

## **MINISTERIAL MEETING ON NEW PARTNERSHIPS FOR PRODUCTIVE CAPACITY BUILDING IN THE LEAST DEVELOPED COUNTRIES**

Side event : The likelihood of 24 LDCs graduating from the LDC category by 2020 (By Hiroshi Kawamura, CDP Secretariat)

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## Summary

### object

Assess the main and more concret goal of the IPoA : the prospects of enabling half of the LDCs to graduate from the category by the end of the decade.

### Methodology

- Simulation regarding the likely achievement of each of the three graduation criteria by 2021
- Simulation based on last decade performance for GNI and last reviews for HAI and EVI.
- Extension to the likely modification of the criteria : relative GNI or absolute HAI.
- Short examination of the recent proposition of CDP with respect to the absolute thresholds to be applied.

## Results

- Only 11 LDCs will probably be able to fulfill the graduation rules by 2021
- The situation will not be improved by the modification of the graduation criteria.

## Conclusion

The main goal of the IPoA seems very ambitious and will probably not be achieved.

### Interest of the paper

- Interesting research question given its importance and the few empirical academic papers interested in the issue.
- Well structured and written paper. Its reading is smoothy and clear. Easy to understand
- the study is clearly developed in the majority of the sections. The author is very cautious regarding the methodology implemented
- Clearly provide an overview of LDCs graduation issue

## Comparison with existing papers

- The paper Guillaumont and Drabo (2013) does not examine the graduation prospects based only on per capita GNI
- It also investigates prospects of graduation based on composite indices
- It also pays special attention to changes in the definition of EVI in 2012.
- The slight difference in the results (regarding Bangladesh, Benin, Nepal, Yemen, and Myanmar) is probably due to the longer period used in Guillaumont and Drabo (2013) in their analysis

## General methodological issues with the present or revised criteria

- In Table 2, how the average growth rates are calculated ? Using least squares as proposed by the World Bank ? How the missing data issue is analysed ?
- What is the relevance of relative income threshold (section IV.A) since CDP is clearly moving towards absolute thresholds and has decided to maintain absolute income threshold.
- Your analysis in section IV.B highlights the relevance of absolute HAI threshold. Why and How are HAI and EVI projected with respect to their relative thresholds ?

## Implications of moving from relative to absolute HAI and EVI thresholds

- With relative graduation thresholds of HAI and EVI, the main source of graduation is GNI per capita
- But, as stated in the paper, the CDP proposed recently to change the inclusion and graduation thresholds of HAI and EVI from relative to absolute terms.
- This is an important evolution in practice since 1991. But the application is difficult to a composite index since any change in the definition of components modifies the "absolute" threshold. Anyway, it would be important to assess the impact of graduation prospects, both for HAI and EVI, and not only for HAI
- A detailed and deep empirical analysis of the prospects of graduation mainly based on this modification through simulations would be very useful.
- All the development community would be interested by the consequence of this modification on the graduation prospects.

Thank you for your attention