources to LDCs. Other multilateral organizations do not earmark their resources specifically for LDCs, but many of them consider LDCs a priority in their activities and allocate a significant share of their resources to LDCs.



Utilization by LDCs:

- UNDP's core resources are distributed to programme countries based on the so-called Target for Resource Assignment from the Core (TRAC) system. For the periods 2008-2013 and 2014-2018, the percentage allocation to LDCs has been established at a minimum of 60 per cent of the core budget.
- In 2010/2011, UNICEF allocated \$3.2 billion (about 51 per cent of its core and non-core programme resources) to LDCs while WFP provided \$2.6 billion (70 per cent of its total annual resources received) to LDCs.
- Of \$9.3 billion of total country-level programme expenditure of development related operational activities by the UN system in 2010, the latest year for which data are available, LDCs accounted for some 55 per cent.

Available Smooth Transition Procedures:

Resources:

- About 130 Support Measures for LDCs
 - Trade: 80
 - Development Assistance: 15
 - General Support: 40
- More than 750 articles in total
 - Trade: 500
 - Development Assistance: 100
 - General Support: 150

Upgrade in 2017

- Stability of the web platform
- Easy to navigate
- Optimized information and consolidated menu items
- Improved graphs and multimedia contents
- Related articles using tags
- Easy to export to social media
- Mobile friendly