



Graduation, differentiation, and vulnerability

Development Cooperation Forum

**Side event organized by UN-OHRLLS and Ferdi
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Background

United Nations Committee for
Development Policy (CDP)

- ◎ Subsidiary body of ECOSOC
 - 24 independent experts
- ◎ Policy advice to ECOSOC

**INDEPENDENT EXPERTS
THINKING AHEAD**



*Innovative and practical
policy advice
for a better world*

CDP website: <http://cdp.un.org>

CDP work on LDCs

- ◎ **Reviews triennially the list of LDCs**
 - Recommends countries for inclusion and graduation
 - Core mandate of the CDP
 - Triennial reviews since 1991
 - ECOSOC endorses the recommendations
 - General Assembly takes note
- ◎ **Developed and refines the criteria and procedures for identifying LDCs**
 - Endorsed by ECOSOC and General Assembly
 - Current criteria confirmed in 2017
 - Multi-year work programme (2017-2020)
- ◎ **Monitors graduating and graduated LDCs**
- ◎ **Analytical papers on LDCs**

LDC criteria and indicators

LDCs are low-income countries suffering from the most severe structural impediments to **sustainable development**.

GNI per capita

Human assets
index (HAI)

- Percentage of population undernourished
 - Under-five mortality rate
 - *Maternal mortality rate*
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- Gross secondary school enrolment ratio
 - Adult literacy rate

Economic
vulnerability
index (EVI)

- Population
 - Remoteness
 - Merchandise export concentration
 - Share of agriculture , forestry and fisheries in GDP
 - Share of population in low elevated coastal zones
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- Victims of natural disasters
 - Instability of agriculture production
 - Instability of exports of goods and services

EVI

- ◎ Measures structural vulnerability to economic and environmental shocks
 - Name 'EVI' is slightly misleading
 - External trade shocks
 - Natural disasters
 - Permanent climate change shocks
 - Exclude purely policy-induced vulnerability
 - Refinements with equitable treatment over time

Key experiences

- ◎ Going beyond GNI/GDP has clear benefits
- ◎ Vulnerability is complex, but critical for development and highly policy relevant
 - Best used in conjunction with other criteria
- ◎ Transparency and simplicity are important
- ◎ Potential conflict: Stability vs improvement
- ◎ Data availability remains major concern
 - LDCs and small States most difficult

Graduation logic

◎ Binary logic:

- Not adapted to the process of development
 - Apparent abrupt change in the country status
 - Development is continuous
- Generates perverse incentives

➔ Addressing the binary nature

Supporting Graduation

- ◎ Supporting countries (through the UN system) in preparation of transition strategies
 - ◎ Integrated in their national development strategies
- ◎ Assuring that all development partners mainstream the smooth transition needs in their approaches and strategies
- ◎ Monitoring the process of graduating countries to avoid setbacks

Orderly phasing-out

- ◎ Extension of markets access preferences to enable graduated countries to adjust to the new conditions
- ◎ Phasing out LDC-specific Special and Differential Treatment in the WTO
- ◎ Avoiding abrupt reductions in official development aid provided to graduated countries, both from bilateral donors and from multilateral institutions

