**Short course for Permanent Missions in Geneva** 

# Where is the LDC group heading in the future?

**11 December 2025** 

Delivered by the LDC Section, UNCTAD



**Short course for Geneva-based diplomats** 

# Session 1: Should LDCs graduate later rather than sooner?

**11 December 2025** 

Rolf Traeger
Chief, LDC Section



### **This Session**

- 1. Evolution of LDC graduation
- 2. LDC attitudes towards graduation
- 3. International responses to LDC disquiet
- 4. UNCTAD's work on graduation with momentum







Much attention to the issue

It will change the shape of the LDC group

## When graduation started being an issue



- ▶ LDC category established in 1971
- Rules for graduation first introduced in 1991, alongside triennial review of the category
- International community adopted graduation as an objective
  - ▶ Istanbul Programme of Action (2011) goal → half of LDCs to meet graduation criteria by 2020
  - Doha Programme of Action (2022) goal → additional 15 LDCs to meet graduation criteria by 2031

### Graduation timeline



**Past** 

1990 2000 2010 2020 2025

Sao Tome and Principe - 2024

Bhutan - 2023

Vanuatu - 2020

**Equatorial Guinea - 2017** 

Samoa - 2014

Maldives - 2011

Cabo Verde - 2007

Botswana - 1994

8 LDCs have graduated so far

### Graduation timeline



**Future** 



Cambodia - 2029 Senegal - 2029

**Solomon Islands - 2027** 

Bangladesh - 2026 Lao PDR - 2026 Nepal - 2026

▶ 6 LDCs are scheduled to graduate until 2030

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# Divergent national attitudes of national Gouvernements vis-à-vis graduation



▶ Pride → Graduation is a sign of successful economic performance and / or good national management of the economy

- ▶ Disquiet → What are the consequences of graduation?
  - Often misunderstood
  - Any special and differential treatment (SDT) after graduation?

# International economic environment increasingly challenging



- Sharp decline in ODA to LDCs
- ▶ Rising tensions in trade:
  - Rising tariffs vs LDCs
  - Slow progress with LDC demands in WTO: MC13 vs MC14
  - Growing geopolitical tensions among major economies
- ⇒ Consequence: rising apprehension vis-à-vis graduation

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### > Transition periods



- Longer
- Adopted by more institutions...
  - European Union
  - Enhanced Integrated Framework
  - UN Technology Bank for the LDCs
- ... but not by all partner countries

### Other mechanisms



- ▶ iGRAD Offer of support advice to graduating countries
- ▶ Enhanced Monitoring Mechanism (since 2021) → Country consultations with countries graduating and graduated from the LDC category
- Transition period between CDP recommendation and actual graduation
  - Usually 3 years
  - ightharpoonup Extended to 5 years ightharpoonup especially under the impact of COVID
- ▶ Ongoing discussion on (further) graduation support measures



### Graduation deferral



### Examples

- ► Tuvalu → recommended in 2012; no decision taken
- ▶ Kiribati → recommended in 2018; no decision taken
- ▶ Djibouti → recommended in 2024; no decision taken
- $\triangleright$  Solomon Islands  $\rightarrow$  scheduled to graduate in 2022; deferred to 2027
- ▶ Angola → scheduled to graduate in 2021 / 2024; deferral in 2023; graduation not in sight



### Craduation deferral



#### Examples

▶ Bangladesh → scheduled to graduate in 2026; deferral request?



# Problems with current deferral procedures



- No common justification
- No common procedure
- No common deadlines
- No clear criteria for granting a deferral

⇒ Consequence: Graduation process may lose credibility

# Proposal: "omnibus" resol. on graduation by UN General Assembly



Preliminary  $\rightarrow$ 

United Nations

A/C.2/80/L.48



**General Assembly** 

**ADVANCE VERSION** 

Distr.: Limited

Original: English

Eightieth session

**Second Committee** 

Agenda item 21 (a)

Groups of countries in special situations: follow-up to the Fifth United Nations Conference on the Least Developed Countries

Draft resolution submitted by the Vice-Chair of the Committee, Jenni Mikkola (Finland), on the basis of informal consultations on draft resolution A/C.2/80/L.5

Follow-up to the Fifth United Nations Conference on the Least Developed Countries

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### UNCTAD's vulnerability profile



### Structure of the vulnerability profile

#### PILLAR 1 Situation analysis

Productive capacity comparison within the region



#### PILLAR 4 Policies for resilience

Trade policies, Industrial policies, Migration policies, Environmental policies

#### PILLAR 2 Identify vulnerabilities based on 5 Ps



#### PILLAR 3 Consequences of identified vulnerabilities

Economic diversification Export potential

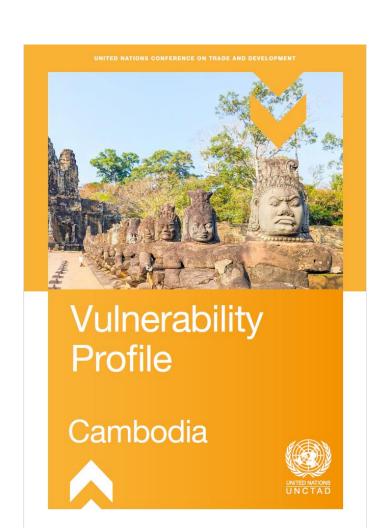
### UNCTAD's vulnerability profile















### UNCTAD's vulnerability profile



#### Main purposes

- Analytical background for decision of Committee for Development Policy (CDP)
- Domestic policy discussions
- Preparation of medium-term policy plans / programmes

### > Vulnerability Profile (VP) process



- Inception mission
- Draft VP
- National Validation Workshop with relevant stakeholders
  - Policy dialogue
  - Suggestions for graduation with momentum
- Submission to Committee for Development Policy
- Publication of VP
- Contribution to formulation of Smooth Transition Strategy, if required

## Thank you

