United Nations | Department of Economic and Social Affairs

Update of the ex-ante assessment of potential impacts of the graduation of Solomon Islands from the least developed country category

24 April 2024

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Update of the ex-ante assessment of potential impacts of the graduation of Solomon Islands from the least developed country category

1. Background

Solomon Islands is scheduled to graduate from the list of least developed countries (LDCs) on 13 December 2027. The Committee for Development Policy of the United Nations (CDP) had recommended the country for graduation at its 2018 triennial review. The recommendation was based on the performance of Solomon Islands vis-à-vis the LDC criteria as well as additional information, including an ex-ante impact assessment of the potential impacts of graduation prepared by United Nations Department of Economic and Social Affairs (UN DESA), a vulnerability profile prepared by the United Nations Conferences on Trade and Development (UNCTAD) and consultations with the Government of Solomon Islands. All documents and statements, as well subsequent monitoring reports by CDP, are available at the dedicated country page for Solomon Islands on the CDP website. The recommendation was subsequently endorsed by the Economic and Social Council and taken note of by the General Assembly, which provided originally for a six-year preparatory period. In 2023, following a request by the Government of Solomon Islands, CDP found that the country requires an additional three years to prepare for graduation. Subsequently, the General Assembly extended the preparatory period accordingly, until December 2027.

Solomon Islands has recently adopted an outline and work plan for its smooth transition strategy (STS) from the LDC category. According to the work plan, Solomon Islands intends to adopt the STS in the second half of 2024. It has requested an update to the ex-ante input assessment as input to the STS. This short paper presents the results of this update, covering the three areas of trade, development cooperation, and support for participation in international fora.

The 2018 impact assessment found that. Given the country's trade structure and the nature of its main cooperation partnerships, the impact of graduation will be limited. In the area of trade, that main export would not be affected by graduation, though graduation could lead to tariff increases in European markets. In development cooperation, official development assistance (ODA) and South-South cooperation would not be significantly impacted, though the country would lose access to certain LDC-specific mechanisms and funds. The main change found in this update is that due to the accession of Solomon Islands to the interim Economic Partnership Agreement between the European Union and Pacific Island economies and a similar agreement with the United Kingdom, Solomon Islands will not face tariff increases after graduation in these markets. Expected impacts on development cooperation remain limited. Solomon Islands will, however, lose access to the Least Developed Country Fund under the United Nations framework Convention on Climate Change (UNFCCC).

