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Sustainable Graduation: International Support Measures for Graduating LDCs

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Abstract

A significant number of countries are to leave the group of least developed countries (LDCs) in the coming decade. Following 'LDC graduation' these countries will sequentially become ineligible for the international support measures (ISMs) they currently enjoy. Taking note of the existing structural vulnerabilities of these LDCs, this paper argues for continued ISMs to ensure their irreversible transition. It presents substantive analysis of the existing measures of trade preferences and access to concessional finance, and the consequent implications arising from LDC graduation. Based on this, it identifies concrete trade and finance related actions that the international development community may undertake to support the smooth and sustainable graduation of these LDCs. The suggested measures concern both multilateral and bilateral mechanisms.

JEL Classifications: O10, F13, F35
Keywords: sustainable graduation, international support measures, concessional finance, preference erosion, least developed countries

Contents

Abbreviations and Acronyms

AAAA	Addis Ababa Action Agenda
ACWL	Advisory Center on WTO Law
AfT	Aid for trade
ASEAN	Association of Southeast Asian Nations
BOP	Balance of payments
CPD	(UN) Commission on Population and Development
DFI	Development finance institution
DFQF	Duty-free and quota-free
EBA	Everything but arms
ECOSOC	(UN) Economic and Social Council
EIF	Enhanced Integrated Framework
EVI	Economic vulnerability index
FDI	Foreign direct investment
FTA	Free trade agreement
GATS	General Agreement on Trade in Services
GAVI	Global Alliance for Vaccines and Immunizations
GCF	Green Climate Fund
GEF	Global Environment Facility
GSP	Generalised system of preferences
HAI	Human assets index
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association (World Bank)
IFI	International financial institutions
IPOA	Istanbul Programme of Action
ISM	International support measure
JICA	Japan International Cooperation Agency
LDCs	Least developed countries
LDCF	LDC Fund
LIC	Lower income country
LMIC	Low and middle-income countries
MC	Ministerial Council
MFN	Most favoured nation
NGO	Non-governmental organisation
ODA	Official development assistance
OOF	Other official flows
PDR	People's Democratic Republic
RDB	Regional development banks
RoO	Rules of origin
RTA	Regional trading arrangements
S&D	Special and differential
S&DT	Special and differential treatment
SAFTA	South Asian Free Trade Area
SCCF	Special Climate Change Fund
SCM	Subsidies and Countervailing Measures
SIDS	Small island developing states
SPS	Sanitary and phytosanitary
STDF	Standards and Trade Development Facility
TA	Technical assistance

TFA	Trade Facilitation Agreement
TRIMS	Trade-related investment measures
TRIPS	Trade-Related Aspects of Intellectual Property
UNDESA	United Nations Department of Economic and Social Affairs
UNCTAD	United Nations Conference on Trade and Development

1. Context of discussion

A welcome departure of recent years concerning the discourse on the least developed countries (LDCs) is the shift of discussion from one of 'inclusion' to one of 'exclusion' and 'graduation'. Indeed, a distinctive development of the recent past is the upcoming graduation of a significantly large number of countries from the group of the LDCs.[1] As may be recalled, only five countries (out of a total of 52 inclusions thus far) have graduated since in 1971, when the United Nations identified a separate sub-group, the LDC category, within the group of developing countries for the first time. By contrast, as many as 12 LDCs[2] are currently slated for graduation; they are expected to be graduating by 2024. The aspiration of halving the number of LDCs by 2020 was first mooted at the LDC IV Conference in Istanbul held in 2011.[3] As only three LDCs had graduated at this time, this was indeed an ambitious target.[4] It is also pertinent to note that the 12 graduating LDCs constitute an important segment within the cohort of the LDC group. According to share in population (28.2 per cent), GDP (47.3 per cent), export (54.3 per cent) and remittance (57.6 per cent), the contribution of the group of graduating LDCs is significantly high.

In view of this important change in the evolving scenario concerning the LDCs, there is a need to delve deeper into issues of smooth and sustainable transition associated with graduation. The urgency for this is also underscored particularly because of a number of challenges facing these LDCs: (a) the graduating LDCs are making the transition to the group of developing countries with many structural weakness which continue to remain embedded and persistent, (b) once graduated, these countries will stand to lose international support measures (ISMs) which have been put in place over the years since 1971 specifically for the LDCs, and from which they have drawn significant benefits, and (c) graduating LDCs will need to become adequately prepared for the life after graduation when they will join the ranks of developing countries with attendant obligations and compliance requirements. The graduating LDCs will need to address the challenges which will come with graduation so that the graduation is sustainable, and they don't fall into a situation where they slide back to where they came from.[5]

The ongoing pandemic has added an urgency to the discourse on LDC graduation. The graduating LDCs, like other low-income countries, are currently facing an unprecedented combination of health-economic-humanitarian crises. They are being forced to divert and deploy significant amounts of additional resources to tackle health emergencies and adverse economic impacts. And economic recovery will take time and enormous efforts. This diversion of resources will also have important implications for their preparation for life after graduation. There is a high possibility that many of the indicators associated with LDC graduation could slide back as a consequence. It should be noted in this context that the majority of graduating LDCs (nine out of twelve) have failed to meet the economic vulnerability index (EVI) criteria associated with LDC graduation, indicating the susceptibility of most of these countries to shocks even before they were impacted by the pandemic. The pandemic has exacerbated the already inherent vulnerabilities of these economies, which further reinforces the need for international support measures for the graduating LDCs to make graduation sustainable. While there is no denying that graduating LDCs will need to do their own homework in anticipation of graduation, it is argued here that the international community has an important role to play to support and complement the endeavours of the graduating LDCs in this regard.

Broadly speaking, the range of ISMs available to the LDCs fall under three main heads – international trade (including market access), development co-operation (including access to concessional finance and technical co-operation) and others (emanating from UN-wide decisions including technology transfers). The challenges associated with graduation arising from the loss of the relevant ISMs will accordingly fall under three heads – trade-related challenges, challenges related to access to finance and other challenges beyond trade and finance. The international community has an important role to play to ensure that graduating LDCs are both supported and incentivised in addressing these challenges. It needs to be appreciated that successful graduation, in the ultimate analysis, will do away with the need for the global community to support the cohort of graduated countries through targeted measures. It is reckoned that successful LDCs will create market opportunities for developed and developing countries, particularly for the ISM-offering countries, thanks to their growing purchasing power. So incentivising graduation is also in their own **enlightened self-interest**. Thus, supporting the graduating LDCs ought to be viewed as a **win-win proposition**. Additionally, measures and initiatives in support of sustainable graduation will not only reinforce and strengthen the efforts of the graduating LDCs, but they will also encourage the current and future graduating LDCs to perceive graduation as a positive milestone in their developmental journey. This last point is important against the backdrop of the frequent instances of requests for deferment of graduation timelines, as seen from past experience.[6] Trade, aid and technology transfer related support measures could play an important role in reducing the need for such requests.

It is pertinent to recall in connection with this that a number of important events will be taking place in the near future where LDCs will figure in a prominent way, and where issues of concern and interests to the LDCs and graduating LDCs will be discussed. These include the twelfth Ministerial Conference of the WTO (WTO MC12) which was to be held on 8–12 June, 2020 in Nur-Sultan, Kazakhstan (WTO MC12) and has now been deferred because of the ongoing pandemic, the UNCTAD XV Conference in Barbados scheduled to be held on 18–23 October 2020, the decadal UN LDC V Conference in Qatar to be held on 21–25 March 2021 and the Aid for Trade Global Review VIII (tentatively scheduled for July 2021). It is felt that the study findings will be useful in stimulating debate and discussion in view of these important upcoming events and that the suggestions put forward in the study will provide inputs for designing a set of ISMs leading to sustainable graduation of the LDCs at a crucial turning point of the graduation journey of the currently graduating LDCs.

Considering the background outlined above, this paper focuses on three areas which are dealt with in three separate sections. Following this introductory section, Section 2 argues the rationale for a new set of ISMs and initiatives in support of the LDC graduation journey. Section 3 proposes some of the key trade-related measures which could be undertaken to support the graduating LDCs to deal with the anticipated loss of associated benefits. Section 4 presents a set of initiatives and actions in the areas of aid and finance which could play a catalytic role in helping graduating LDCs to move towards sustainable graduation. Section 5 concludes with a number of final observations.

2. Rationale for graduation support

In spite of the significant shift in wealth in recent times from the global North to the global South, many countries within the South, including the graduating LDCs, continue to be afflicted by formidable challenges, falling under one or more types of vulnerabilities. The LDCs are challenged by low levels of income (low-income countries), geographical disadvantages (landlocked LDCs), environmental risks (small island LDCs) and are afflicted by conflicts and post-conflict fragilities and governance deficits (fragile states). All these countries face formidable structural impediments. Box 1 highlights the diverse nature of the vulnerabilities that characterise the graduating LDCs.

As a matter of fact, LDCs are being ‘left behind’ from the very narrative of the South-bound shift in wealth and economic power. They have fared poorly compared to other developing countries in terms of economic diversification, participation in international trade and external resource flows including flow of official development assistance (ODA). Graduation will not automatically resolve these embedded weaknesses and ensure an escape from the structural atrophies. Moreover, growing economic, environmental, technological and geopolitical adversities underpinning the current global landscape are likely to further exacerbate the circumstances in which the graduating LDCs will have to make their transition to the post-graduation future when they join the ranks of the non-LDC developing country group.

Box 1. Graduation Diversity And Vulnerabilities

- Landlocked LDCs (e.g. Nepal, Bhutan, Lao PDR)
- LDCs eligible as per income criteria only (e.g. Angola, Timor-Leste)
- LDC graduating without meeting the income criteria (Nepal)
- LDC graduating meeting all the three criteria (Bangladesh)
- LDCs eligible as per two out of three criteria (e.g. Lao PDR, Bhutan, Myanmar)
- WTO-acceding LDCs (e.g. Lao PDR, Timor-Leste, Bhutan)
- SID-LDCs (e.g. São Tomé and Príncipe, Kiribati, Solomon Islands, Vanuatu, Tuvalu, Timor-Leste)
- Graduating LDCs undergoing dual graduation – LDC and middle-income graduation (all barring Nepal)
- EVIs of graduating LDCs tend to be volatile – even when the human assets index (HAI) and per capita GNI were rising on a secular basis, EVIs showed considerable volatility (e.g. São Tomé and Príncipe, Solomon Islands, Tuvalu)
- Graduating LDCs with debt distress (e.g. according to the IMF – Lao PDR: high debt risk; Timor-Leste and Bhutan: moderate risk)
- World Bank Harmonised List of Fragile States: more than half of the LDCs are projected to remain as fragile states in 2024
- Half of the graduating LDCs had earlier requested deferment of graduation (these are: Angola, Tuvalu, Vanuatu, Nepal, Timor-Leste and Bhutan)

Source: Drawn from various sources.

The following sub-sections attempt to establish the rationale as to why targeted support measures for the graduating LDCs are both needed and justified in view of sustainable graduation of the LDCs.

2.1 The embedded structural impediments

The evolving scenario in the context of which LDCs are graduating is informed by a number of important features which need to be kept in mind from the perspective of graduation with momentum and sustainable graduation. While many LDCs have made commendable progress in terms of economic development and in meeting the criteria set for LDC graduation, three important features of this graduation narrative ought to be taken into consideration. Firstly, the graduation thresholds concerning economic and human development vulnerabilities have been changed, with important and far-reaching implications for graduation eligibility, and consequently graduation. The HAI (66 and above) and EVI (32 and below) scores have been fixed at the level of 2012, whereas previously these were moving averages that reflected overall progress in respective areas with respect to low-income countries. It is interesting to recall in this connection that this change coincided with the decision taken at the LDC IV conference in 2011 to halve the number of the LDCs by the year 2020. Because of this change, a large number of LDCs have become eligible for graduation in recent years. The change in criteria would mean that many LDCs are graduating with significant weaknesses in terms of some of the key sub-indices of the HAI and the EVI.

The concern articulated above is clearly revealed by Table 1, which shows that out of the 12 LDCs slated for graduation, only three had met the EVI criteria, indicating that three-fourths of the currently graduating LDCs (9 out of 12) had not met the criteria at the time when they were first recommended for graduation.[7] If one takes into account the indicators which are considered for estimating the EVI score[8] the reasons for concern become quite apparent.

Table 1. Number of LDCs as per graduation criteria

LDCs	EVI (32 or below)	HAI (66 or above)	GNI per capita ($1230 or above)	Income only ($2,460 or above)
Graduating LDCs (12)	3	11	11	5
Non-graduating LDCs (35)	6	1	6	0
Total LDCs (47)	**9**	**12**	**17**	**5**

Source: Estimated based on Table A1 in the Annex.

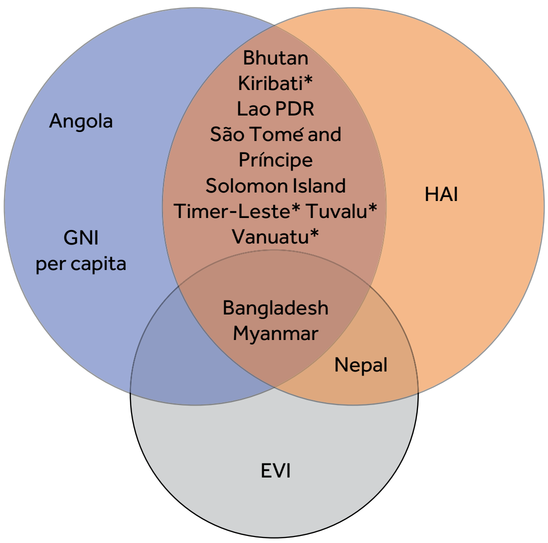
As Figure 1 reveals, of the 12 LDCs slated for graduation, only Bangladesh and Myanmar were able to meet all the three criteria at the time when they were earmarked for graduation. Nepal was the only graduating LDC which was not able to meet the income criteria.

