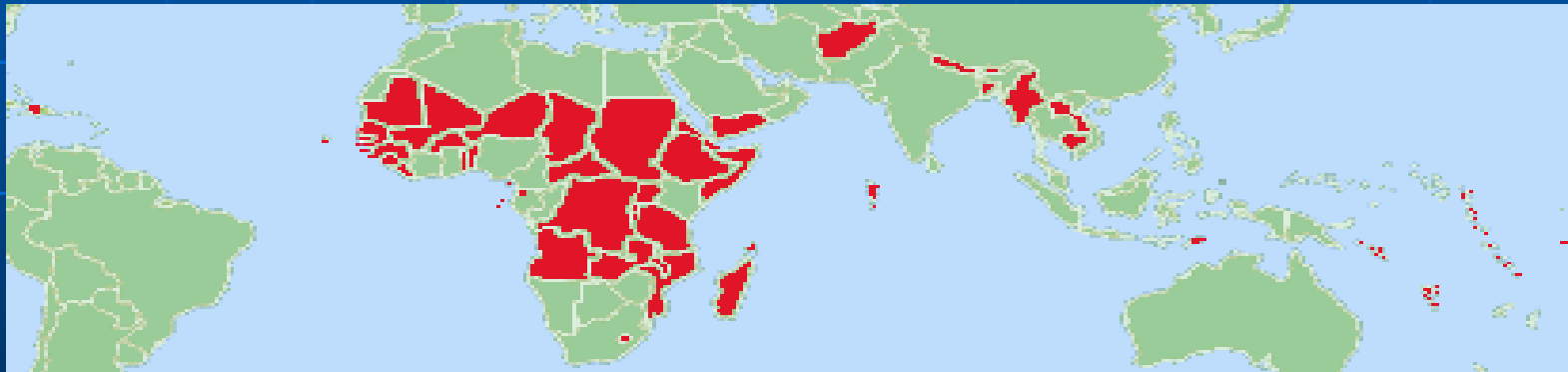




Graduation, special support measures and smooth transition for LDCs

Briefing on “Graduation of LDCs and smooth transition”

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Ana Luiza Cortez, Secretary
Committee for Development Policy
UN-DESA

Structure

1. Graduation timeframe
2. General Assembly Resolution 59/209
3. Special support measures for LDCs
4. Special support by the United Nations
5. Phasing out LDC specific support by the UN

Graduation time frame

Year 0

CDP: finds country eligible (**first finding**). Country is notified.

Between years 0 and 3:

UNCTAD: Vulnerability profile

DESA: Ex-ante impact assessment report

(both reports circulated to the country for comments)

Year 3:

Graduating country: oral presentation to EGM; written statement to CDP plenary (both voluntary)

CDP: confirms eligibility (**second finding**); reviews reports; recommends graduation

ECOSOC: takes action on CDP recommendation

General Assembly: takes note of CDP recommendation. Graduation to take place in 3 years

Graduation time frame (cont.)

Between years 3 and 6:

Graduating country: prepares transition strategy with partners

CDP: monitors development progress

Country still LDC with access to LDC specific support

Year 6:

★GRADUATION★

After Year 6:

Graduated country: implements smooth transition strategy

Development and trading partners: provide support for the transition

CDP: monitors development at the triennial reviews

Smooth transition guidelines: A/RES/59/209

During the period **Year 3 to Year 6 (before graduation)**:

- **Graduating country**, with development and trading **partners**, to prepare a transition strategy
- Strategy goals: to adjust to phasing out of LDC-specific SMs and identify actions by all stakeholders
- **Partners**: phasing out according to country's development situation
- **Graduating country** to establish a **consultative mechanism**
- Can request UNDP Administrator to support through UN Resident Coordinator and UN Country Team

Year 6 onwards (after graduation)

- **Partners**: abrupt reductions of support to be avoided
- **Graduated country**, with the support of consultative mechanism, to monitor the implementation of strategy and keep SG informed on a regular basis
- **CDP** to monitor development progress of graduated country as complement to triennial review of the list of LDC

Special Support Measures for LDCs

A. Official Development Assistance:

- ⇒ Financial aid and technical assistance
- ⇒ Bilateral and multilateral donors

B. International trade:

- ⇒ SDT on WTO obligations
- ⇒ Market Access

C. Other forms of support:

- ⇒ Caps contribution to UN budget, PKO discount contributions
- ⇒ Travel funds
- ⇒ Others

Since 1981, support by the development partners framed by the Programmes of Action for LDCs

Support by the UN System: Modalities

Research, policy analysis and advice, technical and financial assistance, advocacy, support relevant intergovernmental processes.

- **Targeted budget set asides:**

- UNDP: 60 to 62% 2004-2007 budget
- UNICEF: at least 60% regular resources
- WFP: at least 50% development resources
- Others

- **Targeted funds/technical cooperation programmes:**

- GEF-LDCF: \$221.5 million in pledged contributions (\$169 million deposited). 48 LDCs received funding for NAPAS. Funded 36 projects in 32 countries (\$126 million)
- UNCDF (“first and foremost”): ~\$41 million program expenditures in 40 countries (2009)
- IF/EIF: Over \$100 million deposited but only \$29 million disbursed (2002-2008); 47 LDCs participate in the scheme
- Others

- **Note: UN Operational expenditures in LDCs reached \$7 billion in 2008, 38% of total (caveat)**

Support by the UN System: Modalities (cont.)

- **Attendance GA sessions**
 - up to 5 tickets for annual session
 - 1 ticket for emergency or special session
 - ~\$1 million per year in 2005 and 2006
- **Earmarked travel funds**
 - UNFPA (\$170K/year)
 - UNIDO (€300K/year)
 - Others
- **Caps to the contribution to the budget**
 - Regular UN budget: LDC limited to 0.01 per cent (\$235K in 2011). Angola, Bangladesh and Sudan the only beneficiaries of the 0.01% cap in 2011
 - Subsidy estimated at \$1.3 million for the 3 countries together
 - Peace Keeping Operations: 90% cent discount in PKO budget
 - Budget caps also in UNIDO, WMO, others
- **Note: There are no LDC specific measures in multilateral financial organizations (World Bank and IMF)**

UN system: after graduation

Phasing out of LDC specific support

Limited institutional mechanisms in place thus far:

- Support extended independent of LDC status: graduation does not trigger any change
- LDC status is recognised: multi-year programme cycles or projects, no immediate change. Not clear how will proceed later
- Graduated country will benefit from support extended to other developing countries
- Some IFIs indicated willingness to support via consultative mechanism: no action by country
- Travel benefits ceased (GA)

Exceptions:

- **GEF-LDCF**: access to resources maintained for projects already in the pipeline (capped at \$7 million/country). No new requests accepted
- **IF/EIF**: full EiF benefits for 3 years, additional 2 year extension possible

Additional information

www.un.org/en/development/desa/policy/cdp/ldc_project.shtml

And...

Coming up on 11 May 2011

LDC Information Portal
on International Support Measures

www.un.org/ldcportal

(Special side event at IV UN Conference on LDCs, Istanbul)