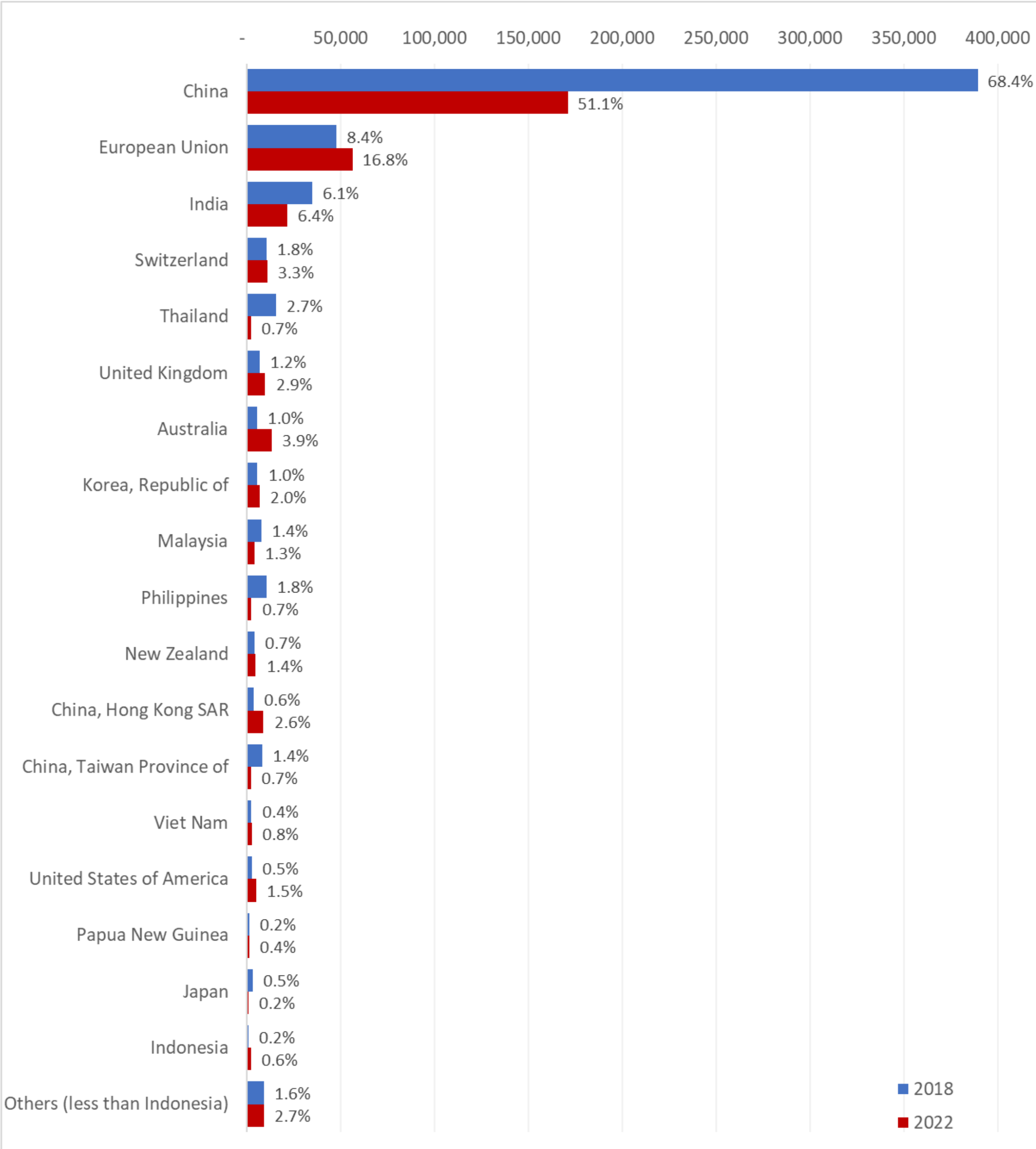
2. Trade

2.1. Preferential market access for goods

Solomon Islands continues to have a very concentrated export structure, both in terms of destinations and products. Figure 1 shows the shares and values of export markets in 2018 and 2022, hence covering the time since the original recommendation for graduation. The data is from UNCTAD's trade matrix, which is largely based on the well-known United Nations COMTRADE database but also includes estimates based on import data from trading partners (mirror data) and other sources.[1] The figure shows that China remains by far the largest market, followed by the European Union and India. The share of China has declined between 2018 and 2022, from 68 to 51 per cent. However, the figure also reveals that this has been driven mainly by a decline in exports of logs to China, rather than by an increase of exports to alternative markets or by strong export growth of additional products to third countries.

[1] For the period under consideration, Solomon Islands reports to COMTRADE cover only 2018. Using mirror data to fill data gaps would lead to inflated measures, as imports are typically reported on a cost, insurance and freight (CIF) basis while export data reported as free on board (FOB). Freight costs for Solomon Islands exports being typically high relative to their FOB value due to their physical nature.

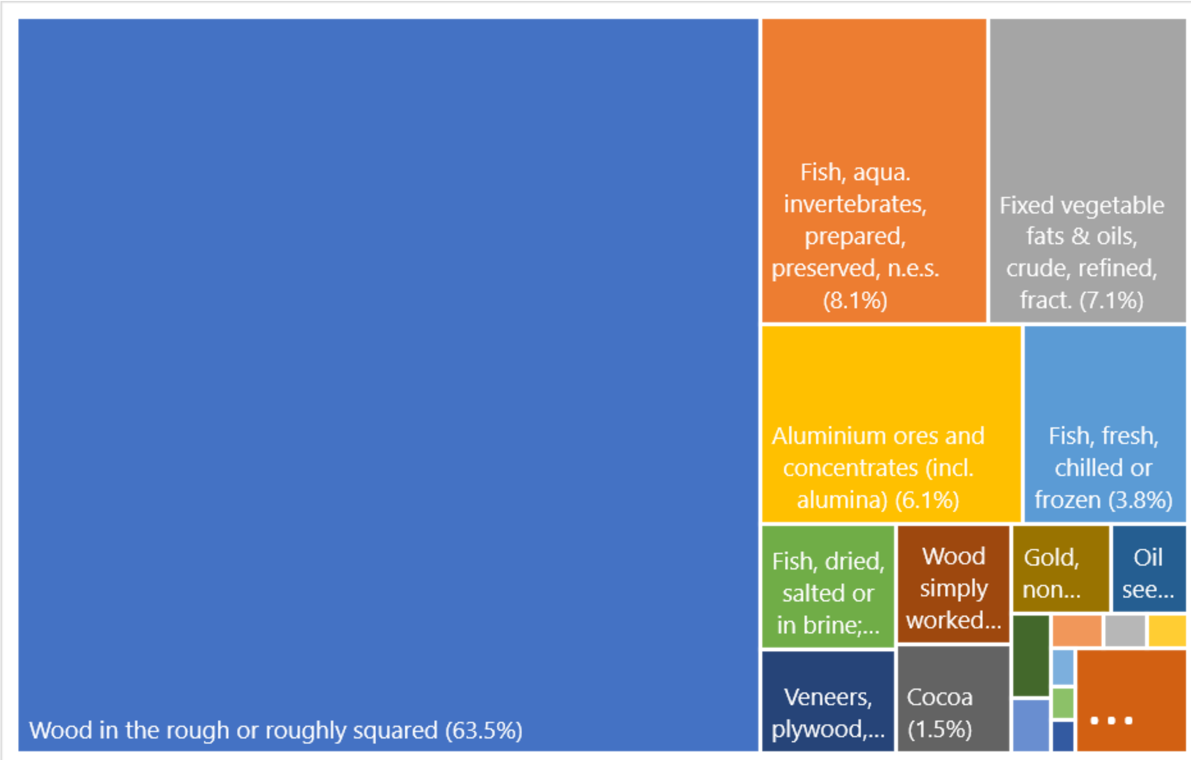
Figure 1: Solomon Islands exports by market, 2018 and2022, USD thousand



Source: UNCTAD trade matrix, accessed 19 March 2024.

In terms of products, figure 2 presents share of products at the three-digit SITC classification over the 2018-2022 period. Wood in the rough, mostly logs, are by far the largest export product, representing almost 2/3 of all exports, followed by prepared fish products (mostly cooked tuna loins and canned tuna) with a share of 8 per cent, and vegetable oils (palm oil and coconut oil) with 7 per cent. Exports of aluminium ores (share of 6 per cent over the five-year period) have actually fallen over the past five years.