Table 1 above and Table A1 in the Annex also clearly reveal the dismal scenario concerning the non-graduating LDCs in view of the graduation criteria. The graduation prospects of non-graduating LDCs are indicated by the fact that out of the 35 countries belonging to the group in 2018 only a few have met the graduation criteria with respect to the three indices – EVI criteria: 6; HAI criteria: 1; and the GNI per capita criteria: 6. Indeed, for the overwhelming majority of the non-graduating LDCs, it will take both significant effort and time to meet the graduation criteria, re-emphasising the need for strengthened support for these countries.[9]

2.2 Evolving global scenario

For LDCs slated for graduation, the journey towards graduation is taking place at a time when the graduating LDCs will be facing multiple challenges in the global context: the tepid global economic recovery following economic and financial crises of 2007–2008, rising protectionist trends in some of the important trading and development partner economies, the rise of plurilateral and mega-regional groupings, the general retreat of multilateralism, uncertainties arising from Brexit and now the adverse consequences of the COVID-19 pandemic, to name only a few. As was noted earlier, and will be elaborated later, the pandemic has accentuated many of the difficulties faced by the graduating LDCs. At a time when the global economy was starting to recover from the adverse impacts of the economic crises of 2007–2008 and the subsequent global economic recession, it has now been hit by another crisis with perhaps far greater adverse consequences – the ongoing pandemic, with enormous health, humanitarian and economic footprints. The lockdowns and demand and supply disruptions are having significant adverse impacts on the economies of graduating LDCs. In addition, there is a recurrence of protectionist measures on the part of many countries, which does not augur well for these countries.[10]

Figure 1. Graduating LDCs in view of graduation criteria



Note: *LDCs which have also achieved the income-only criteria (GNI per capita greater or equal to US$2,460).
Source: CDP triennial review (2018).

One recalls that many of the decisions taken at successive Ministerial Councils (MCs), as part of the built-in and Doha Round Agendas, have not been followed through. For example, decisions taken at the Hong Kong MC and in view of the Bali LDC Package were not implemented. No tangible progress has been made in view of, for example, DF-QF market access, monitoring of implementation of the S&D provisions, enhanced trade-related technical and financial support and GATS services waiver for the LDCs. Additionally, the very role of the WTO as the multilateral institution setting rules for global trade has come under serious scrutiny. Powerful WTO members have raised issues relating to a number of WTO systemic issues – the remit and scope of the WTO in dealing with multilateral trade issues, the single undertaking principle of decision-making in the WTO, and the workings of the dispute settlement mechanism of the WTO. The discord over WTO systemic issues and WTO institutional reforms has seriously weakened it as an institution. The failure of MC11 in Buenos Aires to come up with a Ministerial declaration in this connection was merely a reflection of this growing discord.[11]

Thus, LDCs are graduating at a time when the need for a renewed commitment to strengthen the multilateral trading system that is sensitive to their concerns and interests is more urgent than ever. The upcoming MC12 is an opportunity to identify initiatives to revive and reinvigorate the multilateral trading system, which then can take concrete steps in support of the graduating LDCs.

The case for strengthening the WTO's role is also gaining force in view of the rise of the plurilateral and mega-regional groupings. Many LDCs remain outside of these groupings, with no say in rule-setting, but with the possibility of being adversely affected in various ways including in terms of market access. Excluded LDCs, including graduating LDCs, are having to compete with developing and developed country members of mega-regionals, on non-preferential market access terms. This is undermining their competitive strength. At the same time, powerful members are asking for reforms of the WTO which will seriously undermine the developmental dimensions of the multilateral trading system. Against this backdrop, WTO members should ensure that LDC graduation issues remain on the agenda of any reformed WTO and members take targeted support measures, some of which are articulated below.

2.3 Global commitments in support of graduation

A succession of UN resolutions has repeatedly emphasised the importance of **smooth graduation, graduation with momentum and sustainable graduation** in the context of LDC graduation, underscoring the need to support the graduating LDCs with concrete initiatives. These have emphasised that graduation should be seen as only a **milestone** in the developmental journey of the LDCs, albeit an important one. UNCTAD (2016) rightly states that graduation is a milestone not a winning post:

> Graduation itself should not be primary focus of LDCs and their development partners but should be viewed as one milestone in LDCs' longer term sustainable development … the challenges of post-graduation period are a continuation of those that characterised the pre-graduation … Graduation does not mark the completion of an economic and development process.[12]

The 2004 Resolution adopted by the UN General Assembly (UN Resolution 2004: A/RES/59/209) on smooth transition strategy

> Urges all development partners to support the implementation of the transition strategy and to avoid any abrupt reductions in either official development assistance or technical assistance provided to the graduated country (para 7); Invites development and trading partners to consider extending to the graduated country trade preferences previously made available as a result of least developed country status, or reducing them in a phased manner in order to avoid their abrupt reduction (para 8); Invites all members of the World Trade Organization to consider extending to a graduated country, as appropriate, the existing special and differential treatment and exemptions available to least developed countries for a period appropriate to the development situation (para 9).

The UN Resolution on Graduation of countries from LDC category also reiterated the commitment to help the graduating LDCs in light of the Istanbul Programme of Action (IPOA) and urged bilateral and multilateral development partners to intensify efforts with a view to ensuring smooth transition of graduating LDCs (UNGA 2012: A/RES/67/221).

The UN General Assembly Resolution on Follow-up to the 4th UN Conference on LDCs (UNGA 2019: A/RES/74/232) recognised that graduating LDCs continue to face vulnerabilities to various shocks and crises and requested all relevant organisations of the UN system to extend the necessary support towards LDC graduation in a co-ordinated manner (para 38). The resolution called on development partners to integrate graduation and smooth transition strategies in their respective aid strategies (para 40), urged development partners to strengthen their support for graduation and smooth transition so that graduating and recently graduated countries can minimise disruption in their development trajectory (para 41) and stressed the need to provide well-co-ordinated support to realise the goal of enabling half of the LDCs to meet the criteria for graduation by 2020 (para 43).

The measures described above testify that the international community is in general agreement that graduating LDCs will need targeted support towards sustainable graduation. Successive LDC Conferences, particularly the IPOA adopted at the LDC IV Conference in 2011, reiterated this commitment, stating that the overarching goal was to help LDCs overcome structural challenges to eradicating poverty, achieve internationally agreed development goals and enable LDCs to graduate (UN LDC Portal). The IPOA stressed that the smooth transition of countries graduating from LDC status was key to ensuring that these

LDCs were on a sustainable development path backed by appropriate programmes and projects. The IPOA further stated that measures and benefits that came with LDC status ought to be phased out in 'a manner that was consistent with smooth transition strategy of the LDCs', taking cognisance of the specific situation facing the LDCs. The IPOA also requested the general Assembly to strengthen the smooth transition process. Indeed, the mid-term review of the IPOA, held in 2016, reiterated the importance of smooth transition for the graduating LDCs, and called upon the global community to extend support in this connection.

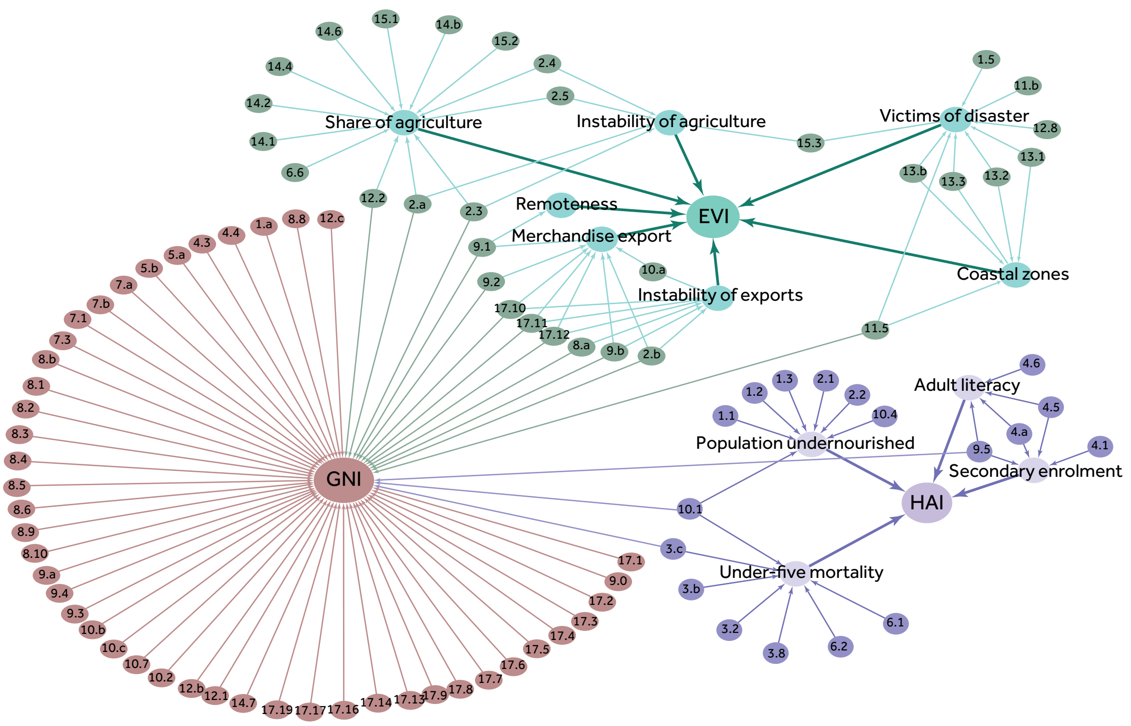
It is pertinent to keep in mind that achieving the 2030 Agenda for sustainable development will require development partnerships to be effective so that the process 'leaves no country behind'. Implementation of the ambitious global goals and targets will require special efforts not only on the part of the LDCs themselves but also targeted support from their development partners in alignment with Goal 17 of the 2030 Agenda.

Notwithstanding the fact that the 2030 Agenda does not specifically mention issues related to LDC graduation and smooth transition, mention of the IPOA is an integral part of the Agenda (SDGs, para 42). For example, the IPOA reaffirms the commitment by developed country ODA providers to attain the target of 0.15–0.2 per cent of GNI to be allocated to the LDCs (SDGs, para 42). The SDGs maintained that the Addis Ababa Action Agenda (UN, 2015b) for a revitalised global partnership was an integral part of the SDGs. The AAAA, on its part, recognised that the graduation of LDCs will need to be supported by appropriate measures, so that the development progress towards the SDGs will be sustained (AAAA, para 73). Indeed, there is a strong global commitment, articulated in a number of important outcome documents, to the effect that implementation of the SDGs and LDC graduation are mutually reinforcing journeys. This mutuality emerges clearly from Figure 2, which brings out the synergies between LDC graduation and the SDGs. Commitment to support SDG implementation in graduating LDCs in light of SDG Goal 17 on global partnership will be realised only if concrete steps are taken which will in turn serve the cause of sustainable LDC graduation.[13]

2.4 Loss of ISMs and consequences

One of the key reasons underpinning international support measures for graduating LDCs relates to the loss of the benefits that are

Figure 2. Network of LDC graduation criteria and SDG targets



Sources: Khatun *et al.*, 2019.

Table 2. Export and import market shares of graduating and other LDCs (percentages)

LDCs	Share of developed countries		Share of developing countries (including LDCs)	
	Export	Import	Export	Import
Graduating LDCs	44.9	17.6	55.1	82.4
Other LDCs	39.2	22.4	60.8	77.6
Total LDCs	42.2	20.6	57.8	79.4

Source: Authors' calculations based on Trademap data.

accrued to these countries on account of the various international support measures, both within the ambit of the WTO and without, in the form of measures at bilateral, regional and multilateral levels, that are directed exclusively to the LDCs.[14] While the extent of the adverse impacts will be contingent on a number of factors, all graduating LDCs can be expected to be affected, albeit to varying degrees. The high degree of openness of the economies of the graduating LDCs and their high export market share in the developed countries (Table 2) substantiate this observation. The extent of adverse impacts on the graduating LDCs will be informed by several factors: (a) economic structure, (b) degree of openness of the economy, (c) export structure, (d) membership in regional and multilateral trading arrangements that have LDC-specific preferential treatment, and (e) the extent to which a particular LDC was actually able to draw the benefits accruing from the preferential treatment originating from the various measures in place for the LDCs.

It should be noted that in various WTO agreements there are 139 special and differential treatment (S&DT) provisions for the developing countries; of these 14 are exclusively earmarked for the LDCs. These provisions include initiatives and measures concerning following areas: (a) enhancing trade opportunities; (b) safeguarding trade-related interests of LDCs in view of various WTO Agreements (e.g. Agreement on Agriculture, GATS, TBT Agreement); (c) flexibility of commitments, actions and policy instruments; (d) transitional time periods; (e) technical assistance, and (f) provisions relating to the LDCs.

While graduated LDCs will enjoy benefits that are earmarked for the developing countries, in terms of depth and diversity the ones for the LDCs are indeed much deeper and wider. This is evident from Table 3.

