# THE ISSUE OF POVERTY IN GLOBAL POLITICS AND THE DYNAMICS OF GRADUATION FROM THE LEAST DEVELOPED COUNTRIES

**Adeola Akindoju**[1]
**Olubejide Ifedayo Sunday**[2]

## ABSTRACT

The year 2021 marked 50 years since the Least Developed Countries (LDCs) category was established by a United Nations General Assembly resolution, following research, analysis and advocacy work by the United Nations Conference on Trade and Development (UNCTAD). This important landmark comes as intergovernmental negotiations are taking shape for a new program of action for the LDCs for the decade 2022–2031, and whose implementation period will broadly coincide with the final decade of the 2030 Agenda for Sustainable Development. These negotiations are to bring together LDCs and their development partners to devise innovative ways to tackle the major development challenges that bedevil LDC economies and societies which include long-standing challenges, like, impediments to structural transformation and sustainable development. While the objective agreed upon in 2011 of enabling half of the LDCs to meet the graduation criteria has not been fully met, progress has been remarkable. As of 2022, 16 out of the 46 LDCs have met the graduation criteria at least once, seven of whom are officially graduating. Another four have graduated over the past decade. Therefore, this paper set out to look at the nature of poverty in the LDCs and what has been done to reduce the level of poverty and the need to strengthen the graduation procedures especially as it has been a bit difficult to graduate from the LDCs category.

[1] Adeola Akindoju is a Research Fellow at the Nigerian Institute of International Affairs, Lagos Nigeria.
[2] Olubejide Ifedayo Sunday is a Research Fellow at the Nigerian Institute of International Affairs, Lagos Nigeria.

**Key Words:** Poverty, Least Developed Countries, Global Politics, Sustainable Development Goals, Graduation.

## INTRODUCTION

The United Nations has classified several countries as **Least Developed Countries (LDCs) and o**f these countries, 21 of them have been on the list since the inception of the LDC category in 1971, and it has been very difficult for them to exit this group. According to the United Nations Conference on Trade and Development (UNCTAD), global poverty is increasingly concentrated among this group of countries, which are falling further behind the rest of the world in terms of economic development. As of 2018, 47 countries are said to be classified as LDCs. (Germaine, 2018).

The Least Developed Countries (LDCs) are a sub-group of **Developing Countries** (formerly referred to as less developed countries) and are defined by the United Nations as countries with low levels of income and human capital, and high economic vulnerability which most of them are characterized by limited economic growth and export diversification, and lack of competitive industries and exploitable natural resources. They also confront severe structural impediments to development and are vulnerable to natural disasters, such as droughts, floods, and hurricanes. Furthermore, the World Bank has further sub-classified 23 of the 47 LDCs as fragile and argues that these fragile countries experienced below-average GDP growth, under 4 percent a year compared with almost 6 percent in LDCs as a whole between 2000 and 2014 which is said to be problematic because a growth rate of 7 percent has been targeted by international institutions to drive development in these countries. To be included in the category of the LDCs, the following criteria must be met, **Per- capita income** (which is gross national income – GNI – per capita with a three-year average threshold of $1,025), **Human assets index (HAI),** based on indicators of nutrition, health, school enrolment, and literacy, **Economic vulnerability index (EVI),** based on indicators of natural shocks, trade-related shocks, physical exposure to shocks, smallness (population), and remoteness. (Germain, 2018).

Again, the Least Developed Countries (LDCs) are said to be low-income countries confronting severe structural impediments to sustainable development which are highly vulnerable to economic and environmental shocks and have low levels of human assets. They also have exclusive access to certain international support measures in particular in the areas of development assistance and trade and it is said that three major vicious circles are affecting them. First, many LDCs suffer from a poverty trap, with low income and limited economic growth giving rise to high levels of poverty, which in turn act as a brake on economic growth. Also despite the progress achieved in the era of the Millennium Development Goals (2000–2015), it is in LDCs that poverty has been and remains most pervasive, with almost half of their total population still living in extreme poverty. Two-thirds of the labour force of LDCs is believed to work in mostly smallholder agriculture, a sector suffering from chronically low labour productivity and productivity growth that has been constrained by the adverse impact of risk aversion on investment, and often by limits to access to and adoption of new technology. Second, many LDCs suffer from a commodity trap, as they depend heavily on commodity production and trade for employment, income, savings and foreign exchange. (UNCTAD, 2016).