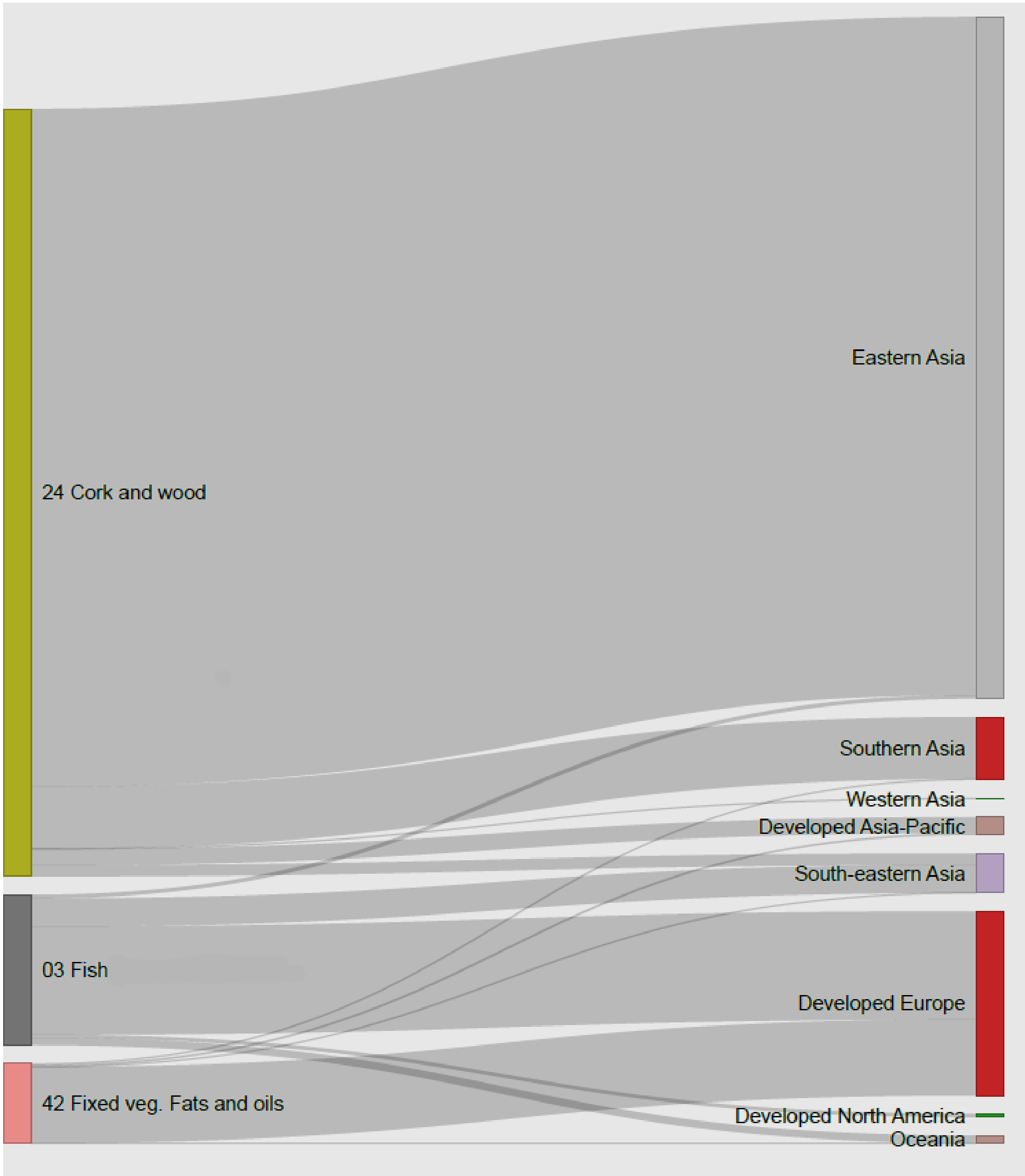
Figure 2: Solomon Islands, shares of exports by product, 2018-2022 total



Source: UNCTAD trade matrix, accessed 19 March 2024.

For Solomon Islands, product and market concentration are reinforcing. For each major product, market concentration is very high and for each market, product concentration is very high. For example, 88 per cent of exports of wood in the rough or roughly squared (SITC 247) are exported to China, and SITC 247 accounts for 89 per cent of all exports to China. For the second largest product category (fish preparations, SITC 037), the European Union is the destination of 90 per cent of exports, whereas fish preparations account for 59 per cent of exports from Solomon Islands to the European Union. Exports of the third largest product, vegetable oils (palm oil and coconut oil) are slightly more diversified in terms of markets, with 37 per cent exported to the European Union, 30 per cent to Switzerland and 25 per cent to the United Kingdom. These oils account for 21 per cent of all exports to the European Union, 91 per cent of exports to Switzerland and 96 per cent of exports to the United Kingdom. Figure 3 shows these concentration patterns at a slightly more aggregated level (SITC two-digit level for product, and major regions for markets) to improve visibility. Whereas wood products are exported to East Asia (almost exclusively China) and, to a far lesser extent, to South Asia (i.e., India), fish products and vegetable oil are mostly exported to Europe and, to a small extent, to other developed countries and developing countries in Asia and the Pacific.