For the overwhelming majority of graduating LDCs the most important loss in view of graduation will be in the form of significant preference erosion. The range of the consequent losses will depend on (a) export and market structure, (b) nature and extent of preferences, (c) ability to comply with rules of origin applicable for developing countries, and (d) the difference between preferences accruing to LDCs and developing countries. A case in point, for example, is the 'everything but arms' (EBA) initiative of the EU. As part of the EBA, LDCs enjoy duty-free, quota-free market access in the EU **for all exports originating from all the LDCs**, under flexible rules of origin (RoO). On graduation, the graduated LDCs will be eligible to enjoy preferential access that is applicable only for the developing countries – much lower in magnitude and under more stringent RoO.[15] The EU, however, has offered to extend the EBA facilities to graduated LDCs for an additional three years upon graduation. LDCs which are members of regional trading arrangements (RTAs) generally enjoy deeper preferential treatment than is applicable for the non-LDC members of the grouping.[16] The SAFTA and ASEAN free trade agreements, which have a number of graduating LDCs as members, are cases in point. Upon graduation the graduated LDCs will no longer benefit from the S&D treatment provided to LDCs in regional arrangements. Also, many developing countries of the South such as China and India have LDC-specific non-reciprocal preferential market access programmes in place. Graduated LDCs will not be eligible for preferential treatment under these arrangements once they graduate out of the LDC group. Table 4 gives an idea of the possible depth of preference erosion originating from loss of LDC status.

Evidently, the loss of S&D treatment accorded to LDCs will also imply that graduating LDCs will not be eligible for other provisions specifically for the LDCs, beyond market access. Thus, upon graduation the graduated LDCs will cease to benefit from the flexibilities given to the LDCs under the TRIPS and pharmaceuticals decision of the WTO which allows

Table 3. Overview of selected S&D treatment for LDCs and graduated LDCs

S&D type	LDCs	Graduated countries
Preferential market access in goods	Benefit from duty-free and quota-free (DFQF) market access of developed and developing members	Benefit from generalised system of preferences (GSP) schemes of developed members applicable to developing countries
Preferential treatment in services	Benefit from commitments made by developed and developing members under the LDC Services Waiver until 2030	Do not benefit from preferential treatment in services
General transition period regarding the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)	Exempted from implementing the TRIPS Agreement other than the core non-discrimination principles until 1 July 2021	Required to implement the TRIPS Agreement and provide respective IP protection
Transition period for pharmaceuticals in the TRIPS Agreement	Exempted from providing patent protection for pharmaceutical products until 1 January 2033	Required to provide patent protection on pharmaceutical products
Flexibility to use policy instruments under the Agreement on Subsidies and Countervailing Measures (SCM)	Pursuant to Article 27.2 and Annex VII(a) of the SCM Agreement, LDCs have the flexibility to use export subsidies	Export subsidies are prohibited except for LDCs, and for certain other selected members
Technical assistance (TA) provided by the WTO	LDCs benefit from specific courses designed for their needs	No significant change in the entitlements under WTO's TA and Training Plan
TA provided by the Enhanced Integrated Framework (EIF)	The EIF programme exclusively assists LDCs in using trade as an engine for growth and sustainable development	Possibility of additional support for up to five years for graduated countries

Source: Compiled from WTO website.

Table 4. Graduating LDCs and preference erosion

Source of preferential treatment	Example	Depth of preferential erosion	Graduating LDCs to be mostly affected
Non-reciprocal market access	Everything but arms (EBA) initiative of the EU which benefits all graduating LDCs	Significant for items for which MFN and standard GSP tariffs are high (e.g. T-shirts: 12.0% vs 9.6%; carpets: 11.2% vs 8.0%) Some agri-products (e.g. frozen fish: 12.0% vs 4.2%)	Bangladesh, Nepal and Myanmar will experience significant preference erosion
Regional trading arrangements (RTAs)	SAFTA where Bangladesh, Nepal and Bhutan are beneficiaries. Asian-FTA where Lao PDR and Myanmar are beneficiaries	Significant, when preferential treatment is contingent on LDC status, as in SAFTA. Not significant when all members are accorded same treatment (ASEAN-FTA) or member countries have bilateral FTAs (as some LDCs in SAFTA)	Bangladesh will suffer from preference erosion. Nepal and Bhutan will not be affected as they have bilateral FTAs with India. Lao PDR and Myanmar will not be adversely affected in terms of preference erosion as tariff rates for all members have been brought down to zero
Bilateral non-reciprocal Initiative	Unilateral GSP scheme such as those run by China, India, Japan and others	Significant, when export from beneficiaries are high and MFN tariffs are also high. For example, Angola in view of export of frozen fish to China (MFN tariff: 7.6% and GSP tariff: 7.0%)	Angola, Myanmar, Vanuatu and Tuvalu will experience preference erosion

Source: Rahman (2020), based on ITC (*macmap*).

these countries exemption from licensing and patenting requirements until December 2032. If an LDC graduates prior to this time, it will no longer be eligible to benefit from this provision. The case is similar for trade-related investment measures (TRIMS), Agreement on Agriculture and other agreements which have LDC-specific flexibilities in the form of derogation, a longer implementation period in view of obligations and less stringent requirements in view of the rules. It should also be noted that there are a number of built-in and ongoing agendas in the WTO with respect to which negotiation are being held at present, and special support measures for LDCs are being discussed. GATS LDC waiver decision of the WTO (adopted at WTO MC8 in 2011) is a case in point. If there is a decision at a point when an LDC has already graduated, it will not have the opportunity to reap the benefits of the waiver decision. The ongoing discussion on fisheries subsidies is yet another case in point. Graduating LDCs are unlikely to benefit from these initiatives even if an agreement, with flexibilities for the LDCs, is reached, should the LDC graduate before the final agreement comes into force. The anticipated benefits, which graduating LDCs will have to forego, ought to be taken into consideration in designing support measures for graduating LDCs.

2.5 The graduation road map and support to LDCs

Graduation of LDCs involves **a process and a transition** that involves various steps in support of smooth graduation, graduation with momentum and sustainable graduation. LDCs slated for graduation go through two triennial reviews and are recommended for graduation only after successful reviews. The process involves preparation of a vulnerability profile by UNCTAD and an ex-ante impact assessment by UNDESA. The graduating LDC is required to set up a consultative mechanism and prepare a transition strategy. The UN system and development and trading partners are expected to participate in the consultation process and come up with targeted assistance and capacity-building support towards successful graduation. The Committee for Development (CDP) is supposed to monitor the progress of implementation of the transition strategy and is to report to UN-ECOSOC on its assessment on an annual basis. Indeed, following final graduation, LDCs are also expected to report to the CDP as regards implementation of the transition strategy on an annual basis, for the initial three years following graduation.

The point here is that the UN has articulated a clearly defined process to keep graduating LDCs under observation and support these countries during the transition period and also during the initial phase of the post-graduation journey. In view of this, the case for ISMs is very much in line with the transition road map to be drawn up by the UN and the promise of support towards sustainable graduation. A transparently articulated set of measures in support of LDC graduation will mean that the steps mentioned above are not just a proforma exercise, but geared towards supporting the graduating LDCs to ensure successful graduation. As noted, the COVID-19 pandemic and its adverse impacts have added an urgency in this regard.

2.6 Financial flows scenario and graduation

The need for international support measures for the graduating LDCs is also reinforced by the fact that a number of these countries are undergoing a second graduation, the middle-income graduation. All graduating LDCs, apart from Nepal, have made the transition from lower income country (LIC) to lower middle-income (LMIC) status. As it happens, five of the graduating LDCs would be eligible for graduation based on the income-only criterion (i.e. double the GNI per capita threshold). Indeed, Tuvalu belongs to the group of upper middle-income countries.

The middle-income graduation has significant implications for the terms of support from international development partners and multilateral financial institutions. As a consequence, the second graduation will make the journey of the graduating LDCs that much more challenging. It should be noted that while the rationale for compensatory measures in light of loss of trade preferences is well understood, issues related to challenges to be faced by graduating LDCs in finance-related areas have remained a less discussed and less attended area in relevant discourse.

It should be taken into account that in most cases LDC status itself is not associated with preferential treatment as far as aid and financial assistance are concerned. In view of this, it is tempting to argue that middle-income graduation should not feature in the LDC graduation discourse. However, the issue requires further elaboration. Firstly, some development partners such as Japan do consider LDC status in

Table 5. Share of net ODA disbursed by official donors

Item	2010	2015	2016	2017
LDCs' share in world	33.86	28.22	27.46	29.91
Graduating LDCs' share in world	3.02	4.38	4.04	4.96
Graduating LDCs' share in all LDCs	8.93	15.53	14.71	16.57
Graduating SIDS' share in all LDCs	1.82	1.81	1.55	1.42
Graduating non-SIDS LDCs' share in all LDCs	7.11	13.72	13.16	15.14

Source: Bhattacharya, 2019.

deciding concessionality of the terms of assistance.[17] Secondly, a number of international organisations such as the UNDP have the requirement of mandated share (60 per cent) of financial assistance to be allocated to the LDCs. Thirdly, there are dedicated funds such as the UN Climate Fund for LDCs which are geared to provide financial support specifically to the LDCs. Upon graduation, the graduated LDCs will no longer be eligible for preferential access to these mentioned resources.

It is pertinent also to review the aid and financial flow landscape concerning the LDCs and graduating LDCs. Here are some of the basic facts. Concessional finance from official donors (DAC and multilaterals) in 2014 represented about 68 per cent of the total external financial flow to all LDCs. Net ODA was 11.2 per cent of GNI for the graduating LDCs. Indeed, for the graduating SIDS the dependence on concessional finance was higher than non-SIDS, as is seen from Table 5.

The share of ODA in total official flows (i.e. ODA+other official flows (OOF)) has declined over the years, for LDCs as a group, as also for the graduating LDCs. In addition, the decline in the share of ODA, and the consequent rise in the share of OOF (which includes non-concessional flows) in the official financing mix was found to be relatively high for graduating LDCs (Bhattacharya, 2019).[18] Indeed, the issue of additional and concessional financing needs to be seen in view of the emergent triple gaps concerning the aid-financing scenario in the LDCs and graduating LDCs: savings-investment gap, fiscal deficit and the BOP shortfall.

It may be recalled here that the OECD introduced a new eligibility criterion, in 2018, for purposes of ODA. According to the new method, grant element must be a minimum of 45 per cent for LDCs and LICs, and 15 per cent for LMICs. This has important implications for LDCs which are also LMICs. As pointed out earlier, the majority of graduating LDCs will fall into this category. According to the World Bank country classification, a country meeting the LMIC threshold for three consecutive years will be considered as a 'blend country', making it eligible to borrow under both IDA and IBRD (meaning concessional and non-concessional) terms.[19] However, until the country is able to prove itself as creditworthy, it will be considered as a 'gap country'.[20]

The upshot of the above discussion is that because of the dual graduation, the graduating LDCs will be faced with additional challenges, which in turn underscores the need to put in place a supportive financing mechanism towards sustainable graduation.

The arguments presented above justify the need to design a comprehensive set of ISMs to enable sustainable graduation of the LDCs. This is necessary so that these countries are not pushed behind when the ISMs currently available to the LDCs – in the spheres of trade, finance and others – are pulled away from these countries. A well-designed set of ISMs will not only reinforce the efforts of graduating LDCs but also incentivise LDCs to take a positive view of graduation, and at the same time disincentivise the oft-observed request for deferment of graduation which is likely to rise in view of the ongoing pandemic.

3. Trade-related support towards suitable graduation

The discussion in Section 2 clearly showed that the trade-related interests of the graduating LDCs will be significantly and adversely affected on account of graduation. This is because of preference erosion and loss of various S&D provisions in the WTO, and also because of the lack of progress in implementing the various WTO decisions favouring the LDCs and the attendant foregone benefits and the lack of adequate financial and technical support for trade-related capacity-building in the LDCs. The other set of concerns relate to addressing the challenges of ensuring successful adjustment to the changed scenario that graduated LDCs will have to face as future developing countries. The emerging scenario facing the graduating LDCs is becoming even more challenging in view of the immediate and short-term needs to address COVID-induced adverse implications.

Drawing insights from the preceding section, this section articulates a number of measures and initiatives in support of graduation with momentum and sustainable graduation of graduating LDCs. These proposals may be considered at the upcoming MC12 and the decadal programme of action for the LDCs and could help in designing a comprehensive package of support for the graduating LDCs.

3.1 Initiatives to deal with preference erosion

As noted above, LDCs have been reaping significant gains thanks to the preferential treatment they enjoy, under various market access initiatives geared in favour of the LDCs. Indeed, the positive impact these had on the economies of the LDCs contributed significantly in helping raise the scores associated with many of the LDC graduation indicators. However, upon graduation, the graduating LDCs will experience preference erosion, to varying degrees, depending on product and market structure, tariffs facing their export and the difference between preferential margins as applicable to LDCs and developing countries.