It is said that the Fourth United Nations Conference on the Least Developed Countries (LDC-IV) took place from the 9th to the 13th of May 2011 in Istanbul Turkey and adopted the Istanbul Declaration and Programme of Action (IPOA) for LDCs for the decade of 2011-2022 and despite much talk about the private sector boosting growth to alleviate poverty, the UN Istanbul meeting of 2011 on LDCs points up foreign aid as being of primary importance. The conference also stated that Rich countries should make more determined efforts to fulfill and even increase aid commitments to the world's poorest countries and despite much talk of using the private sector as an engine of growth and a provider of jobs, the Istanbul program of action makes clear how much the world's 48 least developed countries (LDCs) still rely on foreign aid. (The Guardian, 2011).

Furthermore, the Doha Programme of Action for the Least Developed Countries for the Decade 2022-2031 opened a new window (DPoA) and it manifests a new generation of renewed and strengthened commitments between the least developed countries and their development partners, including the private sector, civil society, and governments at all levels. The final text of the DPoA was adopted during the first part of the LDC5 conference on March 17, 2022, and endorsed by the General Assembly through resolution A/76/L.47 on April 1 2022 and it has six key focus areas for action, which includes, investing in people in the least developed countries, eradicating poverty and building capacity to leave no one behind, leveraging the power of science, technology, and innovation to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals, supporting structural transformation as a driver of prosperity, enhancing international trade of least developed countries and regional integration, addressing climate change, environmental degradation, recovery from the COVID-19 pandemic and building resilience against future shocks for risk-informed sustainable development, mobilizing international solidarity, reinvigorated global partnerships and innovative tools and instruments: a march towards sustainable graduation. (OHCHR)

## CONCEPTUAL CLARIFICATION

### POVERTY

The concept of poverty is said to be related to the fulfilment of basic needs like food, clothing and shelter, sanitation, education, health, employment, freedom, voice and also participation. The lack of these conditions is what is referred to as poverty. Amartya Zen extended his view on poverty by using the capability approach where he stated that poverty is more than just a lack of income and that poverty is also a lack of voice, as people need avenues to express their needs or obtain redress. Lack of empowerment is a manifestation of poverty, as people should be given resources and the authority to use them. Lack of good governance due to corrupt, unresponsive and unaccountable public

servants also leads to poverty and the two reinforce each other. (Amulai, 2014)

The international poverty line is set at $2.15 per person per day using 2017 prices which means that anyone living on less than $2.15 a day is in extreme poverty. About 648 million people globally were in this situation in 2019. The COVID-19 pandemic dealt the biggest setback to global poverty-reduction efforts since 1990, increasing the number of people in extreme poverty by about 719 million people. Rising energy and food crises, caused in part by the war in Ukraine, and the effects of climate change contribute to an uneven recovery. To better understand whether the world is on track to end extreme poverty, and how individual countries are faring, its progress must be regularly measured and poverty measurement and analysis have been a key aspect of the World Bank's mission for years, as they must share knowledge and methods for how to measure poverty more accurately and more frequently. By measuring poverty, reduction strategies that either work or do not work are learnt as poverty measurement also helps developing countries gauge program effectiveness and guide their development strategy in a rapidly changing economic environment. (World Bank, 2022).

Again, a major mechanism through which poverty hampers growth and development is its negative effects on the domestic resources available to finance investment and the provision of public goods. Where the majority of the population lives in absolute poverty, a major part of the gross domestic product (GDP) must be devoted to the necessities of life, giving rise to low savings and very limited capital accumulation. This in turn leads to low fixed investment, and thus to low productivity and low incomes. Similarly, State capacities tend to be weaker where extreme poverty is pervasive and this situation gives rise to a very narrow fiscal base, which limits the provision of public services such as education, health, administration, and law and order. While government revenues, public investment and government final consumption expenditure in LDCs may appear a little lower than in ODCs in terms of GDP share, this translates into extremely limited resources in absolute per capita terms (UNCTAD, 2002).

While much progress has been made in measuring and analyzing poverty, the World Bank Organization is doing more work to identify indicators for the other dimensions of poverty. This work includes identifying social indicators to track education, health, access to services, vulnerability, and social exclusion. It is said that there is no one cause of poverty, and the results of it are different in every case. Poverty varies considerably depending on the situation. The differences between rich and poor within the borders of a country can also be great so therefore, one thing is certain; poverty is a complex societal issue. No matter how poverty is defined, it can be agreed that it is an issue that requires everyone's attention and all members of society must work together to provide opportunities for all our members to reach their full potential. (Ajakaiye et al, 1999).

**LEAST DEVELOPED COUNTRIES (LDCs)**

Least Developed Countries (LDCs) are low-income countries confronting severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets. Forty-six countries are currently designated by the United Nations as Least Developed Countries (LDCs) and these are Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen and Zambia. The list of LDCs is reviewed every three years by the Committee for Development Policy (CDP), a group of independent experts reporting to the United Nations Economic and Social Council (ECOSOC).

