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## Issue paper

### Session 3: Forging partnerships for sustainable graduation

Graduation of a country reflects the achievement of an important milestone in its long-term development trajectory and greater resilience against structural handicaps. Despite these achievements, development challenges that the country faces as an LDC do not disappear overnight with the graduation. It is likely that the country concerned continues to experience a similar level of challenges during the post-graduation period as those experienced prior to graduation. Furthermore, given their structural and geographical constraints, many graduating LDCs can be expected to remain particularly prone to exogenous shocks even after graduation. Furthermore, LDCs will lose the eligibility for special and differential treatment schemes. This will have a potential impact on narrowing the policy space available to meet their development needs.

Most LDCs are likely to face a number of critical challenges beyond graduation. Most of them are characterized by facing a high degree of vulnerability to new and emerging challenges, including long-term impacts of financial crisis, commodity price volatility, public health emergencies, climate change and natural disasters. These factors pose multifaceted challenges to LDCs, reinforcing their already existing constraints. This may negatively affect the development prospects of LDCs as well as graduated countries. All these factors pose a high risk of reversion by the graduated countries to the category of LDCs, unless concerted efforts are undertaken by all stakeholders including bilateral and multilateral development partners, private sector, civil society and foundations. Graduating LDCs may also face challenges in sustaining high economic growth to move to high middle income or high income category, rather than being caught in the middle-income trap.

The international community needs to continue its support to the development process of LDCs through relevant international support measures (ISMs). LDCs themselves need to exercise strong leadership of their own development processes for structural transformation and harnessing dedicated support for it. The General Assembly in its resolution on smooth transition strategy urges all development partners to support the implementation of the transition strategy and to avoid any abrupt reductions in either official development assistance or technical assistance provided to the graduated country. The Assembly also invites development and trading partners to consider extending to the graduated country trade preferences previously made available as a result of LDC status, or reducing them in a phased manner in order to avoid their abrupt reduction. Likewise, the WTO is invited to consider extending to a graduated country the existing special and differential treatment and exemptions available to LDCs for a period appropriate to the development situation.

Key questions to be addressed in this session are:

How to adapt to the post-graduation realities to avoid relapse to LDC status?

What is the importance of international support to graduating LDCs to continue their development?

What are the options for continuing LDC-specific support measures to graduated countries?