The analysis of market access presented in Table 4 gives some idea of the depth of preference erosion for the graduating LDCs, for some of key export items and in some key markets. As is seen in this table, where MFN tariffs on important export items are high and the graduating LDC is not member of a regional trading arrangement with key trading partners, the depth of preference erosion will be particularly high. Additional support will be needed to mitigate the anticipated losses. Bangladesh's market access scenario in relation to its key export item, apparel, in the key market, the EU, is a pertinent case. The range of preference erosion for the country in the EU market, on account of LDC graduation, will be about 10 percentage points.[21] On the other hand, if the graduating LDC had bilateral or regional trading arrangements with preference-offering trading partners, the impact of graduation in terms of preference erosion will be relatively low. For example, Nepal and Bhutan have bilateral free trade agreements with India; Lao PDR and Myanmar are members of the ASEAN-FTA. As such, even after LDC graduation these countries will continue to enjoy preferential access for a large part of their exports as long as they are members of the regional agreements. On the other hand, even within the regional arrangements, if there is a two-track liberalisation, as is the case with the SAFTA, for LDCs and non-LDC members, then graduation will have important market access implications. This could be in the form of preference erosion, more stringent rules of origin or limited preferential market access on account of a longer list of sensitive list items applying to the graduated LDC. So, the needs of graduating LDCs in view of preference erosion will vary from case to case.

It was pointed out earlier that the EU will extend the EBA facility to graduated LDCs for three years. This is an important offer particularly for graduating LDCs which have been able to make significant use of the preferential treatment under the EBA. It is true that graduated LDCs could apply for preferential treatment under other market access initiatives such as the EU's GSP plus initiative. However, this comes with a number of conditionalities.[22] It may also be noted here that China has continued to provide preferential market access to Samoa even after it had graduated in 2014 for certain items. In view of this, measures to help graduated LDCs protect their competitive edge merit special consideration. This could be in the form of (a) extension of the period of eligibility for preferential market access, (b) continuation of the flexible rules of origin, (c) through reduced list of items in the sensitive list, and (d) raising the single country limit for enjoying facilities such as the GSP plus, as applicable to graduated LDCs.

Taking into cognisance the adverse implications in terms of preference erosion and in line with the spirit of successive UN resolutions, and also following the precedent set by the EU (and China), what is proposed here is a general, time-bound extension of the various LDC-specific market access preferences, beyond the date of final graduation out of the LDC group. This period could be between three and five years. The RoO for preferential treatment should remain the same during this transitional phase. This will allow the graduated LDCs additional time to prepare for the market access regime facing the developing countries with lower (or no) preferences and more stringent RoO, under standard GSP schemes. This is unlikely to be too onerous for preference-providing countries since LDCs' exports are limited to only a few items and at 1.2 per cent their share is also rather low in global exports. It is proposed that graduating LDCs are extended similar support in the various RTAs and in view of non-reciprocal bilateral market access initiatives operated by the developing countries. Such an initiative will also be in line with the spirit of South–South co-operation. It is proposed that instead of disparate initiatives, WTO members come to a general agreement to achieve a common understanding in this regard in the context of bilateral, regional and global preferential schemes involving the LDCs.

3.2 Extend timelines for S&D provisions

Table 6 shows the support measures in the form of S&D treatment with respect to some of the WTO Agreements and Decisions enjoyed exclusively by the LDCs. These will no longer be available to graduating LDCs once they move out of the group.

What is proposed here is an extension of LDC-specific S&D provisions for a period of 3–5 years for the graduating LDCs, following their graduation. This will give the graduating LDCs time to adjust to the newly emerging trading scenario as developing countries. This breathing space will be used to take the needed steps to enable them to ensure compliance with various WTO obligations. The three-year transition strategy of the graduating LDCs can be calibrated in view of the concrete steps to be taken in preparation for the obligations as a developing country member of the WTO.

For a number of graduating LDCs, the final graduation will take place prior to the date when the timelines of particular S&D provisions are set to expire. For example, the S&D treatment for the pharmaceuticals sector provided under the TRIPS and Public Health decision of the WTO has been extended till January 2033. However, the currently graduating LDCs (and some afterwards) will be graduating before this timeline. What is proposed in view of this is that graduating LDCs are allowed to enjoy the benefits provided under the provision until the end period in case they graduate earlier. As a matter of fact, Bangladesh has submitted a proposal in the WTO to this effect. This point is further elaborated below. It is pertinent to recall in this connection that, when it was slated for graduation in 2004, Maldives had requested a five-year extension (2004–2009) of the transition period for implementation of the TRIPS Agreement. The TRIPS Council allowed the extension until 2007, referring to the date of graduation – 20 December 2007 (Bhattacharya, 2019). This also sets a precedent for consideration of separate individual requests for extension of the transition period (WTO, 2005b).[23] The eligibility of LDCs to receive support from the EIF and also from the Technology Bank for the LDCs following graduation, may also be cited in this connection. As may be recalled, aid for trade (AfT) provided to the LDCs is delivered through the EIF to help the LDCs address trade-related constraints and shortcomings. Graduation would mean phasing out the EIF support provided to the LDCs for developing productive capacities, analytical work and trade-related institutions which are critically important for development of their supply-side capacities. However, LDCs will continue to benefit from EIF programmes since EIF provides an automatic transition period of up to five years following LDC graduation, with a possibility of an extension of up to two additional years.[24]

3.3 Extend support to acceding LDCs

As it currently stands, 3 of the 12 graduating LDCs (Bhutan, São Tomé and Timor-Leste) are in the process of acceding to the WTO. The WTO does have in place specific support measures to help LDCs in their accession negotiations. However, if the graduation precedes accession, the acceding LDCs will not be eligible to enjoy the support. As it is, it will be advantageous for the acceding LDCs to complete their accession negotiations prior to their respective graduation to fully benefit from LDC accession guidelines (WTO, 2020). However, this may not necessarily be the case. What is proposed here is that a decision be taken at WTO MC12 so that acceding graduating LDCs continue to

Table 6. Special and differential treatment to LDCs under WTO agreements and related decisions

Agreement/decision	Support measure
Understanding on the Balance-of-Payments Provisions of General Agreement on Tariffs and Trade (GATT)	Simplified procedures when invoking trade restrictions for balance-of-payment reasons (paragraph 8)
Agreement on Agriculture	LDCs and net food importing developing countries may provide certain export subsidies until the end of 2030 (article 9.4, most recent extension in G/AG/5/Rev.10)
	Longer repayment periods for export financing support (WT/MIN(15)/45-WT/L/980)
	Less frequent notifications to WTO regarding domestic support (G/AG/2)
Sanitary and Phytosanitary (SPS) Measures	Priority for technical assistance (article 9.1). The Standards and Trade Development Facility (STDF) has a target of dedicating at least 40% of total project financing allocated to LDCs or other low-income countries (STDF Operational Rules)
	Lower co-financing requirement for technical assistance. Beneficiaries from LDCs and OLICs contribute at least 10% of the requested STDF contribution to a project, as opposed to 20% for lower middle-income countries and 60% for upper-middle-income countries (STDF Operational Rules)
Agreement on Subsidies and Countervailing Measures	LDCs (and other countries with GNI per capita below $1,000 in constant 1990 dollars) are exempted from the prohibition of export subsidies (article 27.2 and Annex VII of the Agreement and paragraph 10.1 of the Doha Ministerial Decision on Implementation-Related Issues and Concerns (WT/MIN(01)/17))
Trade Facilitation Agreement (TFA)	Longer notification timeframes: until 22 February 2020 for category B measures; until 22 February 2021 for indicative dates and definitive dates; by 22 August 2022 for category C measures (articles 15 and 16)
	Longer deadlines under the early warning mechanism, in case an LDC has difficulties in implementing categories B and C measures (article 17)
	Longer timeframe (4 years rather than 18 months) for new implementation dates for measures shifted from category B to category C before approval from the Trade Facilitation Committee is required (article 19)
	Longer grace period from dispute settlement (until 22 February 2023 for category A measures, and 8 years from the date of implementation of category B or C measures) (article 20)
Trade-Related Aspects of Intellectual Property Rights (TRIPS)	Exemption from applying all substantive TRIPS standards until 1 July 2021. There have been extensions to this deadline (article 66.1, latest extension IP/C/64)
	Exemption from providing protection for pharmaceutical patents, from providing the possibility of filing mailbox applications and from granting exclusive marketing rights (IP/C/73 and WT/L/971)
	Waiver from notification requirements for issuing compulsory licenses for exports of pharmaceutical products to LDCs or other countries with insufficient manufacturing capacities in the pharmaceutical sector (article 31 bis)
Dispute Settlement Understanding	LDCs can request the Director-General of the WTO or the Chairman of the Dispute Settlement Body to provide their good offices, conciliation and mediation for settling disputes (article 24)
	Free legal advice from the Advisory Center on WTO Law (ACWL) (article 27.7)
Trade Policy Review Mechanism	LDCs may have a longer period between trade policy reviews than other countries (Annex 3)

Source: CDP secretariat, based on the texts of WTO agreements and decisions and information provided by the WTO secretariat (UN, 2018b).

receive support if their graduation precedes accession to the WTO.

3.4 Resolve interpretative ambiguities to secure interests of graduating LDCs

A lack of clarity and interpretative ambiguities in a number of provisions in various WTO Agreements work against the interests of graduating LDCs. Some S&D provisions in the WTO do not clearly specify eligibility for drawing benefits. The decision on subsidies and countervailing measures (SCM), as part of the Agreement on Agriculture, is a case in point. The decision stipulates that LDCs and other countries with GNI per capita below US$1,000 (in constant 1990 dollars) are exempted from the prohibition of export subsidies. Since current GNI per capita of many graduating LDCs is below the 1990 threshold (in constant 1990 terms),[25] it is proposed that graduated LDCs should be eligible for benefits from this derogation till the time their respective GNI per capita, in 1990 terms, stretches the stipulated threshold. The other grey areas in various Agreements should also be interpreted in a manner that goes in favour of the graduating LDCs.

3.5 Extend eligibility for provisions under built-in agendas

At various points decisions have been taken at the WTO Ministerial Conferences in favour of the LDCs which have not been implemented as yet. For example, many elements of the Hong Kong MC6 decision, and decision as regards GATS Services Waiver at MC7 in Geneva and the Bali MC9 LDC package are yet to be implemented. Many LDCs and graduating LDCs have been fighting for years to give shape to the words 'expeditious implementation', often stressed in these decisions. The GATS LDCs Services Waiver decision is a case in point. The discussion was first mooted in 2008 and a decision in connection with this was adopted at MC8 in Geneva in 2011 (WTO, 2011). The waiver permits a preference-granting country to violate the MFN principle in services trade.[26] It allows for preferential treatment to be granted to any service or service supplier from an LDC member with respect to (a) market access measures and (b) other measures (e.g. qualification requirements and procedures, licensing requirements and procedures, technical standards, measures concerning visas, work and residence permits, fees).[27] However, there has not been any tangible progress as yet in implementing the waiver decision although a number of intermediate steps, including the holding of a Signalling Conference, and exchange of offer lists and request lists, have been taken as part of operationalisation of the decision. In spite of the dedicated session of the council for Trade in Services held in October 2019 (as a follow-up of a MC10 decision) not much progress has been made in this context. On the other hand, LDCs have strong offensive interests in services exports, particularly, in GATS Mode-4 (movement of natural persons), but also in the other modes. Servicification of global trade[28] indicates that market access in services trade will be of increasingly heightened interest to the LDCs in the coming days. The benefits accruing from the S&D provisions in services is significantly high, particularly for the economies of the graduating LDCs against the backdrop of the growing importance of the services sector for these economies. Although the waiver has been extended till 2030, the graduating LDCs will hardly have the time to enjoy the expected benefits, even if the decision is operationalised in the near future. For the currently graduating LDCs the time is indeed running out. It is proposed that a decision is taken at the WTO to deal with such cases so that graduating LDCs are also able to benefit when such decisions are operationalised. A maximum period, e.g. 3–5 years, may be considered in this regard as a specific support to graduated LDCs.

3.6 Embed support measures for graduating LDCs in view of discussions on 'new issues'

A number of new issues were mooted at MC11 in Buenos Aires, which concluded without any Ministerial decision. However, joint statements were issued involving several areas – e-commerce, micro and SMEs, investment facilitation. While the overwhelming majority of the LDCs had not signed on to the statements, some, including a number of graduating LDCs, have joined the subsequent discussions. It is likely that some of these plurilateral discussions will lead to tangible results, either in the form of setting up WTO Working Groups or some versions of plurilateral decisions (which could then be subsequently multilateralised within the framework of the WTO). The fisheries discussion is also making good progress and there is a high possibility that an agreement will be reached at MC12. The discussions in view of the above also focus on S&D provisions for the LDCs. However, it is highly likely that many of the graduating LDCs will not be able to benefit from those provisions as they would perhaps graduate prior to conclusion of the discussions. On the other hand, there is a concern that these countries will face difficulties in complying with the obligations applicable for the developing countries. In view of this, special measures could be thought of to safeguard the interests of graduating LDCs. This could be in the form of extending the S&D provisions for the LDCs to graduating LDCs as well for a certain period. Specific support measures to strengthen capacities to ensure compliance could also be thought of. The WTO trade facilitation agreement (TFA) could serve as a model and a reference in this connection.

3.7 COVID-19 and LDC graduation

The COVID-19 pandemic has confronted the LDCs across continents with unprecedented challenges, accentuating their multiple vulnerabilities (Bhattacharya and Islam, 2020). For the 1.1. billion people living in the 47 LDCs – with real average GDP of US$922 per annum, which is about 9 per cent of the world average – the pandemic is a health crisis, an economic crisis and a humanitarian crisis, all at the same time. Projections made by various international organisations indicate a significant slowdown of the growth of LDC economies in 2020 and beyond, accompanied by high unemployment, weak export and remittance flows and a general fall in people's wellbeing. The anticipated global recession also does not augur well for the increasingly globally integrated economies of the LDCs.[29]

For the 12 graduating LDCs the pandemic will have a number of negative implications as they move towards graduation timelines, and in the context of sustainability of graduation. For example, according to the World Bank estimates, in FY 2020 Bangladesh's growth is projected to fall to between 2 and 3 per cent (as against the government target of 8 plus per cent growth).[30] UNCTAD estimates indicate that global FDI flows in 2020 will decline by about 40 per cent. The lockdown in Bangladesh made most economic activities in Bangladesh grind to a halt.[31] The attendant supply-side disruptions have compounded the demand-side challenges facing the export-oriented industries which originated from the lockdown enforced in the partner countries, particularly during the months of January and February, 2020.