The United Nations Committee for Development Policy created measures to help LDCs gain access to and benefit from international

support. As of October 2021, the U.N.'s list of LDCs contained 46 countries. Least-developed countries are highly vulnerable to economic and environmental shocks and have fewer human assets than other nations in some cases, least-developed countries are referred to as emerging markets and also have access to specific international support measures for development assistance and trade that are not available to more developed nations. The U.N.'s Committee for Development Policy (CDP) Secretariat of the Department of Economic and Social Affairs/Department of Economic and Social Affairs (DPAD/DESA) created measures to help LDCs gain access to and benefit from international support and is also responsible for reviewing the status of LDCs and monitoring their progress after they graduate from the LDC category.4. The secretariat's criteria for placing nations on its list of least-developed countries include the categories of income, human assets, and economic vulnerability. (Chen, 2021)

The CDP, in its report to ECOSOC, may recommend countries for addition to, or graduation from, the list of LDCs. The following three criteria were used by the CDP in the latest review of the list, in March 2015, First, per-capita income, based on a three-year average estimate of the gross national income (GNI) per capita, with a threshold of $1,035 for possible cases of addition to the list, and a threshold of $1,242 for cases of graduation from LDC status. Second, Human assets, involving a composite index (the Human Assets Index) based on indicators like nutrition, Health and literacy and third, Economic vulnerability, involving a composite index (the Economic Vulnerability Index) based on indicators like natural shocks, trade related shocks and economic exposure to shocks. (UNCTAD 2016)

On 4 June 2017, Equatorial Guinea graduated from the LDC category, three and a half years after the United Nations General Assembly decided on the graduation date and 8 years after the CDP recommended the country for graduation. Of the 47 LDCs remaining on the list, Vanuatu and Angola were expected to graduate in 2020 and 2021, respectively. To graduate from the LDC category the country has to meet two of the three graduation thresholds of the LDC criteria:

gross national income (GNI) per capita, human assets index (HAI) and economic vulnerability index (EVI). Alternatively, graduation can also be recommended if the LDC meets twice the graduation threshold of GNI per capita (the income-only criterion). Equatorial Guinea graduated based on fulfilling the income-only criterion. Despite its relatively high income, derived predominantly from oil exports, the country continues to have low levels of human assets and its economy remains undiversified. (DPAD 2018)

## THE NATURE OF POVERTY IN THE LEAST DEVELOPED COUNTRIES

Most LDCs are characterized by a situation in which absolute poverty is all-pervasive throughout society. During 1995-1999, 81 per cent of the population lived on less than $2 a day and the average level of consumption of these people was only $1.03 a day (in 1985 PPP dollars). Fifty per cent of the population in the LDCs live in extreme poverty, that is on less than $1 a day, and their average level of consumption was just 64 cents ($0.64) a day. It may be estimated that the total number of people living on less than $1 a day in all the 49 LDCs during 1995-1999 was 307 million and that the total number of people living on less than $2 a day was 495 million. The total population of the LDCs at that time was 613 million and the incidence and the depth of poverty are particularly severe in African LDCs. In the second half of the 1990s, 87 per cent of the population was living on less than $2 a day and the average consumption of these people was only 86 cents a day. Sixty-five per cent of the population in the African LDCs lived on less than $1 a day, and the average consumption of these people was just 59 cents a day. In only 5 out of 29 African LDCs, less than 80 per cent of the population live on less than $2 a day which suggests that the severity of the poverty problem in African LDCs had been hitherto underestimated. (UNCTAD, 2002).

The Asian LDCs, in contrast, have poverty rates which, although extremely high in a global context, are relatively less severe. In the second half of the 1990s, for some of the groups, 68 per cent of the population were living on less than $2 a day and the average

consumption of these people was $1.42 a day. Twenty-three per cent of the population was living on less than $1 a day, and the average consumption of these people, 90 cents a day, was much closer to the poverty line. (UNCTAD, 2002).

To help LDCs break the vicious cycle of poverty, the international community agreed to some special concessions in support of this group of countries. For instance, international donors and financial institutions have provided grants and loans with low-interest rates; in terms of trade, special treatments, including preferential access for their products to the markets of the developed countries; international support in finance, trade and technology; duty-free and quota-free market access. However, despite the privileges, benefits, and special treatments, the economic situations of the LDCs have worsened instead of improving. According to UNCTAD, the proportion of global poverty in those countries has more than doubled since 1990, to over 40 per cent. The share of those without access to water also doubled to 43.5 per cent in the same period and these countries now account for the majority (53.4 per cent) of the 1.1 billion people worldwide who do not have access to electricity, an increase of two-thirds. (Germain, 2018).

