

# Potential impacts of LDC graduation on development cooperation in Cambodia, Comoros, Djibouti, Senegal, and Zambia: Preliminary assessment

*Marcia Tavares\**

## ABSTRACT

When a country leaves (“graduates” from) the least developed countries (LDC) category, there is often concern about the impacts on the support it will receive from the international community. This paper reviews, as part of a preliminary assessment for the countries the Committee for Development Policy (CDP) will assess in 2024 (Cambodia, Comoros, Djibouti, Senegal and Zambia), the expected impacts on financial and technical assistance and on support for the participation of these countries in international forums. Impacts on trade, often found to be the most significant, will be assessed separately. The general preliminary conclusion is that the impacts on development cooperation will be relatively small, as most development partners do not rely on whether or not a country is an LDC as a primary determinant of their assistance. However there are specific instruments, funds and flexibilities dedicated exclusively to LDCs and recent graduates, and some development partners have special terms and conditions for LDCs. It is important for countries approaching graduation to map out these areas in order to make the most of the LDC-specific support measures in the years leading up to graduation.

**Keywords:** Development cooperation, international cooperation, financing for development, least developed countries (LDCs), LDC graduation

**JEL Classification:** F35 (Foreign aid); F53 (international Organizations); F55 (International Institutional Arrangements); F63 (Economic Development); O19 (International Linkages to Development; Role of International Organizations)

\* Economic Affairs Officer, CDP Secretariat. The author thanks Matthias Bruckner and Charles Davies for comments and the CDP secretariat team for inputs and collaboration on previous assessments. The views in this paper are those of the authors and do not represent the views of the Committee for Development Policy (CDP), its Secretariat or the United Nations. This document should not be considered as the official position of the CDP, its Secretariat or the United Nations. All errors remain those of the author. Comments and corrections are welcome and should be addressed to [tavares3@un.org](mailto:tavares3@un.org).

## CONTENTS

I	Context and summary of conclusions . . . . .	1
	Summary of conclusions . . . . .	2
II	Assistance provided by major development partners at the country level . . . . .	4
II.1	Bilateral partners . . . . .	6
II.2	Regional and multilateral partners and programmes . . . . .	10
III	LDC-specific instruments, programmes and funds . . . . .	15
IV	Support to the participation of LDCs in international organizations and processes . . . . .	19
IV.1	Caps and discounts on the contribution of LDCs to the United Nations system budgets . . .	19
IV.2	Support for travel to attend intergovernmental meetings . . . . .	20
IV.3	Capacity-building and technical assistance in negotiations . . . . .	21
V	Conclusions. . . . .	21
	Annex . . . . .	22

**CDP Background Papers** are available at [www.un.org/development/desa/dpad/cdp-background-papers/](http://www.un.org/development/desa/dpad/cdp-background-papers/). The views and opinions expressed herein are those of the authors and do not necessarily reflect those of the United Nations Secretariat. The designations and terminology employed may not conform to United Nations practice and do not imply the expression of any opinion whatsoever on the part of the Organization.

Typesetter: *Nancy Settecasi*

UNITED NATIONS  
Committee for Development Policy  
UN Secretariat, 405 East 42nd Street  
New York, N.Y. 10017, USA  
e-mail: [cdp@un.org](mailto:cdp@un.org)  
[cdp.un.org](http://cdp.un.org)

## I Context and summary of conclusions

The least developed countries (LDC) category turned 50 in 2021. Over the decades, a number of measures have been put in place to support LDCs in the areas of trade, development cooperation (financial and technical assistance) and participation in international organizations and processes. When countries achieve a certain level of development and leave (“graduate from”) the LDC category, they are no longer entitled to those measures.<sup>1,2</sup> There is often concern, as countries approach graduation, about the impacts of losing those support measures. Part of the graduation process involves, in fact, an ex ante analysis, by the United Nations Department of Economic and Social Affairs (UNDESA), of the impacts of the withdrawal of those international support measures. The United Nations Committee for Development Policy (CDP) takes these assessments into consideration, along with quantitative criteria, a vulnerability profile prepared by the United Nations Conference on Trade and Development (UNCTAD), and other analytical inputs consolidated into a “graduation assessment”, when deciding on whether to recommend a country’s graduation. An overview of the expected changes after graduation is also instrumental for graduating countries as they start to elaborate their strategies to transition smoothly out of the LDC category.<sup>3</sup>

In 2024, the CDP will assess, and possibly recommend for graduation, five countries – Cambodia, Comoros, Djibouti, Senegal and Zambia (hereafter referred to as “the five countries”) – that entered the graduation pipeline in 2021 when they met the graduation criteria for the first time (see Box 1 for information on the graduation process and the situation of these five countries).<sup>4</sup> UNDESA will prepare its impact assessment for the five countries over the course of 2022–2023. This paper provides a preliminary and partial assessment of those impacts, focusing on the impacts on development cooperation and on support to these countries’ participation in international forums. It is based on publicly available information and on information collected over the course of previous impact assessments.<sup>5</sup>

UNDESA’s full impact assessments for these countries will also include trade-related impacts (which, for many countries, are the main impacts) and will include the results of formal consultations and interviews with development partners. Because of the complex and context-specific criteria that determine development cooperation programmes, and the fact that graduation will take place several years later, when circumstances, policies and strategic priorities may have changed, these assessments are always indicative. This preliminary and partial assessment follows the general method adopted in UNDESA’s full assessments, which considers what would likely be different in development cooperation for the five countries if they were not LDCs, all else remaining equal. For the assessment of bilateral and multilateral cooperation, it considers the main development partners in recent years based on data on flows of official development assistance (ODA) recorded by the OECD, and establishes which flows or modalities of assistance by those partners are dependent on LDC status. UNDESA’s impact assessment will also consider flows from other partners not recorded by the OECD.

---

1 For more information on the graduation process and international support measures, see the LDC Portal (<https://www.un.org/ldcportal>); information on LDCs on the CDP website (<https://bit.ly/cdpldcs>) and the Handbook on the Least Developed Country Category, Fourth Edition (forthcoming at <https://cdp.un.org>).

2 Some international support measures that are in principle exclusive to LDCs continue to be granted for a period beyond graduation, referred to as a “smooth transition” period. The term “smooth transition” has been used by the General Assembly in numerous resolutions through which it urges the international community to support countries that are in the process of graduating or have recently graduated, inter alia by phasing out support measures.

3 See United Nations (2021), Smooth Transition Guidance Note, available at [https://www.gradjet.org/wp-content/uploads/2021/05/STS-Guidance-Note\\_May-25-2021.pdf](https://www.gradjet.org/wp-content/uploads/2021/05/STS-Guidance-Note_May-25-2021.pdf).

4 The CDP will also assess Timor-Leste and Myanmar, which had entered the graduation pipeline before but, for different reasons, had their decision on graduation deferred. See Official report on the CDP’s 2021 Triennial review: CDP’s report to ECOSOC on its twenty-third session (Official records, 2021; Supplement No. 13; E/2021/33): <https://undocs.org/en/E/2021/33>.

5 A preliminary assessment of the trade-related impacts of graduation for the five countries in question is being conducted over the course of 2021 by the WTO and the Enhanced Integrated Framework and will be taken into consideration in the final assessments to be submitted to the CDP, along with other inputs. Previous assessments by the CDP are available at <http://bit.ly/CDPimpactassessments>; previous assessments by the WTO on trade-related impacts are available at [www.gradjet.org](http://www.gradjet.org).

A second part of this preliminary assessment considers the LDC-specific international support measures, which do not translate into significant ODA flows but are significant in terms of capacity-building and other support in critical sectors for LDCs.<sup>6</sup> A third part looks at measures in place to support LDCs in their participation in international forums (lower mandatory contributions to the United Nations budgets, subsidies for travel, etc.).

It is important to distinguish graduation from the LDC category from other milestones such as achieving middle-income status or graduating from the concessional windows of multilateral development banks, as the consequences are different. That said, as countries prepare their transitions out of any of these categories they should take into account the expected cumulative impacts. It is also important to keep in mind that, with the exception of Cambodia, the countries in question can all be classified under other groups of countries considered among the most vulnerable in the context of the 2030 Agenda for Sustainable Development (e.g. paragraph 22): Comoros, Djibouti, Senegal and Zambia as African states; Comoros as a small island developing state (SIDS); Zambia as a landlocked developing country (LLDC). While this will not ensure these countries retain the benefits of LDC-specific support measures, it may justify continued priority in certain settings.

## I.1 Summary of conclusions

The general preliminary conclusion is that **most development cooperation will not be affected by LDC graduation**. Important development partners such as the World Bank, the IMF, GAVI – The Vaccine Alliance, the Global Fund, the European Union, most of the UN system, and most bilateral partners (including south-south cooperation partners) do not consider, in determining the scale and nature of their assistance programmes, whether or not a country is on the LDC list. Often these partners do dedicate a large share of their resources to LDCs, but this is a result of applying criteria that overlap or correlate with the LDC criteria. For example, UNICEF is required by its Executive Board to allocate 60 per cent of its regular resources to LDCs, but this is done based on a system that gives higher weight to countries with the lowest GNI per capita, highest under-five mortality rate and largest child population. This results in LDCs being naturally the greatest beneficiaries, but also means that graduation itself does not affect the amount of resources allocated to a country. Many graduating LDCs can expect assistance programmes to change over time as income levels rise and the variables considered by these partners improve sustainably, but not as a result of LDC graduation.

Among the partners that do take the LDC category into account:

In bilateral cooperation,

- the five countries approaching graduation can expect **slightly higher interest and shorter repayment periods in new loans received from Japan and the Republic of Korea**. Grants and technical assistance from these countries are not expected to be significantly affected by graduation. Preceding LDC graduation by several years, there has already been a gradual shift away from grants and toward loans in Japanese cooperation with Cambodia and to some extent Senegal and Zambia. Both loans and grants to Cambodia and Senegal by the Republic of Korea have increased.
- There would likely be a **gradual shift in German cooperation, from grants to loans** in countries that graduate. Grants can continue in some areas and any changes would take into account multiple other factors.
- **France** has enacted a new law on development cooperation programming which clearly defines LDCs as the focus of development efforts, particularly grants. What will happen with assistance to countries that graduate and in what time frame cannot be inferred from the policy documents. France will be consulted on this matter as part of UNDESA's full impact assessment in 2022-2023. Comoros, Djibouti and Senegal have been priority countries for French development cooperation and loans to Cambodia have increased substantially in recent years. Over the period 2010-2019, there has already been a shift from grants to loans in Cambodia and Senegal.

<sup>6</sup> Support for graduation is not considered here, given the purposes of the assessment.

In regional and multilateral cooperation,

- Most development cooperation would not change as a result of graduation. A small number of regional and multilateral partners have provisions specifically for LDCs that affect the allocation of resources or determine the modalities of assistance delivered.
- Although graduation would not affect most resources allocated by UNDP to the five countries, it could lead to a small reduction in the amount of regular (or core) resources dedicated to some of them. The primary criteria for allocation of UNDP's core resources are per capita income and population, but the criteria for the allocation of certain elements of these core resources explicitly recognize LDC status. Therefore, in some cases, graduation could mean that in future budget cycles graduated countries might receive a lower allocation of certain types of core resources than would have been the case if the country were still an LDC. There are no smooth transition provisions in this respect other than the natural time lag between graduation and the definition of resource allocation for the upcoming budget cycle. Non-core resources are allocated independently of LDC status. As a reference, in 2020, UNDP regular resources allocated to the five countries ranged from USD 0.7 million in Djibouti to 4.3 million in Senegal; and represented between 10% (in the case of Zambia) and 50% (in Senegal) of UNDP resources in these countries that year. Not all of these are subject to the requirement.
- No deliberations have been made yet for the functioning of the Global Environment Facility (GEF) beyond its seventh replenishment (GEF-7). If current rules remain in place, **graduated countries would not benefit from the higher minimum allocation floors for LDCs.** This could be consequential if the application of the primary allocation criteria (indicators of "global benefits, country performance and GDP) led to an allocation of less than the minimum allocation floors for LDCs. Data on allocation suggest Comoros in all areas, and Cambodia, Djibouti and Senegal, may have benefitted from allocation floors for LDCs for GEF-7. As a reference, the difference in resources received in GEF-7 would be no more than 2 million dollars per country for the four-year period.
- Graduation could be a **trigger for the reclassification of Cambodia at the Asian Development Bank** from a category that receives only concessional resources to one that receives a blend of concessional and regular ordinary capital resource (OCR). However, reclassification depends on numerous factors and is assessed on a case-by-case basis.