Graduating LDCs such as Bangladesh are having to divert a significant amount of investible resources from areas that could have helped address their embedded structural weaknesses to areas that concern addressing health and safety issues and humanitarian emergencies.

Indeed, the emergent scenario reinforces the arguments for international support measures articulated in the preceding sections in support of sustainable graduation. And here trade in general, and the rule-based multilateral trading system of the WTO in particular, could play an important role. As has been shown in the past, there is a general trend of pursuing protectionist policies during crisis times, by both developed and developing countries. Indeed, this was also the case during and following the economic and financial crises of 2007–2008. This time around as well, the tell-tale signs of this happening are already becoming increasingly visible. As a WTO Secretariat report indicates (WTO, 2020), about 80 countries and customs territories have up till now introduced export prohibitions and restrictions in response to the COVID-19 pandemic. While the restrictions mostly cover medical supplies and equipment and pharmaceutical products, controls have also been put on some other products, for example, food items.[32]

Keeping global trade open and free will be important in terms of helping the graduating LDCs cope with the consequences of the pandemic. Market access, support for trade-related supply-side capacity-building, assistance towards strengthened trade facilitation and aid for trade and trade facilitation will be important in helping the LDCs cope with the adverse impacts of the pandemic, and reintegrate into the global trade when the recovery phase sets in. In the absence of this support, many export-oriented producers and service providers could fail to regain their lost momentum, weakening the capacity of graduating LDCs to move towards sustainable graduation. Trade-related aid and aid for trade facilitation should not suffer because of the pandemic.

A case in point is the TRIPS and Public Health decision of the WTO. The decision at MC10 in Nairobi in 2015 granted LDCs an additional 17 years of waiver (up to December 2032) in the form of exemptions from obligations to implement or apply or enforce patent and data protection. The decision also allows LDCs waivers from obligations to make available the mechanism for filing patent applications for pharmaceutical products (mailbox) and from granting exclusive marketing rights to such applications for the granted period.

In this connection, one of the support measures proposed towards strengthened graduation of the LDCs is pertinent to recall. This relates to allowing graduating LDCs to continue enjoying the benefits accruing from this waiver till the end period (31 December 2032), even if graduation takes place prior to this. The rationale for this support is that these countries are acutely vulnerable to health and epidemic risks which will not automatically go away with graduation. The ongoing COVID-19 pandemic reinforces this argument. If the waiver is not available, these countries will not be able to produce the medicines they need at lower prices. LDCs dependent on low-priced pharmaceutical products from other LDCs will also suffer. For example, Myanmar, a graduating LDC, imports a large part of its pharmaceutical items from Bangladesh, whose pharma industry has been able to take significant advantage of the LDC waiver. Against the backdrop of COVID-19, thus, there is a strong case to review the issue and favourably consider the proposal submitted by Bangladesh, on behalf of graduating LDCs in the WTO, to be able to continue enjoying the benefits over the period of the current waiver. Targeted measures in support of LDCs graduation, towards graduation with momentum and sustainable graduation, will also negate the need for a general or country-specific demand for deferment of LDC graduation. There is a high likelihood that individual LDCs will ask for deferment of graduation because of the adversities caused by the pandemic (Bhattacharya and Islam, 2020). Indeed, CDP/ECOSOC/UN may have to deal with this issue in the near future. As may be recalled, a proposal for a separate category for the SID-graduating LDCs, floated earlier, could not garner enough support to be considered seriously. However, in view of the complexity of challenges confronting the graduating LDCs and against the backdrop of the ongoing COVID-19 experience, the scenario may well change and support for the group of graduating LDCs particularly affected by the pandemic may attract renewed support at the MC12.

3.8 The strategy to pursue

Several options could be considered to take forward the various proposals relating to the extension of LDC-specific preferences in general, and market access preferences in particular, beyond graduation, which were articulated above. One option is for the graduating LDCs to negotiate with preference-providing countries on a bilateral basis, as a support for smooth transition. This is relevant in the context of various RTAs of which both LDCs and non-LDC developing countries are members, and where LDCs are provided with more than reciprocal preferential treatment. SAFTA and ASEAN-FTA could be cited as examples in this connection. The second option is for preference-providing countries to extend their respective LDC-specific preferential schemes for the LDCs to the graduating LDCs for a certain period. The EU decision, in view of the extension of the EBA for an additional three years for the graduating LDCs, may be cited as an example in this regard. In both cases, the WTO would need to be notified about the extension of preferential access to the graduating LDCs. This is indeed a departure from the MFN principle of the WTO, and thus has to be given legal coverage through Article XXIV of the GATT 1994, through notification to the WTO.

The third option is for the preference-providing WTO members to agree to a proposal to offer a general extension of preferential treatment to graduating LDCs for a certain period. Such an agreement could then become part of the single undertaking of the WTO, which then becomes a part of the WTO Ministerial declaration. It is the third option which has been argued as a possible way forward in the above discussion. No doubt, for this to happen, a proposal will have to be floated to this effect around which discussion would need to start in appropriate WTO negotiating bodies. An intelligent way to go forward in this context is for the graduating LDCs to come together and introduce such a proposal on behalf of the LDC group in the WTO. If preference-providing countries agree to this proposal in the course of discussion in Geneva, it could then be put on the agenda for discussion at MC12. This proposal could be couched in the following way: 'Developed country members, and developing country members in a position to do so, shall provide preferential access to graduating LDCs for an additional three years, similar to those that are accorded currently (and will be accorded in future) to the LDCs'.[33] The ongoing COVID-19 pandemic and its adverse implications for the economies of LDCs and graduating LDCs provides a powerful argument in favour of such a proposition. As pointed out in the preceding section, COVID-19 impacts could indeed trigger a concerted effort on the part of graduating LDCs for deferment of triennial assessment of graduation prospects (and possible recommendation) to be undertaken by the CDP in 2021. An agreement in the WTO in favour of graduating LDCs, through a time-bound extension of preferential market access, and S&D provisions in the WTO in place for the LDCs, will go a long way in addressing the concerns of the graduating LDCs in this regard, and will also take care of the demand for deferment of graduation.

Such a proposal has been mooted in Geneva by Chad, on behalf of the LDC group, evoking the need for support towards smooth transition in favour of countries graduating from the LDC category. It is understood that the proposal argues in favour of a decision at MC12 which would allow graduating LDCs to enjoy all S&D treatment measures and exemptions available to LDCs under the various (current and future) WTO Agreements. This support is sought for a specified period following the entry into force of the UNGA decision to exclude a graduating LDC from the LDC group. Such a proposal and the timeline have to be negotiated and agreed in Geneva, or at the MC12 itself. Indeed, the analyses presented in this paper could serve as strong arguments in service of such a proposal.

4. Finance-related support for graduating LDCs

The need for external finance for the graduating LDCs arises from the triple structural gaps in their economies: savings-investment gap, fiscal deficit and balance of payments shortfall. While dealing with these structural impediments will demand vigorous domestic reform measures, this section analyses the nature and magnitude of dependence on external finance on the part of the countries concerned. In this connection a number of lessons can also be drawn from the experience of the graduated LDCs. The section also considers a number of actions and initiatives that may be undertaken by various involved actors and institutions to address the challenges of access to external finance by the graduating LDCs.

At the very outset it needs to be pointed out that there is hardly any LDC-specific preferential external financial arrangement available globally[34]. Almost all international financial institutions (IFIs) and regional development banks (RDBs) usually use income-based eligibility criteria with the most concessional window available for the low-income countries (LICs). Incidentally, at present 10 out of the 12 graduating LDCs are LMICs and 1 is a UMIC. This dual graduation of the LDCs – from LDC to non-LDC and from LIC to LMIC – has added a new layer of challenge regarding access to external finance by the graduating LDCs.

4.1 Aggregate dependence on external finance

Table 7 shows the state of dependence of the LDCs on external finance – both public and private sources. While per capita ODA flow for the LDC group as a whole is about US$380 (in 2017), the comparable figure for graduating SIDS LDCs is almost double – US$706. Dependence of the non-SIDS LDCs, in per capita terms, on external public finance is much less – only US$53. These per capita figures are reflected in the varying role that ODA plays in different groups of LDCs. For example, the percentage share of ODA in GNI of graduating SIDS LDCs is more than 19.5 per cent, while for the non-SIDS counterparts the equivalent figure is only 3 per cent. A similar pattern may be observed in case of Aid for Trade (AfT). However, the non-SIDs graduating LDCs are accessing the OOF more. In sum, the graduating SIDS LDCs, which are mostly LMICs, are more dependent on concessional forms of external public finance.

Table 7. External financial flow to LDCs

	Flow from official sources			Flow from other sources				
	ODA per capita (US$) 2017	Net ODA (% of GNI) 2017	OOF (% of GNI) 2017	Private philanthropy (% of GNI) 2017	Private finance mobilised by ODA (% of GNI) Annual avg. of 2012–2017	Aid for Trade (% of GNI) 2017	FDI (% of GDP) 2018	Remittance (% of GDP) 2017
Graduating LDCs	379.66	11.19	0.24	0.02	0.07	5.41	1.73	5.76
Graduating SIDS	706.11	19.52	0.17	0.01	0.02	9.22	1.89	5.40
Graduating non-SIDS	53.21	2.87	0.31	0.02	0.13	1.61	1.56	6.11

Source: UNCTADSTAT, 2019; OECDStat, 2019; IMF, 2019; WDI, 2019.
Note: The official donor in OECD consists of multilateral, DAC and non-DAC donors. Currently there are 30 DAC members including the EU and 20 non-DAC countries.

Table 8. Percentage share of LDCs in net ODA disbursed by official donors[35]

Item	2007	2010	2015	2016	2017
LDCs' share in global flow	31.60	33.86	28.22	27.46	29.91
Graduating LDCs' share in global flow	3.17	3.02	4.38	4.04	4.96
Graduating LDCs' share in all LDCs	10.03	8.93	15.53	14.71	16.57
Graduating SIDS' share in all LDCs	2.10	1.82	1.81	1.55	1.42
Graduating non-SIDS LDCs' share in all LDCs	7.93	7.11	13.72	13.16	15.14

Source: Based on OECDStat, 2019.

Incidentally, the graduating SIDS LDCs and their non-SIDS have equal levels of access to foreign direct investment (FDI), blended finance, foreign remittance and private philanthropy (see Table 7). Understandably, if in the future public external financial flow experiences a dip, the sources mentioned will have to play an augmented role in these countries.

Table 8 shows that in the face of stagnation of the share of the LDCs in the global flow of net ODA from the official donors (around 30 per cent), the graduating LDCs have been able to increase their share within the group from 10 per cent (2007) to 16.6 per cent (2017). It is remarkable that the incremental share of the bilateral ODA has gone to the non-SIDS graduating LDCs.

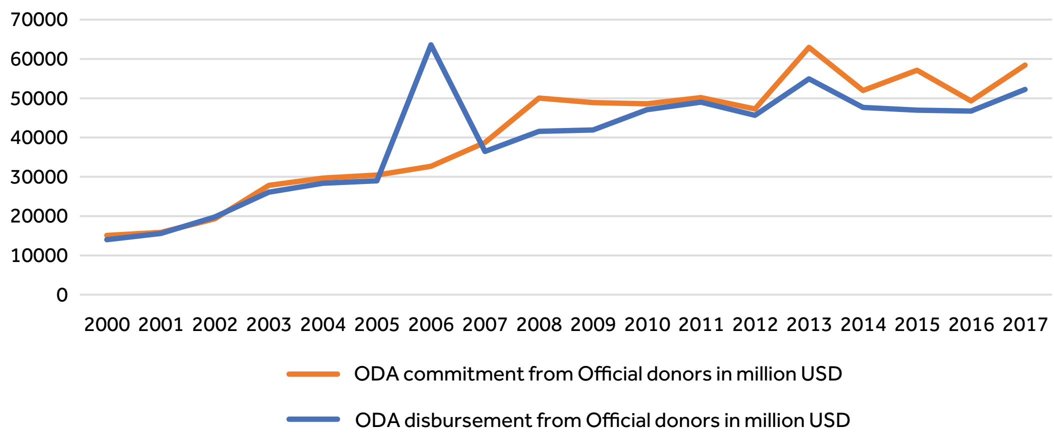
Notwithstanding such relative growth of net ODA flow to the LDCs in general and to graduating LDCs, Figures 3 and 4 reveal that actual disbursement of ODA has steadily fallen short of the commitments, particularly since 2013. Curiously, this discrepancy is more pronounced in the case of the graduating LDCs. This implies that effective access to the committed ODA is no less important than the pledge of foreign aid. In other words, the graduating LDCs have to be proactive in getting the promised ODA actually disbursed so as to prepare for the upcoming transition.

