



United Nations

Committee for Development Policy

# LEAST DEVELOPED COUNTRY SUSTAINABLE GRADUATION SUPPORT FACILITY (SGSF)



UN-OHRLLS



## Background

The UN Committee for Development Policy (CDP) in its 2019 plenary recommended that capacity development work be undertaken in support of graduating and graduated countries and requested its secretariat, as part of its capacity development activities and in close collaboration with other relevant United Nations entities, to explore the creation of a graduation support facility (see [E/2019/33](#), para 76). DESA as the CDP Secretariat has designed a Sustainable Graduation Support Facility (SGSF) in collaboration with OHRLLS as Chair of the UN Inter-Agency Task Force on LDC Graduation (IATF) and piloted the Facility in collaboration with ESCAP, in Vanuatu in August 2020 to help the country in preparation for its effective graduation on December 4, 2020 in the midst of double adversities – the COVID-19 pandemic and a cyclone.

## SGSF – Current Status

The **rationale** for creating the SGSF is to assist graduating and graduated countries to prepare for graduation and smooth transition, including policy response to post-Covid-19 recovery. The main **purpose** of the SGSF is to serve as a country-led global platform that offers dedicated and integrated capacity building support in the form of technical and policy advisory services to graduating and graduated countries. Its services aim to work as catalysts, bringing on board diverse partners and funding to support smooth transition. It will also serve as a repository and clearing house of initiatives and projects pursued in support of these countries' sustainable graduation.

**Six main service offering lines** (SOLs) are being offered by the SGSF (see Annex 1 and 5) and **eligibility** to access the SGSF is tied to meeting the graduation threshold. The SGSF was introduced by the CDP and OHRLLS as IATF Chair at a side event at the first prepcom of the LDC5 intergovernmental process on May 26, 2021 and discussed during the Asia-Pacific Regional Review meeting on 31 August 2021. It is now reflected as a concrete proposal in the new programme of action.

**Country demand** for the SGSF six main service offerings lines and the sixteen specific services have been determined through the SGSF survey of all 46 LDCs jointly conducted by DESA and OHRLLS on May 26 2021. Twenty countries have responded – including ten of the sixteen graduating countries and Vanuatu as a graduated country (see Annex 1).

**Multi-Year Budget Estimate and Resource Framework:** An indicative multi-year budget for resources required for the period of the new decade of action (2022-2031) is being finalized – comprising of the SGSF service offering lines selected by the ten graduating countries that responded to the survey as well as Vanuatu (a graduated country) and the management of the facility. A multi-year, multi donor project proposal is being developed.

**Service Delivery & Partnerships:** Services offered by the facility will be delivered in a streamlined and integrated manner by the members of the IATF, both UN and non-UN entities. Of importance is the timely and effective coordination of the appropriate expertise needed by graduating/graduated countries in support of the work of the CDP, IATF and in close cooperation with the Resident Coordinators and UN Country Teams so as to enhance the coordinated UN system-wide support to these countries.

The types of partnerships being considered are categorized in four main groups: 1) policy and technical advisory; 2) financial; 3) investment and loans; and 4) private sector.


















Of importance to the success of the facility is a reinvigorated international community partnership. To this end, the OHRLLS and the CDP Secretariat will jointly explore and approach potential partners that could play an instrumental role in providing targeted and predictable support in helping graduating and graduated countries step towards sustainable development.

### **SGSF – Key Strategic Next Steps**

Four key strategic next steps are to be undertaken, as follows:

1. **Launch of the SGSF** at the *LDC5 Round Table 8: Supporting Sustainable and Irreversible Graduation from Least Developed Country Category*, in Doha on January 27, 2022
2. **Country consultations** are conducted with all graduating countries to jointly design the specific support to be provided through the facility by mid-2022 and adjust accordingly the SGSF multi-year programme of work for the next decade (2022-2031).
3. **Partnership Outreach** based on country needs and potential partners' expertise, mandate and added value.
4. **Fully operationalise the SGSF service offering** to graduating and graduated countries.

