



Enhanced monitoring of countries that are graduating or have graduated from the list of least developed countries

Excerpts from chapters I and IV of the report of the twenty-seventh session of the Committee for Development Policy (E/2025/33). The full report is available at <https://undocs.org/E/2025/33>.

The Committee for Development Policy (CDP) monitors the development progress of countries graduating from the least developed country (LDC) category, or that have recently graduated. Monitoring enables the CDP to alert the Economic and Social Council (ECOSOC) to any signs of deterioration in the development progress of the countries concerned. The CDP considers a set of indicators and other relevant country-specific information. The CDP has recently implemented procedures to enhance the monitoring process, in line with Paragraph 284 of the Doha Programme of Action. For more information, see “Monitoring of graduating and recently graduated countries” on the LDC Portal. Monitoring reports are available on the LDC website. The excerpt below contains information on the CDP’s 2025 monitoring of graduated and recently graduated countries and on its examination of the functioning of the enhanced monitoring mechanism, in order to continue to improve its effectiveness.

The Committee (...) noted an overall advancement towards sustainable graduation amid common and unique challenges stemming from various global crises, geopolitical tensions, and climate change. These challenges, such as mounting debt, inflationary pressures and currency devaluation, have become significant hurdles for many of the monitored countries in maintaining macroeconomic stability.

In response, many countries require substantial support from their trading and development partners, including entities within the United Nations system, to facilitate their progress towards smooth and sustainable graduation.

Introduction

As mandated in Council resolution 2024/7 and General Assembly resolution 67/221, the Committee monitored the development progress of two recently graduated countries, namely Bhutan and Sao Tome and Principe, and six graduating countries, namely Bangladesh, Cambodia, the Lao People’s Democratic Republic, Nepal, Senegal and Solomon Islands. The detailed monitoring reports, with recommendations on policy priorities and support needs, as well as the full reports submitted by the countries, are available on the Committee’s website. The table below shows the least developed country criteria scores vis-à-vis the graduation thresholds established in the 2024 triennial review of least developed countries.

Least developed country criteria for the countries monitored, 2025

	Least developed country criteria		
	Gross national income per capita (United States dollars)	Human assets index	Economic and environmental vulnerability index
Graduation threshold (2024)	≥1 306	≥66.0	≤32.0
Graduated country			
Bhutan	3 563	79.4	32.0
Sao Tome and Principe	2 466	91.4	40.2
Graduating countries			
Bangladesh	2 899	77.8	22.1
Cambodia	1 983	77.5	22.2
Lao People’s Democratic Republic	2 375	75.3	30.6
Nepal	1 404	77.6	29.0
Senegal	1 620	66.9	41.9
Solomon Islands	2 152	78.1	50.0
Averages			
Least developed countries	1 388	59.4	39.8
Other developing countries	10 071	87.9	32.2

Source: Committee for Development Policy secretariat.
Note: Details on the least developed country criteria are available on the Committee’s website.

Graduated countries

Bhutan

Bhutan graduated in December 2023 and swiftly recovered from multiple global crises, resuming its path of progress. In July 2024, it began implementing its thirteenth five-year plan, which has been designated as a smooth transition strategy for sustainable graduation. Close monitoring of current account deficits is important, and longer-term challenges include economic diversification, reducing dependence on hydropower exports and strengthening resilience to environmental changes. The Committee continues to caution that the goal of achieving high-income status by 2034 may be overly ambitious. It recommends prioritizing advancements in productive capacity, particularly through digitalization of the service sector. It also recognizes and supports the call of Bhutan for continued international assistance, particularly access to financial resources, to address the challenges of being a small landlocked country and vulnerable to climate change.

Sao Tome and Principe

Sao Tome and Principe graduated from the least developed country category in December 2024. Instead of preparing a separate smooth transition strategy, the Government chose to integrate key smooth transition measures into its national development plan, making the effective implementation of the plan crucial for a smooth transition. The country faces major macroeconomic challenges, including slow GDP growth, high inflation, substantial debt and ongoing external vulnerabilities. The Committee recommends prioritizing smooth transition actions to shift from an aid-dependent economy to one driven by a stronger private sector.