The experience of the LDCs that graduated earlier (e.g. Maldives, Cape Verde and Samoa) indicates that GDP growth may slow down following the transition, so the graduating LDCs will have to mobilise investible resources to spur economic growth. Domestic resources may play a key role in smoothing the transition. Also, FDI may gradually rise. Hence, graduating LDCs should actively pursue FDI-inducing reforms. The graduating LDCs should take into account that concessional flow will not fall abruptly; rather it will decline slowly but surely. Also, the mix of ODA and OOF in total development finance will change so that countries will need to lean more towards OOF. In view of this, capacity augmentation to acquire, generate and utilise different forms of development finance will be necessary.

4.2 Relative role of bilateral and multilaterals

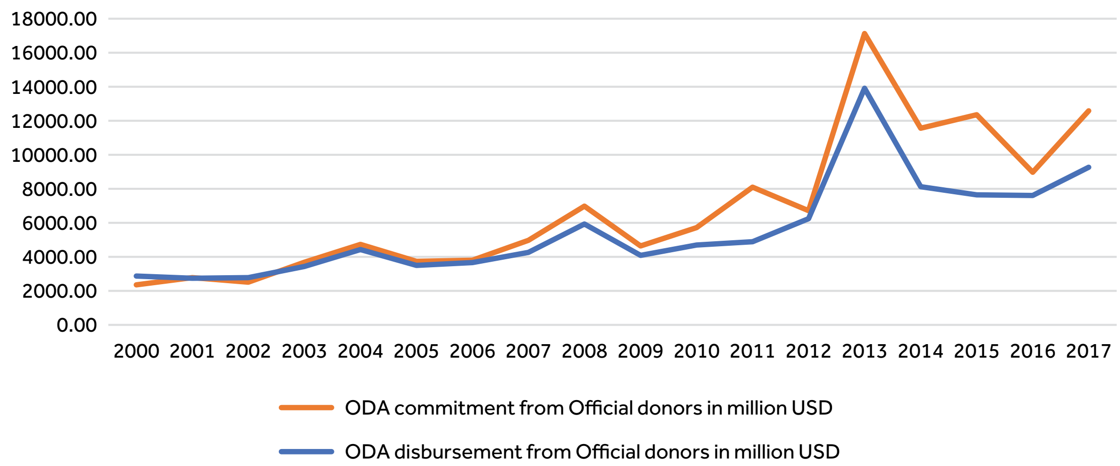
The LDCs are more dependent, in relative terms, on ODA from bilateral sources than

Figure 3. Commitment vs disbursement of official donors to LDC Group



Source: OECDStat, 2019.

Figure 4. Commitment and disbursement of ODA to the 12 graduating LDCs from official donors



Source: OECDStat, 2019.

on the multilateral sources, although the former experienced some decline over the decade 2007–2017. As Table 9 shows, in 2017, bilateral sources (DAC and non-DAC together) accounted for 58 per cent of the ODA flow to the group, whereas the corresponding figure for the multilateral sources was 42 per cent. The growing dominance of the multilateral sources has been more evident in the case of OOF, where the share has grown from little over 9 per cent (2007) to about 25 per cent (2017). Incidentally, technical co-operation accounts for a larger share with bilateral contribution.

Interestingly, the dependence of the 12 graduating LDCs on the multilateral sources is marginally higher (44.5 per cent, 2017) than the group average and has experienced a faster relative growth. The comparative role of the official bilaterals (DAC and non-DACs together[36]) of not only ODA is diminishing among the graduating LDCs, but also in the case of OOF. This trend remains true for technical co-operation as well.

In view of the above-mentioned trends it has become imperative for the graduating LDCs to strengthen their capacity to engage with the IFIs and improve their ability to use OOF (about 30 per cent of total flow, 2017).

4.3 Sectoral composition

While the magnitude of the flow of ODA and OOF to the (graduating) LDCs is an important

Table 9. External financial flow composition by source (multi- vs bilateral)

Years	2007	2010	2015	2016	2017
To all LDCs					
Multilaterals' share of ODA (%)	39.46	37.5	40.14	40.93	42.08
technical co-operation	*2.03*	*1.8*	*2.1*	*2.85*	*1.72*
Bilaterals' (DAC+Non-DAC) share of ODA (%)	60.54	62.5	59.86	59.07	57.92
technical co-operation	*15.1*	*15.2*	*13.7*	*12.65*	*11.2*
Multilaterals' share of OOF (%)	9.25	51.01	48.75	21.26	24.88
Bilaterals' (DAC) share of OOF (%)	90.75	48.99	51.25	78.74	75.12
To 12 graduating LDCs					
Multilaterals' share of ODA (%)	38.4	33.37	43.63	46.26	44.48
technical co-operation	*2.66*	*3.11*	*1.57*	*2.47*	*2.31*
Bilaterals' share of ODA (%)	61.6	66.63	56.37	53.74	55.52
technical co-operation	*29.7*	*30.6*	*17.2*	*18.95*	*15.5*
Multilaterals' share of OOF (%)	8.33	79.5	61.49	27.5	19.37
Bilaterals' (DAC) share of OOF (%)	91.67	20.5	38.45	72.48	80.61

Source: Based on OECDStat, 2019.

Table 10. External financial flow composition by concessionally

Years	2007	2010	2015	2016	2017
To all LDCs					
Total ODA+OOF as % of GDP (all LDCs)	8.3	7.56	5.37	5.59	5.48
ODA Share of total flow (%)	90.9	95.7	93.9	87.4	88.2
OOF share of total flow (%)	9.11	4.27	6.12	12.6	11.8
To 12 graduating LDCs					
Total ODA+OOF as % of GDP (graduating LDCs)	22.49	15.51	22.66	14.62	14.54
ODA Share of total flow (%)	79.1	93.3	82.5	66.2	69.6
OOF share of total flow (%)	20.9	6.67	17.5	33.8	30.4

Source: Based on OECDStat, 2019.

indicator, no less important is the sectoral composition of such flows. From Table 11, we note that sectoral allocation of foreign aid to social infrastructure and services remains predominant in the LDCs – for both bilateral and multilateral sources. In the case of the full LDC group the shares are 46 per cent and 45 per cent for bilateral and multilateral sources repectively. Within the 12 graduating LDCs, the SIDS have a larger share (54 per cent) of the bilateral flow dedicated to the social sector, while in the non-SIDS multilateral sources provide more (51 per cent) to the social sector.

In both sub-groups of graduating LDCs, economic infrastructure and services show up as the second most important sector receiving external public finance. However, the multilaterals are more inclined to provide support to economic infrastructure projects in the graduating SIDMs. Multi-sectoral aid and humanitarian assistance are the two other important heads receiving significant shares of foreign aid in the graduating LDCs.

Bilateral DAC providers still control a significant share of the ODA flow to the graduating LDCs; this is particularly true when it comes to the social infrastructure and services. A separate arrangement may be considered for protecting the concessional financing going to the social services and infrastructure sectors in the

Table 11. Sectoral composition of bilateral (DAC) and multilateral sources (as % of total flow, 2017)

		Social Infrastructure & Services	Economic Infrastructure & Services	Production Sectors	Multi-Sector / Cross-Cutting	Commodity Aid / General Programme Assistance	Action Relating to Debt	Humanitarian Aid	Administrative Costs of Donors	Refugees in Donor Countries	Unallocated / Unspecified
LDC Group	Bilateral	45.89	11.84	7.76	5.04	3.66	0.26	22.51	2.44	0.09	0.49
	Multilateral	45.1	20.5	8.6	7.2	6.7	0.5	8.5	0.0	0.0	2.9
All 12 countries	Bilateral	35.47	32.03	10.42	8.04	1.75	0.06	10.51	1.42	0.01	0.30
	Multilateral	50.3	24.8	5.1	6.7	2.2	0.01	6.1	0.0	0.0	2.1
Graduating SIDS	Bilateral	53.83	20.00	9.05	12.40	1.32	0.13	2.06	1.22	0.00	0.00
	Multilateral	34.2	41.3	8.9	6.1	0.9	0.2	5.6	0.0	0.0	2.9
Graduating Non-SIDS	Bilateral	33.48	33.33	10.57	7.56	1.80	0.05	11.43	1.44	0.01	0.33
	Multilateral	51.2	23.9	4.9	6.7	2.3	0.0	6.1	0.0	0.0	2.0

Source: Based on OECDStat, 2019.

Box 2. Funding through NGOs and civil society in the graduating LDCs

The ODA flow to the LDC group through the non-governmental organisations (NGOs) increased from around US$3,400 million in 2007 to US$8,500 million in 2017. In 2017, the LDC group absorbed close to 40 per cent of total ODA channelled through the national and international NGOs and civil society. Although funding through NGOs and civil society is increasing, the involvement of this channel for dispensing ODA is still quite low. For instance, in the LDC group, ODA channelled through NGOs and civil society as a share of the total ODA disbursed through all channel increased from 10 per cent in 2007 to more than 16 per cent in 2017. Among the graduating LDCs, this share increased only marginally from 11.6 per cent to 12.4 per cent in 2017.

In 2017, the graduating LDCs received US$1,156 million ODA through NGOs, which is only 5.3 per cent of global share and 13.6 per cent of the share of LDC group. Hence, the level of NGO and civil society involvement in ODA distribution has been lower among the graduating LDCs.

As per OECD Statistics data the LDC group's global share in ODA through NGOs and civil society increased from around 31 per cent in 2007 to 39 per cent in 2017. In contrast, the graduating LDCs' share of ODA channelled through NGO and civil society to the developing countries has increased minimally since 2007. The share to the LDC group has remained almost stagnant at around 13 per cent over the last decade. This shows that ODA channelled through NGO and civil society to the graduating LDCs has increased in recent years, albeit to a small extent.

NGOs' and civil society's involvement is mostly observed in the social services and infrastructure sector (on average 55.7 per cent in 2017) among the graduating LDCs). Also, among the graduating LDCs as well as the LDC group the second highest share of ODA channelled through NGOs is accounted for by the humanitarian sector (20.5 per cent and 29.5 per cent respectively in 2017).

graduating LDCs. Led by the bilaterals, the multilaterals (and the private philanthropies) may be encouraged to join such an arrangement.

It is proposed that these providers would not only refrain from cutting back their support to the graduating LDCs, but also provide some predictability regarding future flows. It is also proposed that while designing the financial support measures the donors should take country-specific structural challenges into account, i.e. distinguish the needs of graduating SIDS from non-SIDS.

The OOF window may be further enabled for the graduating LDCs. This may range from accessing process simplification, and softening of terms and conditions to capacity development in the concerned institutions in the graduating countries. Access to technical co-operation related assistance by graduating LDCs – from both bilateral and multilateral sources – should continue as before. The terms and conditions for such access have to be adjusted in conformity with the structural attributes of the graduating LDCs.

Flow to the graduating LDCs through the NGO and civil society channels should not suffer due to the transition (see Box 2). This may be a component of a possible understanding involving both the bilateral (DAC and non-DAC) and multilateral providers to serve the needs of the graduating LDCs.

4.4 Accessing multilateral sources of financing

As mentioned above, IFIs do not adhere to the LDC criteria while deciding their allocative priority. Instead, they base their eligibility criteria on the borrowing country's per capita GNI. For example, the World Bank deploys a four-stage eligibility approach, as shown in Table 12.

It was also mentioned earlier that 10 of the 12 graduating LDCs are LMICs. Of the remaining two, one is an LIC (Nepal) and another a UMIC (Tuvalu). Table 13 shows that the lending terms

Table 12. World Bank's country classification criteria

IDA Only (unless Creditworthy)	Blend (unless not creditworthy)	IBRD (only after successful IDA graduation)	Donor (after successful IBRD graduation)
< $1,025	$1,185–$1,945	$1,945–$7,025	$12,475<

Source: Modified after Dolan (2016).

Table 13. World Bank's lending terms and conditions relevant for graduating LDCs

Country	GNI per Capita (US$)	Income Category	Lending Eligibility	IBRD Terms		IDA Repayment Terms		
				Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)	Years to maturity	Grant (%)
Angola	3,330	**LMIC**	IBRD	20 / 35	A	-	-	-
Bangladesh	1,470	**LMIC**	IDA 2,3	-	-	5	30	0%
Bhutan	2,720	**LMIC**	IDA2,3	-	-	10	40	0%
Kiribati	2,780	**LMIC**	IDA2,3	-	-	10	40	100%
Lao People's Democratic Republic	2,270	**LMIC**	IDA2,3	-	-	5	30	0%
Myanmar	-	**LMIC**	IDA2,3	-	-	5	30	0%
Nepal	790	**LIC**	IDA2,3	-	-	6	38	0%
São Tomé and Príncipe	1,770	**LMIC**	IDA2,3	-	-	10	40	100%
Solomon Islands	1,920	**LMIC**	IDA2,3	-	-	10	40	50%
Timor-Leste	1,790	**LMIC**	Blend2	20 / 35	A	10	40	0%
Tuvalu	4,970	**UMIC**	IDA2,3	-	-	10	40	100%
Vanuatu	2,920	**LMIC**	IDA2,3	-	-	10	40	50%

Source: Based on World Bank, 2019.

and conditions of the World Bank vary across the graduating LDCs not only in terms of interest rate, but also in terms of grant component, grace period, maturity provisions and fees. Such terms and conditions are determined based on country-specific creditworthiness assessments.

In 1985, the World Bank's Board approved the Small Island Economies Exception in recognition of small islands' special characteristics (size, remoteness, etc.) Currently, 4 of the 12 graduating LDCs (São Tomé and Príncipe, Solomon Islands, Tuvalu and Vanuatu), with GNI per capita above the IDA operational cut-off receive special treatment from IDA under the exception.

