

Graduating from the LDC category: Role and experiences of the CDP

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Role of the CDP

- What is the Committee for Development Policy
 - Subsidiary body of the United Nations ECOSOC
 - Meets annually in New York
 - 24 independent experts

- Main functions related to LDC graduation
 - Establishing first list of LDCs in 1971
 - Conducting triennial reviews of the list (since 1991)
 - **Recommendations for inclusion and graduation**
 - Defining methodology and process for triennial reviews
 - **Monitoring of graduating and graduated LDCs**
 - Providing policy advice on LDCs and graduation
 - Latest product: Policy Note on Expanding productive capacities

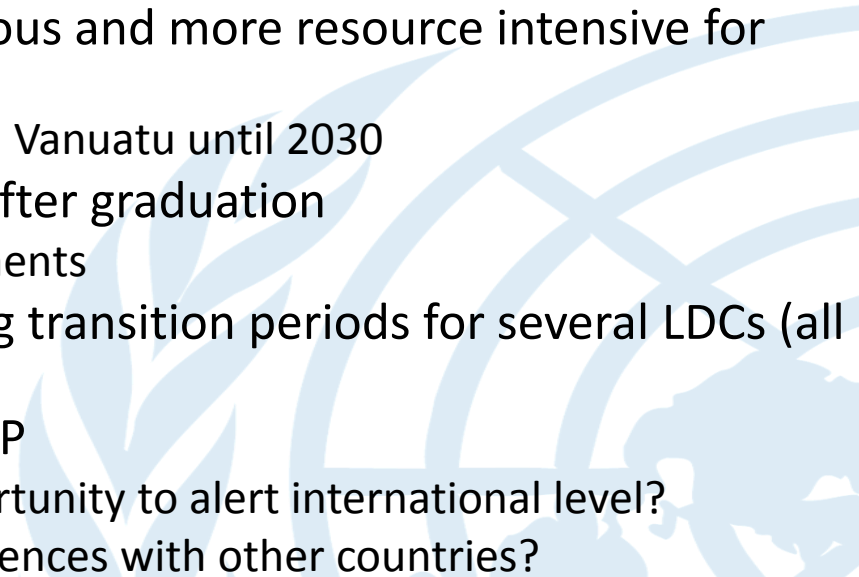
CDP graduation recommendations

- Graduation recommendations are not mechanistic
- ‘No country should fall back into LDC category’ principle
- Recommendations are based on:
 1. Progress in generating income (GNI pc), building human assets (HAI) and/or reducing economic and environmental vulnerability (EVI)
 - Rigorous, indicator based assessment
 2. Additional, country-specific information:
 - Country views presented at CDP expert group meeting
 - Finding: Many countries are concerned about graduation. CDP takes these concerns seriously.
 - Vulnerability profiles prepared by UNCTAD
 - Up to now, graduated and graduating countries remain vulnerable
 - Impact assessments prepared by DESA

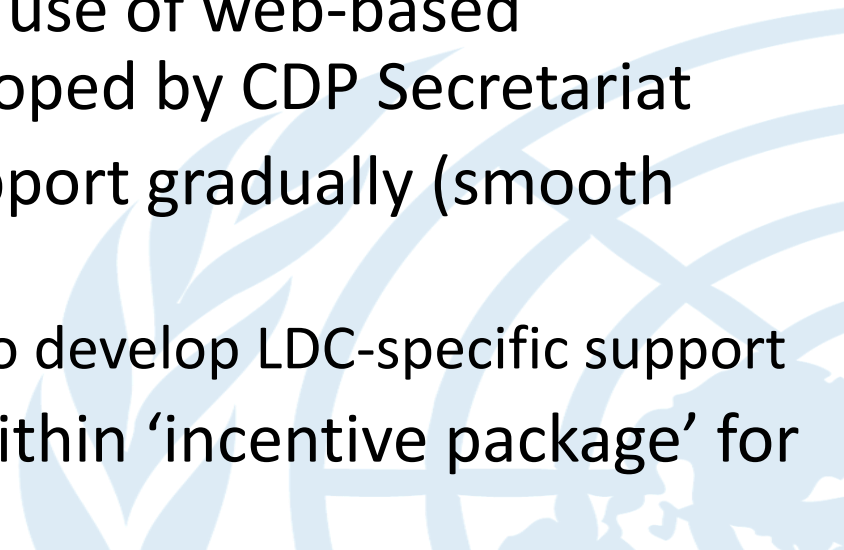
Assessment of graduation experiences from past and ongoing

- Trade impact of loss of trade preferences generally small
 - Lack of productive capacity, other preference schemes,
 - Exceptions: Maldives fish export to EU
 - Likely to change for some upcoming graduation cases
- Impact of loss of WTO special & differential treatment small
 - SDT provisions often not relevant for graduated countries
 - Could change in the future
- Few impacts on bilateral development cooperation
 - Most partners don't use LDC status for allocating development cooperation
 - Exceptions: Japan, Rep. of Korea (terms for concessional loans), Germany (possible shift from grants to loans)
- Only small impact on multilateral development cooperation
 - Development banks don't use LDC status
 - UN agencies confirm continuation of support
 - Exceptions: UNFCCC LDC Fund; Enhanced Integrated Framework; UNCDF; Technology Bank (all with 5 year transition periods, except LDC Fund)
- Impact for larger graduating countries on UN contributions

Monitoring of graduated and graduating countries

- Impact assessment provide quantitative and qualitative information on likely impacts of graduation
 - Based on surveys to providers of LDC support, official data and policy strategies
 - Results are country-dependent
 - Covers trade, development cooperation and other support (budget contributions, travel support,...)
 - Monitoring has become more rigorous and more resource intensive for CDP over time
 - Example: 11 monitoring reports on Vanuatu until 2030
 - Up to now, no significant setbacks after graduation
 - In line with ex-ante impact assessments
 - Natural disasters required extending transition periods for several LDCs (all SIDS)
 - Limited country reporting to the CDP
 - Sign of no problem or missed opportunity to alert international level?
 - Missed opportunity to share experiences with other countries?
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Possible support from UN system

- Facilitate information exchange between countries and CDP (e.g., monitoring reports)
 - Assist countries in analyzing, preparing for and managing graduation
 - Support development and use of web-based graduation platform developed by CDP Secretariat
 - Withdraw LDC-specific support gradually (smooth transition)
 - In many cases, need first to develop LDC-specific support
 - Provide specific support within ‘incentive package’ for graduation
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Thank You

