

Note on updated ex-ante impact assessment of possible graduation of Tuvalu out of the
least developed country category

26 April 2024

DPB/EAPD/DESA

Having met the graduation thresholds in four consecutive triennial reviews from 2003 to 2012, Tuvalu was recommended in 2012 by the Committee for Development Policy (CDP) for graduation from the Least Developed Country (LDC) category. ECOSOC has deferred the decision on Tuvalu's graduation since then, and will consider the case again in its June 2024 session.¹ In preparation for the ECOSOC deliberation and also to inform the newly elected Government of Tuvalu regarding the LDC status, the Permanent Mission of Tuvalu to UN requested DESA to update the information in the ex-ante impact of possible graduation of Tuvalu from the LDC category which was presented to the CDP in 2012.^{2,3}

In response to the request from the Permanent Mission of Tuvalu, this brief document provides updated information concerning the potential consequences of Tuvalu's graduation from the LDC category. It primarily focuses on quantifiable impacts regarding the loss of LDC-specific international support measures (ISMs), particularly in two key areas: financial and technical cooperation, and support for LDC participation in international forums. The principal finding of this update is similar to the one made in the previous 2012 assessment – under current patterns of support availability and utilization, impacts are from the possible graduation of Tuvalu are expected to not be significant. Since 2012, there have been a few additional LDC-specific ISMs in those two areas, but Tuvalu is unlikely to be affected significantly by the graduation in accessing those ISMs.

In addition, possible impacts on trade-related support measures are also insignificant. Tuvalu has not utilized any of the LDC-specific duty-free quota-free schemes in 2022. Hence, market access conditions will not be affected. Moreover, Tuvalu is not a member of the World Trade Organisation (WTO) so that special and differential treatment provision in

¹ See the CDP reports, and ECOSOC decisions regarding Tuvalu in 2003-2021 at [Least Developed Country Category: Tuvalu | Department of Economic and Social Affairs](#)

² Email from the Permanent Mission, dated 13 Feb 2024, "to enable the Mission to furnish the new government with relevant and updated information on the LDC status of Tuvalu, the Mission kindly request your office and DESA to provide the update ax-ante impact assessment of Tuvalu particularly the relevant parts on potential financing sources for Tuvalu, the participation of Tuvalu in intergovernmental process such as the UN General Assembly and other relevant information that you think it's essential for sharing with the government."

³ See the previous ex-ante impact assessment for Tuvalu in 2012 at <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-PL-2012-9a.pdf>

WTO agreements do not apply. There would be a small impact on tariff reductions by Tuvalu under the PACER plus agreement, which will have to start in the year after graduation rather than in 2033.

1. Financial and Technical Cooperation

Bilateral Partners and the European Union: According to OECD data, major contributors of Official Development Assistance (ODA) to Tuvalu in 2022 include Australia (\$9m), New Zealand (\$2.5m), and the EU (\$5.1m). Responses from these partners in relation to the 2021 and 2024 triennial reviews, along with situations observed in similar cases of graduation, indicate that the transition out of the LDC category is extremely unlikely to prompt significant changes in development assistance.

Multilateral Partners: The Asian Development Bank (\$31.1m) and the World Bank (\$63.7m) were identified as significant contributors. Graduation from the LDC category is not expected to affect assistance from organizations such as the Global Fund, the World Bank, the Asian Development Bank, or GAVI, as these entities do not base their resource allocation or eligibility criteria on LDC status.

United Nations Entities: The majority of assistance from the United Nations system is not contingent upon LDC status. However, Tuvalu might experience a reduction in UNDP core budget allocation post-graduation. Programs under the United Nations Capital Development Fund (UNCDF) can continue for three years post-graduation, with additional funding possible for another two years on a cost-sharing basis.

Climate and Environment Funds: While Tuvalu would lose access to new funding from the Least Developed Countries Fund (LDCF) after graduation, existing projects would continue to be financed until completion. Tuvalu would still have priority access to other climate funds such as the Special Climate Change Fund (SCCF), the Adaptation Fund, and the Green Climate Fund (GCF) with a priority, as a SIDS. It would also keep higher minimum allocations in the Global Environment Facility (GEF) Trust Fund for biodiversity, climate change and land degradation and the Global Biodiversity Framework Fund,

Other technical cooperation: Tuvalu would continue having access to the Climate Risk and Early Warning Systems (CREWS) Initiative as a SIDS. Tuvalu will be able to access the United Nations Technology Bank for the LDCs and the Investment Support Programme for LDCs (ISP/LDCs) for five years after graduation.

2. LDC Participation in International Forums

Caps on United Nations Budget Contributions: Tuvalu currently pays the minimum amount to the regular budget of the United Nations due to its LDC status, which is \$31,500 for 2024 (at the floor of 0.001 per cent). Graduation from LDC status will not impact this contribution, as it only affects LDCs with a share exceeding 0.010 per cent. There will be a small increase in contributions to the peacekeeping budget, where LDCs receive a higher discount than other countries. Because Tuvalu remains at the floor for the regular budget contribution, the peacekeeping assessment rate for Tuvalu is likely to increase marginally from 0.0001% to 0.0002% after graduation – using the 2024 peacekeeping budget, the contribution would have increased by about \$6,000 if Tuvalu had not been an LDC. There is no impact on budget contributions to United Nations entities that follow the UN scale of assessments.⁴

Travel Support to the United Nations General Assembly: Tuvalu received \$62,000 in support for delegates during the 78th session. However, post-graduation, Tuvalu would no longer qualify for LDC-specific travel support, except for the UN General Assembly meetings, where support can extend for up to three years.

Table. Quantifiable impacts of possible graduation of Tuvalu on LDC participation in international forums

Category	ISMs	Quantifiable impact	Note
LDC participation in international forums	Caps on UN budget	None for Regular; \$6,000 increase for Peacekeeping	At the floor
	Travel to UN GA	\$62,000 per year	3 year extension for GA meetings
Total		\$68,000 per year	

⁴ For some entities, the assessment rate may change after graduation, subject to the decisions of the administrative body, for instance, UPU, WIPO and ITU. For contribution to international entities, see <https://www.un.org/ldcportal/content/caps-and-discounts-contribution-ldcs-united-nations-system-budgets>