There are support measures implemented specifically for LDCs that, by definition, countries that graduate are no longer entitled to (in some cases after a "smooth transition" period). These instruments have been used to different degrees by the five countries, and their activities are not necessarily reflected in large transfers of monetary resources. However, it is important for LDCs approaching graduation to consider how they can make the best use of each of them during the period in which they are still eligible. Some can be important in leveraging additional resources and in building capacity for the post-graduation period: the **Technology Bank for LDCs**; the **LDC Fund and other support provided through the LDC work programme and the LDC Expert Group under the United Nations Framework Convention on Climate Change (UNFCCC)**; the **Enhanced Integrated Framework (aid for trade)**; the **United Nations Capital Development Fund (UNCDF)**; the **Investment Support Programme for LDCs and support programmes within the UN secretariat and several agencies.**

LDCs benefit from caps and discounts on their mandatory contributions to UN system budgets. The **impact of graduation on these contributions** will depend on the approved budgets, on the rules in place for the budgetary periods following graduation, and on the relative performance of each country against the criteria adopted to measure capacity to pay in future budgetary periods. As a reference, if the five countries were not LDCs in 2021, they would not be required to pay any more than they do now for the UN regular budget and the budgets of organizations that use the UN scale of assessments, because their assessments are below the LDC cap of 0.1 per cent. Contributions to the budgets of peacekeeping operations would be higher, as would those to the budgets of the three UN agencies that adopt a class-based system of contributions. The total difference would range from approximately 100,000 dollars per year (Djibouti) to approximately 150,000 dollars per year (Zambia). A significant part of this amount refers to a single agency which has often permitted graduated LDCs to continue to contribute at a lower rate for a period.

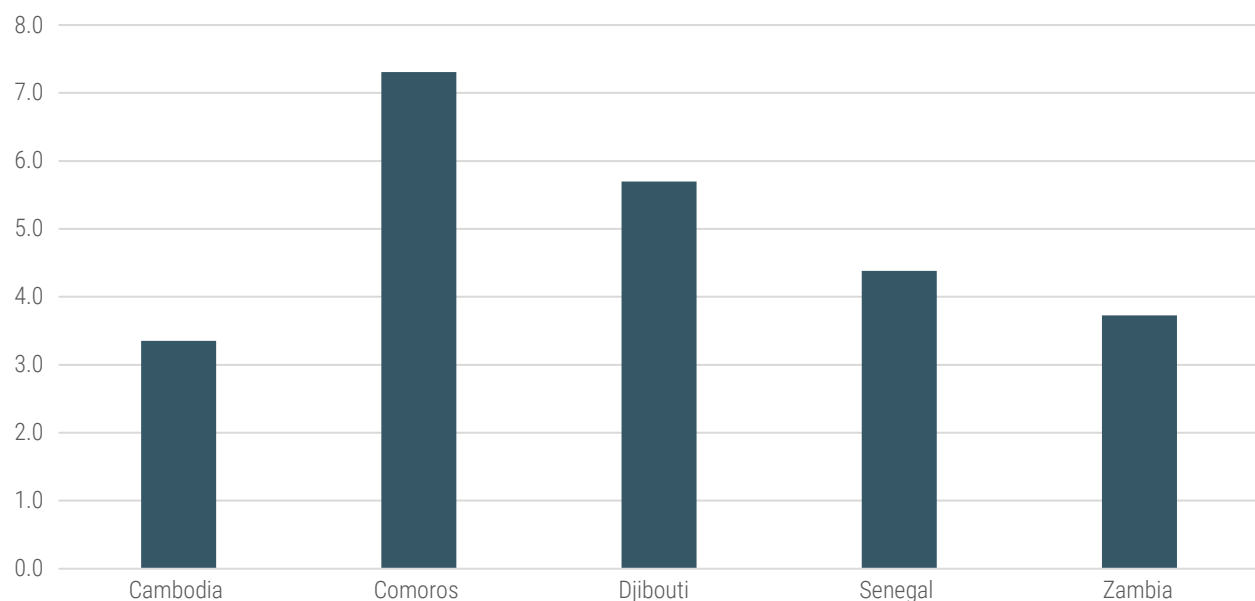
Finally, the five countries would lose access to certain forms of support for travel to attend international meetings and capacity-building and technical assistance related to negotiations and other forms of participation in international forums.

## II Assistance provided by major development partners at the country level

ODA plays an important role in the economies of the five countries. Figure 1 shows ODA as a percentage of GNI in each country in 2019. As a reference, the average for middle income countries that same year was 0.2 per cent. Development assistance programs by bilateral and multilateral partners are determined by a number of factors, including the country's needs, donor or institutional policies and priorities, availability of funds, and regional and historical ties, among others. The criteria adopted often overlap with some of the criteria used to identify LDCs (see Box 1), which results in LDCs often receiving a significant share of resources. However, belonging or not to the LDC category is not, by itself, a criterion for the allocation of most development assistance. Therefore, when a country graduates it does not automatically see significant changes in the modalities and terms of assistance of most partners. Some partners, however, do provide special terms in their assistance for LDCs.

Figure 1

### Cambodia, Comoros, Djibouti, Senegal, Zambia: ODA received as a percentage of GNI, 2019



**Source:** United Nations Committee for Development Policy Secretariat. Supplementary graduation indicators dataset 2002–2021.

This section considers ODA flows as recorded by the OECD. These flows do not reflect concessional financing by several non-OECD partners. For example, assistance from China is not recorded. There is no evidence that belonging to the LDC category has been a significant criterion in South-South cooperation and partnerships in general. UNDESA's impact assessments will take into consideration flows other than those recorded by the OECD, to the extent of data availability, and will consult the relevant development partners – OECD, non-OECD, regional and multilateral – over the course of 2022–2023.

## Box 1

**The LDC graduation process: situation and next steps for Cambodia, Comoros, Djibouti, Senegal and Zambia****What does it take to graduate?**

The Committee for Development Policy (CDP) reviews the LDC category every three years. When a country meets pre-established thresholds in two out of three indicators – GNI per capita, the Human Assets Index (HAI) and the Economic and Environmental Vulnerability Index (EVI) (or, alternatively, has a GNI per capita of more than twice the threshold), a number of information gathering activities are set in motion, in preparation for a second assessment three years later. The five countries in question met these criteria for the first time in 2021. If they meet the criteria again at the second assessment (2024), the CDP will consider the information contained in the graduation assessment, the views of the governments concerned, and any other information it considers pertinent. It may recommend the country for graduation or, in case it has serious concerns (for example about the sustainability of the country's development progress) it can defer the decision to the following review, three years later.

After the CDP's recommendation, the Economic and Social Council (ECOSOC) must endorse the recommendation and the General Assembly must take note. This is done through resolutions issued by each of these bodies. The General Assembly also determines the date of graduation, which follows a "preparatory period" between the date of the General Assembly resolution and the actual date of graduation during which the country remains an LDC. The standard period is of three years, but the General Assembly may determine a longer period depending on the circumstances. Countries recommended for graduation in 2024, therefore, could graduate as early as 2027, but depending on circumstances could be granted a longer period. In addition to the preparatory period, some international support measures for LDCs contain "smooth transition" provisions, which ensure that countries continue to benefit for a few years, in some cases under modified terms and conditions. For example, the European Union's Everything-But-Arms (EBA) trade scheme applies to beneficiaries for 3 years after the date of graduation.

**How did the 5 countries perform against the graduation thresholds in 2021?**

The graduation thresholds in 2021 were GNI per capita of USD 1222 and above; HAI of 66 and above; EVI of 32 and below. The 5 countries performed as follows:

	GNI per capita (USD)	HAI	EVI	How the country meets the graduation criteria
Cambodia	1377	74.3	30.6	Crossed all three thresholds
Comoros	1376	67.2	37.7	Crossed income and HAI thresholds
Djibouti	3235	61.9	53.9	GNI per capita more than twice the threshold
Senegal	1370	66.4	43.0	Crossed income and HAI thresholds
Zambia	1411	67.1	41.7	Crossed income and HAI thresholds

**What are the prospects for 2024?**

The COVID-19 pandemic has severely impacted the economic and social situation in many LDCs, including the capacity of governments to implement sustainable development policies. It is early, as at mid-2021, to anticipate how countries will perform against the graduation criteria in 2024. For countries that do continue to meet the criteria, the CDP will also consider supplementary indicators and information, including on the expected impacts of graduation, before it recommends graduation. There are three main scenarios:

- The country does not meet the criteria and therefore is not recommended for graduation. In this case, it will be assessed again in 2027. Because a necessary condition for graduation is that the country meet the criteria at two successive CDP triennial reviews, if it does meet the criteria in 2027, it will still not be eligible for graduation. It would have to meet the criteria again in 2030.
- The country meets the criteria and the CDP recommends graduation. The next steps would be for ECOSOC and the General Assembly to endorse the decision, which typically happens over the course of the same calendar year. Graduation would normally happen three years later, but the General Assembly can establish a longer preparatory period.
- The country meets the criteria but the CDP does not recommend graduation, for example due to concerns on the sustainability of development progress. In this case the country would be assessed again in 2027 and, if it continues to meet the graduation criteria then and concerns are resolved, could be recommended for graduation, which would happen after endorsements by ECOSOC and the General Assembly and the preparatory period.

For more information:

- on the criteria used to determine which countries are considered LDCs, including composition of indicators, see <https://bit.ly/ldccriteria>.
- on the graduation process and thresholds see <https://bit.ly/LDCGraduationprocess>
- on the impact of COVID-19 on LDCs, including on LDC graduation: [https://bit.ly/CDP\\_COVID\\_LDC](https://bit.ly/CDP_COVID_LDC)
- Handbook on the Least Developed Country Category, fourth edition (forthcoming)
- Official report on the CDP's 2021 Triennial review: CDP's report to ECOSOC on its twenty-third session (Official records, 2021; Supplement No. 13; E/2021/33): <https://undocs.org/en/E/2021/33>
- LDC Portal: [www.un.org/ldcportal](http://www.un.org/ldcportal)



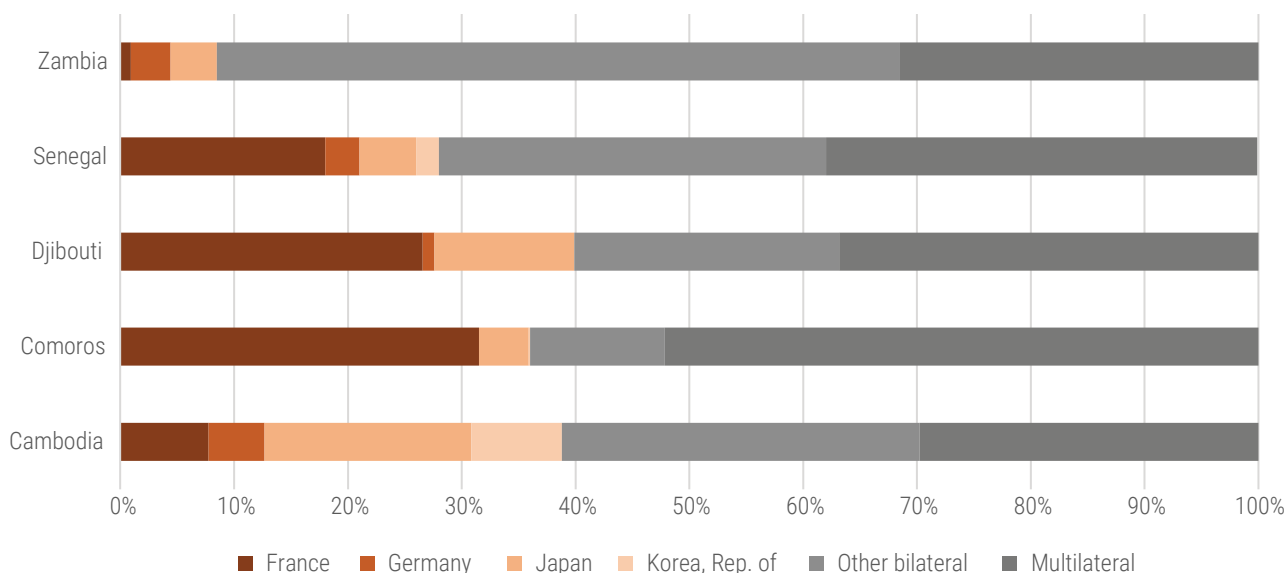
## II.1 Bilateral partners<sup>7</sup>

Although commitments have been made internationally regarding ODA to the LDC group (Box 2), a wide variety of factors come into play in the allocation of resources in bilateral cooperation, including historic, linguistic and cultural ties, regional proximity, and donor strategic priorities, among others. Whether a country is on the LDC list will most often be only one among several other factors considered in the formulation of assistance programmes, if it is considered at all. However, for a small number of partners, it may affect the types, terms and conditions of assistance or the degree of priority the country is assigned.

Based on past consultations, published strategic documents and legislation, three among the largest bilateral donors to the five countries according to OECD data –Japan, the Republic of Korea, and Germany– consider the LDC category in ways that suggest graduation could have some degree of impact on the priority countries are accorded or the type or terms of assistance. Additionally, France has just enacted new legislation determining a focus of development cooperation on LDCs. Most others do not take the LDC category into account (see Table I in the Annex). Figure 2 shows the share of ODA provided by each of these countries to each of the five countries in question over the course of 2010-2019.<sup>8</sup> Not

Figure 2

### ODA by main bilateral development partners (percentage of total ODA) from 2010 to 2019\*



**Source:** OECD Creditor Reporting System. Data extracted in April 2021. Does not include development assistance provided by all non-DAC members.

