



On the smooth transition from the LDC status:
few remarks

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On the origin of the concept of smooth transition

- Born with the principle of graduation in 1991: « need for a smooth transition of the countries graduating out of the group of LDCs, with a view to avoiding disruption of their development plans, programmes and projects »
- But with a meaning different from the present one: referred to the « transitional period » after the first finding of eligibility and the 2d, preceding the decision
- Clarified by the resolution of 2004,



Between 2000 and 2004: conceptual uncertainty, but clear concern

- Concern about « smooth transition » reiterated by ECOSOC about the graduation of Maldives in 2000: the issue was on a possible extension of the transition period before graduation
- The CDP in 2002 considered that smooth transition was of « paramount importance » and implied « redefining the range of benefits desirable for the graduating countries »



The 2004 clarification of the concept

- A second 3 year period added to the period between the 2 findings of eligibility by the CDP, beginning after the decision of the GA: graduation becomes effective 3 years later
- During this second 3 year period the transition has not to be smoothed (the country is still an LDC), but a smooth transition has to be prepared
- How can it then be made smooth?



What can be smoothed? And how can it be done?

- Distinguish the process and the substance
- The process can be reinforced, as already suggested, in particular by the CDP (expert groups, monitoring, etc.)
- The substance is the more important...with two different possible approaches, depending on the nature of the special measures linked to the LDC status and likely to be phased out with graduation:
 - *temporary postponement* of the removal of binary measures
 - *progressive change* through «smoothable» measures



Smoothing by postponement of binary measures

- LDC status is binary, most of the special measures are of binary nature
- The 3 year period following the GA decision is a general postponement of the cancellation of the SM.
- After graduation, postponement is conceivable only for a *limited range* of measures, to be decided by the development partners applying the measures
- The UN support measures are among these ones, in particular the travel-related benefits, as suggested (CDP)



Smoothing the binary measures themselves?

- Even for the extension of those measures, such as travel benefits, need to have rules about the time schedule and coverage
- For instance, travel related benefits, when designed as a number of travels for GA meetings, are all the more important that the overall budget of the country is smaller (then the country economic size): possible to permit the extension to graduating countries where public budget, or the GDP does not reach a given threshold (or in a progressive way)



« Smoothable » measures: ODA

- The main measure that is not binary (and not implemented) is the special target of ODA to LDCs
- A way by which the displayed preference for aid to LDCs can be both implemented and smoothed is by using the LDC identification criteria (GNIpc, HAI, EVI) as aid allocation criteria
- Relevant for MDB, and bilateral partners as well
- It would avoid a disruption in the aid received when a country is graduating
- And the LDCs graduated, but still vulnerable, would see their vulnerability still taken into account



Complementary support measures for graduating countries vulnerable to climate change

- Need to specifically address the challenge of the adaptation to climate change
- Particularly relevant for graduating countries highly vulnerable to climate change
- Rationale for allocating adaptation resources according to the assessment of this vulnerability



The meaning of smooth transition

- LDC status is binary, but relies on criteria that are continuous
- Using criteria of LDC identification as criteria for designing support measures is a way by which the transition out of the category and the category itself can be smoothed in a consistent manner

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