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

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EGM on United Nations Support for Graduation
14 December 2017
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?
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
Thank You