\* Countries in grayscale do not take the LDC category into consideration. The others consider it as a secondary criterion. Graduation may influence the terms of future assistance but is unlikely to be the cause of a significant withdrawal.

<sup>7</sup> According to the OECD's policies, all low- and middle-income (lower middle-income, upper middle-income) countries, based on the World Bank classification, are eligible for ODA, with the exception of G8 members, EU members and countries with a firm date for entry into the EU. Graduation from ODA eligibility occurs when a country is found to have exceeded the high-income threshold for three consecutive years. The OECD Development Assistance Committee (DAC) has a number of recommendations and requirements relating to LDCs, including a higher minimum grant element for a bilateral loan to be considered ODA when it is extended to an LDC, a slightly higher discount rate used to determine the present value of future payments for purposes of definition of the grant element, and a recommended average grant element.

<sup>8</sup> Data in the OECD's Creditor Reporting System does not include development assistance provided by all non-DAC members.

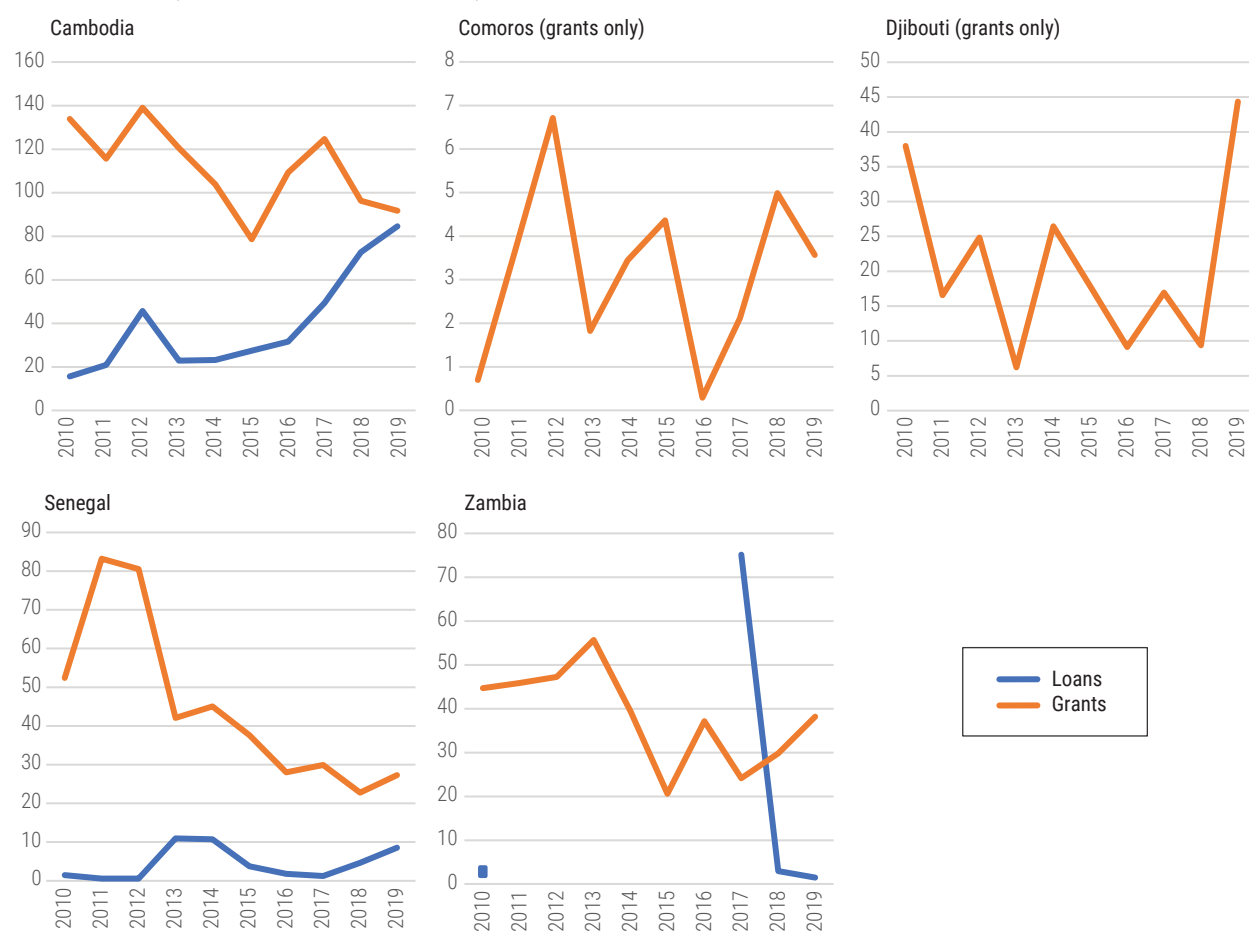


all of the ODA provided by each of these four donors will be affected by graduation; and in some cases the impacts could be minimal. Below we outline the information available as at mid-2021, before formal consultations, on these four countries.

**Japan.** Japan International Cooperation Agency (JICA) provides loans on concessional terms for developing countries, with conditions varying according to whether a country is in the LDC category, which World Bank income group it falls into, and other criteria. Low-income LDCs have access to the most favourable terms under Japanese ODA loans, while non-LDC low-income countries and LDCs that are not low-income have access to a second category of preferential loans. Other developing countries have access to less favourable but still concessional terms for loans, according to their level of income and nature of the project. Terms and conditions for ODA Loans are revised annually.<sup>9</sup> In previous graduation impact assessments, Japan indicated that LDC graduation itself would not affect grant aid and technical cooperation. Independently of LDC graduation, there has already been a gradual shift towards less grants and more loans in Cambodia, Senegal and, to some extent, Zambia. OECD data show only grants for Comoros and Djibouti. Figure 3 shows the balance of loans and grants from Japan to the five countries over 2010–2019.

Figure 3

**Japanese ODA loans and grants to Cambodia, Comoros, Djibouti, Senegal and Zambia, 2010–2019 (millions of US dollars)**



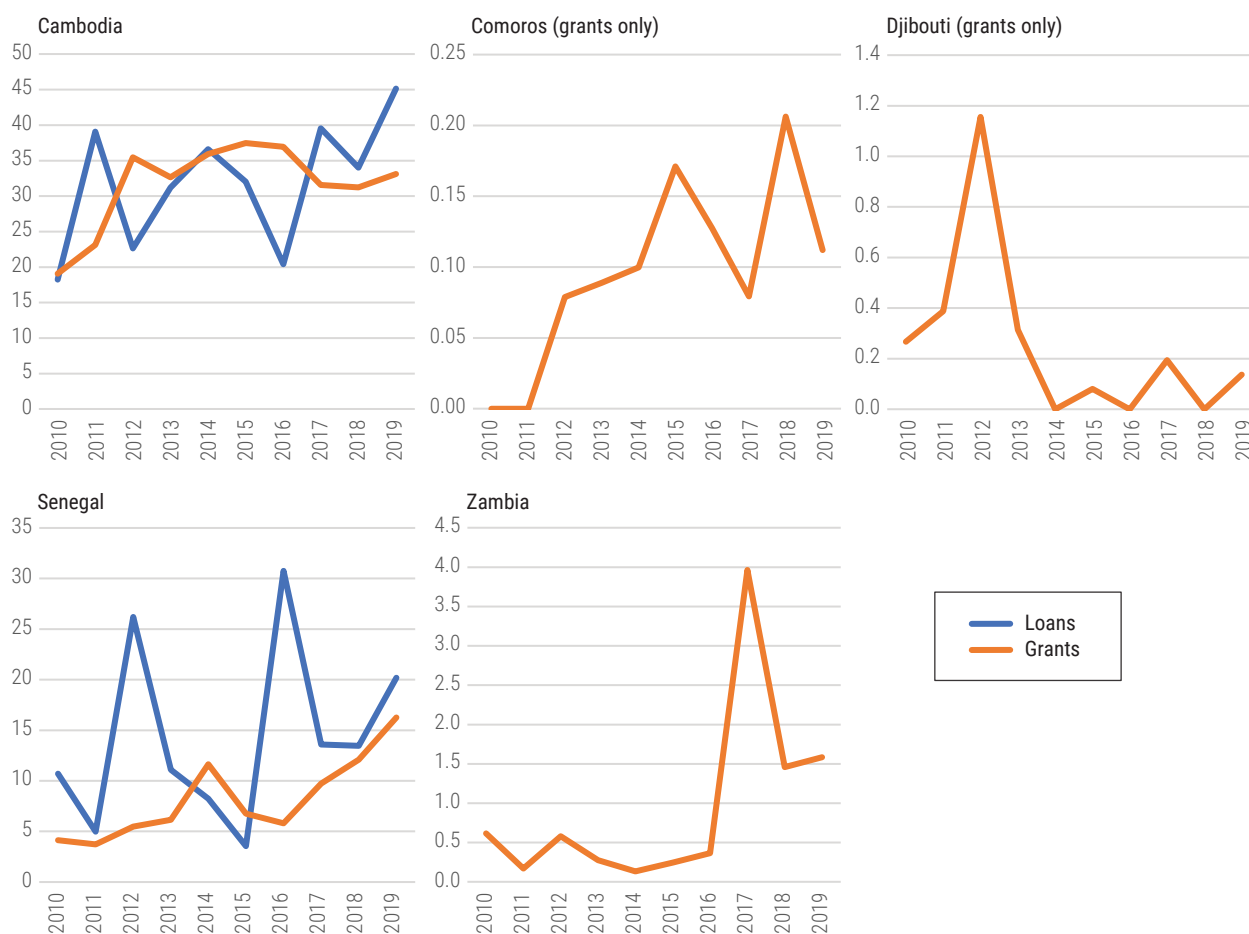
Source: OECD Creditor Reporting System. Data extracted in August 2021.

<sup>9</sup> For the terms and conditions applicable starting on 1 April 2021, see “Terms and Conditions of Japanese ODA Loans (Effective from April 1, 2021)”. Available: [https://www.jica.go.jp/english/our\\_work/types\\_of\\_assistance/oda\\_loans/standard/index.html](https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html) [2021: September 20].

**Republic of Korea.** The Economic Development Cooperation Fund (EDCF) of Korea, administered by the Export-Import Bank of Korea and the Ministry of Strategy and Finance, provides concessional loans developing countries, among which LDCs, to facilitate their industrial development and economic stability. LDCs receive the most favourable terms (interest rates and repayment periods) among five categories of beneficiaries (the other four are based on GNI per capita). Upon graduation, countries can still qualify for loans under the EDCF, but in principle pay higher (while still concessional) interest rates and have shorter repayment periods. Responses to inquiries in the context of previous graduation assessments suggest that LDC graduation will not substantially and automatically influence ODA grants provided by the Republic of Korea through the Korean International Cooperation Agency (Koica). There was an upward trend in ODA from Korea to Cambodia, Comoros, Senegal and Zambia in the decade 2010–2019, with both loans and grants increasing in Cambodia and Senegal and only grants provided to the other countries (Figure 4).

Figure 4

**Loans and grants from the Republic of Korea to Cambodia, Comoros, Djibouti, Senegal and Zambia, 2010–2019 (millions of US dollars)**



**Source:** OECD Creditor Reporting System. Data extracted in August 2021.

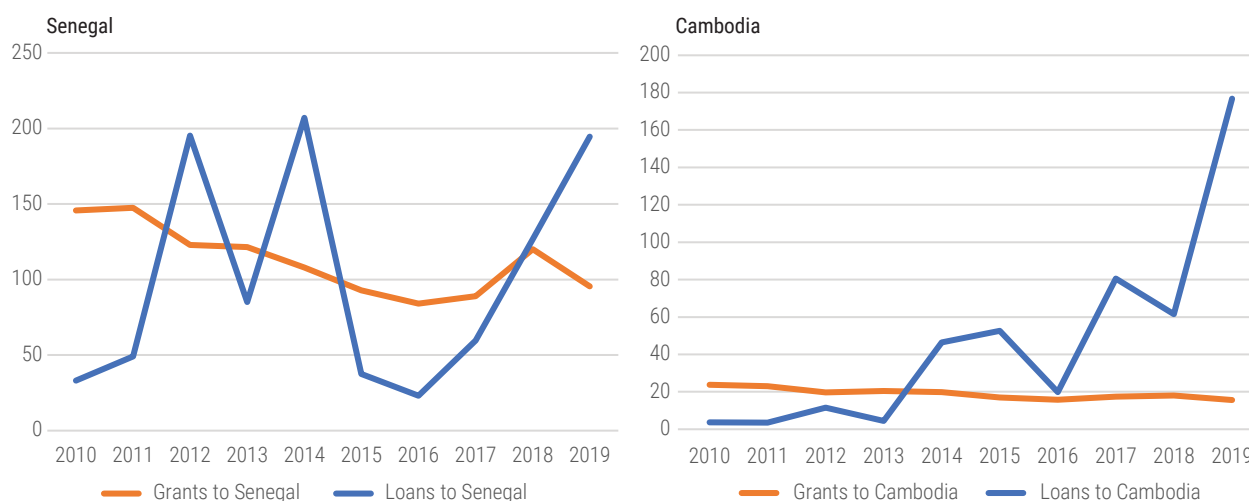
**Germany.** The Federal Ministry for Economic Cooperation and Development (BMZ) awards grants and concessional loans to LDCs, in particular through the KfW Entwicklungsbank, a branch of the KfW banking group (a government-owned development bank) for financial cooperation with developing countries. LDCs receive mostly grants; non-LDC developing countries receive mostly loans; but there are exceptions. The BMZ has recently reformed its cooperation strategy. Currently 25 of 60 partner countries are LDCs. Among these, Cambodia and Zambia are considered in a category of countries with which Germany maintains long-term cooperation to support shared development goals. Senegal is one of the “Reform partners”, countries that are “particularly reform-minded” and receive increased support, including through a new reform financing instrument.<sup>10</sup>

In previous graduation impact assessments, Germany indicated that a shift from grants to soft loans is likely but support in the form of grants in certain areas could continue. Changes in assistance programmes after graduation would not be automatic and would take into account multiple factors.