Furthermore, poverty is said to be increasing in many LDCs, particularly in Africa and particularly in commodity-dependent economies, because they are failing to share in global economic growth. A few of the LDCs, such as Bangladesh, have managed to sustain economic growth but most have been characterized by economic stagnation, or economic regression, or short growth spurts followed by an economic collapse of some sort, which may be triggered by a natural disaster or some kind of external shock. Again, amongst the LDCs, the share of the population living in extreme poverty is highest in those that depend on primary commodity exports for their economic survival and development and poverty rates are increasing in these countries. The percentage of people living on less than $1 a day in non-oil commodity-exporting LDCs has risen from 63 per cent in 1981-83 to 69 per cent in 1997-1999. Poverty rates are rising particularly in mineral-dependent economies. (Gore, 2002)

The long-term growth failure is particularly marked in commodity-dependent LDCs. In the non-oil commodity exporters, average real per capita income was lower in 1999 than in 1970. Over the same period, average real per capita income doubled in the world's 20 richest countries. Weighted by population and expressed in constant purchasing power parity (PPP) dollars, the income per capita of the 20 richest countries was 16 times greater than that of the non-oil commodity-exporting LDCs in 1960. In 1999 it was 35 times greater. Much less divergence can be observed between the richest countries and LDCs that have diversified into manufactures and/or services. Again, weighted by population and expressed in constant PPP dollars, the average per capita income of the richest 20 countries was 8 times that of the latter group of LDCs in 1960 and 12 times greater in 1999. During the 1990s there was actually slow convergence between the weighted average income per capita in the richest countries and the manufacturers and/or services exporting LDCs, although this result is influenced particularly by the economic performance of Bangladesh. (Gore 2002).

The lack of progress towards poverty reduction is most noticeable in the African LDCs as poverty is, in general, more severe in rural than in urban areas, with the poorest of the rural poor living in remote areas. In sub-Saharan Africa, three-fourths of the poor, particularly the extreme and chronic poor, work and live in rural areas, and more than half are expected to do so in 2025. The remoteness, but also the lack of natural, physical, human and social resources, as well as social and political exclusion, are aspects of persistent rural poverty. People in irrigated zones within rural areas face a much lower poverty risk. (Binger, 2004).

Again, the poverty situation in LDCs indicates that a significant proportion of the population has been left out of the development process. But, in situations of generalized poverty (as in the majority of LDCs), where the available resources in the economy, even if equally distributed, are barely sufficient to cater for the basic needs of the population on a sustainable basis, poverty reduction can be achieved on a major scale only through economic growth. It is said that a major

challenge for the LDCs is to take the necessary steps to create an enabling environment that makes these countries attractive for foreign investors and the elements of a conducive enabling environment would include such factors as sound macroeconomic policies, good governance, rule of law and protection for investors. However, for LDCs, the establishment of such a supportive environment is an essential but insufficient requirement for mobilizing the necessary investments and it is also necessary for these countries to put in place additional policies and incentives that foster the development of their private sector and provide the ability to exploit the opportunities of international trade. (Binger 2004).

Reiter and Adhikari (2016) also assert that many LDCs are dependent on commodity export and, due to insufficient export diversification, are struggling significantly with the latest slump in commodity prices. They further argue that LDCs remain heavily exposed to severe economic and natural shocks, including threats related to climate change, and are less equipped to deal with such challenges. Regarding the argument of commodity prices, it is worth mentioning that even when prices were relatively high, that had not contributed to the removal of the overwhelming majority of LDCs from the list because of the weight of the other factors involved. Almost all strategies used have been unsuccessful in reducing poverty and promoting economic development in the majority of LDCs.

Following several years of apparent resilience to the international economic and financial crisis, economic growth in the least developed countries (LDCs) has declined steeply since 2012, reaching a low of 3.6 per cent in 2015 and this is the slowest pace of expansion this century, and far below the target rate of at least 7 per cent per annum recommended by the 2011 Program of Action for the Least Developed Countries for the Decade 2011–2020 (the so-called Istanbul Program of Action (IPOA)). Thirteen LDCs experienced a decline in the gross domestic product (GDP) per capita in 2015. This performance is said to be strongly influenced by the sharp decline in commodity prices, which has particularly affected African LDCs as such weak economic growth is a serious obstacle to generating and mobilizing domestic resources

for structural transformation and investment in the development of productive capacities. It also hampers progress towards the United Nations Sustainable Development Goals. The economic outlook for LDCs as a group remains uncertain in the face of a lacklustre global economic environment that is depressed by weak demand in developed countries, a continuing slowdown of international trade, a sharp decline in growth or even recession in many developing countries, and high or rising debt in both developed and developing countries. (UNCTAD, 2016).