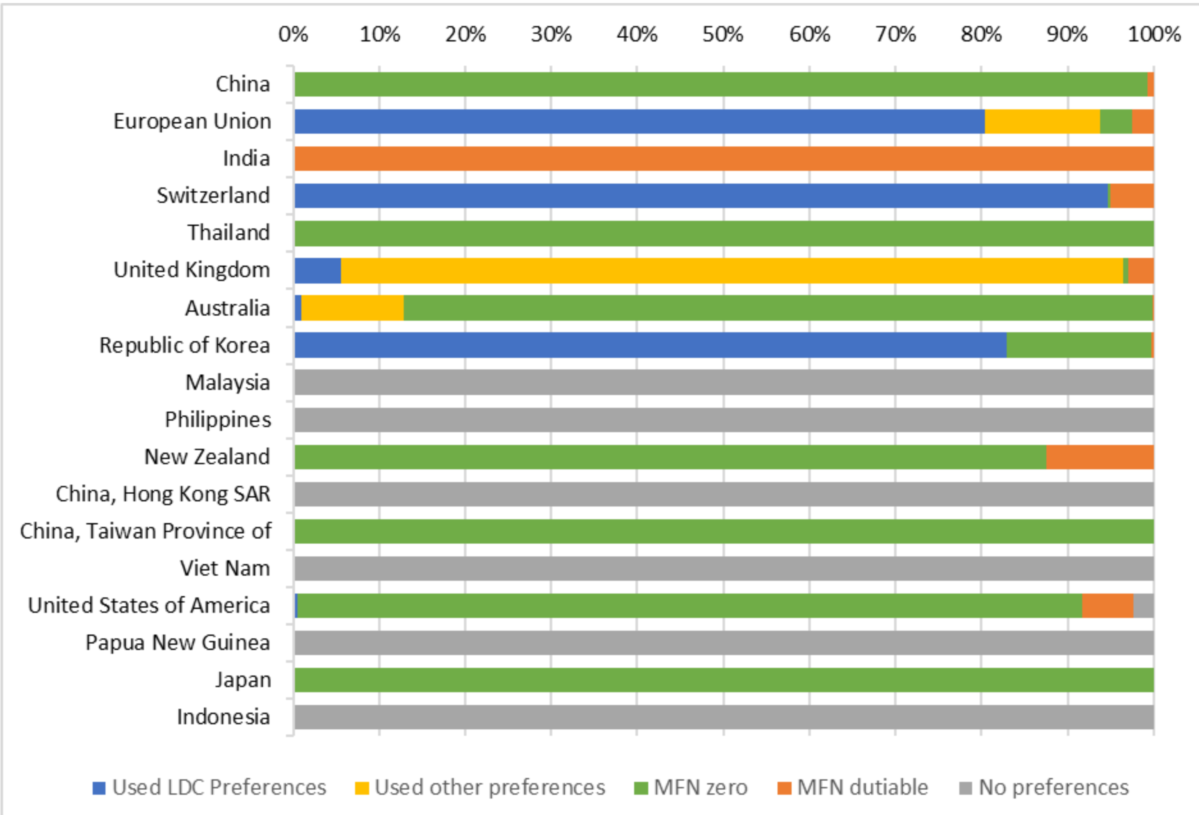
Figure 3: Solomon Islands, export flow by commodity and destination, 2018-2022 total



Source: [UN Comtrade Analytics](), accessed 18 March 2024.

Generally, preferential market access is an important benefit associated with being an LDC. However, actual utilization of LDC-preferences by Solomon Islands (i.e., the share of exports that is actually admitted duty free by trading partners because Solomon Islands is an LDC) is very low. Figure 4 shows utilization rates based on the WTO's Preferential Trade Database for each of the export markets listed in figure 1 for the latest available year, which in most cases in 2022. It shows for each of the market the shares of imports in total imports from Solomon Islands that are actually using LDC-preferences (i.e., that are duty-free because Solomon Islands is an LDC; marked in blue), that are using alternative preferential schemes (such as economic partnership agreements or regional trading arrangements; marked in yellow), that are duty free for all countries under the most favored nations principle (i.e., exports for which LDC preferences are irrelevant; marked in green), and those for which MFN tariffs have been paid even though products are included in LDC preferences (marked in orange). Imports of products not covered by preferences and imports by countries that do not provide preferences for LDCs are marked in grey.

Figure 4: Solomon Islands, Share of imports by tariff regime, 2022



Source: Own calculations based on WTO Preferential Trade Database, accessed 25 March 2024

Notes: Data for Thailand refers to 2020. Exports to Papua New Guinea might benefit form preferences under the Melanesian Spearhead Agreement but there is no information on utilization.

The figure reveals that in 2022, Solomon Islands utilized LDC-preferences in six markets: European Union, Switzerland, United Kingdom, Australia, Republic of Korea and United States of America. The shares of utilization range between 1 per cent in the United States and 95 per cent in Switzerland. There are three main explanations for the low utilization rates. The main factor is that the dominant export good, logs, faces zero tariffs in China under most favoured nations (MFN) rates, i.e., the rates applicable to all WTO members. The situation is similar for all or most exports to many of the smaller export markets such as Thailand or Japan. It should be also noted that Solomon Island is a beneficiary of China's DFQF scheme only since 2022. The second main reason is the availability of alternative preference schemes. In particular, Solomon Islands acceded in 2020 to the interim Economic Partnership Agreement between the European Union and the Pacific States, and in 2021 to the interim Economic Partnership Agreement between the United Kingdom and the Pacific States. It also enjoys duty-free quota-free market access to Australia and New Zealand under the Pacific Agreement on Closer Economic Relations (PACER) Plus agreement since 2020 and, previously, under SPARTECA. A third main reason is that Solomon Islands is not (yet) enjoying preferences under India's DFQF scheme. To do so, Governments of LDCs need to provide certain administrative procedures, see page 5 of this WTO guide.