**France.** France is a major bilateral partner of all five countries and especially important, in relative terms, for Comoros, Djibouti and Senegal. In 2021, France enacted a new law on programming of development cooperation which stipulates that it will focus its bilateral development assistance, and particularly grants, on LDCs, and especially those in sub-Saharan Africa. Assistance to middle-income countries will be mostly in the form of loans, in partnership with the private sector, local communities and civil society.<sup>11</sup> What will happen to assistance to countries that graduate and in what time frame, or how France is considering assistance to middle-income LDCs, cannot be inferred from the policy document and will be the object of consultations during the UNDESA impact assessment process in 2022-2023. Comoros, Djibouti and Senegal have been priority countries for French development cooperation and loans to Cambodia have increased substantially in recent years. Over the period 2010-2019, data suggest a trend had already begun towards a decrease in grants and an increase in loans to Senegal and Cambodia (see figure 5).

Figure 5

### Loans and grants from France to Senegal and Cambodia, 2010-2019 (millions of US dollars)



**Source:** OECD Creditor Reporting System. Data extracted in August 2021.

<sup>10</sup> “Our partner countries – a new quality of cooperation”, Reform Strategy BMZ 2030. Available : <https://www.bmz.de/en/development-policy/reform-strategy-bmz-2030> [2021, September 20].

<sup>11</sup> Ministère de l’Europe et des Affaires Etrangères, 2021, «Une nouvelle ambition pour la politique de développement française». Available: <https://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/developpement/une-nouvelle-ambition-pour-la-politique-de-developpement-francaise/> [2021, September 20]; Ministère de l’Europe et des Affaires Etrangères, 2021, « Priorités géographiques ». Available : <https://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/developpement/priorites-geographiques/> [2021, September 20].

## Box 2

**International commitments for ODA to LDCs**

Over time, development partners have undertaken certain commitments in relation to ODA LDCs:

- How much ODA to provide to LDCs: there is a longstanding commitment by developed countries, reiterated in numerous international development agendas, to provide the equivalent of 0.15 to 0.20 per cent of their GNI in the form of ODA to LDCs. This is in parallel to a commitment to provide the equivalent of 0.7 per cent of GNI in ODA to developing countries. These commitments, which are fulfilled by very few countries, refer to their aggregate flows to LDCs, and not to flows to individual countries.
- Modalities of bilateral ODA and the grant element: the OECD's Development Assistance Committee (DAC) recommends that the average grant element in ODA to LDCs should be either 90 per cent of a given donor's annual commitment to all LDCs, or at least 86 per cent of the donor's commitments to each individual LDC over a period of 3 years. Most ODA to LDCs by DAC members is, in fact, in the form of grants. Moreover, since 2019, the LDC status of the recipient affects the extent to which concessional loans are counted as ODA by the OECD. In the grant-equivalent approach adopted by DAC members to measure ODA, grants and the grant portion of concessional loans count as ODA. Loans to LDCs and other low-income countries require a higher grant equivalent component to be considered ODA, and differentiated discount rates are applied.
- Untied aid: OECD/DAC members have committed to "untying" ODA, that is, not making aid conditional on the procurement of goods and services from the donor. There has been progress in this regard but a few members persistently fall short of their untied commitments. Many donors that do not tie ODA in LDCs also do not tie them in other developing countries.

The OECD's Development Co-operation Report series (<https://www.oecd.org/dac/development-cooperation-report/>) and the profiles prepared annually review compliance with these commitments.

## II.2 Regional and multilateral partners and programmes

Several multilateral and regional development organizations, including the UN system, dedicate a significant share of their resources to LDCs, but this is rarely a result of considering the LDC category itself, and rather that of applying criteria which coincide or are correlated with some of the criteria used in the definition of the LDC category. In determining country-level assistance:

- The **World Bank** and the **IMF** do not take the LDC category into consideration. Concessionary financing from the International Development Association (IDA) of the World Bank is granted to all countries below a certain threshold of per capita income<sup>12</sup>; the IMF considers per capita income and other criteria, but not whether or not a country is an LDC, to determine the terms of its assistance to countries.
- Most **regional development banks** do not consider the LDC category in determining the type of assistance granted. The Asian Development Bank considers it among other factors and with safeguards for countries at risk of debt distress (see text below).
- Most entities that integrate the **United Nations system**, while recognizing the LDC category and in some cases having institutional structures or specific programmes dedicated to LDCs, do not consider whether or not a country is on the LDC list when it comes to determining the volume of assistance deployed at the country level; and a number of LDC-specific instruments have been developed within the UN system (see sections III and IV). However, in general, when consulted in regard to possible changes in country-level assistance after graduation from

<sup>12</sup> "Borrowing Countries". Available: <https://ida.worldbank.org/about/borrowing-countries> [2021, September 20].

the LDC category in the context of UNDESA's ex ante impact assessments, most organizations state that changes will be minor if any, and that they will continue to support countries in their areas of specialization, based on the country's needs and vulnerabilities. The main exception is UNDP, which has a requirement for a share of its core resources to be allocated to LDCs, though it too has other primary criteria (see text below). UNICEF is also required by its Executive Board to allocate 60 per cent of its regular resources to LDCs, but in practice this is done based on a system that gives higher weight to countries with the lowest GNI per capita, highest under-five mortality rate and largest child population. This results in LDCs being naturally the greatest beneficiaries, but also means that graduation itself does not affect the amount of resources allocated to a country. Several UN organizations are committed to supporting countries through a "smooth transition" out of the category and UN-OHRLS coordinates an inter-agency task force to that effect.

- The **European Union (EU)** defines the terms of its assistance through multi-annual frameworks, and criteria for eligibility and allocation may change over time. In general, the EU has adopted a differentiated approach to aid allocation and partnerships. Regulation (EU) 2021/947 of the European Parliament and Council (9 June 2021) which establishes the Neighbourhood Development and International Cooperation Instrument – Global Europe refers to LDCs to reiterate the target of reaching between 0,15% and 0,20% of the GNI of the European Union as ODA to LDCs (in the short term, and 0,20% in the timeframe of the 2030 Agenda).<sup>13</sup> It also refers to LDCs as one group among others warranting "special attention" in the implementation of the new European Fund for Sustainable Development Plus (EFSD+) (along with countries experiencing fragility or conflict, small island developing states, landlocked developing countries and heavily indebted poor countries) and to be given priority in resource allocation (along with low-income countries, countries in a situation of crisis, post-crisis or fragility and vulnerability, including small island developing states and landlocked developing countries). Under previous assistance frameworks, graduation would not, by itself, have triggered a significant change in assistance by the EU, though countries approaching graduation might also have met other criteria that would lead to changes, such as making them ineligible for certain types of grant-based aid. The EU will be consulted as to the implications of current frameworks.
- **GAVI, the Vaccine Alliance** assists countries below a certain GNI per capita threshold and that meet certain conditions, assessed by an independent group of experts.<sup>14</sup> Beyond this threshold, countries enter a transition phase towards self-financing. LDC status is not taken into account.
- The **Global Fund**, which mobilizes and invests funds aiming at ending AIDS, tuberculosis and malaria as epidemics, considers GNI and a disease burden index, not LDC status.<sup>15</sup>

Figure 6 shows the largest regional and multilateral development partners of the five countries over the last decade, based on OECD data. It considers all regional and multilateral partners that account for more than 1% of official development assistance (ODA) in any of the five countries. Organizations and funds indicated in grayscale do not take the LDC category into account as a criterion for the allocation of resources at the country level, which means LDC graduation has no effects on their assistance programmes to graduating countries. These organizations have their own graduation criteria.<sup>16</sup>

<sup>13</sup> Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0947&rid=8> [2021, September 20].

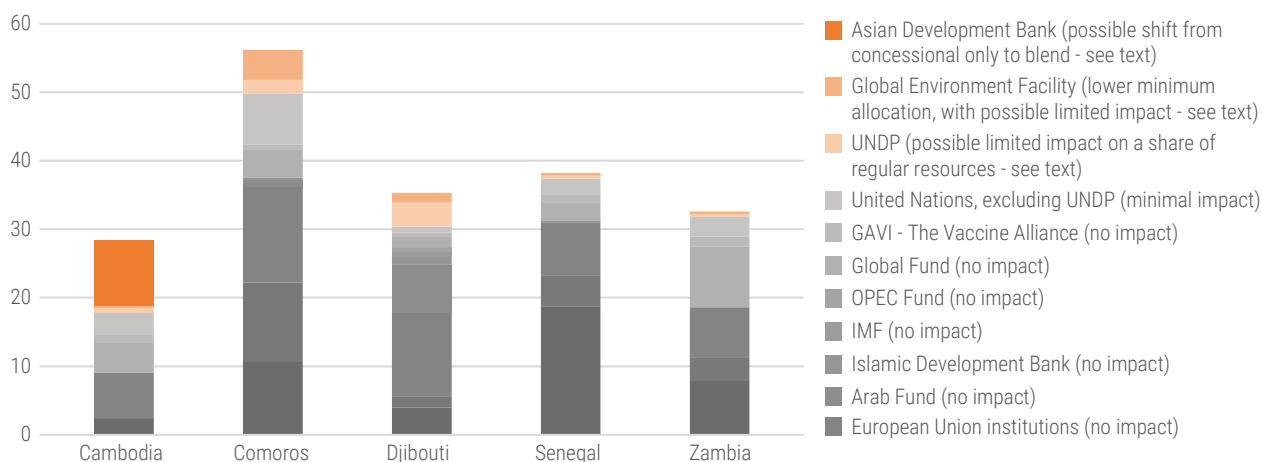
<sup>14</sup> GAVI, "Eligibility". Available: <https://www.gavi.org/types-support/sustainability/eligibility> [2021, September 20].

<sup>15</sup> Global Fund, "Eligibility". Available: <https://www.theglobalfund.org/en/funding-model/before-applying/eligibility/> [2021, September 20].

<sup>16</sup> For details on graduation criteria and thresholds, see United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2020. (New York: United Nations, 2020). Available: <https://developmentfinance.un.org/fsdr2020>.

Figure 6

### ODA by main multilateral development partners (percentage of total ODA) from 2010 to 2019 and potential impacts of graduation



**Source:** OECD Creditor Reporting System. Data extracted in April 2021.

\* Organizations in grayscale do not take the LDC category into consideration. The others consider it as a secondary criterion. Graduation may influence the terms of future assistance but is unlikely to be the cause of a significant withdrawal.

The organizations that do take LDC status into account do so mostly as a secondary criterion, in the allocation of part of their resources or as part of their decision on how to classify countries for the purpose of defining the type of assistance they will deliver. While the impacts of graduation are expected to be relatively small, if any, it is helpful to understand the policies in place. The following is based on information available at mid-2021:

- **UNDP core resources:** Most of UNDP's programme expenditures are from non-core resources, for which LDC status is not a criterion (see Figure 7 for the distribution of core and non-core resources in the five countries).<sup>17,18</sup> UNDP's core (or regular) resources are distributed to programme countries based on a system called the Target for Resource Assignment from the Core (TRAC) system which classifies resources in three categories: TRAC-1 and TRAC-2 resources are linked in a combined pool to support country programming, while TRAC-3 resources are made available through a separate pool to support crisis response.<sup>19</sup> Allocation of TRAC-1 and TRAC-2 resources takes into account a country's gross national income per person and its population size, but there is also, by decision of UNDP's Executive Board, a goal of ensuring that at least 60 per cent of TRAC-1 and TRAC-2 resources are allocated to LDCs. Assuming the rule is maintained in the coming years, when calculating allocation for the budget

<sup>17</sup> Regular or core resources are funds are not earmarked for a specific project or theme. They are the most flexible funding modality and enable UNDP to "lay the foundational work in programme design that will help attract more resources from other sources" (UNDP Annual Report 2020. Available: <https://annualreport.undp.org/assets/UNDP-Annual-Report-2020-en.pdf>).

