



**GENERAL ASSEMBLY
AD HOC OPEN ENDED WORKING GROUP
TO FURTHER STUDY AND STRENGTHEN THE SMOOTH TRANSITION PROCESS FOR
THE COUNTRIES GRADUATING FROM THE LEAST DEVELOPED COUNTRY CATEGORY**

THIRD SUBSTANTIVE MEETING

26 MARCH 2012

ISSUES NOTE

1. Background and objective

Building on General Assembly resolution 59/209, the Istanbul Programme of Action for LDCs states that “it is crucial for graduating countries to take the lead in the development of smooth transition strategies with the support of their development and trading partners. Development and trading partners, including the United Nations system, should continue to support the implementation of the transition strategy and avoid any abrupt reductions in financial and technical assistance and should consider extending trade preferences to the graduated country, on a bilateral basis.”

As per the programme of work of this working group, the third substantive meeting will elaborate on the preparation and implementation of national smooth transition strategies, including the consultative mechanism recommended by resolution 59/209. The meeting will also discuss options for monitoring the implementation of these strategies.

The objective of the meeting would be to look at processes at the country level, namely the preparation, implementation and monitoring of the transition strategy, also with a view to identifying main difficulties and gaps in the process and additional ways in which the country can be supported by the international community including the UN system and through South-South cooperation. Recommendations on how to improve the smooth transition process will feed into the fourth substantive meeting of the working group.

2. The smooth transition process

The UN framework for facilitating smooth transition strategies for graduating countries was put in place in 2004 (resolution 59/209). During the 3-year pre-graduation period, the graduating country is expected to prepare a transition strategy.

This implies carefully examining the modalities of special treatment that are deemed vital to the country for an undisturbed continuation of development efforts, and deciding what elements of LDC treatment should possibly be retained despite the loss of LDC status. To this end an ad hoc consultative mechanism should be established by the Government of the graduating country.¹ The implementation of the smooth transition strategy is to be monitored by the graduated country with support of the consultative mechanism. In this respect the graduated country is supposed to keep the Secretary-General informed on a regular basis.

The recently graduated and graduating countries have expressed their concerns that the existing smooth transition process has not been working well in practice. There is considerable uncertainty

¹ For further details see the concept note for the WG prepared by OHRLLS, available at <http://www.unohrls.org/en/ldc/916/>



about how the international community will approach development cooperation with graduating countries. The responsibility to negotiate with its development partners to ensure that LDC-specific benefits and privileges would not be abruptly discontinued is solely put on the graduating country. Thus the role of the UN system and of development partners in the preparation and implementation of transition strategies needs to be better understood and subsequently improved.

3. The role played by the UN system in implementing and monitoring smooth transition

Resolution 59/209 requests that the preparation of the transition strategy should be supported, upon request, through the UN Resident Coordinator and UN Country Office. In addition, UNCTAD and relevant UN Regional Commissions have supported graduating countries in the formulation and implementation of their smooth transition strategy, notably by analyzing the extent to which retaining LDC-specific treatment was deemed vital for the continuation of the development progress, on a sector-by-sector or product-by-product basis. The impact assessments prepared by DESA also provide an input for the negotiations with development partners.

However, there is at present no mechanism to coordinate the UN support for the graduating and graduated country. Furthermore the monitoring of both the preparation and implementation of the transition strategy is left to the graduating country and has not worked well in practice. Thus a stronger monitoring mechanism might be needed that would allow for adequate follow-up in relevant UN bodies.

4. The role of development and trading partners in the development and implementation of transition strategies

The country's bilateral and multilateral development and trading partners are expected to participate actively in the consultative mechanism. The objective of this mechanism is to identify the actions in the areas of trade, development finance and technical cooperation that should be considered to ensure that the country's development progress will not be disrupted.

For the two countries graduating after the adoption of resolution 59/209 - Cape Verde and Maldives - several development and trading partners have participated in the negotiations. However, there remain concerns that the smooth transition measures were taken in an ad-hoc rather than a systematic manner and that benefits were granted only by some partners and not by all. In addition, countries like China, India, Turkey, Brazil etc. are also increasingly providing LDC-specific support, for example through trade preferences and dedicated technical cooperation, but have so far not actively participated in the consultative process.

Thus a review of transition strategies adopted by graduating countries, along with the degree and effectiveness with which these strategies were supported by development partners, is needed. This should include the set of policy reforms and interventions that are aimed at ensuring that in the medium and long term graduating countries can withstand the loss of LDC-specific international support measures.

5. Questions for the interactive exchange

In order to assess the challenges faced by LDCs and development partners, including the UN system, in negotiating and implementing smooth transition strategies and to develop recommendations for improvements of the smooth transition process the following questions could steer the discussions:

- How can awareness about the smooth transition process among all stakeholders be increased?
- How can country ownership in the formulation and implementation of transition strategies be strengthened?



- What additional support for the establishment of a consultative mechanism to facilitate the preparation of the national transition strategy may be needed?
- Should there be a separate mechanism for the phasing out of South-South cooperation?
- How can the monitoring of the preparation and implementation of the transition strategy be improved?