Table 1 presents the pre- and post-graduation treatment of Solomon Islands in the markets with LDC-specific DFQF schemes. The table excludes markets that don't grant preferential treatment to LDCs (such as Malaysia, Philippines, Viet Nam and Indonesia), as exports to these markets will continue to face MFN tariffs in these markets, independent of graduation. The information in the table is based on current provisions and practices, which may change over time. In particular, the WTO General Council recently adopted on 23 October 2023 its decision WT/L/1172 encouraging the provision of a smooth and sustainable transition period for withdrawal of LDC-specific preferences after graduation. In most markets, LDC-preference schemes can be utilized for a while after graduation, either because of pre-determined transition periods, because lists of beneficiaries are reviewed only at certain times, or because withdrawal would require an explicit decision by the authorities rather than follow from graduation itself. Generally, after graduation, market access in developed countries will be either governed by alternative preference schemes (the Economic Partnership Agreements in the European Union and the Union Kingdom and PACER Plus in Australia and New Zealand) or by the regular General Systems of Preferences (GSP) schemes open to all developing countries (Switzerland, United States of America, and Japan). Access to such GSP schemes is automatic, though it should be noted product coverage and preferences can be lower. For developing countries, MFN rates would ultimately apply (except for the Pacific Islands economies applying PACER Plus or the Melanesian Spearhead Group regional tariff schemes).

Given the current export structure as captured in figure 4, the overall impacts of graduation on market access are very limited. For the European Union and the United Kingdom, products currently using the LDC scheme would continue to face zero tariff under the economic partnership agreements. In fact, for the main exports to the European Union, tuna loins, rules of origin under the interim EPA are more favourable than under the LDC scheme due to the 'global sourcing' provision, which allows for the processing of fish in Solomon Islands independent of the flag of the ship.[2] Similarly, the small amounts of exports to Australia currently using the LDC-scheme would continue to face zero tariffs under PACER plus. The currently miniscule preferential exports to the Unites States of America would remain duty-free under the regular GSP scheme.[3]

[2] For a discussion on the potential of this provision for exporting to the United Kingdom market, see Ministry of Foreign Affairs and External Trade (2023).

[3] It should be noted, though, that until 2019 Solomon Islands exported processed tuna products to the United States that used the LDC-specific trade preferences, though amounts were much smaller than those exported to the European Union. It should also be noted that the preference schemes of the United States (both the regular and the LDC-specific) are currently expired and a renewal is being considered by the United States Congress.

Table 1: Solomon Islands: Duty free quota free market access before and after graduation

	Before graduation (per cent of tariff lines)	Transition period	After-graduation (per cent of tariff lines)
China	LDC scheme (98)	Three years	MFN (11)
European Union	LDC scheme (100) or interim EPA (100)	Three years	Interim EPA (100)
India	LDC scheme (94)	Depending on revision of list of beneficiaries	MFN (2)
Switzerland	LDC scheme (100)	Depending on revision of list of beneficiaries	GSP
Thailand	LDC scheme (69)	No provision	MFN (31)
United Kingdom	LDC scheme (100) or interim EPA (100)	Three years	Interim EPA (100)
Australia	LDC scheme (100) or PACER+ (100)	No automatic withdrawal	PACER+ (100)
Republic of Korea	LDC scheme (90)	No provision	MFN (20)
New Zealand	LDC scheme (100) or PACER+ (100)	No automatic withdrawal	PACER+ (100)
Taiwan, Province of China	LDC scheme (33)	No provision	MFN (31)
USA	LDC scheme (86)	No automatic withdrawal	GSP (75)
Japan	LDC scheme (98)	No provision	GSP (62)

Source: LDC Portal, various ex-ante impact assessments, WTO Tariff Analysis Online.

Note: Solomon is currently not covered by the LDC scheme of India. Information on duty-free tariff lines for the GSP scheme of Switzerland is not available.

Therefore, the only current markets to be affected by graduation would be Switzerland and Republic of Korea. Table 2 below shows the affected tariff lines, exports and post-graduation tariffs, based on data for 2022. It should be noted that in case of Switzerland, not all of the imports of the affected tariff lines are utilizing the duty-free quota-free scheme. As palm and coconut oil are not covered under the regular GSP scheme, exports to Switzerland would face MFN rates, making exporting these products to market with continued duty-free access (such as the European Union or the United Kingdom) more attractive.

However, the identification of additional products to be incorporated in export diversification strategies could benefit from taking future market access conditions into account. It should be stressed this would be relevant mainly for products targeted to be exported to countries outside the European Union, the United Kingdom, and the Pacific markets in which DFQF access is already guaranteed. Moreover, market access conditions should not be considered in isolation but in conjunction with the price elasticity of demand for potential exports and changes in connectivity to potential markets.

Table 2: Imports from Solomon Islands in 2022 in tariff lines affected by graduation

Market	Product (tariff line)	DFQF imports (thousands US$)	Post-graduation tariff
Switzerland	Palm oil, crude (15 11 10 90)	5,886	116.05 SFR/100 kg
	Coconut oil, crude (15 13 10 90)	8,548	121.6 SFR/100 kg
	Palm kernel oil, crude (15 13 21 90)	1,091	121.6 SFR/100 kg
Republic of Korea	Flours, meals and pellets of fish (23 01 20 10 00)	149	5 per cent
	Sheets for veneering, for manufacturing plywood (44 08 39 90 91)	10,742	2 per cent

Source: WTO Tariff Analysis Online, accessed 1 April 2024. Import values as reported by Switzerland and Republic of Korea, including freight and insurance costs.

