Overview of graduation of Solomon Island from the LDC category

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Honiara, Solomon Islands
17-18 October 2019
1. Status of Least Developed Country (LDC) category and the role of the United Nations Committee for Development Policy (CDP)
2. LDC criteria and Solomon Islands progress towards graduation
3. LDC support measures and graduation
4. Possible graduation impacts for Solomon Islands
Status of the LDC category and the role of the CDP
47 LDCs: 33 Africa, 9 Asia, 4 Pacifica, 1 Caribbean

Map of LDCs in 2018
Overview of graduation trends

47 LDCs

5 LDCs in the process of graduating
   Angola (2021), Bhutan (2023), São Tomé and Príncipe (2024), Solomon Islands (2024), Vanuatu (2020)

13 LDCs met one threshold for the first time

3 LDCs met two thresholds for the first time
   Bangladesh, Lao PDR, Myanmar

4 LDCs met two thresholds for the second time, but deferred to 2021
   ECOSOC: Kiribati, Tuvalu
   CDP: Nepal, Timor-Leste
CDP work on LDCs

- Proposed establishing LDC category in 1971
- Reviews triennially the list of LDCs
  - Recommends countries for inclusion and graduation
    = Core mandate of the CDP
- Develops and refines the criteria and procedures for identifying LDCs
- Monitors graduating and graduated LDCs
- Prepares analytical papers on LDCs

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LDC criteria & Solomon Islands’ progress towards graduation
LDCs are low-income countries suffering from the most severe structural impediments to sustainable development.

- **GNI per capita**: Measure of income
- **Human assets index (HAI)**: Measure of human development
- **Economic vulnerability index (EVI)**: Measure of structural vulnerability to shocks
Solomon Islands – progress towards graduation criteria

**GNI**
Since 2015 Solomon Islands’ GNI is above the corresponding graduation threshold for GNI.

**HAI**
*Since 2005* Solomon Islands’ HAI is above the graduation threshold of 66.

**EVI**
Solomon Islands’ EVI was *never* below the graduation threshold of 32.
Graduation timeline

2015
SI meets 2 out of 3 criteria (GNI, HAI) for the first time
  • First eligibility finding by the CDP

2018
SI meets 2 out of 3 criteria for the second time
  • CDP reviewed data and additional information prepared by the UN
  • CDP consulted with Government at meeting in New York (January 2018)
  • CDP recommended SI for graduation
  • UN Member States endorsed recommendation
  • Granted additional time for preparing for graduation (6 instead of 3 years)

2018-2024
SI prepares for graduation
  • Support from United Nations (like this workshop)
  • Consultative mechanism, including development partners
  • Prepares smooth transition strategy

13 December 2024: Graduation becomes effective
Gradjet helps government officials in least developed countries (LDCs) understand what it means to leave the LDC category and to plot a course for future action.

The site covers the 14 countries close to graduation or that have recently graduated. Select one from the drop-down menu. Each country page shows what happens before, during and after leaving the category, with contacts, information and suggestions about what to do.

Designated users can log in, save information to the suitcase, and download it when needed.

Click here for a list of frequently asked questions about LDC graduation.

Detailed information: https://www.gradjet.org
What does graduation mean?

- Signifies a milestone in development
  - Should be cause for pride

- Implies progress towards sustainable development goals (SDGs)

- Does not mean development challenges have been overcome
  - Still a developing country
  - Vulnerability to economic and environmental shocks remains
  - Need to maintain progress in income and human assets of utmost importance
LDC support measures and graduation
Support measures

Objective

Support LDCs to overcome structural impediments to sustainable development
– Additional to support available to all developing countries
– Additional to support based on specific issues or on political considerations

Types of support

1. Development cooperation
2. Preferential trade measures & special WTO treatment
3. Other support (UN contributions, travel support)

Detailed information: [https://www.un.org/ldcportal/](https://www.un.org/ldcportal/)
Support Measures Portal for Least Developed Countries

International support measures (ISMs) for least developed countries (LDCs): what and why

Detailed information: https://www.un.org/ldcportal/
Support measures and graduation

Before graduation

• LDC-specific support often underutilized
  - Limited information in LDCs on available LDC-specific support
  - Difficult to know whether support received depends on LDC status
  - Support measures may be irrelevant
  - Lack of domestic capacities

• Often fear and anxiety about losing out support

What happens after graduation?

LDC-specific support measures will be phased out
Many measures have 3 or 5 year transition periods
Experience: Very limited, manageable effects
Need to integrate graduation into development strategies
Possible graduation impacts for Solomon Islands
Development cooperation

Quantitative and qualitative commitments to provide support to LDCs as a group

Bilateral ODA to SI, 2008-2017

Multilateral flows, 2008-2017

Development partners confirmed continuation of support

Support often independent of LDC status

⚠️ No significant impact of graduation on development cooperation flows
# Dedicated mechanisms for LDCs

*All mechanisms unfortunately rather small-scale*

| Climate financing from the LDC Fund under the UNFCCC | • No more access to new financing from LDC Fund after graduation (end 2024)  
• Continued priority under Green Climate Fund |
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<td>Aid for trade: Enhanced Integrated Framework</td>
<td>Access until five years after graduation (end 2029)</td>
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<td>Access to technology: LDC Technology Bank</td>
<td>Access until five years after graduation (end 2029)</td>
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<td>Financial inclusion and local investments: UN Capital Development Fund</td>
<td>Access until end 2027, with co-financing until end 2029</td>
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<td>Legal investment services: IDLO/OHRRLLS Investment support programme</td>
<td>Access until five years after graduation (end 2029)</td>
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⚠️ Small impact of graduation, mostly long transition periods
Solomon Island merchandise exports

Most developed and many developing countries provide duty free quota free access for LDCs

Solomon Island main commodity exports, 2018, total US$ 569m

- Rough wood
- Copra
- Gold
- Sawn wood
- Cocoa beans
- Hoopwood; split poles; piles, pickets, stakes of wood; wooden sticks
- Fish, dried, salted or in brine; smoked fish
- Coconut (copra), palm kernel or babassu oil
- Fish; frozen
- Aluminium ores and concentrates
- Palm oil
- Prepared or preserved fish; caviar

No significant impact of graduation
More detail tomorrow
Special treatment in WTO

- Some WTO agreements have fewer obligations and more flexibilities for LDCs than for other developing countries
- No information that Solomon Islands has been able to use these flexibilities or that additional obligations would be binding
- Access to WTO training and technical assistance can become slightly more difficult

⚠️ After graduation: No major impact expected
United Nations system budget funding and travel support

- Regular budget of UN and most other entities
  
  *No impact* on Solomon Islands’ contribution after graduation

- Peacekeeping budget and few other entities
  
  *Small impact* on Solomon Islands’ contribution after graduation

- Travel support
  
  General Assembly meetings: *possible extension for up to 3 years* after Solomon Islands’ graduation
Thank you

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