Annex 1 SGSF – Service offering based on survey responses of graduated and graduating LDCs (2022-2031)

Country		SGSF Service Offering Line (SOL)															
		SOL1			SOL2				SOL3		SOL4			SOL5	SOL6		
Graduated		a.	b.	c.	a.	b.	c.	d.	a.	b.	a.	b.	c.	a.	a.	b.	c.
1. Vanuatu		√	√	√	√	√		√	√	√		√		√	√	√	√
Graduating																	
2. Angola																	
3. Bhutan			√	√	√	√	√	√			√			√	√	√	√
4. Sao Tome and Principe									√			√					
5. Solomon Islands		√	√	√	√	√	√	√	√	√	√	√	√	√		√	
Recommended by the CDP for Graduation																	
6. Bangladesh		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
7. Kiribati																	
8. Lao PDR			√					√	√			√		√			√
9. Nepal		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
10. Tuvalu																	
Meets the Graduation Criteria and Under the CDP Review																	
11. Cambodia		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
12. Comoros		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
13. Djibouti																	
14. Myanmar																	
15. Senegal		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
16. Timor-Leste									√								
17. Zambia		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

See Annex 4 for the list of six service offering lines (SOLs) and details of related specific services.

<b>Sustainable Graduation Support Facility</b>	
<b>Service Offering Line 1 (SOL1): Addressing the loss of existing LDC-specific international support measures (ISMs)</b>	
<b>a. Facilitate access to LDC-specific</b>	capacity building programmes in priority areas related to LDC graduation. Help graduating LDCs to access funds from existing facilities to which they will soon no longer be entitled.
<b>b. Strengthen capacity of government officials to prepare and engage in trade negotiations advocating for extended LDC-specific ISMs, such as trade preferences and to improve access to export markets</b>	in particular for commodities that are currently exported with LDC-specific preferential access conditions.
<b>c. Provide enhanced technical assistance</b>	in addressing the possible loss of LDC-specific special and differential treatment (SDT) under the WTO agreements as well as to build and strengthen intellectual property systems in response to the possible loss of LDC-specific special and differential treatment so as to enable compliance with relevant international obligations after graduation without economic disruption.
<b>Service Offering Line 2 (SOL2): Improving the ability of graduating and graduated LDCs to access non-LDC-specific support</b>	
<b>a. Support assessment of climate funding in line with national development priorities.</b>	Many of the smaller, more capacity-constrained graduating LDCs struggle to thoroughly assess the potential contribution of multilateral climate-related funds to broader national priorities. Support will include enhancing the capacity of accredited national implementing entities.
<b>b. Assist in accessing non LDC-specific Aid for Trade</b>	to increase building of trade capacity and infrastructure needed, including technical assistance that help countries to develop trade strategies, improve understanding of export requirements and negotiate more effectively.
<b>c. Technology transfer and transfer of know-how.</b>	In addition to continued support and funding from the technology bank for LDCs, the tacit nature of production knowledge means there is a need to send experts from suitable countries to current, graduating and former LDCs – many of which are undergoing structural transformation and are at a point when technology transfer is critical.
<b>d. Innovative disaster-risk reduction solutions.</b>	Disaster-prone former LDCs may wish to further pool risk either regionally or globally via a facility simple enough that it can be easily accessed by capacity constrained countries. This is particularly relevant for LDCs in Asia and the Pacific and for several other LDCs that are vulnerable to disasters. Most graduating countries tend to be under-served by existing disaster-risk reduction programmes yet suffer the most from disasters associated with natural hazards.
<b>Service Offering Line 3 (SOL3): Preparing and implementing smooth transition strategy</b>	
<b>a. Use the STS Guidance Note<sup>1</sup> produced by the CDP Secretariat to guide</b>	the preparation and implementation of a smooth transition strategy. Guidance would include strategic policy and technical advice tailored to the specific country context and ensuring the STS is integrated in the medium to long-term sustainable development plans/processes and development financing frameworks of graduating countries. Guidance would also include a focus on lingering vulnerabilities, longer-term development processes, and productive capacities and structural transformation. Guidance can also be provided if needed, in establishing a national consultative mechanism, the role of the UNRCO and collaboration with development and trading partners, the private sector and civil society. Assistance in providing coordinated inputs from agencies working in tandem with the Inter-Agency Task Force on Graduation (IATF) that is led by OHRLLS, would be made drawing on each agency's comparative expertise.
<b>b. Connect countries to partners with required specialized expertise,</b>	where additional analysis on the impact of graduation and smooth transition measures is requested by a country to inform the preparation of their STS. A country may require an elaboration of certain aspects of the graduation assessment by DESA/CDP and UNCTAD in preparation of a country's review for graduation by the CDP and/or other specific assessments undertaken or available from the various entities under the IATF.