The rest of the graduating LDCs are 'blended countries', with GNI per capita US$1,185–1,945, using a varying mix of IDA and IBRD loans. However, if a country is found not creditworthy under this category (as with Bangladesh), it is categorised as a 'gap country' with lenient provisions. In other words, the graduating LDCs will have to strengthen their capacity to access a changing mix of financing where the IDA component will gradually decrease. One may argue that the graduating LDCs may be offered for a certain period a favourable mix to support their smooth transition.

4.5 Blended finance

Although there is no universal agreement over what constitutes blended finance, it is broadly defined as a mix of finance where concessional finance has been used to leverage private investment towards potential social impact. However, initial analysis indicates that blended finance is not 'trending' in the LDCs. Out of US$154 billion private finance mobilised by ODA between 2012 and 2017, only US$9.3 billion (6 per cent) went to the LDCs. The amount varies significantly across the LDCs (OECD, 2019). Moreover, such mobilisations have been concentrated in a few LDCs and in a handful of projects (see Bhattacharya and Khan, 2019).

Table 14 presents average annual amounts mobilised from the private sector by ODA interventions in the graduating LDCs. It shows that the graduating LDCs accounted for about 34 per cent of the total amount generated in the LDCs between 2012 and 2017. The scenario in the graduating LDCs is dominated by three

Table 14. Average annual amounts mobilised from the private sector by official development finance interventions

Countries	Annual average over 2012–2017 in 000s US$
Angola	180,671.10
Bangladesh	132,411.00
Bhutan	77.60
Lao People's Democratic Republic	35,831.50
Myanmar	145,264.90
Nepal	27,989.30
São Tomé and Príncipe	272.80
Solomon Islands	241.10
Timor-Leste	175.20
Vanuatu	1.50
Total of the LDC group	**1,550,000.00**
Total of the graduating LDCs	**522,936.00**
Share of graduating LDCs in LDC group	**33.74 %**
Share of graduating LDCs (excl. Angola, Bangladesh and Myanmar) in LDC group	**4.18%**
Share of graduating SIDS in LDC group	**0.05%**
Share of graduating non-SIDS in LDC group	**33.81%**

Source: Based on data from OECD/UNCDF, 2019.

countries (Angola, Myanmar and Bangladesh). Situation analysis suggests that while the graduating LDCs may try to improve their domestic regulatory and institutional environment with a view to reducing market risks, access to large-scale blended finance will be at best episodic.

A blended finance facility and funds (managed by either governments or DFIs) that specially target LDCs need to be set up. The facilities will have provisions for eligibility beyond graduation (3–6 years). Some of the funds can also have a sectoral focus.[37]

4.6 Climate finance

For most LDCs environmental vulnerability remains an insurmountable hurdle, particularly due to their exposure to multi-dimensional impacts of climate change, fragile infrastructure and high dependence on natural resources. SIDS, including those belonging to the LDC group, are most vulnerable to climate change, but all other graduating LDCs are also greatly affected by rising sea levels, erratic rainfall and increasing salinity, among other issues. Total public climate finance mobilised by the developed countries increased from US$52.2 billion in 2013 to US$71.2 billion in 2017 (more than 34 per cent increase). The share of LDCs in this total fund accounted for less than 14 per cent. The amount going to SIDS was less than 2 per cent in 2017.

The Global Environment Facility (GEF) trust fund monitors the LDC Fund (LDCF) and Special Climate Change Fund (SCCF). The funds of the GEF are directed to the LDCs in the form of project grants, co-financing and project preparation grants. There is a huge demand-supply gap concerning the LDCF – US$157 million worth of projects approved as against US$90 million availability. The urgency to address the heightened vulnerability of LDCs has led six donor countries (Denmark, Germany, the Netherlands, Canada, Sweden and the UK) to increase their funding. Following graduation, the LDCs will lose access to LDCF. However, projects approved prior to graduation will continue to receive support until completion. The graduating LDCs need to rush to get their applications approved at the earliest opportunity. However, processing projects for LDCF is notoriously time consuming.

The SCCF operates under GEF as a complement of LDCF. Unlike LDCF, it is accessible for all developing countries. LDCs can also consider using GEF's system for Transparent Allocation

Table 15. Public climate finance provided and mobilised by the developed countries

	2013	2014	2015	2016	2017
Total public climate finance provided and mobilised by developed countries (billion US$)	52.2	61.8	N/A	58.6	71.2
Developed countries public climate finance to LDCs (billion US$)	5.7	N/A	N/A	N/A	9.8
LDCs share of the total public climate finance (%)	10.91	N/A	N/A	N/A	13.76
Developed countries' public climate finance to SIDS including the ones in LDC (billion US$)	0.8				1.3
SIDS share of the total public climate finance (%)	0.15				1.8

Source: Based on OECD, 2019b.

of Resources to formulate a project which will enhance climate resilience while generating global environmental benefits.

Apart from the above provisions, one of the biggest climate-specific financing sources available to all vulnerable countries is the Green Climate Fund (GCF). Under the GCF SIDS and African countries will continue to access priority provisions even after LDC graduation. The same cannot be said for other graduation LDCs. Some of the criticisms of the GCF include their relatively small funding for adaptation projects, insufficient flow of resources to the poorest and most vulnerable countries, their apparent preference for 'bankable' projects and their notoriously complicated and time-consuming application procedure.

Taking note of the climate-related vulnerabilities of the graduating LDCs and in view of the modus operandi of the existing climate finance facilities, the providers should expedite on a priority basis approval and financing of deserving applications from the graduating LDCs. The application/ approval timelines for LDC-specific funds under the different climate finance facilities (e.g. LDCF) may be extended to allow 3–5 years beyond graduation for the LDCs.

Graduating LDCs need to explore additional opportunities. For the graduating LDCs it is important to look for additional options of concessional climate funds and make new applications before graduation.

4.7 Global Alliance for Vaccines and Immunizations (GAVI)

While the role of private philanthropy is still very marginal in the basket of external finance available to the LDCs, such sources have significant sectoral importance in the LDCs. One such case is the Global Alliance for Vaccines and Immunizations (GAVI), important for the health sector of the LDCs.

GAVI uses income-based allocation criteria. The majority of the graduating countries are experiencing increasing GNI per capita and, hence, will approach the graduation threshold of GAVI in the coming years (see Table 16). Once these countries transition out of GAVI right after LDC graduation, the impact may be severe given the current status of the health sector of most of the LDCs. The thresholds set by the relevant institutions may need to be enhanced in view of this. GAVI can establish a link with LDCs by incorporating graduation/ inclusion criteria such as child and maternal mortality rate. If this was the case, they would be able to provide adequate support to the graduating LDCs.

Table 16. Current status of LDC graduates in GAVI

	Countries	GNI per capita (US$ 2017)
Countries eligible to apply for Fund	Bangladesh	1,555.77
	Lao PDR	2,350.68
	Myanmar	1,250.83
	Nepal	857.74
	São Tomé and Príncipe	1,932.22
	Solomon Islands	1,904.49
Countries that have transitioned out	Bhutan	2,927.23
	Kiribati	3,037.54
	Angola	3,992.96
	Timor-Leste	2,001.26

Source: Based on GAVI the Vaccine Alliance, 2019a; UNCTADSTAT, 2019.

4.8 Concluding remarks

In the case of finance there is no dedicated preferential arrangement as there is in the case of trade (DFQF). Yet the dual transition of the graduating LDCs will make their opportunity to access concessional finance quite challenging. These countries will, on the one hand, have to make the best of their traditional bilateral providers (particularly in the case of support to social sectors) and, on the other hand, create capacity to access multilateral funding, particularly in the form of OOF. However, loss of the special access to climate finance may have a severe effect on the graduating LDCs and this needs to be mitigated with new arrangements. Having said that, the graduating LDCs will have to create capacity to make good use of new and innovative sources of finance, including blended finance and private philanthropy. Each of the LDCs leaving the group needs to draw up a specific financing plan in line with their smooth and sustainable graduation strategy.

5. Concluding remarks

If graduating LDCs are to succeed in mobilising the critical mass of support at MC12 in favour of the propositions made in the preceding sections, concerted efforts will be needed. The support of the various broad-based groups in the WTO (e.g. G-90, ACP, which include both LDC and non-LDC members) will be crucial in this regard. Graduating LDCs will also need to bring on board South–South solidarity in this connection. Indeed, Southern initiatives in favour of graduating LDCs will be crucial in incentivising the developed countries to come forward.

It should be noted in connection with this that what has been proposed here is not to set up a new group of Graduating LDCs. As mentioned in the discussion on the SID-graduating LDCs, this may not be a feasible option. However, as underscored above, there is broad-based support in the global community to contribute towards sustainable graduation of the graduating LDCs. The successive UN resolutions, IPOA and the 2030 Agenda testify to this. MC12 should be seen as an opportunity to capitalise on this through concerted efforts.

The discussion above indicates that the envisaged international support favouring the graduating LDCs ought to take into account the three dimensions of the challenges facing these countries in trade and finance related areas: as current LDCs, as graduating LDCs experiencing middle-income transition and as future developing countries. The case for a new set of ISMs leading towards sustainable graduation of the LDCs is underscored both by the need to address the loss of the prevailing ISMs and also by the need for building the required capacities to ensure compliance as future developing countries. Here the strategy of LDCs at MC12 could be four-fold: (a) mobilising support in favour of graduating LDCs on the ground that this is in the interest of all LDCs (graduating and future graduating LDCs) and that successful graduation is in the interests of support-providing WTO members; (b) garnering issue-specific support through targeted coalition-building; (c) activating support for graduating LDCs in special situation such as the acceding LDCs; and (d) participating in WTO negotiations and various relevant discussions by keeping in the perspective post-LDC future as developing countries.

The paper has considered three options as regards the extension of preferential market access to the graduating LDCs by preference-providing countries. As discussed above, a proposal has been submitted in Geneva by Chad on behalf of group of LDCs in the WTO. The proposal concerns extension of the LDC-specific S&DTs and preferential market access in the WTO for the graduating LDCs, for a time-bound period. If this idea is able to garner strong support on the part of WTO members, a proposal for a set of ISMs, which includes extension of LDC-specific measures to graduating LDCs for a specified period, could emerge as an agenda for discussion and decision at the upcoming MC12 to be held now in June 2021 in Kazakhstan.

Notes

1 The graduation criteria are as follows: LDCs will have to meet at least two of the three graduation criteria – GNI per capita of US$1,230 (in 2018 terms); human assets index (HAI) score of 66 and above and economic vulnerability index (EVI) score of 32 and below. The other route is through the income-only criteria whereby an LDC will be eligible for graduation if its GNI per capita is double the relevant income threshold.

2 Countries with confirmed graduation dates in parenthesis: Vanuatu (2020), Angola (2021), Bhutan (2023), São Tomé and Príncipe (2024), Solomon Islands (2024).Countries recommended by the CDP but with deferred decision: Tuvalu, KiribatiCountries to be considered for graduation by CDP in 2021: Nepal, Timor-Leste (deferred from 2018); countries that met criteria for the first time in 2018: Bangladesh, Lao PDR, Myanmar.

3 At the time the number of LDCs was 48; hence the ambition was to bring their number down to 24 by 2020, which implied that 24 LDCs were to graduate out of the group by this time.

4 LDCs numbered 25 in 1971, with another 27 new countries joining the group over the subsequent period.

5 Indeed, for graduating LDCs such as Bangladesh the graduation journey is an irreversible one since as per the CDP decision no new LDC will have a population of more than 75 million.

6 Graduation of an LDC that is slated for graduation takes place after two subsequent triennial reviews by the CDP, and endorsement by ECOSOC. Thus, if the graduating LDC has no objection, and the CDP recommends, this should involve a six-year transition period (between the time when the LDC meets the graduation criteria for the first time and the final graduation). However, for many past graduated and currently graduating LDCs this has not been the case. For example, in case of Maldives which has already graduated, it took nine years; in the case of currently graduating LDC, Nepal, which was first recommended for graduation in 2015, it was granted its request for deferment on grounds of economic losses suffered from the 2015 earthquake. Tuvalu, another currently graduating country, is set to graduate in 2021 while it was first considered for graduation in 2006.

7 Indeed, Myanmar with an EVI score of 31.7 (the cut-off number being 32 and below) was just able to make it. Otherwise, it would be 10 out of 12.

8 The EVI is based on the following eight indicators: (i) population, (ii) remoteness, (iii) merchandise export concentration (iv) share of agriculture, forestry and fishing in GDP, (v) share of population in low elevated coastal zones, (vi) instability of export of goods and services, (vii) victims of natural disasters, and (viii) instability of agricultural production.

9 Almost all of these countries are in Africa, which has led to the coining of the concept of 'Africanisation of the LDCs' (in the near-term future).

10 According to the WTO Secretariat, as many as 84 countries have resorted to such measures, mainly through restrictions on the export of medicines, medical equipment and, in some cases, also of essential food items.

11 Early on, the mention in the Ministerial decision at MC10 in Nairobi, Kenya of different and conflictions approaches and perspectives on the part of WTO members, on a number of key issues, was actually a forewarning about this brewing conflict.

12 The report goes on to state that there are three major vicious cycles that afflict the LDCs: poverty trap, commodity trap and non-diversification trap. LDC graduation itself does not necessarily imply graduating out of these traps.

13 For example, SDG 17 reiterates the commitment to implement the Doha Round decisions of the WTO, and asks the global community to help the LDCs attain the target of doubling the share of LDCs in global exports 'by 2020'.

