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Issue paper

### **Session 5: Tools for Sustainability of Graduation**

While reaching the graduation threshold is important, its long-term sustainability is more critical, as the graduating country continues to face serious structural challenges and vulnerabilities. Graduating countries need to continue their course of development with a view to avoiding any potential relapse to this category. It is important for LDCs to ensure structural transformation by developing productive capacities, gaining access to modern technologies and diversifying their economy.

For LDCs and graduated countries, cross border trade makes important contributions to their GDP growth and sustainable development. While there has been long-standing deadlock in the WTO trade negotiations, free trade agreement (FTA) assumes special significance and carries high potentials. The FTA contributes to employment generation, promotes regional economic integration and foster competition and innovation.

Access to energy is of special importance for structural transformation. Around 62 per cent of people in LDCs have no access to electricity, compared with 10 per cent across other developing countries. Seamless access to modern energy is vitally important for building productive capacities and harnessing structural transformation. Unleashing the development potential of sustainable energy and expanding investment in the sector will require strong political will and critical rethinking by LDC decision-makers to set clear goals and timetables.

Productive capacity development requires acquisition of new technologies and building domestic capacity and a knowledge base to be able to fully utilize acquired technologies and promoting indigenous capacity on a sustainable basis for research and development. Recognizing the importance of STI for development and graduation, the General Assembly has already established the Technology Bank for LDCs which will facilitate access to modern technologies and support domestic capacity for science, technology and innovation.

Private sectors and business community have an important role in diversifying their production and in entering high-technology global value chains. A dynamic, well-functioning and socially responsible private sector is a valuable instrument for increasing investment and trade, employment and innovation, thereby generating economic growth and eradicating poverty and serving as an engine for industrialization and structural transformation.

Key questions to be addressed in this session are:

What are the key tools to ensure sustainability of the graduation?

How free trade agreement can facilitate sustainable graduation?

How technology and energy can stimulate economic growth and sustainable development?