



VISUAL: ANWER SOHEL

LDC graduation IS IT A 'TO BE OR NOT TO BE' QUESTION?

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The title of this write-up may appear somewhat misleading, but there are valid reasons to pose such a question, as there is context to it. Bangladesh is set to graduate from the group of least developed countries (LDCs) on November 24, 2026. However, there are some sections among concerned stakeholders in Bangladesh who are arguing for the deferment of this graduation for an unspecified period. An objective analysis of the issue and an assessment of the veracity of the divergent views regarding it have practical significance.

As may be recalled, the group of LDCs was first identified by the United Nations in 1971 as a sub-stratum among developing countries. At the time, the global community felt that several developing countries would require special and additional international support measures (ISMs) to help them in their quest for economic development. Accordingly, a separate group of developing countries, called the LDCs, was identified for additional assistance and special and differential (S&D) treatment. What is important to note in this context is that inclusion in the LDC group was to be decided on the basis of certain criteria, but the decision for inclusion would only be effective if the concerned developing country agreed to be categorised as an LDC. On the other hand, graduation from the group would be decided based on the LDCs meeting the criteria stipulated for graduating out of the LDC group. In this sense, inclusion in the

LDC group was voluntary, while graduation would be mandatory.

Accordingly, a developing country that satisfies the relevant criteria for inclusion in the LDC group may choose whether or not to join the LDC group. For example, in 2006, Zimbabwe rejected the determination by the UN Committee for Development Policy (CDP) to be categorised as an LDC (Bangladesh joined the LDC

(2024), an LDC needs to meet at least two of the three graduation criteria to be considered for graduation: a GNI per capita of \$1,306 and above, a Human Asset Index (HAI) of 66 and above, and an Economic Vulnerability Index (EVI) of 32 and below. An LDC may also be eligible for graduation based on the income criterion alone if its GNI per capita is three times the income graduation threshold (i.e. \$3,918 or above)

LDC graduation was recommended by the UNGA, in its meeting held on November 24, 2021, to be effective from November 24, 2026 (instead of 2024, which would have been the general scenario).

IS DEFERMENT OF GRADUATION AN OPTION FOR BANGLADESH?

As noted at the outset, a number of stakeholders in Bangladesh are calling for the deferment of Bangladesh's LDC graduation. However, as mentioned, when an LDC satisfies the graduation criteria and the attendant procedure, it is the UNGA that takes the final decision. This has already been the case for Bangladesh, with a concrete timeline now set. It is true that the graduation of LDCs has been deferred in the past even when eligibility for graduation has been met by the concerned LDCs.

Decisions regarding the graduation of several Pacific Island LDCs—e.g., Small Island Developing Countries (SIDS), such as Vanuatu, Kiribati—were deferred several times, as these were considered highly vulnerable to environmental challenges (they were eligible for graduation primarily based on the “income only” criterion). Samoa's graduation timeline was deferred by three years when it was hit by a tsunami (it finally graduated in 2014). In 2005, the UNGA unanimously adopted a resolution to defer the Maldives' smooth transition period, and the country graduated in 2011. Nepal, an LDC that first met the graduation criteria in 2015 (three years earlier than Bangladesh), was not recommended by the CDP at the 2018 triennial review due to the devastating earthquake in April 2015, which brought havoc to the country's economy and people's well-being. Nepal was recommended at the next triennial review in 2021. Nepal will, thus, graduate (three years later than originally envisaged, plus the Covid-related additional two years) at the same time as Bangladesh (on November 24, 2026, along with Lao PDR). In 2023, the UNGA decided to extend the graduation of the Solomon Islands until December 13, 2027. Angola was scheduled to graduate in February 2021, but the UNGA decided to defer its graduation to a later date due to the deterioration of its economy.

The call for Bangladesh's graduation deferment is being spearheaded by the country's export-oriented RMG sector. Since the sector accounts for about 85 percent of Bangladesh's total exports, the

- » Bangladesh is scheduled to graduate from the least developed country status on November 24, 2026, after meeting all required graduation criteria in 2018 and 2021.
- » Some stakeholders, particularly in Bangladesh's export-oriented RMG sector, advocate for deferment to maintain preferential trade benefits, including duty-free market access and exemptions under WTO agreements.
- » Past instances of LDC graduation deferments were linked to specific vulnerabilities (e.g., natural disasters, economic instability), but deferment for Bangladesh would have political costs and position it unfavourably compared to regional peers.
- » Losing LDC-specific benefits will require Bangladesh to transition to competitiveness based on skills, productivity, and compliance with stricter trade and environmental standards, as global trade dynamics evolve.
- » To ensure a smooth and sustainable transition, Bangladesh must implement structural reforms, negotiate preferential trade agreements, and focus on innovation, infrastructure, and compliance with global market requirements.

group in December 1975). Zimbabwe took this stance, stating that it “refuses to be downgraded as an LDC.” On the other hand, as noted, there is a defined procedure for an LDC's graduation from the group. An LDC needs to meet the criteria for graduation and sustain the record over two successive triennial reviews carried out by the CDP. The CDP then recommends the LDC in question to the UN Economic and Social Council (ECOSOC) for graduation. Based on these, and following consultations and deliberations, the UN General Assembly (UNGA) takes the final decision regarding the graduation of the concerned LDC, as well as when the decision will come into effect.

The criteria for inclusion and graduation are periodically reviewed by the CDP; indeed, these have undergone several changes since 1971. According to the current procedures

over two consecutive triennial reviews by the CDP.

To recall, Bangladesh first met the criteria for graduation in 2018. In fact, the country met all three criteria (at the time, the threshold for GNI per capita was \$1,222 and above, while HAI and EVI values remained the same at 66 and above, and 32 and below, respectively). This record was sustained at the next triennial review of the CDP, held in 2021 (Bangladesh's GNI per capita was estimated to be \$1,827, HAI was 75.4, and EVI was 27). Bangladesh, thus, was set to be recommended for graduation to the UNGA, and the graduation was expected to be effective from 2024. However, graduation for all LDCs eligible for graduation at the time (in 2021) was deferred by two years because of the adverse impacts of the Covid pandemic on the economies of these countries. In this context, Bangladesh's



LDC preferential treatment allows Bangladesh's apparel to enjoy significant preferential margins in almost all destination countries.

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