



Improved assistance for graduating and graduated least developed countries *

The Committee reiterated that many least developed countries are concerned about losing international support measures following their graduation. In this regard, the Committee continued its work on improving support for graduating and recently graduated countries. The Committee recommended the

continuation of current pilot initiatives on improving the process to support graduating countries. It also called for new and innovative forms of assistance for graduating and graduated countries where possible, to ensure their continued sustainable development progress after least developed country graduation.

The Committee reiterated that many least developed countries are concerned about losing international support measures following their graduation. The Committee resumed its work on improving the support to graduating and graduated countries. While graduation

is a milestone in development progress, graduated countries continue to face the risk of external shocks and challenges, which should be taken into account systematically to ensure smooth transition from the least developed country category.

Improving the graduation process

The Committee reviewed the progress in piloting the graduation assessments for the 2021 triennial review (see E/2019/33, para. 64). The graduation assessment represents a consolidated United Nations voice and appraisal regarding graduation from the least developed country category. It is aimed at preserving the respective strengths and integrity of the impact assessments prepared by DESA and the vulnerability profiles prepared by UNCTAD, while incorporating additional inputs from main development and trading partners and the United Nations entities concerned at the national and international levels. It involves an early start for the analysis (shortly after a country is identified for graduation for the first time) and improved country consultations.

The Committee noted that its secretariat had coordinated with the resident coordinator for the Lao People's Democratic Republic on its work aimed at

strengthening smooth transition, better coordinating United Nations support and engaging with development and trading partners. In line with these efforts, the Office of the Resident Coordinator intends to organize a meeting with United Nations entities and bilateral development and trading partners to discuss the country's possible graduation and the specific needs of the country for continued support. The deliberations of the meeting will be reflected in the final pilot graduation assessment of the Lao People's Democratic Republic.

The Committee requested that its secretariat, in cooperation with UNCTAD and other entities, continue to pilot the graduation assessments for the Lao People's Democratic Republic and Myanmar. It will also continue to review the implementation of other process-related aspects of improved assistance for graduating and graduated least developed countries.

* Excerpt from Committee for Development Policy, Report on the twenty-second session, See Official Records of the Economic and Social Council, 2020, Supplement No. 13 (E/2020/33)

Support measures for graduating countries

Inequality has been increasing in some graduating countries and vulnerabilities often persist. In this context, and in line with General Assembly resolutions 59/209 and 67/221 on smooth transition from the least developed country category, the Committee reiterated the importance of support measures for graduating and graduated countries, taking into account the considerable size of their vulnerable populations and the common interest of the international community in avoiding shocks and disruptions to their development progress and its responsibility in that respect. The Committee underscored that support measures should be transitional and timebound and should not create a new category of countries.

It recommended increased attention to access to finance for graduating and graduated countries and welcomed the inclusion thereof in the Secretary-General's road map for financing the 2030 Agenda for Sustainable Development because of the continued structural handicaps and macroeconomic imbalances that many graduating countries face. Many of these countries are undergoing a "dual transition" of least developed country graduation and transition to middle-income status, the latter potentially increasing the cost of finance.

The Committee decided that it would prepare a proposal for a graduation support package as an input to the preparatory process of the Fifth United Nations Conference on the Least Developed Countries. Such a package could also be considered in other relevant processes, such as the twelfth Ministerial Conference of the World Trade Organization (WTO). The Committee reviewed the background reports prepared and considered that some of the following elements for graduation support could be included in its proposal:

(a) International financial institutions and other partners could build the capacity of graduating countries to access development finance. National capacity in graduating and graduated countries should also be developed to counteract short-term shocks, manage exposure to financial or commodity markets, reduce disaster risks and effectively manage other official flow and private finance, as well as new and innovative sources of finance such as climate finance, blended finance and instruments such as sovereign, green and GDP bonds. Care should be taken to ensure that programme design in these countries does not increase inequalities. In this regard, the Committee underscored the importance of ensuring that social

sectors do not become underfunded after graduation because of a reduction in grant funding;

(b) Southern providers should be engaged in the discourse on support measures for graduating countries, including also the promotion of South-South dialogue, cooperation and knowledge-sharing on managing graduation and developing smooth transition strategies;

(c) The Committee noted that, while the role of private philanthropy was relatively small in graduating and graduated least developed countries, it could be critical in certain sectors such as health and education;

(d) Policy support and capacity-building aimed at the development of productive capacities, as well as science, technology transfer and national innovation, should be considered as part of graduation support;

(e) Extension of access to special and differential treatment in the WTO agreements should be granted, especially in Trade-Related Aspects of Intellectual Property Rights (TRIPS), for a transitional period beyond the date of graduation. Furthermore, continued access to all least developed country-specific trade preferences should be considered for a transitional period beyond graduation;

(f) Monitoring of graduating and graduated countries should be improved, including with regard to macroeconomic conditions and finance, as well as inequality and vulnerable populations (see also chap. V).

While the Committee cautioned against the establishment of new institutions, it noted that implementation of such graduation support may also require improved support and retooling of existing facilities and mechanisms. In this context, the Committee will consider whether the concept of a graduation support facility as considered in its 2019 report (E/2019/33, para. 76) could serve as a useful framework to bring together and enhance existing efforts and integrate graduation-related advisory services.

The Committee encouraged relevant actors to advance the above elements for graduation support in different forums. A critical proponent for developing a graduation support package should be the Group of Least Developed Countries themselves, making it essential for the Group to coordinate among its various constituencies in locations such as New York, Geneva, Brussels, London and Paris. The role of the Secretary-General and the

inter-agency task force on least developed country graduation in further elaborating and advocating for concrete support measures by bilateral and multilateral partners will also be essential.

Furthermore, in its discussions on graduation support, the Committee welcomed the work of the OECD Development Assistance Committee on transition finance, in particular for improving the information base for graduating least developed countries, and recommended a continued refinement of related tools

to support least developed countries in their graduation process. The Committee also commended the OECD Production Transformation Policy Review process, which supports developing countries in building productive capacities and participating in the global economy. The Committee recommended that the process be undertaken, on request, in a graduating least developed country, in conjunction with relevant United Nations and other international bodies.