



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

**(UN-OHRLLS)**

**Statement**

**Ms. Fekitamoeloa Katoa ‘Utoikamanu**

**High Representative  
and  
Under-Secretary-General**

**Least Developed Countries, Landlocked Developing Countries and Small Island Developing States**

**High-level Policy Dialogue**

**on**

**Supporting LDCs for Smooth Transition Towards Sustainable Graduation**

**16 July, 2018, Monday; 13.15pm-14.25pm  
Riverview Room, Millennium Hilton Hotel New York at One UN Plaza,  
Manhattan, NY**

Honourable Minister of Finance of Bangladesh

Honourable Minister of the Maldives

Distinguished panelists

Excellencies,

Ladies and Gentlemen

Minister, thank you so much for hosting this very important high-level policy dialogue on “Supporting LDCs for Smooth Transition Towards Sustainable Graduation”.

The issue of smooth transition is such an important one if we want to ensure that graduations are a full success - and success means graduations are SUSTAINABLE!

The year 2018 has been a true landmark year in the long history of graduation.

For the first time ever, we have seen 12 countries meet the graduation threshold for at least one time or several times.

This is encouraging - after all the Istanbul Programme of Action set an ambitious objective of enabling half of the LDCs to meet graduation criteria by 2020!

Unfortunately, in some quarters the idea remains that graduation is synonymous with a negative, with a loss.

We hear about erosion of special and differential treatment, to loss of access to concessional financing and discontinuation of flexibility enjoyed under various treaties, agreements and conventions.

This is true and it most certainly is a considerable challenge for some of the graduating countries.

It is especially hard on highly vulnerable countries such as the Small Island Developing Ones given how prone they are to exogenous shocks even after graduation.

SIDS are by their very geographic and demographic situation at high risks including to new and emerging risks. Such risks range from the long-term impacts of financial shocks, to commodity price volatility, public health emergencies, climate change and natural disasters.

Without a doubt the risk matrix is such that these ever present threats at any moment can wipe out hard earned development gains. I am sure I do not need to mention to you the many and the large-scale natural disasters SIDS experienced over the past 12 months!

This is why a number of qualifying LDCs, especially the SIDS among them, have raised their concerns over graduation.

On the plus side though, let us not forget that a country qualifying for graduation typically has achieved considerable levels of development across socio-economic sectors.

Graduation is testimony to a country's economic strength and reduced dependence on external support in managing its developmental goals.

But, we do need smooth transitions. And this is also why, ever since I took up office, I have been very vocal on the need for smooth transitions.

Some limited support for smooth transitions is already in place but more must be done.

Yes, graduation results in countries no longer being able to access LDC-specific and special preference schemes.

BUT, graduated countries do enjoy access to a variety of sources of multilateral as well as public and private external finance available to developing countries.

Take the case of ODA.

LDCs are entitled to 0.15-0.20 per cent of the GNI of DAC countries. The remainder of the 0.7 per cent are available for developing countries. Graduated countries are entitled to get access to this percentage of GNI as ODA. In the same way, they are entitled to other bilateral, regional non-LDC-specific preferential schemes and support measures.

The dividends of graduation are not automatic. In simple words, graduation is not a matter of a one day specifically set date and from that date on “ all is well “.

The graduating countries need to be in a pro-active driver's cataloguing the potential benefits of graduation and how to tap them in an effective manner. At the same time they need to take stock of the potential loss of benefits graduation may engender and adopt strategies to cope with them.

As I said before, graduation does not mean the abrupt stop of all international benefits and support measures.

The General Assembly has made a strong call to the development and trading partners to continue their support to graduating and graduated countries for a period of time consistent with their development needs.

This opens up negotiation space and there is room for negotiations with the development partners to enjoy extension of LDC-specific support after graduation.

Let me give you other concrete examples.

The EU extends its Everything but Arms (EBA) initiative for a general transitional period of three years. Enhanced Integrated Framework, NAPA funding, UNCDF projects and the recently established Technology Bank all are initiatives with flexibility clauses for LDCs to access after graduation for a considerable period of time.

But we have a way to go to fashion a package of smooth transition initiatives. Smooth transition is first and foremost a matter of domestic initiatives but complemented by efforts of ALL stakeholders including bilateral and multilateral development partners, the UN development system, the private sector, civil society and foundations.

We must work together to ensure that the hard earned development momentum is kept after graduation.

Thank you.