



United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

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**Statement by
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and
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**at the Seminar on
Bangladesh's Graduation from LDCs: Opportunities,
Challenges and Imperatives**

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Honourable Foreign Minister
Director-General of BIISS
UN Resident Coordinator
Excellencies, Ladies and Gentlemen

Thank you for having me with you!

This is both a very timely and important seminar.

The United Nations Committee for Development Policy, in its recent review, has found that Bangladesh has fulfilled all three key criteria for graduation from the Least Developed Country category.

This is all the more remarkable as on in the 2015 review, Bangladesh fulfilled only one criterion.

So, in the short span of three years, Bangladesh not only met the criteria for graduation, but did so fulfilling all three criteria by a considerable margin.

I am sure you agree with me that this is a landmark achievement. This is excellent and encouraging news and news that Bangladeshis should celebrate with joy and pride.

This is testimony to a strong overall vision, strong national ownership and leadership, a creative spirit seeking for homegrown solutions to challenges. This is made possible by a spirit of entrepreneurship, a vibrant private sector and global partnerships.

Graduation signifies one has achieved a considerable level of development. In the day and age we live in, it also means demonstrated resilience against various shocks and crises.

Graduation stands for the overall strength of an economy and stability in economic and social progress.

All this combined, gives positive signals to markets and inspires investors and the business community to further establish investment and trading relationship with the graduated country.

Graduation brings entrance into the so-called “virtuous” cycle of development.

Graduation ought to bring about the further development of productive capacities, accelerate structural transformation and ensure sustained and sustainable growth, with the end goal being the realization of the Sustainable Development Goals by leaving no one behind.

So far so good for the good news.

Graduation is indeed not an end in itself. Graduation is like turning the page of one chapter to now being to write the next chapter in your story.

There are always two sides to any story.

Graduation brings about ineligibility for LDC-specific special preference schemes. While graduated countries remain entitled to other bilateral, regional non-LDC-specific preferential schemes, the access to such sources of finance and entitlement to preferential schemes becomes highly competitive.

It truly becomes an issue of capacity and ability to compete with the broader set of developing countries.

One thus has to notch up quickly capacity. Yet we all know how limited institutional, human and productive capacities are not changed just by a switch. These are often generational capacity-building efforts and do require substantial investments.

Even if considerable progress and opportunities are associated with graduation, we must keep this in mind.

We must also be mindful that the graduating country just crossed the thresholds in certain areas of its socio-economic development.

Broader development challenges that the country faced as an LDC do not disappear overnight with reaching the milestone called graduation.

Most LDCs experience high degrees of vulnerability to new and emerging challenges. I certainly do not need to tell this audience here about the volatility of external environments recently experienced!

This volatility continues to include the many ramifications and long-term impacts of the financial crisis or even crises. It includes commodity price volatility, sudden onsets of public health emergencies, and last but certainly not least the impacts of climate change and natural disasters. These all are factors certainly not unknown to Bangladesh.

It is these factors and their often concurrent occurrence which pose highly complex policy, financial and operational challenges to LDCs.

The potential exists for hardwood graduation gains to be deeply affected. This, in turn, will negatively impact on the development prospects of LDCs as well as graduated countries.

Just to give some examples.

Countries that recently graduated experienced progressive reductions of the share of grants in total ODA. They have lost access to LDC-specific funding sources and most notably the LDC Fund under the UNFCCC.

Graduation also entails the loss of flexibility in the implementation of the TRIPS Agreement. This triggers substantial additional costs to put in place domestic legal and intellectual property frameworks and significantly increases the prices for technology-intensive products.

Hence, yours is a timely seminar!

These are all high risk factors and it is imperative for all of us to look at how we can trigger concerted efforts by all stakeholders including bilateral and multilateral development partners, the private sector, civil society and foundations to ensure smooth transitions.

For Bangladesh, and as the seminar programme rightly stresses, we need to carefully examine the potential impacts of graduation on its niche economic sectors, especially RMG, pharmaceuticals, leather and leather products and services.

Now, we are not entirely starting from scratch when looking at what it would take to design and manage smooth transitions but what we need to do is take a more comprehensive rather than a “bits and pieces” look.

Provisions of extending certain specific support measures to all graduated LDCs exist for defined periods of time consistent with development needs and priorities.

For example, the EU extends its Everything but Arms (EBA) initiative for a general transitional period of three years and often two more years on a case by case basis to reduce the potential adverse effects of the phasing out of the EBA scheme.

There are additional support measures such as access to the Enhanced Integrated Framework, access to NAPA funding and we hope a very soon operational technology bank for LDCs.

But again, these are “bits and pieces”.

We need to look much more closely at comprehensive smooth transition strategies.

Not top-down strategies but strategies developed by the graduating countries through a consultative process.

A comprehensive smooth transition strategy should be based on a well-researched ex-ante impact assessment and vulnerability analysis.

This must ultimately include appropriate policies and measures for those sectors that are highly sensitive to preference erosion.

A smooth transition has at its base domestic and multilateral partnerships. Bangladesh also needs to engage with its development partners in articulating its nationally owned and driven smooth transition strategy.

As a final point, allow me to highlight that we currently do not have a robust follow-up and monitoring mechanism of the implementation of smooth transition strategies for the graduated countries.

It is important to accord a formal status to the notion of smooth transition strategy and its implementation, especially by the development and trading partners of the graduated countries.

We need to consider whether the ECOSOC Operational Activities Segment can be the appropriate vehicle for this indispensable follow-up.

Once more and in closing, I extend my congratulations for achieving the development momentum that has generated in Bangladesh and that we so hope to see continue.

Let us pledge to all work together - government and its development partners - to ensure that this hardwood stepping stone generates continued and sustained progress on a path to realising the goals of Agenda 2030 by leaving no one behind.

Thank you.