<sup>1</sup> <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/STS-Guidance-Note.pdf>

<b>Service Offering Line 4 (SOL4): Assistance in Accessing Financing Transition and Beyond</b>
<p><b>a. Provide capacity building and technical advisory services to operationalize integrated national financing frameworks (INFFs).</b> These are already in demand by graduating LDCs such as assessments, diagnostics and formulating financing strategies for the achievement of SDGs. Support includes an assessment of public finance and budget allocation in favour of SDGs but can cover the full range of potential sources of financing across the Addis Ababa Action Agenda (AAAA). Support on creating a centralized hub for concessional finance, can be included, if required.</p>
<p><b>b. Facilitate access to finance</b> via private sector capital markets and investment facilities, foundations and funds allocated by countries, including under South-South and Triangular Cooperation and for specific sectors or areas, where needed. Offer finance facilitation services including support for policy development and enabling environment, capacity building, knowledge exchange and sharing platforms on financial tools. Support for convening forums that can create opportunities for public-private partnerships and investments could also be provided to increase access to finance. It could include support with preparation of funding applications and fulfillment of reporting requirements, thus reducing some of the administrative burden of seeking development finance, while accelerating access and enhancing funding predictability.</p>
<p><b>c. Provide support to strengthen revenue generation and collection skills and capacities.</b> Building public revenues is one of the main challenges for former and graduating LDCs. Broadening the tax base is fundamental to self-finance future development and to reduce reliance on aid. Graduation can be seen as an opportunity to solicit capacity-development assistance for domestic resource mobilization including existing programmes such as the Tax Inspectors Without Borders (TIWB) initiative by the OECD and UNDP bringing countries together to tackle tax avoidance, evasion and illicit financial flows.</p>
<b>Service Offering Line 5 (SOL5): Facilitating South-South Cooperation, dialogue and sharing country as well as region-specific knowledge and experience.</b>
<p><b>a. Support for South-South dialogue, cooperation and knowledge sharing</b> between graduating LDCs, former LDCs and other developing countries including non LDCs. Such support will draw on expertise in graduating countries and their regions. Cooperation may include creation of joint groups of graduating and former LDCs in trade, climate and other intergovernmental negotiations to strengthen collective bargaining power and mutual support. Knowledge and experience sharing across regions could also be facilitated for cross fertilization and to enable sub-regional and regional organizations to offer these services to graduated countries on a longer term and with their own technical capacity and finances. Graduated LDCs that have successfully enhanced their capacities in the areas provided by the facility could possibly be engaged by the facility to support future graduating LDCs.</p>
<b>Service Offering 6 (SOL6): Ensuring effective participation in the monitoring process of the CDP</b>
<p><b>a. Facilitate inputs to the CDP indicating any disruption to the development progress</b> due to or after graduation and reporting on progress in the preparation and implementation of the smooth transition strategy and on changes in support from development and trading partners. This will be on a yearly basis during the preparatory period and for a period of three years after graduation becomes effective, and triennially thereafter.</p>
<p><b>b. Facilitate establishment of an effective channel of communication</b> between CDP and Government's focal point on LDC graduation issues.</p>
<p><b>c. Assist participation of the country in CDP's efforts</b> of strengthening the collaborative aspect of the monitoring mechanism. For example, through enhancing capacity in providing and analyzing relevant data and through facilitating engagement in country consultations with the CDP.</p>