



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

(UN-OHRLLS)

**Statement by
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High Representative
and
Under-Secretary-General
Least Developed Countries, Landlocked Developing Countries and
Small Island Developing States**

at International Seminar

on

**Bangladesh Graduation from LDC Status: Opportunities and way
forward**

Organized by the Economic Relations Division

**10:00am-12:00noon 23 March 2018
Grand Ballroom, Radisson BLU, Dhaka**

Honourable Minister of Finance
Secretary of the Economic Relations Division
Distinguished panelists
Excellencies, Ladies and Gentlemen

We are here at a very important seminar - yes, we have great cause for celebration reaching this major milestone in a country's destiny called graduation.

But work on the "what is next" has to already start.

I must congratulate the Economic Relations Division for hosting this very timely and important seminar on how to seize the opportunities offered by graduation.

Let me add I was very happy to read the word opportunity- I think it is important that we focus on what is called the "glass half full" rather than a "glass half empty."

As I said at the previous seminar hosted by the Bangladesh Institute of International and Strategic Studies a day before yesterday:

graduation is not an end - graduation is one chapter in the long - and often winding! - road to sustainable, inclusive development truly capable of leaving no one behind.

So, it is very timely that we discuss today how the country can now build on the hard-won dividends generated with graduation.

There is this perception that graduation brings with it the erosion of special and differential treatment, a loss of access to concessional financing and discontinuation of the flexibility enjoyed under various treaties, agreements and conventions during the LDC status.

Now, we somewhat lack comprehensive and comparable quantitative data as such, but with the empirical evidence at hand we know this is not just perception - this is a reality.

Like every coin has two sides, our challenge is how we - and here I mean ALL partners - manage that TOGETHER.

Yes, losses do occur concurrently with graduation. Losses occur at a time when the country demonstrates considerable momentum of development in its socio-economic sectors, builds economic strength and begins weaning off external support in managing its own business.

At the big picture level, this sends highly positive signals to markets and generally allows for attracting more capital for investment purposes. Theoretically, it is supposed to compensate for the potential losses of preferences.

Another plus is that graduation generates momentum for building productive capacities. In turn, enhanced productive capacities tend to lead towards greater diversification and the production of higher value added goods and services.

A further benefit of this is the structural transformation of the economy, shifting labour and capital from less productive to more productive sectors and activities, and contributing to creating the jobs needed for a growing population.

When I say growing population, I refer to more than just the demographic aspect given that overall people's expectations grow and that goes together with more pressure on quantitative and qualitative social services provision.

Per se, graduation is a tremendous gain for a country.

Let me just take the ODA example.

LDCs are entitled to 0.15-0.20 per cent of the GNI of DAC countries. The remainder of the 0.7 per cent formula is available for developing countries. Graduated countries are entitled to access this percentage of GNI as ODA. Of course, one enters a highly competitive field!

Although graduation does result in the ineligibility for LDC-specific special preference schemes, yet on the other hand, graduated countries are entitled to other bilateral, regional non-LDC-specific preferential schemes and support measures.

Graduation is also not synonymous with an abrupt reduction of all international benefits and support measures.

The United Nations General Assembly has strongly called on all development and trading partners to continue support to graduating and graduated countries for a period of time consistent with their development needs. This is a must to ensure smooth transitions.

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

One example relates to the EU where it extends its Everything but Arms (EBA) initiative for a general transitional period of three years to reduce the potential adverse effects of the phasing out of the EBA scheme.

All this underpins two important features of graduation:

the need to be aware that indeed the dividends of graduation are not automatic but have to be pro-actively managed and therefore the will and leadership for devising that set of policies and capacities providing for smooth transitions.

Indeed, it is not because one has graduated that you or the world will stand still. New challenges now do arise daily at a speed often overwhelming us.

While we close gaps, new gaps arise and I am not even mentioning rapidly growing divides in research and development or technology. Incidentally it is for this reason that OHRLLS attaches great importance to soonest see the LDC Technology Bank fully operating.

How then to proceed?

As they say - if it is not data, it does not exist - and so a gap analysis of potential benefits together with drawbacks ought to help in devising a roadmap on how to tap most effectively the benefits of graduation.

Partnership for concerted efforts is a further must. Such gap analyses and strategy considerations ought to include all stakeholders including bilateral and multilateral development partners, private sector, civil society and foundations to keep or even better:

accelerate the momentum generated by graduation to now move toward achieving Agenda 2030 of a sustainable and leaving no one behind development path.

Indeed, the challenge is to devise policies and measures for a smooth transition TOGETHER.

In closing, it would urge to convene as soon as possible the multi-stakeholder consultative mechanism for this purpose.

A first priority may well be to look at the sectors that might be highly sensitive to preference losses. Such sectors should be quarantined for a defined period of time and negotiations with relevant stakeholders to ensure continuation of support for specific sectors also ought to be high on the agenda.

So, while all of the people of Bangladesh ought to take pride in this great achievement, time is now to roll up our sleeves again for the next chapter of work.

I am confident this important seminar will greatly contribute to this.

Thank you.