2.2. Preferential market access for services

Under the WTO "services waiver", WTO members are allowed to grant to LDC services or service suppliers preferential treatment. The WTO has received notifications from 25 developed and developing country WTO members, covering 86 per cent of global services trade. There is currently no smooth transition period for the services waiver. However, based on studies by WTO and Enhanced Integrated Framework (EIF), most notified measures largely mirror the non-discriminatory treatments already extended under the MFN regime to all WTO members. Consequently, the impacts from graduation on services exports are expected to be limited. This is attributed not only to the similarity of the notified measures with the MFN regime but also to inherent supply-side constraints that restrict their ability to capitalize on preferential treatment.[4]

2.3. Special and differential treatment under the WTO agreements

The various WTO agreements contain special and differential treatment provisions specific for least developed countries, in addition to provisions applicable to all developing countries. Table 3 presents a summary of key provisions, see WTO and EIF (2020) for a detailed overview. In general, current and past assessments found the loss of preferences under the WTO TRIPS agreement to be the most relevant, though practical implications would depend on country-specific considerations. There had already been work on intellectual property rights (IPR) reform in Solomon Islands in the 2010s. Solomon Islands also joined the World Intellectual Property Organisation (WIPO) in 2019. It is important to note that there is policy space for all developing countries to make more effective use of IPRs as an incentive policy for stimulating local innovation. In case of the Agreement on Agriculture, most benefits for LDCs also apply to (other) net food importing developing countries (NFIDCs). Hence, Solomon Islands could continue to benefit from these provisions if it requests the inclusion in the list of NFIDCs and submits the necessary data, as did the Maldives and Samoa.

[4] WTO and EIF (2020), Trade impacts of LDC graduation.

Table 3: Select LDC-specific provisions under WTO agreements and related decisions

Agreement	Provision
Agreement on Agriculture	• Exemption from the prohibition of granting export subsidies (LDCs and NFIDCs) until the end of 2030. • Longer repayment periods for export financing support (LDCs and NFIDCs). • Less frequent notifications to WTO regarding domestic support.
Sanitary and Phytosanitary (SPS) Measures	• Priority for technical assistance (article 9.1). The Standards and Trade Development Facility (STDF) has a target of dedicating at least 40% of total project financing allocated to LDCs or Other Low-Income Countries. • Lower co-financing requirement (10 per cent compared to 20 per cent for lower middle-income countries) for technical assistance under the STDF. This is extended for three years after graduation.
Agreement on Subsidies and Countervailing Measures	• LDCs (and other countries with GNI per capita below $1,000 in constant 1990 dollars) are exempted from the prohibition of export subsidies.
Trade Facilitation Agreement	• LDCs had longer time frames for notifications but these have or will be expired by the graduation date. • Longer grace period from dispute settlement (8 years from the date of implementation of category B or C measures).
Trade-Related Aspects of Intellectual Property Rights (TRIPS)	• Exemption from applying all substantive TRIPS standards until 1 July 2034. • Exemption from providing protection for pharmaceutical patents, from providing the possibility of filing mailbox applications and from granting exclusive marketing rights. • Waiver from notification requirements for issuing compulsory licenses for exports of pharmaceutical products to LDCs or other countries with insufficient manufacturing capacities in the pharmaceutical sector. • Developed country members are to provide incentives to encourage the transfer of technology to LDCs
Dispute Settlement Understanding	• Members should exercise due restraint in raising matters involving an LDC and give particular consideration to the special situation of LDCs. • LDCs can request the Director-General of the WTO or the Chairman of the Dispute Settlement Body to provide their good offices, conciliation and mediation for settling disputes.
Trade Policy Review Mechanism	• LDCs may have a longer period between trade policy reviews than other countries.

Source: CDP Secretariat, based on LDC Portal and WTO and EIF (2020).

At the latest WTO Ministerial (MC13), WTO member states agreed to a three-year transition period after graduation from the LDC category of the restraint clause under the Dispute

Settlement Agreement.[5] While there are no specific transition periods for the other LDC-specific provisions under WTO, Member States also agreed at to continue discussing the proposal by the LDC Group in 2022 to grant a transition period for all agreements.

2.4. Provisions under regional trading agreements

The PACER Plus stipulates that tariff reduction will start after each country's graduation from the LDC category or after 10 years, whichever is later, and that tariff elimination will take up to 25 or more years. For Solomon Islands, whose graduation is scheduled for 2027, Pacer Plus came into force in December 2020. Hence, tariff reductions will commence in 2028, whereas they would commence in 2031 if Solomon Islands would still be an LDC at that time.

The interim Economic Partnership Agreements with the European Union and with the United Kingdom define least developed country as any Pacific State on the United Nations list of LDCs on entry into force of the agreement. As Solomon Islands was an LDC when it acceded to these agreements, it may apply safeguard measures for longer periods than other Pacific countries. There are no active LDC-specific measures in other regional agreements Solomon Islands is participating (Melanesian Spearhead Agreement, Pacific Island Countries Trade Agreement).

2.5. LDC-specific trade-related technical assistance and capacity-building

The EIF, an Aid for Trade mechanism dedicated specifically to LDCs and recent graduates, supports LDCs through analytical work, institutional support and productive capacity-building projects. Donors have funded seven projects identified by EIF worth a combined total of US$12 million related to trade priorities in the Solomon Islands. The EIF is currently in a transitory phase as discussions on the establishment of a new multilateral support mechanism for LDCs are ongoing. Under the present rules, graduated countries could access funding from the EIF during a transition period of five years.

The WTO secretariat provides technical assistance on the issues covered by WTO agreements and on accession. LDCs benefit from specific courses that address their needs, are entitled to participate in a greater number of national activities per year than other developing countries and are the main beneficiaries of WTO and mission internship programmes. At the WTO Ministerial (MC13)[6], WTO members decided that graduated countries remain eligible for LDC-specific technical assistance and capacity building provided under WTO's Technical Assistance and Training Plan for a period of three years after graduation.

