Graduation: What it means
What it doesn’t mean
How countries can best approach it

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1. What graduation **means**

2. What graduation **may / may not mean**

3. What graduation **does not mean**

4. How countries can **best approach graduation**
1. What graduation *means*

2. What graduation *may / may not mean*

3. What graduation *does not mean*

4. How countries can *best approach graduation*
Exit from the LDC category, based on three criteria:

1. GNI per capita
2. Human assets index (HAI)
3. Economic vulnerability index (EVI)

In two consecutive triennial reviews by Committee for Development Policy (CDP), countries should *either*

a) reach thresholds for at least two criteria, *or*

b) reach *double* the GNI p.c. threshold (income-only graduation)

Graduation process emphasizes flexibility
1. What graduation means

Formally

➢ The end of a political and administrative process

From pre-eligibility to full eligibility for graduation (CDP) ➔ GENERAL ASSEMBLY DECISION TO GRADUATE A COUNTRY ➔ Grace period before graduation (normally 3 years) ➔ GRADUATION FROM LDC STATUS ➔ Other developing countries (ODC)
1. What graduation means

Substantially

- A marker of development
  - But it’s just the first winning post of the marathon of development

- Transition to what?
  - «Other developed countries» (ODC)
Structure of the presentation

1. What graduation means

2. What graduation may / may not mean

3. What graduation does not mean

4. How countries can best approach graduation
2. What graduation **may / may not mean**

➢ **Becoming a middle-income country?**
2. What graduation *may* / *may not mean*

- Undergoing structural transformation?
2. What graduation may / may not mean

➢ A national goal?

✓ Yes, for most countries close to graduation
✓ No, for those farther from it
1. What graduation **means**

2. What graduation **may / may not mean**

3. What graduation **does not mean**

4. How countries can **best approach graduation**
3. What graduation does not mean

- The winning post of the race to leave the LDC category
- The end of the development process
- The end of all forms of preferential treatment
  - E.g. GSP, GSP+, AGOA, South-South preferential market access
- The only marker of LDC development
  - Progress is possible without graduation
  - Much depends on the starting point
1. What graduation means
2. What graduation may / may not mean
3. What graduation does not mean
4. How countries can best approach graduation
4. How countries can best approach graduation

➢ Need to move

✓ FROM graduation strategies focused on the statistical criteria for graduation

✓ TO strategies focused on graduation with momentum
Graduation with momentum

➢ Overcome the structural handicaps and exit from the “traps” that limit their development

➢ Achieved through

✓ Broad-based development of productive capacities
✓ Diversification
✓ Structural economic transformation

❖ …not fully captured in graduation criteria
4. How countries can best approach graduation

Graduation with momentum

➢ Establishes the basis needed for continued and solid sustainable development in the post-graduation phase

➢ Accords with sustainable development as targeted in the SDGs

➢ Economically, how a country graduates is at least as important as when

➢ …but the reverse may be the case politically
4. How countries can best approach graduation

Policy approach

➢ Plan ahead strategically
  ✓ Smooth transition
  ✓ Prepare for loss of preferential treatment

➢ Crucial policies
  ✓ Macroeconomic
  ✓ Rural transformation
  ✓ Industrial
  ✓ STI
In sum
Thank you!

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