14 Upon graduation, the graduated LDCs will be eligible to enjoy only the support measures in place for the developing countries. The latter are much shallower than those for the LDCs.

15 For example, in the case of apparel exported to the EU, the import tariff is about 12 per cent. The applicable preferential margins for LDCs and developing countries are 100 per cent and 15 per cent of the duties. Thus, the loss of preference will be equivalent to about 10.2 percentage points (in tariff terms), once an LDC graduates and joins the ranks of the developing countries.

16 All RTAs generally have a two-track system as regards trade liberalisation plan, RoO and sensitive lists and commitment.

17 JICA categories for purposes of aid are the followings: LDCs, low-income countries and lower middle-income country. LDCs pay lower interest rate compared to when they graduate into LMIC group. Since most LDCs have made the second graduation (to LMIC group), they are having to borrow from Japan at relatively higher interest rates.

18 For example, for Bangladesh the increase in OOF was 32 percentage points.

19 IBRD terms of lending, while more stringent compared to IDA terms, are still concessional when compared to the prevailing market terms.

20 It should be noted in this connection that, of the graduating LDCs, Angola faced the strictest repayment terms (being the only IBRD eligible country) followed by Bangladesh and Myanmar.

21 As a matter of fact, the situation will be worse compared even to developing countries which have bilateral free trade agreements with the EU.

22 This GSP plus initiative allows developing countries to export a significant number of items to the EU, duty free, subject to ensuring compliance with international labour laws and certain other conditions. However, to be eligible, the country's export under the standard

GSP scheme should not exceed more than 6.5 per cent of total import of the EU under GSP scheme. This cap, however, will exclude LDCs such as Bangladesh whose share is almost 24 per cent. In the context of the ongoing discussion in Brussels as regards the new GSP scheme to be put in place (the current one expires in October 2023; a review process has been initiated in this connection). There is a need to take these emerging concerns into account in designing the new scheme (the review, however, does not include RoO).

23 According to the WTO analytical index 'On 15 June 2005, i.e. prior to the adoption of the Decision to extend the general transition period for all least-developed country Members, the Council for TRIPS adopted a Decision extending the Maldives' transition period under Article 66.1. The terms of the Decision provide that "the Maldives shall not be required to apply the provisions of the TRIPS Agreement, other than Articles 3, 4 and 5, until 20 December 2007"'.

24 The case for the additional two years is to be decided on a country-by-country basis.

25 For example, Bangladesh's current (2019) GNI per capita is US$1,910. However, in 1990 terms it will be lower than US$1,000 which would make the country eligible to be a beneficiary of this S&D provision.

26 However, it does not extend a right to the preferential treatment to the LDCs.

27 Non-market access measures need approval by the WTO Service Council.

28 This is because of the rising share of services in global trade, and also because services are embedded in a large part of trade in goods.

29 IMF's World Economic Outlook of April 2020 shows global GDP growth forecast for 2020 to be (-)3.0 per cent, in sharp contrast to the forecast made in January 2020 which was (+)3.3 per cent.

30 Growth projection made by the Economic Intelligence Unit was about 4.0 per cent

31 Lockdown was announced on 26 March and extended several times.

32 While Article XI of GATT 1994 does prohibit export bans and restrictions, members are allowed to apply these for a limited time to address critical shortages of foodstuffs and essential items. However, such steps ought to be transparent, and the WTO should be duly notified. Indeed, the G20 Ministerial Statement of 30 March 2020 called upon countries to ensure that when they take such measures to address COVID-19 these must be targeted, proportionate, transparent and temporary. This was to ensure that such measures do not create unnecessary barriers to trade or disruptions in global supply chains and are consistent with WTO rules.

33 As may be recalled, the Hong Kong WTO MC6 declaration on duty-free quota-free market access decision is couched in similar language.

34 There also hardly any study on LDC-specific preferential external financial arrangement. One such rare study is (Bhattacharya 2020).

35 The official donor in OECD consists of multilateral, DAC and non-DAC donors. Currently there are 30 DAC members including the EU and 20 non-DAC countries.

36 DAC providers have steadily held 93 per cent of the total flow from bilateral sources. In the case of graduating LDCs, this share is more than 97 per cent. However, the contribution of the non-DAC (Southern) providers remains largely unreported in the OECD data base.

37 A facility is an earmarked allocation of public development resources (sometimes including support from philanthropies) which can invest in development projects through a range of instruments with the purpose of mobilising additional finance (e.g. commercial) through its operations (Basile and Dutra 2019).

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Annex

Table A1. List of graduating LDCs

LDCs scheduled for graduation	Committee for Development policy (CDP) decision on a eligibility for graduation (year)	Expected graduation from the LDC group (year)
Angola	2012	2021
Bangladesh	2018	2024
Bhutan	2015	2023
Kiribati	2012	2021*
Lao PDR	2018	2024
Myanmar	2018	2024
Nepal	2015	2024
Sao Tome and Principe	2015	2024
Solomon Islands	2015	2024
Timor Leste	2015	2024
Tuvalu	2006	2021*
Vanuatu	2006	2020

Note: Five countries had graduated from the LDC group by 2018: Botswana (1994); Cape Verde (2007); Maldives (2011); Samoa (2014) and Equatorial Guinea (2017).
*At its 2018 meeting, the Economic and social Council (ECOSOC) decided to defer the recommendation on LDC graduation for Kiribati and Tuvalu to ≫ no later than 2021 ≪ on grounds of extreme vulnerability.
Source: Complied from CDP (2018), ECOSOC (2018).

Table A2. Status of graduating and non-graduating LDCs as per graduation criteria

Countries\Indicators	EVI	HAI	GNI per capita ($)
Graduating LDCs in 2018 review			
Angola	36.8	52.5	4,476.9
Bangladesh	25.2	73.2	1,274.1
Bhutan	36.3	72.9	2,400.8
Kiribati	73.7	84.0	2,986.2
Lao People's Democratic Republic	33.7	72.8	1,996.2
Myanmar	31.7	68.5	1,254.9
Nepal	28.4	71.2	744.7
São Tomé and Príncipe	41.2	86.0	1,684.0
Solomon Islands	51.9	74.8	1,763.1
Timor-Leste	56.8	66.6	2,655.9
Tuvalu	56.0	90.1	5,387.6
Vanuatu	47.0	78.5	3,014.2
Other (non-graduating) LDCs in 2018 review			
Afghanistan	39.3	48.4	632.7
Benin	34.3	49.8	882.0
Burkina Faso	38.2	42.9	643.4
Burundi	44.5	38.5	261.3
Cambodia	34.8	68.9	1,074.7
Central African Republic	33.6	17.4	370.0
Chad	52.4	22.1	920.6
Comoros	52.4	49.4	1,595.0
Democratic Republic of the Congo	27.2	41.9	480.5
Djibouti	36.3	58.0	1,893.7
Eritrea	54.7	42.9	861.7
Ethiopia	32.1	45.3	644.3
Gambia	72.2	51.8	449.1
Guinea	30.2	39.5	678.3
Guinea-Bissau	52.4	41.7	595.2
Haiti	30.6	48.0	814.3
Lesotho	42.0	61.6	1,296.4
Liberia	53.2	37.2	430.7
Madagascar	37.8	54.5	485.9
Malawi	47.1	52.5	331.4
Mali	36.8	43.1	800.6
Mauritania	39.9	46.9	1,229.6
Mozambique	36.7	45.8	564.1
Niger	35.3	35.4	393.1
Rwanda	36.4	55.0	706.9
Senegal	33.4	57.1	1,004.1
Sierra Leone	51.6	27.4	582.1
Somalia	34.7	16.7	95.1
South Sudan	55.6	25.8	1,302.7
Sudan	49.2	53.0	1,452.1
Togo	28.3	61.8	554.9
Uganda	31.7	50.2	661.3
United Republic of Tanzania	27.9	56.0	901.7
Yemen	38.6	59.2	954.3
Zambia	40.5	58.6	1,560.8

Table A3. Graduation criteria and evolving graduation scores: Non-graduating LDCs

	2018			2015			2012			2009			2006			2003		
Countries\Indicators	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI
Afghanistan	39	48	633	35	43	672	39	23	357	40	15	301	60	11	122	50	12	523
Benin	34	50	882	31	50	753	36	41	763	43	41	537	52	40	450	57	40	367
Burkina Faso	38	43	643	39	37	666	38	29	507	44	33	417	47	25	303	49	26	217
Burundi	45	38	261	50	41	239	57	21	153	57	22	100	60	20	90	54	20	110
Cambodia	35	69	1075	38	67	852	50	58	707	56	58	490	52	46	303	50	45	263
Central African Republic	34	17	370	34	23	439	36	22	447	45	27	363	51	27	277	43	30	277
Chad	52	22	921	46	24	444	53	18	593	54	20	463	63	22	237	59	26	203
Comoros	52	49	1595	46	54	855	50	45	727	57	48	667	64	38	450	59	38	387
Democratic Republic of the Congo	27	42	481	30	30	386	35	22	170	49	23	130	43	21	103	41	34	100
Djibouti	36	58	1894	38	55	1629	46	42	1235	51	45	1050	60	45	943	49	30	873
Eritrea	55	43	862	57	41	444	59	36	293	55	36	197	64	34	163	52	33	190
Ethiopia	32	45	644	32	39	395	33	28	343	32	28	190	39	27	100	42	25	100
Gambia	72	52	449	71	62	509	68	49	433	56	43	287	56	42	277	61	34	340
Guinea	30	39	678	25	39	485	29	37	377	28	37	413	35	36	433	42	30	447
Guinea-Bissau	52	42	595	54	45	567	61	34	547	61	34	187	66	26	143	65	31	170
Haiti	31	48	814	34	39	696	47	36	645	52	40	490	57	38	410	42	35	493
Lesotho	42	62	1296	43	63	1374	46	62	1050	50	62	940	51	61	623	44	45	573
Liberia	53	37	431	58	46	340	61	39	190	65	31	133	68	29	117	63	39	285
Madagascar	38	55	486	37	53	430	38	52	417	37	46	297	42	42	273	22	38	253
Malawi	47	53	331	41	54	410	52	44	307	56	46	233	49	41	163	49	39	177
Mali	37	43	801	33	45	666	37	30	563	42	33	470	43	22	300	47	20	230
Mauritania	40	47	1230	41	49	1261	44	47	987	47	55	733	41	46	403	39	38	377
Mozambique	37	46	564	38	42	546	44	31	420	49	28	307	44	26	220	36	20	220
Niger	35	35	393	38	35	389	39	24	347	46	23	267	50	13	203	54	14	180
Rwanda	36	55	707	41	52	592	47	42	477	55	33	283	59	34	220	63	34	230

(Continued)

Table A3. Graduation criteria and evolving graduation scores: Non-graduating LDCs (*Continued*)

	2018			2015			2012			2009			2006			2003		
Countries\Indicators	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI
Senegal	33	57	1004	33	56	1006	46	75	1113	55	72	810	58	64	333	42	56	280
Sierra Leone	52	27	582	49	35	567	36	47	1063	38	41	773	42	39	557	38	38	490
Somalia	35	17	95	36	8	119	55	65	1013	58	64	683	57	71	557	47	47	657
South Sudan	56	26	1303	56	29	573	50	1	201	63	9	282	68	5	193	55	9	177
Sudan	49	53	1452	50	57	1511	44	53	1213	53	51	787	50	49	463	45	46	333
Togo	28	62	555	34	59	491	35	45	460	43	43	350	46	46	323	42	49	293
Uganda	32	50	661	32	54	663	36	46	463	52	51	303	47	49	253	43	40	297
United Republic of Tanzania	28	56	902	29	52	779	29	40	497	31	41	373	34	33	313	28	41	263
Yemen	39	59	954	35	60	1234	38	52	1020	45	52	767	42	48	523	49	47	423
Zambia	40	59	1561	46	41	1327	53	37	1010	53	41	647	46	35	390	49	43	317

Source: Extracted from UN DESA.

Table A4. Graduation criteria and evolving graduation scores: Graduating LDCs

	2018			2015			2012			2009			2006			2003		
Countries\Indicators	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI	EVI	HAI	GNI
Angola	37	53	4477	40	42	4518	51	32	3747	50	26	1963	43	29	823	48	26	447
Bangladesh	25	73	1274	25	64	926	32	55	637	23	53	453	26	50	403	23	45	363
Bhutan	36	73	2401	40	68	2277	44	59	1700	53	59	1487	47	44	690	41	40	600
Kiribati	74	84	2986	72	86	2489	82	87	1937	75	88	1048	84	90	917	65	68	923
Lao People's Democratic Republic	34	73	1996	36	61	1232	37	61	913	60	62	510	58	54	350	44	46	297
Myanmar	32	68	1255	34	73	1063	45	69	704	37	66	306	42	68	167	45	60	282
Nepal	28	71	745	27	69	659	28	60	420	34	58	320	37	56	243	29	47	240
São Tomé and Príncipe	41	86	1684	39	77	1431	51	93	2880	64	92	2240	65	90	1597	41	89	1447
Solomon Islands	52	75	1763	51	72	1402	49	25	333	51	20	237	64	16	190	46	22	130
Timor-Leste	57	67	2656	55	57	3767	53	48	2233	57	54	1070	65	55	467			
Tuvalu	56	90	5388	54	89	5788	64	88	4993	80	88	2544	92	90	1267	70	64	1383
Vanuatu	47	79	3014	48	81	2997	47	78	2540	62	72	1737	64	66	1187	45	57	1083

Source: Extracted from UN DESA.