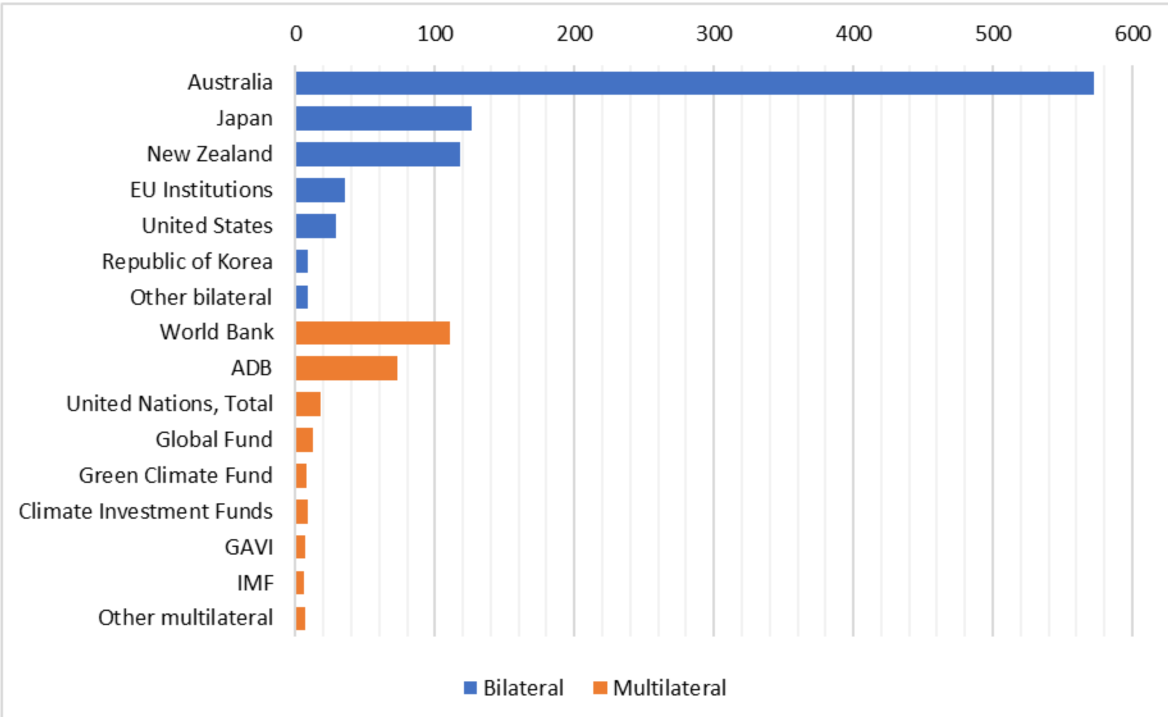
[5] See WTO/MIN(24)/34; WT/L/1189.

[6] See WTO/MIN(24)/34; WT/L/1189.

3. Development cooperation

Solomon Islands continues to rely on a small range of providers for development cooperation, with Australia providing 2/3 of all official development assistance (ODA) flows from 2018-2022. Figure 5 shows the total ODA flows provided from 2018 to 2022. It should be noted that the data does not cover China, which has recently emerged as a development partner of Solomon Islands.

Figure 5: Solomon Islands, Official Development Aid inflows, 2018-2022, million USD



Source: OECD Development Assistance Committee Database, accessed 19 March 2024.

3.1. Bilateral development cooperation

The impact of graduation on these development cooperation flows are expected to be minimal at most. For the main bilateral partners, the following situation can be expected:

- **Australia** and **New Zealand** have previously and repeatedly stressed that their development support to Pacific countries is independent of LDC status.
- In case of **Japan** and **Republic of Korea**, graduation would imply a marginally higher interest rate on most development loans, though they would remain highly concessional. In case of Japan, loans would be 25 to 50 basis points higher under current terms.[7] However, development cooperation from both countries is mostly in forms of grants which are not impacted by graduation. As an exception, Japan provided Solomon Island in 2021 with an emergency support loan over Yen 2.5 billion (US$ 22.8 million) to respond to COVID-19.
- The **United States** has confirmed for other assessments that LDC status does not affect

[7] See https://www.jica.go.jp/english/activities/schemes/finance_co/standard/index.html.

eligibility for or allocation of its bilateral development assistance.

- The **European Union (EU)** has stated in recent impact assessments that graduation from the LDC category is unlikely, by itself, to trigger significant changes in development assistance.

- **China**, not covered by figure 5, had stated in the context of impact assessments for other countries, that graduation has no impact on the development cooperation between graduating countries and China.

3.2. Multilateral development cooperation

From multilateral development partners, Solomon Islands receives both grants and concessional loans. Over 2018-2022, the share of grants in multilateral ODA was 72 per cent. Impacts of graduation would be limited.

- The **World Bank**, the International Monetary Fund (**IMF**) and most of the vertical funds (**Global Fund** to Fight AIDS, Tuberculosis, and Malaria, Global Alliance for Vaccination and Immunization (**GAVI**), and the **Climate Investment Funds**) do not contain any specific provisions or references regarding LDCs for operational purposes. Hence, graduation would have no impacts.

- The **Asian Development Bank** considers the LDC category in the classification of its members under its graduation policy, which guides the terms and conditions on which members access resources. While LDCs that lack creditworthiness are classified as a group A country (i.e., they receive concessional funds only), non-LDC status could trigger discussions about moving to group B (i.e., they receive both concessional and non-concessional resources) if the country is at low risk of debt distress and/or its creditworthiness is assessed to have improved to limited or adequate. However, for countries that lack creditworthiness and are assessed to have at least a moderate risk of debt distress (such as Solomon Islands), a change in LDC category would not have a direct impact on their classification and modalities of ADB support.

Most United Nations entities have put in place institutional mechanisms, such as dedicated internal structures and staff; prioritized LDCs under strategic plans; and/or have special rules for budgetary allocations. However, assistance to countries is typically reviewed on a case-by-case basis, so that graduation per se has no direct consequences.