## THE DYNAMICS OF GRADUATION FROM THE LEAST DEVELOPED COUNTRIES

Graduation is the process through which a country ceases to be an LDC, having in principle overcome the structural handicaps that warrant special support from the international community, beyond that generally granted to other developing countries. Once a recommendation to graduate from a country has been endorsed by ECOSOC and the General Assembly, the graduating country benefits from a grace period (normally three years) before graduation effectively takes place. This period, during which the country remains an LDC, is designed to enable the graduating State and its development and trading partners to agree on a smooth transition strategy so that the planned loss of LDC status does not disrupt the country's socioeconomic progress. A smooth transition measure generally implies extending to the graduated country, for several years after graduation, a concession to which the country had been entitled by virtue of its LDC status. (UNCTAD, 2017)

In the 45 years since the establishment of the least developed country (LDC) category, only four members of the group have succeeded in graduating from it (Botswana, Cabo Verde, Maldives and Samoa) with Equatorial Guinea being the fifth country that graduated on June 4, 2017. Taking account of successive changes to the LDC criteria, and the absence of provisions for graduation until 1991, this indicates very limited progress towards graduation. It also suggests that neither the domestic policy efforts of LDCs nor the International

Support Measures (ISMs) established to support them have had a decisive effect in improving their development prospects. The focus here is on the processes by which LDCs can emerge from development and progress towards graduation. (UNCTAD, 2016).

The graduation from the list of LDCs when an LDC no longer fulfils the conditions of membership was not considered during the first twenty years of the category. The possibility and conditions of graduation were introduced only in 1991, a date since which the list of LDCs has undergone triennial reviews. Three main precautions were taken before an LDC could be recommended for graduation: first, not only one, but two of the three criteria of inclusion should cease to be met; second, margins were set up between inclusion and graduation thresholds for each criterion; and third, a country is recommended by the CDP for graduation only after having been found eligible at two successive triennial reviews. An exception to the initial two criteria rule was introduced in 2005 where a country can be found eligible for graduation if its GNI pc is at least twice as high as the ordinary income graduation threshold and deemed sustainable, making income per capita the only one criterion for graduation in these cases. While such cases at the introduction of the rule in 2005 were considered exceptional, they appeared later not to be so. (Drabo, 2017)

Furthermore, after the country has been recommended for graduation, it enters a transition period to prepare for graduation, which normally takes three years. During this transition period, the country is still an LDC and as such, is fully entitled to all benefits associated with the category. Specific tools exist to support graduating LDCs in this regard and it is recommended that the country establish a consultative mechanism and prepare a smooth transition strategy the main purpose of the consultative mechanism is to bring together the key development and trading partners to facilitate the preparation of the transition strategy and to identify the necessary actions. If requested by the graduating country, the United Nations Resident Coordinator and the United Nations Country Team provide support to the consultative mechanism and it is further recommended that other relevant consultative mechanisms operating in the country (for instance, under

the auspices of the IMF and the World Bank) should incorporate the implications of graduation and smooth transition decisions in their activities in the country. The smooth transition strategy to be prepared during this transition period should include a set of specific and predictable measures to address the possible impacts of the withdrawal of LDC specific support measures. (UN-OHRLLS)

Also, the smooth transition strategy plays a key role in ensuring that countries will be able to fully adapt to the changing circumstances arising from the erosion of LDC-specific support and maintain their development trajectory to achieve the Sustainable Development Goals (SDGs) by 2030. Therefore, the potential impacts of graduation and the steps to be taken need to be analyzed carefully, in cooperation with the development partners. The comprehensive smooth transition strategy needs to take into account an LDC's own specific structural challenges and vulnerabilities as well as its strengths. These measures have proven to be helpful in countries preparing for graduation (UN-OHRLLS)

According to the two criteria rule for graduation, a country is eligible for graduation if it reaches the graduation threshold for at least two of the three criteria. For per capita GNI a threshold of 20% above the absolute level used by the World Bank for the GNI pc (measured according to the World Bank Atlas method), the threshold retained is now 20% above the inclusion threshold, that is the threshold used by the World Bank to separate low income and middle-income countries (LICs and MICs). This inclusion threshold is an absolute level, constant over time. For HAI and EVI the graduation threshold is 10% above the inclusion one. HAI and EVI are composite indices, scaled, and assessed with respect to the maximum and minimum values of a reference group (values possibly bounded to limit the impact of outliers on the index). Until 2012 the EVI and HAI inclusion thresholds were determined with respect to the quartile value of a reference group, making the corresponding criteria clearly relative. In 2015 the threshold values were maintained at their level of the 2012 review, to make the HAI and EVI criteria absolute, as is the GNI pc criterion and it does so only to some extent. As far as EVI and HAI are improving all over the developing countries, a fixed level of the (inclusion and) graduation

thresholds makes (inclusion more difficult and) graduation easier. (Drabo, 2017)

