

Bangladesh on the path towards LDC Graduation

Background:

Although, the concept of Least Developed Countries or LDCs was originated in the late 1960s, the first group of LDCs was listed by the United Nations in its resolution 2768 (XXVI) of 18 November 1971. Least Developed Countries are those countries which are below the threshold of per capita income (GNI), human assets index (HAI) and economic vulnerability index (EVI) set by the United Nations. LDCs are usually low-income countries confronting severe structural impediments to sustainable development. The category of the least developed countries (LDCs) was established to attract special international support for the most vulnerable and disadvantaged members of the UN family.

However, many international organizations also classify countries on the basis of income, social indicators etc. For example, the World Bank classifies its member countries based on per capita income into four categories: low-income, lower-middle income, upper-middle-income and high-income economies for better strategizing in providing loans to different countries. But, this classification being solely based on per capita income does not necessarily reflect the true picture of the development of a country. Many countries with higher per capita income lag behind in important social indicators.

At present, there are 47 countries on the list of LDCs. Bangladesh was first listed as an LDC back in 1975. So far, a total of four high level summits on LDCs have been organized in 1981, 1990, 2001 and 2011. The latest LDC Conference (LDC- IV) took place on 9 to 13 May, 2011 in Istanbul, Turkey. A high level delegation from Bangladesh led by Hon'ble Prime Minister Sheikh Hasina took part in that meeting. This mega event came up with a comprehensive action plan called Istanbul Program of Action (IPoA). One of the main objectives of this action plan was to allow at least 50 percent of the LDC countries to reach the threshold of graduation by 2020. So far, a total of five countries have graduated from the LDC status. These are- Botswana (1994), Cape Verde (2007), Maldives (2011), Samoa (2011) and Equatorial Guinea (2017).

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Criteria for LDC Graduation:

The Committee for Development Policy (CDP), a subsidiary body of the UN Economic and Social Council (ECOSOC), is – inter alia – mandated to review the category of LDCs every three years and monitor their progress after graduation from the category.

The identification of LDCs is currently based on three criteria:

1. Income criterion, based on a three-year average estimate of GNI per capita for the period 2014-2016, based on the World Bank Atlas method.
2. Human Assets Index (HAI): Health Index & Education Index; based on indicators of: (a) percentage of population undernourished; (b) health: mortality rate for children aged five years or under; (c) Maternal mortality rate; (d) the gross secondary school enrolment ratio; and (e) adult literacy rate.
3. Economic Vulnerability Index (EVI) based on indicators of: (a) population size; (b) remoteness; (c) merchandise export concentration; (d) share of agriculture, forestry and fisheries; (e) share of population in low elevated coastal zones; (f) instability of exports of goods and services; (g) victims of natural disasters; and (h) instability of agricultural production.

The threshold set for the 2018 Triennial review is as follows:

- a. GNI per capita must be greater than \$1,230 (over three year average)*
- b. HAI must be equal or greater than 66*
- c. EVI must be equal or less than 32*

To become eligible for graduation, a country must reach threshold levels for graduation for at least two of the aforementioned three criteria, or its GNI per capita must exceed at least twice the threshold level.

To be recommended for graduation, a country must be found eligible at two successive triennial reviews by the CDP.

Bangladesh's path towards LDC Graduation

In recent years, Bangladesh has been widely recognized as a remarkable achiever in the field of socio economic development goals. As a result, Bangladesh has been able to formally meet all the criteria for LDC graduation in the CDP's latest triennial review held on March 12-16, 2018.

For this year's triennial review, the minimum threshold for GNI per capita was fixed at US\$ 1230. Currently, Bangladesh's GNI per capita, as per the World Bank Atlas method, is US\$ 1272, well above that aforementioned threshold of US\$ 1230.

In the Economic Vulnerability Index, where the score needed to be 32 or less, Bangladesh's score is 25, whereas in Human Asset Index, the country has already attained a score of 72.8— well above the threshold of 66.

Criteria	Threshold, 2018	CDP	BBS
GNI per capita	US\$ 1,230 or greater (previous three year average)	US\$ 1,272	US\$ 1,271
Human Asset Index	66 or greater	72.8	72.9
Economic Vulnerability Index	32 or less	25.0	24.8

Following the plenary session on March 12-16, 2018, CDP has informed the Permanent Representative of Bangladesh to the United Nations that Bangladesh has met the graduation criteria. At the same time, CDP would also ask ECOSOC to follow required steps.

Subsequently, UNCTAD will prepare a vulnerability profile of Bangladesh and DESA will prepare an ex-ante impact assessment during 2018-2020 before the next triennial review of 2021.

The vulnerability profile aims at giving an overall background of Bangladesh's economic and development situation. The ex-ante impact assessment considers the possible implications of graduation, in particular with respect to those special support measures related to development finance, international trade and technical assistance that are available to Bangladesh as a LDC.

“Bangladesh looks likely to be the first LDC ever to graduate on the basis of all three criteria”

When Bangladesh meets the graduation criteria for the second consecutive time in 2021, the CDP will recommend Bangladesh for graduation in its report to ECOSOC. Then ECOSOC will endorse and recommend Bangladesh to the UNGA and it will take note of the recommendation. Bangladesh will graduate after three years of taking note of UNGA and Bangladesh ceases to be LDC in 2024.

During the three preceding years of graduation takes effect, i.e. in 2021-2024 Bangladesh will prepare a transition strategy in cooperation with its development partners. This strategy will be implemented after Bangladesh is officially graduated during 2024-2027. This strategy aims at ensuring that the phasing out of support measures resulting from its change of status will not disrupt Bangladesh's continued development efforts.

The vision of developing Bangladesh into a Sonar Bangla or Golden Bengal was laid out by the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Honorable Prime Minister Sheikh Hasina is the torchbearer of the dream of the Father of the Nation. By achieving the eligibility criteria for LDC graduation and through many other development milestones attained over the last decade, the dreamland of the Father of the Nation will turn into a true Golden Bengal.