- In case of **UNDP**, which has a goal of allocating at least 60 per cent of its main core resources to LDCs, graduation may have some impacts on allocation for one part of these resources (TRAC-1 allocation). However, given the graduation schedule of Solomon Islands and budget cycles of UNDP, this would affect only the allocation starting from 2030. Moreover, graduation would have no impact on the allocation of non-core resources, which can amount for a significant share of total resources deployed in a country.

- The United Nations Capital Development Fund (**UNCDF**) provides catalytic financing. However, while serving first and foremost LDCs, it also supports non-LDCs. For example, the currently implemented Pacific Digital Economy Programme covers not only Solomon Islands, but also the former LDCs Samoa and Vanuatu as well as Fiji and Tonga. After graduation, programmes can continue to be funded under the same conditions, for a period of three years. Assuming continued development progress, funding for another two years can be provided on a 50/50 cost-sharing basis with either the Government or a third party.

The vulnerability of LDCs to climate change and other environmental threats are well recognized and a major concern. While this issue is highly relevant for Solomon Islands, impacts of graduation are limited as most mechanisms and instruments provide the same support to LDCs and SIDS. The main exception is the LDC Fund under the United Nations Framework Convention on Climate Change (UNFCCC). More specifically:

- The **Green Climate Fund (GCF)** aims for a floor of 50 per cent of adaptation funds to LDCs, SIDS and African States. Currently, there are two projects under implementation with total GCF funding of US$ 111 million.[8] As Solomon Islands is a SIDS, graduation has no impacts.
- The Least Developed Countries Fund (**LDCF**) established under the UNFCCC in 2001 and operated by the Global Environment Facility (**GEF**), supports the LDC work programme of UNFCCC, including the preparation and implementation of national adaptation programmes of action, and more recently, includes work related to the process of formulating and implementing national adaptation plans. Graduated countries are not eligible to receive new funding under LDCF. Projects approved before and up until graduation would continue to receive funding in order to ensure the full implementation of those projects. Graduated LDCs have access, for the elaboration and implementation of their national adaptation plans, to the Special Climate Change Fund, the Adaptation Fund and the GCF. As of February 2024, Solomon Islands has accessed LDCF resources of $33.33 million. It has not yet requested resources in the current GEF-8 cycle (July 2022 – June 2026), for which the maximum allocation per country is $ 20 million. As graduation is scheduled to happen during the subsequent GEF-9 cycle, it would be advisable to proceed with requesting resources under the current cycle and it may be beneficial for Solomon Islands to be in a position to submit a request for the maximum amount early during the next cycle.
- Resources from the **GEF Trust Fund** are allocated based on specific indicators. However, the GEF has higher minimum floors for LDCs and SIDS than for other developing countries in each of the three areas (climate change, biodiversity, and land degradation). In the current GEF-8 cycle, Solomon Islands receives the minimum allocation for climate change and land degradation, while its allocation in biodiversity is far above the minimum. As Solomon Islands is a SIDS, graduation has no impact on allocation from the GEF Trust Fund. The same applies to allocations from the new Global Biodiversity Framework Fund.
- The Climate Risk and Early Warning Systems mechanism funds LDCs and SIDS for risk informed early warning systems. Solomon Islands is participating in the regional project on Strengthening Hydro-Meteorological and Early Warning Systems in the Pacific. Again, graduation has no impacts, as Solomon Islands is a SIDS.

There exist additional, LDC-specific mechanisms:

- The Technology Bank for the LDCs conducts baseline science, technology and innovation reviews and technology needs assessments of LDCs. Solomon Islands has no technology needs assessment but there are several initiatives that include a focus on Pacific LDCs or are open to all LDCs. After graduation from the LDC category, countries continue to have

[8] For further information, see the Solomon Islands country page at GCF.

access to the Technology Bank for a period of five years.

- The Investment Support Programme for LDCs (ISP/LDCs), which provides legal assistance for investment-related negotiations and dispute settlement, would be available for up to five years after the date of graduation.

4. Support for participation in international forums

Most United Nations System entities provide **caps and discounts on mandatory contributions** to their budgets. However, most entities follow the scale of assessments for contribution to the regular budget of the United Nations, which includes a ceiling for contributions from LDCs. As Solomon Islands' contribution is far below the ceiling, there is no impact of graduation on contributions to the regular budget of the United Nations and any other entities that follow its scale of assessments. There will be a small increase in contributions to the peacekeeping budget, where LDCs receive a higher discount than other countries. For the 2024 budget, Solomon Islands would have to pay US$ 12,106 instead of US$ 6,053. A few organizations in the United Nations system adopt class-based contributions, where only LDCs are entitled to the lowest class. For the 2024 budget, contributing at the lowest class for non-LDCs to the Universal Postal Union (UPU) and World Intellectual Property Organisation (WIPO) would imply increases by US$23,000 and US$1,424, respectively. In case of the International Telecommunication Union (ITU), the ITU Council can authorize a graduated country to continue to contribute at the lowest classes.

Representatives of LDC Governments receive **travel support** to participate in the annual sessions of the General Assembly. Most recently, funding was provided for the travel of three Government officials from Solomon Islands during the 77th session of the GA and for five representatives during the 78th session, with costs to the United Nations of US$ 29,000 and US$ 39,000, respectively. Several other United Nations organizations and Conventions have also established financial mechanisms to fund the participation of LDCs in their processes and in various international conferences and meetings. After graduation, if requested, travel benefits for travel to General Assembly sessions can be extended for a period of up to three years, the country notifying the UN of request and subject to availability of funds. There is no information on the impact of graduation on travel support by other providers.

There are no smooth transition provisions regarding LDC-specific diplomatic training opportunities; from advocacy and other activities focused on advancing the interests of the group of LDCs; flexibility in reporting requirements under the UNFCCC; and support for the costs of diplomatic representation in Geneva.