

Assisting the LDCs in preparing for graduation

23 May 2017, United Nations, Conference Room B, 1:15 p.m.-2:30 p.m.

Abstract

This event addresses the challenges that the LDCs face in understanding the type of LDC-specific support from which they benefit and the policy implications of the possible loss of such support after graduation, including the flexibilities provided under the multilateral trading system. To that end, the United Nations Department of Economic and Social Affairs (DESA) is developing a web-based platform to provide information on graduation. The Enhanced Integrated Framework (EIF), the only global Aid for Trade partnership and dedicated programme for the LDCs, provides a framework for inclusive, trade-stimulated growth. The EIF-funded Diagnostic Trade Integration Studies (DTISs) provide a useful avenue for the LDCs to analyze the trade-related impacts of graduation and as such, the EIF is considering to include graduation checklists in the preparation of DTISs.

This event highlights opportunities, constraints and considerations for the LDCs on the graduation path and in particular highlights the role that DESA and the EIF partnership can play to prepare for smooth graduation pathways. The event also provides an opportunity to give and receive feedback.

Concept

The side event is co-organized by the Committee for Development Policy (CDP) Unit of DESA and the Enhanced Integrated Framework (EIF).

With the creation of the LDCs category in 1971, the international community committed itself to providing special support to a group of countries that face low levels of income and severe structural handicaps to achieving sustainable development. Over the years, the LDC category has been useful to attract political support within inter-governmental negotiations. The various programmes of action for the LDCs and the numerous references to the LDCs in the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda show the significant level of political support for the LDCs. The political attention should be translated into explicit LDC-specific support from the international community. Such support can be grouped into three main areas: (i) international trade (preferential market access, special and differential treatment regarding WTO obligations and trade-related capacity building); (ii) development assistance, including development financing and technical cooperation; and (iii) general support and other forms of assistance.

Numerous proposals and capacity development activities have been looking at how the LDCs can make better use of such measures and how they can address their institutional constraints in doing so. This side event looks at a specific group of LDCs: those close to leaving the category based on their development progress. Many of these countries still face barriers to fully understand the type of LDC-specific support that they are actually benefiting from and the policy implications of the possible loss of such support after graduation.

This is often witnessed in the process of preparing for graduation from the LDC category. The LDCs are encouraged to prepare and implement a smooth transition strategy to mitigate or offset potential negative consequences stemming from the withdrawal of LDC-specific support for the implementation of existing development plans. However, there is no common understanding of what such a strategy should be. To address this concern, the CDP is developing the web-based platform to provide information and analysis on the graduation process and to facilitate its sharing in-country and with development partners. It builds on the experiences made by the CDP in its work on identifying the LDCs and in monitoring graduated and graduating countries as well as on its

current LDC Portal and related capacity-building work.

The EIF initiative brings together LDC governments, donors and other development partners and helps them to align their efforts toward a single, mutually desirable goal: harnessing trade for LDC growth.

As the only global multi-donor Aid for Trade trust fund dedicated to the LDCs, the EIF's unique approach guarantees full LDC ownership, and the majority of EIF projects are co-financed by the LDCs themselves. The programme works on the trade-related challenges of the world's poorest countries, assisting the LDCs at every stage of their journey to leverage trade for growth and poverty reduction. In addition to the value of the partnership, the EIF Trust Fund finances catalytic projects ranging from DTISs as a means to analyze and prioritize policy and programme interventions to building institutional and productive capacity in the LDCs.

Due to the complexity of trade-related LDC-specific support, an important aspect of understanding the implications of graduation is to address the uncertainties in the potential loss of these types of measures. To this end, the EIF is considering to incorporate a graduation "checklist" as an additional component in its country studies, assessing the competitiveness of the economy and of the sectors that are engaged or have the potential to engage in international trade. The objective of the "checklist" is to make the LDCs aware of the graduation process, its possible impact on certain sectors of the economy and how to prepare for the phasing-out of the key support measures after graduating from the LDC category.

EIF support to the LDCs in the graduation frontline is also available to help to manage and "own" their graduation process through the preparation of a transition graduation strategy, national post-graduation work plans and policies conducive to sustainable development. The LDCs that have graduated recently, i.e., Cabo Verde, Maldives and Samoa, have been benefiting from predictable post-graduation support from the EIF.

Proposed event programme:

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| Moderator: Mr Roland Mollerus, Secretary of the Committee for Development Policy (CDP) | |
| Opening remarks: H.E. Mr Nabindra Raj Joshi, Minister for Industry, Nepal | What role can trade and investment play in delivering a sure footing for graduation and self-sustaining growth? |
| Key note address: Mr Yonov Frederick Agah, WTO Deputy Director-General | Impact of graduation on LDC-specific support and flexibilities. |
| Panellists and discussants: | Focus areas |
| Mr Daniel Gay, CDP Inter-Regional Advisor | Presentation – Support towards graduation – Introduction of the graduation platform. |
| H.E. Mr Masud Bin Momen, Ambassador of Bangladesh and LDC Coordinator in New York | What do the LDCs require in order to prepare for graduation? |
| H. E. Mr Jouni Laaksonen, Ambassador, Deputy Permanent Representative to the UN, Finland | Aid for Trade to Graduating countries. |
| Ms Susanna Wolf, Senior Programme Officer UN-OHRLLS | Role of development assistance in facilitating a smooth transition to graduation. |
| Mr Ratnakar Adhikari, Executive Director of the Executive Secretariat for the EIF | International support towards graduation and a smooth transition strategy: Role of the EIF. |
| Ms Maryla Maliszewska, Senior Economist, Trade Unit, The World Bank | How can the DTISs help to prepare the LDCs for graduation? |