In a 2018 resolution, the Economic and Social Council (ECOSOC) recalled the Committee's 2012 recommendation to graduate Tuvalu from LDC status and deferred, to no later than 2021, the Economic and Social Council's consideration of the question of the country's graduation, after having previously deferred the consideration in 2012, 2013 and 2015. In the same vein, the Council also deferred its consideration of the graduation of Kiribati to no later than 2021 and also recommended for graduation in the 2018 review of the LDC category were Bhutan, Sao Tome and Principe and Solomon Islands as the General Assembly endorsed these three recommendations in December 2018. Bhutan too was scheduled to graduate in 2023, while Sao Tome and Principe and Solomon Islands were also scheduled to graduate in 2024. However, two LDCs (Nepal and Timor-Leste), which the Committee for Development Policy (CDP) found to have met the graduation criteria for the second time in 2018, were not recommended for graduation owing to concerns about the sustainability of their development progress. Lastly, in the 2018 review of the list of LDCs, three Asian countries namely, Bangladesh, the Lao People's Democratic Republic and Myanmar were found pre-eligible for graduation from this status. (UNCTAD,2020).

The Committee for Development Policy (CDP), which has been mandated since 1998 to review the progress of LDCs and determine graduation readiness, undertakes such a review triennially. In 2020, the CDP refined LDC graduation criteria so that currently, LDCs must meet a HAI of 66 or above, an EVI of 32 or below, a GNI per capita of US$1,230 or above (US$2,460 for an income-only criterion), across two triennial reviews to qualify for graduation. Graduation does not have to be approved by the LDCs but does consider country concerns. According to UNCTAD's 2021 LDC Report, as the economies of other developing countries (ODCs) and developed countries recover from the Covid- 19 pandemic shock, many LDCs risk being left behind and face a risk of a lost decade of development and remaining on the margins of the global economy and they may spend the coming years just trying to

recover from the COVID-19 shock and eventually achieve little real progress on the Sustainable Development Goals during the 2020s. In light of the COVID-19 pandemic, the CDP in their 2021 triennial review approved an additional five-year preparatory period for four countries scheduled to graduate from the LDC category namely, Bhutan in 2023, and Angola, São Tomé and Príncipe and Solomon Islands in 2024. The five-year extension will allow for a fuller analysis in the 2024 triennial review, on the effectiveness of this period in managing the impact of the pandemic, or whether another extension is needed. (Sabatini, Kim, Adams & Judd, 2022)

Also, the CDP identified Bangladesh, Lao People's Democratic Republic and Nepal for graduation in 2026, but recommended the deferral of Myanmar and Timor-Leste until 2024. Similarly, while the CDP endorsed Kiribati and Tuvalu for graduation, ECOSOC deferred a decision until 2024. Cambodia, Comoros, Djibouti, Senega and Zambia all met the graduation criteria for the first time and if they meet the thresholds for a second triennial review in 2024, they will be considered for graduation by the CDP. To address the pandemic's lopsided impacts on LDCs found in its 2021 Triennial Review, the CDP identified three critical adjustments for successful graduation amid the crisis: an extended preparatory period of five years to address the health and economic impacts; a review of the pandemic's impact on each LDC; and additional international assistance, including the extension of LDC support measures, addressing the effects of the pandemic, and increasing capacity building. Again, the CDP subsequently conducted a comprehensive study on the impacts of the pandemic on LDCs and concluded that significant negative impacts of the pandemic must be factored into the graduation process to address additional demands that arise during planning, interruptions to ongoing structural transformation processes, and LDC specific international support measures, both existing and new, in which development partners play an important role. (Sabatini, Kim, Adams & Judd, 2022).

It is also believed that the set target of halving the number of LDCs still has a long way to go as many LDC governments also continue to view graduation as a threat rather than an opportunity.

They stand to lose unilateral preferential market access and may face a reduction in aid levels. The challenges of graduation can be shown in the case of Nepal, which is pre-eligible for graduation on grounds of better social indicators and improved economic resilience. But the Himalayan nation is faced with a double bind: having to prepare for a loss of preferential market access – a vital benefit to its major textile and clothing industry, while at the same time reconstructing large parts of its economy after massive earthquakes struck the country in 2015. The decision to take Nepal off the list of LDCs by 2021, which was to be confirmed by another review in 2018, kind of looked premature as the country still faces serious risks beyond its control and will have difficulty in keeping up its gains in areas such as education after the 2015 disaster, in which about 25,000 classrooms in some 8,000 schools were destroyed. (Reiter & Adhikari, 2016)

## LESSONS LEARNED FROM THE GRADUATING LEAST DEVELOPED COUNTRIES

Least developed countries (LDCs) are characterized by limited productive capacities which constrains their efforts towards structural transformation and sustainable development. At the same time, the actual policy choices of countries that have graduated or have made significant progress towards graduation from the LDC category provide a wide range of lessons other LDCs and the international community can learn from.

