

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
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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**

➤ **Why discuss graduation?**

- ▶ 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



- 8 LDCs have graduated so far

Graduation timeline



- ▶ 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
 - Extended to 5 years → 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
- ▶ Solomon Islands → scheduled to graduate in 2022; deferred to 2027
- ▶ Angola → scheduled to graduate in 2021 / 2024; deferral in 2023; graduation not in sight

➤ Graduation deferral

Examples

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



Read Dr Fahmida Khatun's recent article published in The Daily Star

Bangladesh's decision on LDC graduation deferral needs careful assessment





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 →

United Nations

A/C.2/80/L.48



General Assembly

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ADVANCE VERSION

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



Vulnerability Profile

BANGLADESH



Vulnerability Profile

Cambodia



Djibouti

Profil de vulnérabilité



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