<sup>18</sup> See Annex I to the UNDP integrated resources plan and integrated budget estimates for 2022-2025 (DP/2021/29). For 2018 to 2021, 18% of resources allocated to LDCs (including programmatic and institutional resources) were core resources.

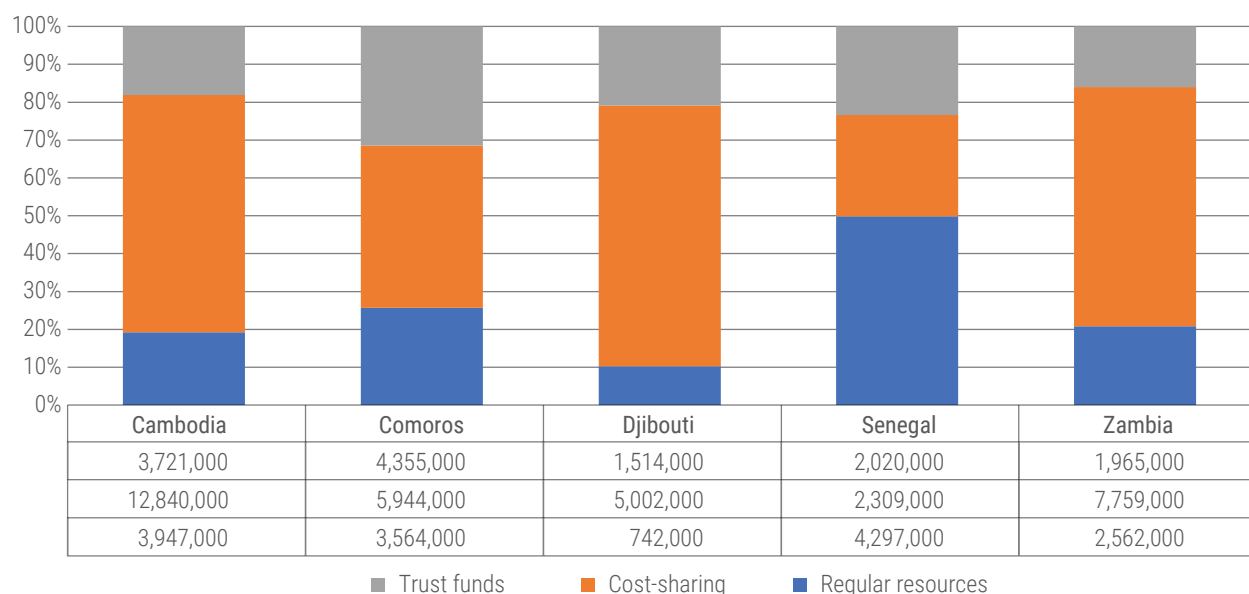
<sup>19</sup> "TRAC-1 allocations are based on the Executive Board's approved criteria, taking into account the income status and population size of each country, with the majority of these resources channeled to low-income and least developed countries. (...) TRAC-2 was designed to provide UNDP with the flexibility to allocate regular programme resources to high-impact, high-leverage, and high-quality programme activities and to help UNDP to respond effectively to differentiated country needs (decision 2013/4). (...) A portion of the regular resources, TRAC-3, is also channeled to programme countries that are affected by conflicts and natural disasters. In these countries, TRAC-3 resources are used in conjunction with TRAC-1 and other resources." Annex II to the UNDP integrated resources plan and integrated budget estimates for 2022-2025 (DP/2021/19), 17 June 2021.

cycle starting after the date of graduation, the countries that have graduated would not be considered in this priority category (though actual allocation would depend on several factors).<sup>20</sup>

- **Global Environment Facility (GEF):** With the exception of the LDC Fund (see section III), funding from the GEF is available for all developing countries. The system currently in place for the allocation of the GEF Trust Fund resources for biodiversity, climate change and land degradation is called STAR (System for Transparent Allocation of Resources) and is based on indicators of “global benefits” (related to globally relevant characteristics of the country in the three target areas), country performance and GDP. After allocation based on these criteria, adjustments are made to ensure that countries receive a minimum allocation in each of these areas. The minimum allocation floors for LDCs are higher than for non-LDCs in each of these areas (see Table 1). This applies to the seventh replenishment period (GEF-7, 2019-2022). If a similar system is in place at the time of graduation, it cannot be excluded that countries that are receiving, due to their LDC status, more funds than would be the case based purely on the primary STAR allocation criteria could see a reduction in funds allocated over the next budgetary period. For GEF-7, Cambodia, Comoros, Djibouti and Senegal all receive an allocation for climate change that is equivalent to the minimum allocation floor for LDCs, which suggests that the higher minimum floor for LDCs may have played a role and that if these countries were not entitled to the minimum LDC floor, they may have received fewer resources. The same goes for Djibouti and Comoros in biodiversity, and for Comoros generally. If graduation

Figure 7

**UNDP Development activities: regular resources vs. cost-sharing and trust funds in programme expenses, by country, 2020 (percentages and US dollars)**



**Source:** UNDP (2021), Annual Report of the Administrator – Statistical Annex. Available: <https://www.undp.org/sites/g/files/zskgke326/files/dp2021-16Add2.pdf> [2021, September 20].

<sup>20</sup> According to the “Evaluation of the UNDP Strategic Plan 2018-2021”, 74% of resources in that cycle were focused on LDCs. The report noted that the “emphasis on a declining number of poorer developing countries is not aligned with the premise of the Strategic Plan, which is not conditioned on a country’s income status; rather it intends to help deliver development results for challenges across the three development contexts in which UNDP operates. This is especially important given that 62 percent of the world’s poor people live in middle-income countries; 195 most conflict-affected countries outside Africa are not least developed countries; and natural disasters continue to severely hamper the development prospects of small island developing states. Moreover, middle-income countries have limited access to official development assistance, meaning they have even less chance of mobilizing other/ non-core resources”. (Available: <http://web.undp.org/evaluation/evaluations/thematic/spe-2021.shtml>).



had happened before the current replenishment period, the potentially affected funds would be of no more than 2 million dollars per country for the period, and likely less since most of these countries are entitled to higher allocations than the minimum LDC floor based on the STAR criteria.<sup>21</sup> A smooth transition strategy would need to consider alternatives for funding in the respective areas. No deliberations had been made at the time of writing for the functioning of the fund after 2022.<sup>22</sup>

- **Asian Development Bank (ADB):** of relevance to Cambodia, the ADB classifies countries into groups, defined primarily in terms of income and creditworthiness, that determine the type of financing provided (namely if countries have access to concessional assistance only (Group A), regular market-based ordinary capital resources (OCR) loans (Group C) or a blend thereof (Group B)) (see Table 2).<sup>23</sup> Depending on the country's creditworthiness (whether it is "lacking", "limited" or "adequate") graduating from the LDC category could play a role in reclassification to a different group. LDCs that lack creditworthiness and graduate move from concessional only assistance to blend, unless they are at moderate or high risk of debt distress, in which case they remain in the concessional only group; LDCs that have adequate creditworthiness move from blend to OCR only; LDCs that have "limited" creditworthiness are not affected by graduation. However, reclassification across groups is not a mechanical process, and is addressed on a case-by-case basis. Cambodia is classified as a Group A country, with access to concessional ordinary capital resources only and is at a low risk of debt distress, indicating that, all else remaining equal, upon graduation and the appropriate reclassification process, it could be moved to the blend group. In 2020, Cambodia received USD 477 million in loans, 10 million in grants and 11 million in technical assistance from ADB.<sup>24</sup>

Table 1

**Minimum allocation floors for GEF-7 and initial STAR GEF-7 allocation (million US dollars) and current allocation (in bold: where allocation coincides with the minimum floor for LDCs)**

	Minimum for non-LDCs	Minimum for LDCs	Cambodia	Comoros	Djibouti	Senegal	Zambia
Biodiversity	2.00	3.00	3.42	<b>3.00</b>	<b>3.00</b>	4.45	5.08
Climate change (mitigation)	1.00	1.50	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	3.32
Land degradation	1.00	1.50	<b>1.50</b>	<b>1.50</b>	2.70	5.19	2.41
Aggregate	4.00	6.00	6.42	<b>6.00</b>	7.20	11.14	10.81

**Source:** GEF Secretariat. Initial GEF-7 Star Country Allocations. GEF/C.55/Inf.03, July 1, 2018.

<http://www.thegef.org/sites/default/files/publications/GEF-C.55-Inf.03-GEF-7-STAR.pdf>

<sup>21</sup> GEF Secretariat (2018), "UPDATING THE SYSTEM FOR TRANSPARENT ALLOCATION OF RESOURCES (STAR)", submitted to the 54th GEF Council Meeting, 2018. Available: [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.54.03.Rev.\\_01\\_STAR.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.03.Rev._01_STAR.pdf).

<sup>22</sup> The Green Climate Fund (GCF) is not limited to LDCs. It does prioritize "vulnerable countries, including least developed countries (LDCs), small island developing states (SIDS) and African States" in the allocation of adaptation funds and readiness support. For the first replenishment period, there is a goal of allocating at least 50 per cent of adaptation resources to "vulnerable countries". See "Status of the GCF Portfolio: approved projects and fulfilment of conditions", Green Climate Fund, Meeting of the Board, 9-13 November 2020. GCF/B.27/Inf.03. Available: <https://www.greenclimate.fund/sites/default/files/document/gcf-b27-inf03.pdf>.

<sup>23</sup> Asian Development Bank (2019), "Classification and Graduation of Developing Member Countries", Operations Manual Section A1, Policies and Procedures, issued on 23 April 2019. Consulted on 19 May 2021.

<sup>24</sup> "Asian Development Bank and Cambodia: Fact Sheet". Available: <https://www.adb.org/sites/default/files/publication/27757/cam-2020.pdf>.

Table 2

**Classification criteria of the Asian Development Bank**

Creditworthiness	Per capita GNI cut-off		
	Below the per capita GNI cut-off	Above the per capita GNI cut-off	
		LDC	Non-LDC
Lack of	Group A (concessional assistance only)	Group A (concessional assistance only) – Cambodia	Group B (OCR blend). If at moderate or higher risk of debt distress, then remains Group A <b>Cambodia after graduation and reclassification process</b>
Limited	Group B (OCR blend)	Group B (OCR blend)	Group B (OCR blend)
Adequate	Group B (OCR blend)	Group B (OCR blend)	Group C (Regular OCR only)

**Source:** Asian Development Bank (2019), "Classification and Graduation of Developing Member Countries", Operations Manual Section A1, Policies and Procedures, issued on 23 April 2019. Consulted on 19 May 2021.

### III LDC-specific instruments, programmes and funds

There are instruments, programmes and funds dedicated exclusively or primarily to LDCs. Several have “smooth transition” periods in place, so that countries that graduate from the LDC category can still benefit for a period after the date of graduation. These instruments have been used to different degrees by the five countries, and their activities are not necessarily reflected in large transfers of monetary resources. However, while limited in scale, some of these instruments can be important in leveraging additional resources and in building capacity. It is important for LDCs approaching graduation to consider how they can make the best use of each of them during the period in which they are still eligible. Below are brief descriptions of the instruments, programmes and funds and information on recent usage by the five countries.

- **Technology Bank for LDCs.** The Technology Bank for LDCs conducts baseline science, technology and innovation reviews and technology needs assessments of LDCs; works to stimulate the production of high-quality research in LDCs through capacity development and international research collaboration; and works to strengthen the capacity of academies of science in LDCs. After graduation from the LDC category, countries continue to have access to the LDC Technology Bank for a period of five years<sup>25</sup>. References to the use of the Technology Bank by the five countries in the most recent publicly available report are:
  - In 2020 Zambia was scheduled to begin a technology needs assessment.
  - In 2019, awareness-raising and capacity-development workshops were hosted in Comoros, Zambia and Senegal, among other countries, whereby researchers, academics and librarians from universities, research institutes, professional associations and national and local government agencies were trained on how to use the Research4Life portal, which provides developing countries with free or low-cost access to academic and professional content online on health, agriculture, environment and other life, physical and social sciences. Similar training in future was expected to be delivered through massive open online courses.
- **Climate change, including the LDC Fund (LDCF):** In 2001, an LDC work programme and a Least Developed Countries Expert Group (LEG) were established. An LDC Fund (LDCF) was set up to support the work programme, including the preparation and implementation of National Adaptation Programs of Action (NAPAs) and more recently includes support to the national adaptation plans (NAPs). Approximately \$1.6 billion in grant financing had

<sup>25</sup> Technology Bank for the Least Developed Countries. “Report on the Work of the Technology Bank for the Least Developed Countries in 2019”. TBLDC/2020/2. Third session of the Council. Available: [https://www.un.org/technologybank/sites/www.un.org.technologybank/files/report\\_on\\_the\\_work\\_of\\_the\\_technology\\_bank\\_for\\_the\\_least\\_developed\\_countries\\_in\\_2019](https://www.un.org/technologybank/sites/www.un.org.technologybank/files/report_on_the_work_of_the_technology_bank_for_the_least_developed_countries_in_2019).

been approved at the time of writing for 305 projects to implement urgent adaptation measures identified in NAPAs; and support the formulation of NAPs to help countries identify medium and long-term adaptation needs. After graduation, countries are no longer eligible to receive new funding under the LDCF (projects approved before and up until graduation continue to receive funding for their full implementation). Funding available from the LDCF, while having the advantage of being exclusively for LDCs, is relatively limited. Moreover, disbursements under the LDCF follow a principle of “equitable access” for LDC Parties, which means there are caps on the amount of funds a single country can receive (an “access cap” of 10 million dollars for the current GEF replenishment period, GEF-7, which ends in 2022 and a cumulative ceiling of 50 million dollars). Table 3 shows the amounts approved for funding by the 5 countries, and the remaining funds under the access cap and under the cumulative cap. Funds and rules for subsequent replenishment periods are still to be determined.