The lack of productive capacity is generally seen as a major constraint for LDCs, and developing countries in general, to overcome their development challenges. The issue is the first priority area in the Istanbul Program of Action for the Least Developed Countries 2011-2020 and is the subject of various reports by international organizations working on LDCs. Expanding productive capacity is also reflected in the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). Indeed, for the past three decades, LDCs have been advised to focus on economic growth as a strategy for poverty reduction, economic diversification and sustainable development. At one level, this has been sound policy

advice, since growth enables countries to accumulate wealth and generate the resources, especially the capital, needed for investment in economic and social development. Over the years, however, it has become apparent that not all types of growth create decent and productive jobs in sufficient quantities to enable countries to eradicate poverty and achieve inclusive and sustainable development. Growth caused by expanded productive capacity, however, enables countries to produce an increasing range of higher value-added goods and services, thereby creating jobs that pay higher wages, and allowing countries to upgrade their skills base and improve their technological capability. (CDP, 2017).

In 2011 a new report by the International Labor Office (ILO) recognised the growth revival in LDCs, since 2001, but argued that major structural challenges like growth, employment and decent work remain. The new study, titled was prepared on the occasion of the Fourth United Nations Conference on the Least Developed Countries which was held in Istanbul from 9-13 May, 2011. The ILO study includes key figures and trends. It shows that over the 2000-2009 period, employment in LDCs grew at an annual average rate of 2.9 per cent, slightly above population growth but much weaker than GDP growth. Most of the increase took place in the services sector, with industry accounting for a mere 10 per cent of total employment in 2008 from 8 per cent in 2000. The share of wage and salary workers increased slightly, from 14 per cent in 2000 to 18 per cent in 2008 but the large majority of workers remained trapped in vulnerable forms of employment that cannot lift them above the poverty line. However, some regions and some countries have done better than others in their patterns of growth, investment, reducing poverty and social protection, among others. A key finding of the report states that what a country produces matters because it enhances learning capabilities that are the basis of productive transformation and productivity growth. (ILO, 2011)

Again, the ILO study concludes with a list of 20 policy recommendations and guidelines including the need to promote sectoral and export diversification moving from commodities to

manufacturing and macro-economic frameworks that are more friendly to job creation and poverty reduction. It also recommends policies that support the building of productive capacities in industry and agriculture, infrastructure and a critical mass of job-creating sustainable enterprises. It also calls for better social protection and innovative public employment programs targeting vulnerable groups, especially women and youth. (ILO, 2011)

## CONCLUSION AND RECOMMENDATION

It is believed there are multiple crises facing LDCs, existing before and beyond the COVID-19 pandemic, including the alarming and accelerating increase in global warming, natural disasters, armed conflict and related crises of hunger and food security. While this multitude of crises impacts all countries negatively, the detriment is exponential for LDCs with their manifold and specific vulnerabilities. This risks LDCs straying from the DPoA goal of accelerating the number of least developed countries reaching the graduation thresholds and ensuring sustainable and irreversible graduation and already graduated countries will no longer meet the criteria and in fact, slide back. With the DPoA target of another 15 to meet the graduation criteria by 2031 and more than a third of LDCs in various stages of the graduation process, the CDP is deeply concerned that a significant number of least developed countries, particularly those in Africa, will remain far behind and struggle to achieve graduation. Therefore, it will be important for the graduation criteria to be reviewed and updated to be fit for the purpose: sustainable and irreversible graduation and more importantly, sustainable development of all LDCs as the external stressors of interlocking crises disproportionately burden the poorest and most vulnerable, according to the UN Secretary-General underlined in his address to the 2022 General Assembly and pose a challenge to the global system that is a case study in moral and economic injustice. (Sabatini, Kim, Adams & Judd, 2022).