Graduating countries

Bangladesh

Bangladesh remains well on track towards sustainable graduation. It has managed to mitigate some of the adverse effects posed by multiple global crises. The interim Government formed following a student-led uprising in 2024 has launched critical policy reforms aimed at revitalizing the economy and overcoming current macroeconomic challenges. The country is expected to soon start implementing its comprehensive smooth transition strategy, which was validated

in 2024 and is aimed at guiding the transition of Bangladesh towards a structurally transformed and competitive economy. Given the importance of least developed country-specific support measures to the development progress achieved, there is an urgent need for the international community, including the trading and development partners of Bangladesh and the United Nations, to provide it with the necessary support.

Cambodia

Cambodia has achieved sustained and rapid economic growth and successfully become a graduating country, meeting all three least developed country graduation criteria with significant margins. Cambodia has been granted a five-year preparatory period, and the Committee welcomes the Government's strong commitment to graduation, recognizing it as a milestone in the country's socioeconomic progress. Key challenges ahead include sustaining inclusive growth, diversifying export markets and addressing the impact of slowing growth among major trading partners. The Committee advises Cambodia to continue to strengthen institutional arrangements and integrate its smooth transition strategy into the implementation of its national development plan.

Lao People's Democratic Republic

The Lao People's Democratic Republic continues to meet all least developed country criteria and to make progress towards sustainable graduation. The Government's continued effort to implement the smooth transition strategy, which was adopted in 2023 following a thorough and effective preparation, underscores its commitment to progress. Despite successfully navigating many challenges, the country faces notable difficulties with high inflation, decreasing currency value and mounting debt levels which are mutually reinforcing. The Committee advises continued implementation of appropriate fiscal and monetary policies to address these issues and to enhance stability of the economy, in line with the implementation of the smooth transition strategy and other relevant strategies, and emphasizes the importance of international support for the management, restructuring and reduction of debt, as well as economic diversification.

Nepal

Nepal continues to advance steadily towards sustainable graduation. For the first time, it meets all three graduation criteria, including the income criterion. While the economy experienced a significant slowdown due to multiple global crises and has faced macroeconomic challenges, recovery has been relatively swift, particularly with the revival of the tourism and manufacturing sectors. Sustained efforts in implementing effective policies focused on economic diversification, trade policy in synergy with investment promotion, and disaster risk reduction will be critical to achieving sustainable graduation. The Government is implementing the smooth transition strategy, in line with the national development plan.

Senegal

Senegal has made significant advances and is scheduled to graduate in 2029. It currently faces significant challenges, including a high fiscal deficit and rising public and external debt, and high vulnerability to climate change. The current account deficit, which had worsened significantly in recent years, is expected to improve with the expansion of hydrocarbon production and exports. The Government has developed a road map for a smooth transition and is advancing on the measures identified. Going forward, critical areas of action are improving the educational system and its outcomes, addressing inequalities and implementing strategies for economic diversification, industrialization, and scientific and technological advancement, issues prioritized in the development vision adopted in 2024.

Solomon Islands

Solomon Islands remains on track to graduate in December 2027 but continues to expand its economy only moderately, with growth rates considerably below national and international targets. The country faces continued challenges to diversifying its economy and to building resilience against climate shocks. The country has developed a smooth transition strategy following broad consultations, which is currently awaiting endorsement by the Government. The Committee recommends that United Nations entities continue to support the country in implementing the strategy.

Deferred countries

The Committee welcomed the consultations it held with **Kiribati** and **Tuvalu** and looks forward to continuing its consultations with both countries, as well as with Djibouti. These three countries, having been recommended by the Committee for graduation in 2018, 2012 and 2024, respectively, continue to meet the gross national income per capita

and human assets index criteria, all three with wide margins for income and both island States also with wide margins for the human assets index criterion. However, all three are among the most vulnerable countries in the world, according to their economic and environmental vulnerability index scores. The Committee reiterates that graduation must not be seen as a signal that these countries no longer need special treatment. The extreme and long-lasting vulnerability of these countries requires specific, targeted, sustained and easily accessible financial and technical support that is outside the scope of least developed country-specific support measures.

Enhanced monitoring mechanism

The Committee reviewed the structure and functioning of the enhanced monitoring mechanism to further improve its effectiveness, drawing on lessons learned from its implementation. The mechanism has leveraged existing national and international monitoring processes, incorporating factors related to disruptive events that may impact the smooth transition out of the least developed country category, as well as considering the short- and long-term socioeconomic and environmental challenges.

The mechanism has received strong support from Member States, as reflected, inter alia, in multiple Council and General Assembly resolutions, including the Doha Programme of Action for the Least Developed Countries, as well as in the Ministerial Declaration of the Least Developed Countries.