Graduated countries continue to have access to other sources of funding for climate change, including the Special Climate Change Fund (SCCF), the Adaptation Fund and, more significantly, to the Green Climate Fund (GCF). The SCCF is open to all vulnerable developing countries and currently has a portfolio of over \$350 million. The Adaptation Fund is open to all developing countries and, in August 2021, had a balance of 536.77 million dollars. For the GCF, 10 billion dollars have been pledged for the first implementation period (2020-2023). The governing instrument of the GCF, approved by the COP in 2011, determines that, in the allocation of resources for adaptation, it take into consideration the “urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States using minimum allocation floors”. The fund aims for a floor of 50 per cent of adaptation funds to be allocated to these countries. Of the five countries, Cambodia is the only one that does not fall under those categories.

- **Enhanced Integrated Framework:** The Enhanced Integrated Framework (EIF) is an aid-for-trade mechanism specifically dedicated to LDCs. It supports countries through analytical work, institutional support, and productive capacity-building projects. One of the main activities are the Diagnostic Trade Integration Studies (DTIS), which provide in-depth assessments of policy, export markets and potential. Graduated countries continue to have access to selected EIF benefits for 5 years following graduation. Table 4 shows recent activities under the EIF in the five countries. Countries also benefit from regional and thematic projects.

Table 3

**Status of LDCF resource access as of March 31, 2021 (millions of US dollars)**

	Resources accessed in GEF-7	Resources remaining under the access cap	Cumulative resources accessed	Resources remaining under the cumulative cap	Status of NAPAs and NAPs
Cambodia	10.00	0	37.04	12.96	NAPA submitted in 2007; NAP submitted in July 2021
Comoros	0	10.00	30.16	19.84	NAPA submitted in 2006; NAP not submitted as at August 2021
Djibouti	9.90	0.10	32.43	17.57	NAPA submitted in 2006; NAP not submitted as at August 2021
Senegal	10.00	0	40.18	9.82	NAPA submitted in 2006; NAP not submitted as at August 2021
Zambia	7.91	2.09	35.20	14.8	NAPA submitted in 2007; NAP not submitted as at August 2021

**Source:** based on “Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund. 30th LDCF/SCCF Council Meeting, June 17, 2021, GEF/LDCF.SCCF.30/03 June 7, 2021. Available: <https://www.thegef.org/council-meetings/ldcfscf-council-meetings-30>; UNFCCC LDC Expert Group (2021), National Adaptation Plans 2020 – Progress in the Formulation and Implementation of NAPs, available: <https://unfccc.int/sites/default/files/resource/NAP-progress-publication-2020.pdf>; National adaptation plans (unfccc.int), available: <https://www4.unfccc.int/sites/NAPC/Pages/national-adaptation-plans.aspx>; Submitted NAPAs | UNFCCC, available: <https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/napas-received>

Table 4

**EIF activity in the five countries and resources deployed during EIF phases I and II (US dollars, as of December 2020)**

Country	Activities	Institutional capacity-building projects	Productive capacity projects
Cambodia	EIF is supporting Cambodia to build its capacity to formulate, implement, manage and monitor a pro-poor trade policy. Cambodia has developed trade roadmaps that serve as the country's trade strategy, and which set out prioritized reforms and actions for improving trade performance and promoting diversification and inclusive growth. The 2014-2018 roadmap identifies 10 priority sectors for development, of which the EIF is currently supporting five: milled rice, high value silk, fisheries, cassava and hospitality. The DTIS was undertaken in 2007 and updated in 2019.	1,996,296	7,080,692
Comoros	EIF is supporting Comoros to prioritize trade, and is working with the Government to address the country's trade-related needs. This includes instrumental support as Comoros progresses toward WTO accession, and in-country enhancements to enable private sector development.  The key agricultural sectors of vanilla, ylang-ylang and clove are being targeted for strengthening at the producer, processor and institutional levels. The DTIS was undertaken in 2007 and updated in 2015.	2,255,917	5,003,237
Djibouti	Djibouti's Diagnostic Trade Integration Study recommendations were incorporated into the country's first Poverty Reduction Strategy Paper in 2004. Trade enhancement efforts have included a capacity-building partnership with the Ministry of Trade and Industry and the National Investment Promotion Agency to help Djibouti enhance its human resource skills in tourism and to integrate into the multilateral trading system. The DTIS was undertaken in 2004 and updated in 2015.	2,520,496	3,000,000
Senegal	EIF is supporting Senegal to meet its growth objectives, with targeted strategic support involving a strong emphasis on value chains, including with the country's burgeoning mango industry. The DTIS was undertaken in 2002 and updated in 2013.	1,907,232	4,489,543
Zambia	EIF is supporting Zambia to create and implement evidence-based trade policies to strengthen the country's participation in regional and global markets. The DTIS was undertaken in 2005 and updated in 2014.	1,897,098	4,668,830

Sources: <https://enhancedif.org/en>, accessed on 23 August 2021; and EIF 2020 Annual Report, available at [https://enhancedif.org/en/system/files/uploads/eif\\_annual\\_report\\_2020.pdf?file=1&type=node&id=6305](https://enhancedif.org/en/system/files/uploads/eif_annual_report_2020.pdf?file=1&type=node&id=6305).

- **UNCDF:** The United Nations Capital Development Fund (UNCDF) supports LDCs with “last mile” finance models that unlock public and private resources to reduce poverty and support local economic development. After graduation, programmes can continue to be funded by the UNCDF under the same conditions for a period of three years. Funding for another two years can be provided on a 50/50 cost-sharing basis with either the Government or a third party. Table 5 shows how UNCDF has worked Cambodia, Senegal and Zambia. No country-level projects in Comoros or Djibouti are recorded on the website. Djibouti is one of the countries included in a two-year agreement signed in May 2021 between UNCDF and the Intergovernmental Authority on Development (IGAD) to support the harmonization of remittance policies.

Table 5

**Recent UNCDF activity in Cambodia, Senegal and Zambia**

Country	Activities
Cambodia	UNCDF has been present in Cambodia since the early 1990s. It is presently implementing the Shaping Inclusive Finance Transformations (SHIFT) programme to accelerate financial inclusion and women's economic participation in the ASEAN region; the CleanStart programme which supports clean energy policy development, and provides risk capital and technical assistance to competitively selected financial service providers and energy enterprises on a regional or national level; the Local Climate Adaptive Living Facility (LoCAL) programme, enable local governments to cope with the increased cost of building resilience against climate change and natural disasters; the Local Governments and Climate Change (LGCC) initiative, to strengthen the role of local governments in fostering climate change resilience through sub-national planning and finance systems; and the Local Development Decentralized Health Services (LDDHS) initiative to support the transfer of primary public healthcare functions from central government to the district administrations.
Senegal	UNCDF has been present in Senegal since 1981, promoting decentralization and increased access to financial services for low-income, rural populations. It has used its Municipal Investment Finance (MIF) programme and developed financing instruments that diversify and aggregate municipalities' financial base; under the strategy of "Leaving No One Behind in the Digital Era" and with financial support from the European Commission and Enabel, the Belgian Development Agency, UNCDF is implementing the PARERBA programme (Projet d'Appui à la Réduction de l'Emigration rurale et à la Réintégration dans le Bassin Arachidier par le développement d'une économie rurale sur base des périmètres irrigués) in Senegal, aimed at creating and stabilizing rural jobs for young people and returning migrants; the Mobile Money for the Poor (MM4P) programme on digital financial services (DFS); and the YouthStart programme in partnership with the Mastercard Foundation to increase access to integrated financial services for youth.
Zambia	UNCDF works in Zambia to promote accessible digital economies focused on how innovation and technology can increase access to critical services for the underserved and vulnerable groups for sustainable and inclusive local development. Key segments include youth, women, MSMEs and refugees. UNCDF is implementing the Leaving No One Behind in the Digital Economy 2019 – 2024 Strategy, with the goal of building digital economies that support women, youth, refugees, migrants and MSMEs to enhance their market participation, resulting in poverty reduction, improved livelihoods and economic growth; the MM4P programme on digital financial services; and applying the MAP diagnostic and programmatic framework to expand financial access for rural individuals and MSMEs. UNCDF in Zambia takes the approach of Inclusive Market Development, which will address market constraints to accelerate the development of digital economies at the country level with the government, private sector and academia with specific attention placed on the development of the right services to reduce the digital divide and promote sustainable solutions.

**Source:** "Where we work: UNCDF. Available: <https://www.uncdf.org/where-we-work>. [2021, August 23].

- **Investment Support Programme for LDCs:** The Investment Support Programme for LDCs (ISP/LDCs), a partnership between the International development Law Association and UN-OHRLLS, provides on-demand legal and professional assistance and training to LDC governments and eligible state-owned or private sector entities for investment-related negotiations and dispute settlement. Its services are provided by private law-firms and other experts at no costs to LDCs. Its first engagement was in 2020, supporting The Gambia. Graduated countries remain eligible to apply for assistance under the programme for a period of five years after the date of graduation.<sup>26</sup> No information was available on the programme's website on engagement with any of the five countries at the time of writing.
- **LDC-specific programmes within international organizations:** UNDESA, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), UNCTAD, the International Telecommunication Union (ITU), World Meteorological Organization (WMO), World Trade Organization (WTO), and UNFCCC, Food and Agriculture Organization (FAO), and the Universal Postal Union (UPU), among others, maintain dedicated research programmes or teams focusing on LDC issues or have capacity-building projects dedicated specifically to

<sup>26</sup> "Investment Support Programme for Least Developed Countries". Available: <https://www.idlo.int/Investment-Support-Programme-LDCs>.

LDCs. UN-OHRLLS advocates for LDCs within the United Nations and with other partners, assists LDCs in mobilizing resources and other forms of support and provides support to group consultations of LDCs. It also monitors the implementation of programmes of action for LDCs. In principle graduated countries are no longer included in these programmes, but several of these organizations also provide support through the graduation process and all have analysis and capacity-building activities dedicated also to non-LDCs.

## **IV Support to the participation of LDCs in international organizations and processes**

LDCs benefit from support to participate in international organizations and processes through caps and discounts on contributions to budgets, support for travel to international meetings and others.<sup>27</sup>

### **IV.1 Caps and discounts on the contribution of LDCs to the United Nations system budgets**

There are two main methods for determining each Member States' mandatory contributions to the budgets of the United Nations system and LDC contributions<sup>28</sup>:

- Most of the United Nations system budgets are based on the “scale of assessments” used for the United Nations regular budget, through which the share of the budget that each country is required to pay for is determined based on capacity to pay, translated into indicators of gross national income, debt-burden, and per capita income, among others. The maximum rate of contribution for LDCs is, currently, 0.01 per cent. The peace-keeping budget is based on the same scale, with discounts applying to countries at different levels of income. LDCs are entitled to the greatest discount.
- A small number of agencies (ITU, WIPO, UPU) use a system based on classes of contributions. Each class of contribution corresponds to a certain share (or multiple) of a pre-determined unit of contribution. Countries decide which class they will belong to (and therefore how much they will contribute) but only LDCs can opt to contribute at the lowest levels.

The impacts of graduation cannot fully be anticipated because they depend on the budgets of each organization and, in the case of the budgets following the scale of assessments, how countries fare when the “capacity to pay” criteria are applied. In the case of many LDCs, applying those criteria leads to a rate of contribution below the LDC ceiling. For those countries, the lifting of that ceiling after graduation is irrelevant in terms of the contribution to the UN regular budget and has small implications for other budgets such as peacekeeping. As a reference, Table II in the Annex contains the applicable rules and estimates of how much more countries would be required to contribute if they were not LDCs in 2021. Table 6 below summarizes the conclusions: contributions to the regular budget would not be different, contributions to peacekeeping operations and international tribunals would be slightly higher (sometimes marginally) and the largest changes would occur in the organizations that adopt class-based systems, notably the ITU, where countries can

<sup>27</sup> Other forms of support to the participation of LDCs in international forums include flexibility in reporting (for example under the UNFCCC and certain WTO agreements) and financial support for the operational costs of diplomatic representations in Geneva, Switzerland (up to CHF 3,000 per month).