Many LDCs also consider that more needs to be done to facilitate a smooth transition to post-LDC life. In this respect, they see a need for a more supportive international framework, want the United Nations

system to play a leading role, and understand that there are positive examples that can be built on and replicated. Part of this picture is the offer made by the European Union in 2008 to extend the preferential, duty-free, quota-free access that an LDC has to the EU market for three years after it graduates. Likewise, the Enhanced Integrated Framework (EIF), the only multi-donor program that exclusively helps LDCs to use trade as a vehicle for poverty reduction and growth – offers any graduating LDC the chance to continue to receive technical assistance for a period of up to five years after it moves out of the category. All recently graduated LDCs have taken full advantage of this support to develop or enhance their trade and development strategies, both before reaching graduation thresholds and after they step up from LDC status. (Reiter & Adhikari, 2016).

Finally, a concerted effort by the LDCs and their trade and development partners will help to create an environment that is better at meeting the goal of graduation.

**REFERENCES**

Amulai T, (2014). *Poverty International Relations and Multi National Co-operations.* Retrieved on 7th October 2020 from https://visionaryfoundation.wordpress.com/2014/11/11/poverty-international-relations-and-mncs/

Binger, A, (2004). *The poverty reduction challenge in LDCs Economic and Social Affairs* CDP background paper No.3 SY/ESA/2004/CD/P/3

Chen, J (2021). *Least Developed Countries: Investopedia*. Retrieved on 14 October 2022 from https://www.investopedia.com/terms/l/ldc.asp

Drabo, A. & Guillaumont, P. (2017). *"Graduation from the category of least developed countries: Rationale, achievement and prospects"*, FERDI Working paper P208, (revised version September 2018)

Committee for Development Policy (CDP): Policy Note (2017). *Expanding productive capacity: Lessons learned from graduating least developed countries.*

Retrieved on 7th October 2020 from https://digitallibrary.un.org/record/3868776/files/2017-cdp-policy.pdf

Gore C, (2002). *Globalization, the international poverty trap and chronic poverty in the least developed countries*. CPRC working paper No 30: Chronic poverty research centre. Retrieved on 7th October 2020 from https://assets.publishing.service.gov.uk/media/57a08cdced915d622c001625/30Gore.pdf

Germain, J (2018). *Poverty Reduction in the Least Developed Countries*. Munich, GRIN, Verlag. Retrieved on 7th October 2020 from https://www.rin.com/document/513569

ILO (2011). *Learning a lesson from success key to Economic Improvement for the least developed Countries*. Retrieved on 7th October 2020 from https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_153865/lang--en/index.htm

Reiter, J & Adhikari, R (2016). *Four ways the World's least developed countries can improve trade.* Trade for Development News by ELF

Sabatini, A, Kim, J, Adams, B & Judd, K (2022). *LDCS AND THEIR ''GRADUATION'' SOCIAL WATCH: Poverty Eradication and Gender Justice.* Global Policy Watch

The Guardian (2011). *Least developed countries: Aid is still vital to combating poverty.* Retrieved on 7th October 2020 from

https://www.theguardian.com/global-development/poverty-matters/2011/may/12/value-aid-least-developed-countries-poverty-private

THE WORLD BANK (2022). *Measuring Poverty.* Retrieved on 14 October 2022 from https://www.worldbank.org/en/topic/measuringpoverty

UNITED NATIONS (2022). *A guide to least developed country graduation* Un-opt RLLS- office of the high representative for the least developed countries, land locked developing countries and small Island developing States. Retrieved on 14 October 2022 from https://www.un.org/ohrlls/content/ldc-graduation-o

United Nations conference trade and development (UNCTAD) The Least Developed Countries Report 2002: Escaping the poverty trap. Retrieved on 14 October 2022 from https://www.UNCTAD.orgsystem/files/official-document/ldc2002_en.pdf

United Nations conference trade and development (UNCTAD): *The Least Developed Countries Report 2016: The path to Eradication and beyond: making the most of the process. pages* iii/16

United Nations conference trade and development (UNCTAD: *The Least Development Country Report 2017: Transformational Energy Access.* Retrieved on 7th October 2020 from https://www.UNCTAD.org/system/files/official-document/ldcr2017_en.pdf

United Nations development policy and analysis division, (DPAD) (2018), Least developed countries 2018. Retrieved on 7th October 2020 from https://www.un.org/development/desa/dpad/least-developed-country-category.html

United Nations Conference Trade and Development (UNCTAD): *The Least Developed Countries Report 2020, productive capacities for the new decade* Retrieved on 7th October 2020 from https://www.UNCTAD.org/system/files/official-document/idcr2020-en.pdf

United Nations: *The Right to Development and Least Developed Countries, OHCHR and the right to development*. United Nations Human Rights. Office of the High Commissioner. Retrieved on 7th October 2020 from https://www.ohchr.org/en/development/right-development-and-leaset-developed-countries

THE WORLD BANK (2022). *Measuring Poverty.* Retrieved on 14 November 2022 from https://www.worldbank.org/en/topic/measuringpoverty