The annual monitoring process within the mechanism has improved significantly, leading to a rise in country participation. The share of countries submitting national reports on smooth transition has increased, from 13 per cent during 2009–2021 to 61 per cent in the period from 2022 to 2025.

The crisis response process was introduced to provide continuous monitoring of shocks and emergencies. Solomon Islands became the first country to trigger the process, which ultimately led to a three-year extension of its preparatory period. However, several challenges have emerged in the operation of the process, including the insufficient availability of high-frequency data, the reluctance of countries to declare crises due to concerns about negative international perceptions, and a lack of clear guidelines on response actions.

Support linked to the mechanism has been strengthened but remains limited to the length of the preparatory period. The case of Solomon Islands showcases the support provided under the mechanism, by extending the preparatory period for least developed country graduation, and the case of Angola demonstrates that cases of countries failing to meet the graduation criteria during the preparatory period can be effectively addressed through the mechanism. At the same time, there has been little progress or demand to link the mechanism to other forms of support.

Based on these findings, the Committee suggests the way forward as follows:

(a) Monitoring graduating and graduated countries must consider critical global challenges: (i) stagnation in ODA, with increased focus on refugees and the impacts of worldwide geopolitical tensions; (ii) limited capitalization of multilateral development banks, affecting financing for the Sustainable Development Goals and climate adaptation; and (iii) stagnation in global trade amid increasing restrictions. Country-specific impacts of these issues will be discussed in consultations with the countries;

(b) Reliable and timely data are crucial for the enhanced monitoring mechanism, but significant gaps remain in countries being monitored. The Committee proposes recommendations on data improvement in the countries monitored and calls for the support of the international community as follows: (i) improve frequency, accuracy and transparency; (ii) enhance data resilience and sensitivity analysis; (iii) strengthen national statistical capacity; (iv) strengthen partnerships of national authorities with resident coordinator offices, the Office of the High Representative for the Least Developed Countries, Island Developing States, regional commissions, and alternative data sources; (v) explore mechanisms to enhance data quality and accessibility (vi) promote the use of early warning indicators; and (vii) align data improvement needs through the Doha Programme of Action road map;

(c) The Committee will continue to improve annual monitoring reports, further align the use of its supplementary graduation indicators, incorporating information additional to standardized indicators, inputs from United Nations entities, and national reports on smooth transition. The Committee will further strengthen its comparative analysis of development progress and increase the focus on the development and implementation of smooth transition strategies. Monitoring reports will assess risks of countries no longer meeting graduation criteria and discuss support under the crisis response process when necessary. Countries will be encouraged to include their own

smooth transition strategy monitoring and evaluation indicators for a comprehensive assessment. To enhance engagement, in-person consultations will be held where possible. The Committee's country rapporteur will continue to play a key role in monitoring the country and preparing policy recommendations. To align with evolving needs and the move from once-a-year to continuous monitoring, the post-graduation monitoring period may be standardized to nine years for consistency and clarity (see chap. III);

(d) The Committee stresses that the main objective of the crisis response process is to enable action related to graduation, particularly concerning the graduation timing, throughout the year if necessary. While formal triggering of the process will require a written request from the Government, the Committee may initiate the process in case of extreme climate events or conflict situations. The Committee may also flag concerns and initiate consultations based on internal reviews of high-frequency data. The Committee will assess, in a timely manner, whether the external shocks significantly impair the preparations for graduation or cause significant risk that the country will no longer meet the graduation criteria. It will request inputs from the Department of Economic and Social Affairs and UNCTAD, as well as regional commissions and resident coordinator offices. If timing allows, crisis assessments may be integrated into annual monitoring reports;

(e) The Committee's direct role in graduation support is currently limited to preparatory period extensions, although it stands ready to provide its expertise in cases where a graduating or recently graduated country no longer meets the graduation criteria (*ibid.*). The Committee reaffirms its earlier recommendations to the Council, the General Assembly and United Nations agencies to enhance graduation-specific support, including: (i) mobilize United Nations crisis management expertise for external shocks affecting graduation; (ii) organize round-table discussions with development and trading partners, including South-South cooperation providers; (iii) integrate graduation discussions into Council forums and General Assembly meetings; (iv) strengthen capacity-building initiatives for the enhanced monitoring mechanism through United Nations-wide efforts; and (v) operationalize the Sustainable Graduation Support Facility (iGrad) under the Office of the High Representative.