<sup>28</sup> Contributions to funds and programmes, such as UNICEF and UNDP, are voluntary. Contributions to the WTO are determined based on members' share of international trade with no concessions specifically for LDCs.



request to remain at a lower contribution class after graduation. A precise calculation would require exact information on budgets and the applicable rate for these countries at the time of graduation.<sup>29</sup>

Table 6

**How much more in mandatory contributions to UN budgets would the five countries pay in 2021 if they were not LDCs\*? (US dollars)**

Entity/operation	Cambodia	Comoros	Djibouti	Senegal	Zambia
Regular budget	0	0	0	0	0
Peacekeeping operations	38,273	6,379	6,379	44,651	57,409
International tribunals	241	40	40	281	362
CTBTO, FAO, IAEA, ICC, ILO, IOM, UNESCO, UNIDO, WMO, WHO, ISA, ITLOS, OPCW, UNFCCC	0	0	0	0	0
International Telecommunications Union (ITU)	64,395	64,395	64,395	64,395	64,395
World Intellectual Property Organization (WIPO)	4,615	4,615	4,615	4,615	4,615
Universal Postal Union (UPU)	23,504	23,504	23,504	23,504	23,504
Estimated total	131,028	98,933	98,933	137,446	150,285

**Sources:** Calculated by the CDP Secretariat based on information from each organization's website and official documents or communications with the respective organizations. NB: numbers for ITU, WIPO and UPU assume that as an LDC countries pay at the minimum possible rate and that as a non-LDC they would pay at the lowest possible category for non-LDCs. In practice, some LDCs contribute at higher rates than the minimum.

In addition to the terms of mandatory contributions, some organizations have lower co-financing requirements for LDCs. United Nations Volunteers (UNV)'s government cost-sharing general management support fee (GMS) is set at 3 per cent minimum for LDCs and 8 per cent minimum for others for third-party cost-sharing, but a number of factors influence the actual rate, which is negotiated with the country. The International Atomic Energy Agency (IAEA) waives LDCs from the requirement to finance 5 per cent of biannual project budgets under its Technical Cooperation Fund (TCF).

## IV.2 Support for travel to attend intergovernmental meetings

Representatives of LDC governments receive travel support to participate in certain official meetings, which will no longer be available after graduation (and in some cases a transition period).<sup>30</sup> This includes financing of the travel costs of representatives attending regular and special or emergency sessions of the General Assembly, which can be extended for up to three years after graduation. As a reference, in 2018, Cambodia did not use the funds available for the General Assembly meetings and the other five countries received between 14,000 and 34,000 dollars worth of support for travel to these meetings. There are other LDC-specific funds for travel to attend intergovernmental meetings including Conferences of the Parties to the UNFCCC, the World Health Assembly, UNIDO's biennial Ministerial Conference on LDCs, and Ministerial Conferences at the WTO, among several others. Many organizations also have support for travel of representatives of developing countries, LDC or not.

<sup>29</sup> See United Nations, Report of the Committee on Contributions, Seventy-eighth session (4-29 June 2018). General Assembly Official Records Seventy-third Session, Supplement No. 11, A/73/11

<sup>30</sup> In accordance with General Assembly resolution 1798 (XVII), as amended by resolutions 2128 (XX), 2245 (XXI), 2489 (XXI-II), 2491 (XXIII), 41/176, 41/213, 42/214, section VI of 42/225, section IX of 43/217 and section XIII of 45/248.



### IV.3 Capacity-building and technical assistance in negotiations

Several organizations have funds or special terms for LDCs in capacity-building or technical assistance programmes related to international negotiations and processes. For example:

- UNITAR has fellowships for nationals of LDCs to participate in its Multilateral Diplomacy Programme and core diplomatic training courses.
- The WTO secretariat conducts dedicated courses for LDC participants in Geneva. The “China Programme” at the WTO supports an internship programme; annual roundtables on accession-related themes; the participation of LDC coordinators in selected meetings; and a South-South dialogue on LDCs and development.
- The Advisory Centre for WTO Law (ACWL) provides services to LDCs that are members of the WTO or in the process of acceding without requiring them to become members of ACWL itself. Hourly fees charged to LDCs for support in dispute settlement cases are below the rate charged for non-LDC developing countries. After graduation, countries can become members with a one-off contribution to the ACWL of CHF 81,000.
- The Voluntary Technical Assistance Trust Fund to Support the Participation of Least Developed Countries and Small Island Developing States in the Work of the Human Rights Council provides training on human rights and engagement with the Council, fellowship programmes and practical induction trainings for delegates, annual briefings to delegates in New York on the engagement with the General Assembly, and regional workshops.

## V Conclusions

Based on publicly available documents and information, as well as inputs to previous graduation assessment **most development cooperation will not be affected by LDC graduation**, as important development partners such as the World Bank, the IMF, GAVI – The Vaccine Alliance, the Global Fund, the European Union, most of the UN system, and most bilateral partners (including south-south cooperation partners) do not consider, in determining the scale and nature of their assistance programmes, whether or not a country is on the LDC list. A small number of organizations and donor countries consider belonging to the LDC list as a secondary criterion, and graduation could lead to a small impact on the terms and volume of assistance by those partners. Many graduating LDCs can expect assistance programmes to change over time as income levels rise and the variables considered by these partners improve sustainably, but not as a result of LDC graduation. Countries that graduate will lose access to LDC-specific instruments that typically do not translate into large volumes of funds but that can be instrumental in terms of building capacity in specific areas. A smooth transition strategy will have to identify policies and measures that will address the capacities and stakeholders affected by these changes, within the broader context of national development strategies and planning.

## Annex

Table I

### Consideration of LDC status by top providers of ODA in each country, 2010–2019

Partner	Consideration of LDC status	Share of ODA in 2010-2019				
		Cambodia	Comoros	Djibouti	Senegal	Zambia
Australia	Australia's "Partnership for Recovery: Australia's COVID-19 Development Response" does not refer to the LDC category. In previous graduation impact assessments, Australia indicated that the level of and priorities for Australia's bilateral development assistance are not determined by LDC status. Aid investment plans are determined based on a range of factors and LDC graduation would not necessarily affect assistance, particularly if the challenges cooperation programmes seek to address persist. Regional development programs would be unaffected by LDC graduation.	7%	<1%			
Belgium	Belgium's "Act for Impact – Strategy Position 2030" which outlines the strategic priorities of Belgian development cooperation, refers to a commitment to concentrate Belgian development cooperation in the LDCs and fragile states and shows that 12 of the 14 countries Belgium cooperates with are indeed LDCs. <sup>1</sup> It does not, however, establish special terms or conditions for assistance to LDCs. A description of Belgian cooperation agency Enabel's programme for Senegal for 2019 to 2023 does not refer to Senegal's status as an LDC. <sup>2</sup>				2%	
Canada	Canada's Feminist International Assistance Policy, adopted in 2017, states that "As part of this new approach, Canada will increase its support for least-developed countries. And we will scale up support to those countries where population growth and climate change will continue to have a disproportionate impact. Half of the world's poorest citizens live in sub-Saharan Africa. For that reason, Canada will ensure that no less than 50 percent of its bilateral international development assistance is directed to sub-Saharan African countries by 2021-22." In previous impact assessments, Canada indicated that as countries develop, development assistance could gradually evolve from financial assistance to technical assistance and knowledge transfer but this would not be an automatic result of LDC graduation.		<1%	2%	5%	
Denmark	"The World 2030 – Denmark's strategy for development cooperation and humanitarian action" <sup>3</sup> refers to LDCs to state that ODA is an important source of capital in these countries but that for middle-income countries what makes the difference is how partnerships are able to catalyse and mobilize private funding, knowledge and technology. Zambia is already a lower middle-income country.					2%
Finland	Finland has been among the top development partners for Zambia. Independently of LDC graduation, Finland has already announced that it will not be continuing assistance to Zambia beyond a single programme due to expire in 2022. <sup>4</sup>					2%
France	In 2021, France enacted a new law on programming of development cooperation which stipulates that it will focus its bilateral development assistance, and particularly grants, on LDCs, and especially those in sub-Saharan Africa (see section II above). <sup>5</sup>	8%	32%	26%	18%	1%

(continued)

Table I

**Consideration of LDC status by top providers of ODA in each country, 2010–2019**

Partner	Consideration of LDC status	Share of ODA in 2010-2019				
		Cambodia	Comoros	Djibouti	Senegal	Zambia
Germany	The Federal Ministry for Economic Cooperation and Development (BMZ) awards grants and concessional loans to LDCs, in particular through the KfW Entwicklungsbank. LDCs receive mostly grants; non-LDC developing countries receive mostly loans; but there are exceptions. Currently 25 of 60 partner countries are LDCs. Cambodia, Zambia and Senegal are considered in different categories of long-term cooperation partners. In previous graduation impact assessments, Germany indicated that a shift from grants to soft loans was likely but support in the form of grants in certain areas could continue (see section II above).	5%	<1%	1%	3%	3%
Ireland	The focus of Ireland's development cooperation is sub-Saharan Africa. Ireland concentrates its long-term development assistance on nine "key partner countries", among which is Zambia. Not all nine are LDCs. Additionally, Ireland partners with four other countries, only one of which is an LDC. The latest available strategy paper for bilateral cooperation does not refer to Zambia's LDC status. <sup>6</sup>					2%
Italy	There is no indication in the publicly available material on Italian development cooperation that belonging to the LDC category is a significant factor. Several of the 20 focus countries of Italian development cooperation are not LDCs and there is no reference to LDCs in the General law on international development cooperation (2014). <sup>7</sup>		<1%		1%	
Japan	Japan International Cooperation Agency (JICA) has concessional terms for developing countries, with conditions varying according to whether a country is in the LDC category, which World Bank income group it falls into, and other criteria. <sup>8</sup> In previous graduation impact assessments, Japan indicated that graduation does not affect grant aid and technical cooperation. It does affect the terms of loans (see section II. above).	18%	4%	12%	5%	4%
Korea (Rep. of)	LDCs have the most favourable conditions, including lower interest rates and longer repayment periods, in the loans provided by the Economic Development Cooperation Fund of Korea, administered by the Export-Import Bank of Korea and the Ministry of Strategy and Finance (see section II. above). In previous graduation impact assessments, the Republic of Korea indicated that graduation would not affect grants and technical assistance by the Korean International Cooperation Agency (Koica).	8%	<1%	<1%	2%	<1%
Kuwait	There is no indication, in publicly available documents and legislation, that belonging to the LDC category is a condition in Kuwait's development cooperation. Kuwait has cooperated with Djibouti since the latter's independence and currently extends both grants and loans. The Kuwait Fund for Arab Economic Development assists Arab and other developing states, many of which are not LDCs. <sup>9</sup>			9%		

(continued)

Table I

**Consideration of LDC status by top providers of ODA in each country, 2010–2019**

Partner	Consideration of LDC status	Share of ODA in 2010-2019				
		Cambodia	Comoros	Djibouti	Senegal	Zambia
Luxembourg	Luxembourg's "General Development Cooperation Strategy – The Road to 2030" <sup>10</sup> declares the country's continued commitment to the target of allocating 0.2% of GNI to LDCs and generally states that LDCs are a focus of its development assistance. However, the criteria it adopts to identify priority partner countries include, in addition to prioritization of LDCs, SIDS and fragile countries, the largest poverty gaps, low human development index, limited access to financial resources beyond aid, a regional focus on Africa and notably the Sahel region, other development partners active in the country and long-term partnerships and trust, "as well as a potential of embedding regional approaches in its programmes to address common development challenges and championing specific thematic expertise". As such, the impact of Senegal's graduation from the LDC category on assistance delivered by Luxembourg is unclear. Senegal is one of seven priority partner countries. Luxembourg has cooperated with Senegal since 1987.				2%	
New Zealand	New Zealand's policy statement on International Cooperation for Effective Sustainable Development refers to its focus on countries most in need, including SIDS as well as LDCs. Its primary regional focus is in the Pacific. In previous graduation impact assessments, New Zealand indicated that it continues to provide assistance after graduation based on development challenges and strategic priorities. <sup>11</sup>		<1%			
Norway	Even though Norway is one of few countries to exceed the target of allocating 0.15-0.2% of GNI to LDCs, the Norwegian Agency for Development Cooperation (NORAD)'s Strategy Toward 2030 does not refer to LDCs. In previous graduation impact assessments, Norway indicated that development assistance does not depend on LDC status.	1%				3%
Spain	The current Master Plan on 2018-2021 Spanish Cooperation identifies differentiated strategies for countries at different levels of development, including LDCs, with assistance changing as countries develop and their needs change. There are a number of non-LDC middle income countries among the 21 included in the plan, which also defines regional strategic priorities: Latin America, West Africa and the Sahel, and the Maghreb and the Middle East. <sup>12</sup> The framework document for Spain's cooperation with Senegal does not refer to its status as an LDC. <sup>13</sup>				2%	
Sweden	Sweden's Development Cooperation Framework states that its bilateral cooperation should be focused LDCs and the most vulnerable countries, but also acknowledges the needs of other developing countries and for differentiated strategies. <sup>14</sup> It does not clearly establish any type of assistance that would be limited to LDCs. There is no reference to the LDC status of Cambodia or Zambia in SIDA's recent descriptions of bilateral cooperation with these countries or in the respective strategy documents. <sup>15</sup> Several areas of support are being phased out in Cambodia, but this is not related to LDC graduation.	4%		<1%		4%