Proposal: ODA and LDC criteria

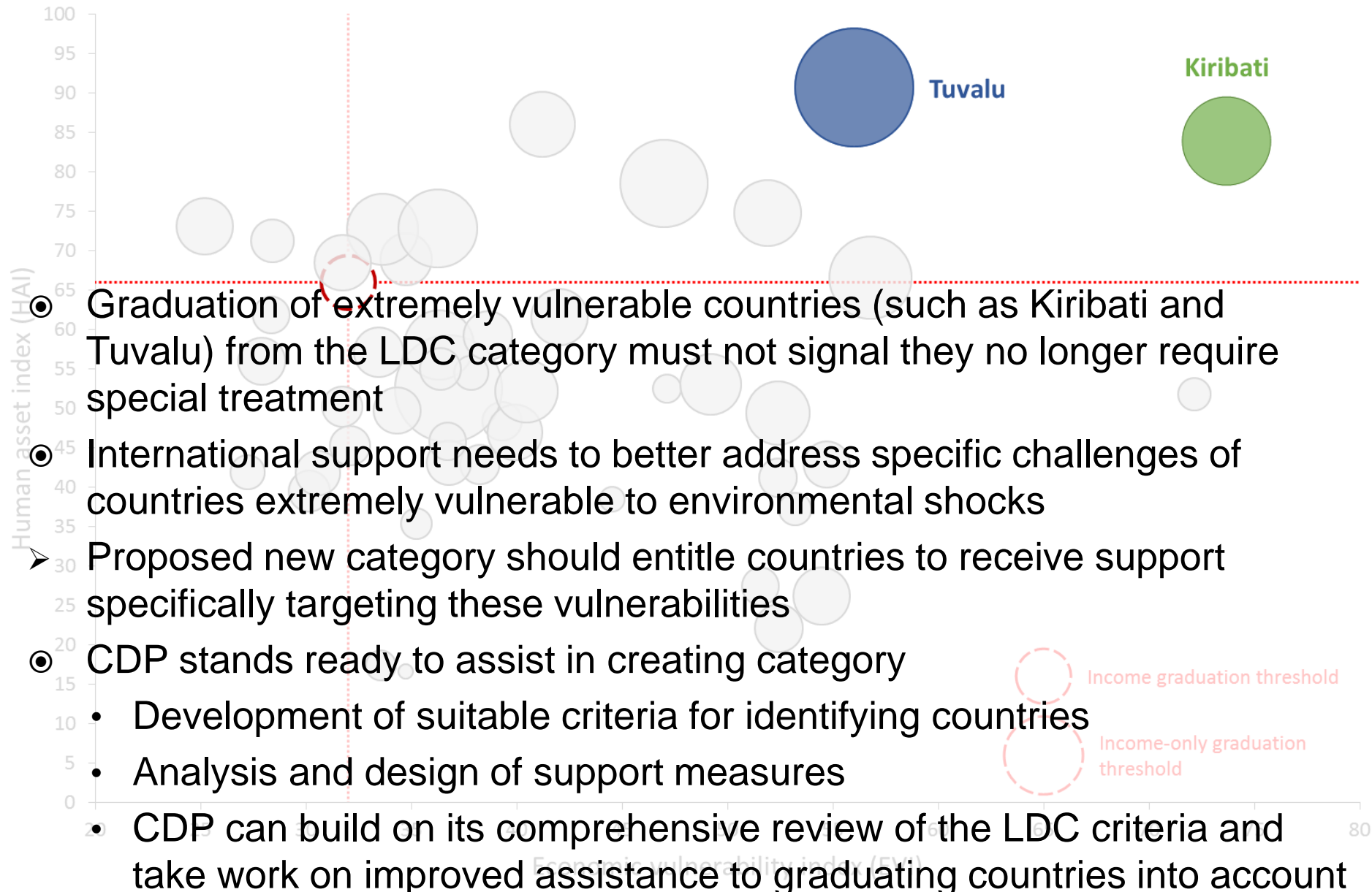
- ◎ United Nations General Assembly call (A/RES/67/221):
 - Invites Development Partners to consider LDC indicators and criteria as part of their criteria for allocating ODA.
- ◎ Resolution based on suggestions by the CDP
 - Allows for better aligning ODA with needs
 - Avoids abrupt changes when countries graduate from LDC category

- ◎ Formula-based ODA allocation used mainly by multilateral donors
 - HAI and EVI can be integrated into formulas
- ◎ Most bilateral donors do not use formulas for allocating ODA
 - HAI and EVI could be part of criteria to select priority countries
- ◎ Indicators within HAI and EVI could also be useful for allocations within priority themes

Recent work by CDP

- ◎ Ongoing concern of losing international support measures (ISMs)
- ◎ Going beyond smooth transition
- ◎ Incentives package for continued support in development & progress towards SDGs
 - Different from smooth transition
 - Country specific
 - Demand driven
 - Production transformation focus

Proposed category of countries facing extreme vulnerability to climate change and other environmental shocks



Thank you!

Additional information:

CDP.UN.org

www.un.org/ldcportal