(continued)

Table I

**Consideration of LDC status by top providers of ODA in each country, 2010–2019**

Partner	Consideration of LDC status	Share of ODA in 2010-2019				
		Cambodia	Comoros	Djibouti	Senegal	Zambia
Switzerland	Most of Switzerland's bilateral cooperation is undertaken in a set of priority countries which include both LDCs and non-LDCs (18 LDCs out of 41 countries). These are defined in a consultative process and based on the needs of the population, the added value of Swiss cooperation, and Swiss interests (International Cooperation Strategy 2021 to 2024). <sup>16</sup> Cambodia is included in Switzerland's Strategy for the Mekong Region. <sup>17</sup> Zambia is also among priority countries for 2021-2024.	2%				
Turkey	Turkey has a history of support to LDCs as a category. It cooperates with several LDCs but also with many non-LDCs. In 2019, less than 2% of Turkey's bilateral ODA went to LDCs; approximately 11% if Syria, the largest recipient, is omitted from the denominator. <sup>18</sup>		1%	2%		
United Arab Emirates	In the UAE's Policy for Foreign Assistance 2017-2019, it states that the main focus of its assistance is within the Middle East and Arab World. In addition to that it provides assistance, outside that scope, to LDCs, countries that are neglected by other donors and countries with which the UAE has diplomatic or economic ties, prioritized based on poverty level, human development needs, effectiveness, relevance to the UAE and potential for economic cooperation. <sup>19</sup>		9%	1%		
United Kingdom	In a previous impact assessment, the UK indicated support is provided based on the needs of a country, that support would change as the country context changes (not as a direct and automatic result of graduation) and that they continued to work with a number of countries that had graduated from LDC status). The 2015 UK Aid Strategy, "UK aid: tackling global challenges in the national interest" does not refer to LDCs. <sup>20</sup> There have been significant changes in UK development cooperation institutions, policies and funding. Research for this document found no indication that being an LDC would become in any way a determinant of receiving assistance. <sup>21</sup> The Foreign, Commonwealth & Development Office's Policy Paper for Zambia (2 September 2021) does not refer to Zambia's LDC status.	1%				8%
United States	In a previous impact assessment, the United States indicated that graduation from the LDC category would have no impact on bilateral assistance to the country in question. USAID's country development cooperation strategies for Cambodia, Senegal and Zambia do not refer to these countries' LDC status, nor does the East Africa Regional Development Cooperation Strategy (which includes Djibouti). <sup>22</sup>	12%	1%	7%	18%	36%

**Source:** Data extracted from OECD Creditor Reporting System. Accessed April 15, 2021. Reflects gross disbursements, constant prices. Considers top 10 bilateral donors and any additional donors which take the LDC category into account in resource allocation (those in bold) even when not among the top partners. In all cases, the sum of ODA by the partners featured here is above 92% of ODA received.

Table II

**How much more in mandatory contributions to UN budgets the five countries would pay in 2021 if they were not LDCs\* (unofficial calculations, indicative only) (US dollars)**

Entity/ operation	Rules	Cambodia	Comoros	Djibouti	Senegal	Zambia
Regular budget	A scale of assessments is determined every three years in a resolution of the General Assembly, based on indicators of gross national income, debt-burden, and per capita income, among others that reflect capacity to pay. Each Member State is assigned a percentage (the assessment rate), corresponding to the share of the regular budget its contribution will amount to. The minimum assessment rate is 0.001 per cent. The maximum is 22 per cent but for LDCs it is 0.01 per cent. After graduation, the 0.01 per cent cap no longer applies.	0	0	0	0	0
Peacekeeping operations	Based on the scale of assessments for the regular budget, adjusted by a premium for permanent members of the Security Council and discounts in the case of all countries with per capita gross national product below the Member State average. Member States are grouped into levels based on per capita GNI, with larger discounts applying for the levels of countries with lower incomes. LDCs are entitled to the greatest discount, of 90 per cent. After graduation, the applicable discount rate is 80%.	38,273	6,379	6,379	44,651	57,409
United Nations Mechanism for International Criminal Tribunals	Half of the budget is paid for by Member States based on the scale of assessments applicable to the regular budget of the United Nations, and half in accordance with the rates of assessment applicable to peacekeeping operations. LDCs benefit from the cap on the rate of assessment of the regular budget and the discount on the rate of assessment for peacekeeping operations. After graduation any changes in the scale of assessment for the regular budget and the rates for the peacekeeping budgets are reflected in their contributions to the tribunals.	241	40	40	281	362

(continued)

Table II

**How much more in mandatory contributions to UN budgets the five countries would pay in 2021 if they were not LDCs\* (unofficial calculations, indicative only) (US dollars)**

Entity/ operation	Rules	Cambodia	Comoros	Djibouti	Senegal	Zambia
CTBTO, FAO, IAEA, ICC, ILO, IOM, UNESCO, UNIDO, WMO, WHO, ISA, ITLOS, OPCW, UNFCCC	Based on the scale of assessments used for the United Nations regular budget, in some cases adjusted for more restricted membership by the application of a coefficient. LDC rules are the same as for the regular budget.  UNIDO, one of the entities that adjusts the scale by a coefficient due to more restricted membership, does not apply this coefficient to LDCs whose rate may exceed 0.01 per cent.	0	0	0	0	0
International Telecommunications Union (ITU)	Voluntary selection of a class of contribution based on shares or multiples of an annual unit of contribution of CHF 318,000. Only LDCs can contribute 1/8 or 1/16 of a unit of contribution. A non-LDC in principle contributes at least ¼ of a unit. The ITU Council can authorize a graduated country to continue to contribute at the lowest classes.	64,395	64,395	64,395	64,395	64,395
World Intellectual Property Organization (WIPO)	Voluntary selection of classes of contribution, each corresponding to a share of a unit of contribution determined for every biennium. Only LDCs can contribute at the lowest level ("Ster"), with 1/32 of a unit of contribution. After graduation countries contribute a minimum of 1/8.	4,615	4,615	4,615	4,615	4,615
Universal Postal Union (UPU)	Voluntary selection of class of contribution, each corresponding to a share (from one to 50 units) of a pre-determined unit of contribution (currently CHF 43,526). Only LDCs can contribute at ½ of a unit of contribution. Graduated countries contribute at least 1 full unit.	23,504	23,504	23,504	23,504	23,504
Total estimated difference in annual contributions if countries were not LDCs in 2021 (or most recent available)		131,028	98,933	98,933	137,446	150,285

**Source:** Calculated by the CDP Secretariat based on information from each organization's website and official documents or communications with the respective organizations.



## Endnotes

- 1 Enabel, “Act for Impact – Strategy Position 2030” Available: [https://www.enabel.be/sites/default/files/strategie\\_enabel\\_2030\\_shortversion\\_cov\\_en.pdf](https://www.enabel.be/sites/default/files/strategie_enabel_2030_shortversion_cov_en.pdf).
- 2 Enabel, “Programme de coopération gouvernementale Belgique-Sénégal 2019-2033” Available : [https://www.enabel.be/sites/default/files/enabel\\_aus\\_senegal\\_web.pdf](https://www.enabel.be/sites/default/files/enabel_aus_senegal_web.pdf).
- 3 Ministry of Foreign Affairs of Denmark, “Denmark’s new Strategy for Development Cooperation ‘The World We Share’” Climate, fragility and human rights at the forefront”. Available: <https://amg.um.dk/en/policies-and-strategies/strategy-for-danish-development-cooperation/>
- 4 Ministry for Foreign Affairs of Finland. “Finland focuses on commercial cooperation in Zambia”. Available: <https://um.fi/development-cooperation-zambia>.
- 5 Ministère de l’Europe et des Affaires Etrangères (France), 2021, «Une nouvelle ambition pour la politique de développement française». Available: <https://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/developpement/une-nouvelle-ambition-pour-la-politique-de-developpement-francaise/> [2021, September 20]; Ministère de l’Europe et des Affaires Etrangères, 2021, «Priorités géographiques». Available: <https://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/developpement/priorites-geographiques/> [2021, September 20].
- 6 Irish Aid, “Countries Where We Work”. Available: <https://www.irishaid.ie/what-we-do/countries-where-we-work/>
- 7 Italy, General law on international development cooperation (Lao no. 125 of 11 August 2014). Available: [https://www.aics.gov.it/wp-content/uploads/2016/07/LEGGE\\_11\\_agosto\\_2014\\_n\\_\\_125\\_ENG.pdf](https://www.aics.gov.it/wp-content/uploads/2016/07/LEGGE_11_agosto_2014_n__125_ENG.pdf).
- 8 Japan International Cooperation Agency (JICA), “Terms and Conditions of Japanese ODA Loans (Effective from April 1, 2021). Available: [https://www.jica.go.jp/english/our\\_work/types\\_of\\_assistance/oda\\_loans/standard/index.html](https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html).
- 9 Kuwait Fund for Arab Economic Development, “Partners in Development”. Available: <https://www.kuwait-fund.org/en/web/kfund/home>.
- 10 Luxembourg Aid & Development. “Luxembourg’s General Development Cooperation Strategy – The Road to 2030”. Available: <https://cooperation.gouvernement.lu/dam-assets/politique-cooperation-action-humanitaire/documents-de-reference/strat%C3%A9gie/Strat%C3%A9gie-MAEE-EN.pdf>
- 11 New Zealand Foreign Affairs and Trade, Manatu Aorere. “Our approach to aid”. Available: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/>
- 12 Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, Gobierno de España. “Spanish Cooperation”. Available: <http://www.exteriores.gob.es/Portal/en/PoliticaExteriorCooperacion/CooperacionAIDesarrollo/Paginas/Planificaci%C3%B3n.aspx>
- 13 Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, Gobierno de España. “Marco de Asociación País de España-Senegal 2019-2023”. Available: [https://www.cooperacionespanola.es/sites/default/files/map\\_senegal\\_4.pdf](https://www.cooperacionespanola.es/sites/default/files/map_senegal_4.pdf).
- 14 Government of Sweden. “Policy framework for Swedish development cooperation and humanitarian assistance – Government Communication 2016/17.60. Available: [https://www.government.se/49a184/contentassets/43972c-7f81c34d51a82e6a7502860895/skr-60-engelsk-version\\_web.pdf](https://www.government.se/49a184/contentassets/43972c-7f81c34d51a82e6a7502860895/skr-60-engelsk-version_web.pdf).
- 15 Ministry of Foreign Affairs, Sweden (2018), “Strategy for Sweden’s development cooperation with Zambia 2018-2022”. Available at: <https://www.government.se/country-and-regional-strategies/2018/11/strategy-for-swedens-development-cooperation-with-zambia-20182022/>; and Swedish International Development Cooperation Agency (SIDA). “Sida’s work in Cambodia”. Available at <https://www.sida.se/en/sidas-international-work/cambodia-3>.
- 16 Swiss Confederation. “Switzerland’s International Cooperation Strategy – 2021-24”. Available at: [https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/broschuere-IZA-strategie-2021-2024\\_EN.pdf](https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/broschuere-IZA-strategie-2021-2024_EN.pdf).

- 17 Swiss Agency for Development and Cooperation SDC, “Swiss Cooperation Strategy, Mekong Region – 2018-2021”. Available: [https://www.eda.admin.ch/dam/deza/en/documents/laender/swiss-cooperation-strategy-mekong-2018-2021\\_EN.pdf](https://www.eda.admin.ch/dam/deza/en/documents/laender/swiss-cooperation-strategy-mekong-2018-2021_EN.pdf)
- 18 Turkish Cooperation and Coordination Agency (TIKA), “Turkish Development Assistance Report 2019”. Available: <https://www.tika.gov.tr/upload/sayfa/publication/2019/TurkiyeKalkinma2019WebENG.pdf>.
- 19 UAE Ministry of Foreign Affairs and International Cooperation. « UAE Policy for Foreign Assistance 2017-2021”. Available: <https://www.mofaic.gov.ae/en/The-Ministry/UAE-International-Development-Cooperation/UAE-Foreign-Aid-Policy>.
- 20 UK Department for International Development. “UK aid: tackling global challenges in the national interest”. Available: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478834/ODA\\_strategy\\_final\\_web\\_0905.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf).
- 21 For example, there was no reference to LDCs in the ministerial statement of the Foreign Secretary to Parliament on allocating Foreign, Commonwealth and Development Office ODA budget (21 April 2021).
- 22 USAID, “Country Development Cooperation Strategies”. Available: <https://www.usaid.gov/results-and-data/planning/country-strategies-cdcs>.