



Committee for Development Policy
United Nations Department of Economic and Social Affairs
Development Policy and Analysis Division

International Support Measures for the least developed countries

**Briefing for delegations on graduation
from the LDC category
New York, June 25th 2015**

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Structure

1. Background
2. Official development assistance
3. International trade
4. General support

A photograph of a person, likely a woman, working in a rice paddy field. She is bent over, tending to the rice plants. She is wearing a red shirt and green shorts. The field is filled with rows of young rice plants growing in shallow water. The background is a vast expanse of the paddy field under a clear sky.

BACKGROUND

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The LDC category

- Countries consistently lagging behind
- Special measures for catching up
- Beyond what available for other developing countries
- Main challenges:
 - low income and lack of financial resources
 - Limited or absent manufacturing base; limited participation in international trade besides commodities
 - Low level of human capital

LDC ISMs

- Development assistance
- International trade
- General support

[Smooth transition provisions]





Official development assistance

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Official development assistance

- Financial aid and technical assistance
- Multilateral and bilateral partners

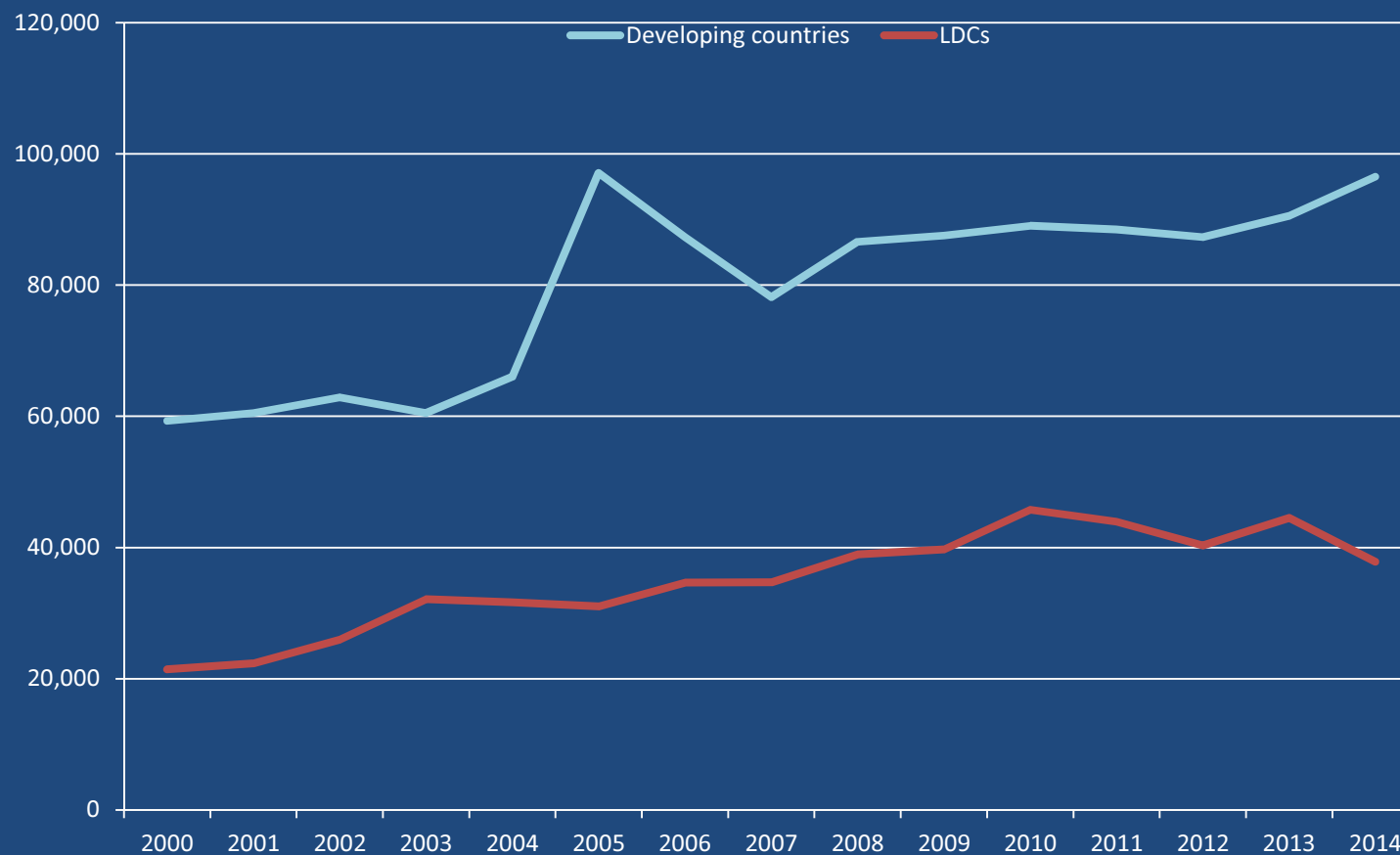
Modalities and commitments:

- ➔ DAC: 0.15 to 0.20% donor's GNI
- ➔ United aid: max extent possible
- ➔ Average grant element: 90% all LDCs (given year) or 86% each LDC (3 years)

Important!

ODA is **not** LDC-specific, just the modalities and the targets.
Donors allocation **not** based on LDC status: overlap criteria

Bilateral ODA flows to LDCs and developing countries, 2000-2014 (US\$ 2013 million)



ODA modalities (cont.)

- Targeted budget set asides by some multilaterals:
 - UNDP, UNICEF, WFP, others
 - Targeted funds/technical cooperation programmes:
 - GEF-LDCF, UNCDF, others
- **Attention!** There are **NO** LDC-specific measures or programmes at World Bank and IMF.



International trade

Trade-related ISMs

→ Special and differential treatment WTO legal texts:

Preferential market access

Other preferential treatment provisions

→ Other measures besides WTO agreements: trade capacity building → the *Enhanced Integrated Framework*

Objectives of trade-ISMs:

- Increase trade opportunities for LDCs
- Safeguard the interests of LDCs
- Flexibility in rules and disciplines
- Longer transitional periods
- Provision of technical assistance

LDCs and WTO

- Not all LDCs are WTO members
 - Members: Angola, Myanmar, Nepal, Solomon Islands, and Vanuatu
 - Accession process: Bhutan, Eq. Guinea and STP
 - Not currently seeking accession: Timor-Leste
- Preferential market access generally available to LDC non-members
- Other measures are non applicable to non members, except for accession guidelines

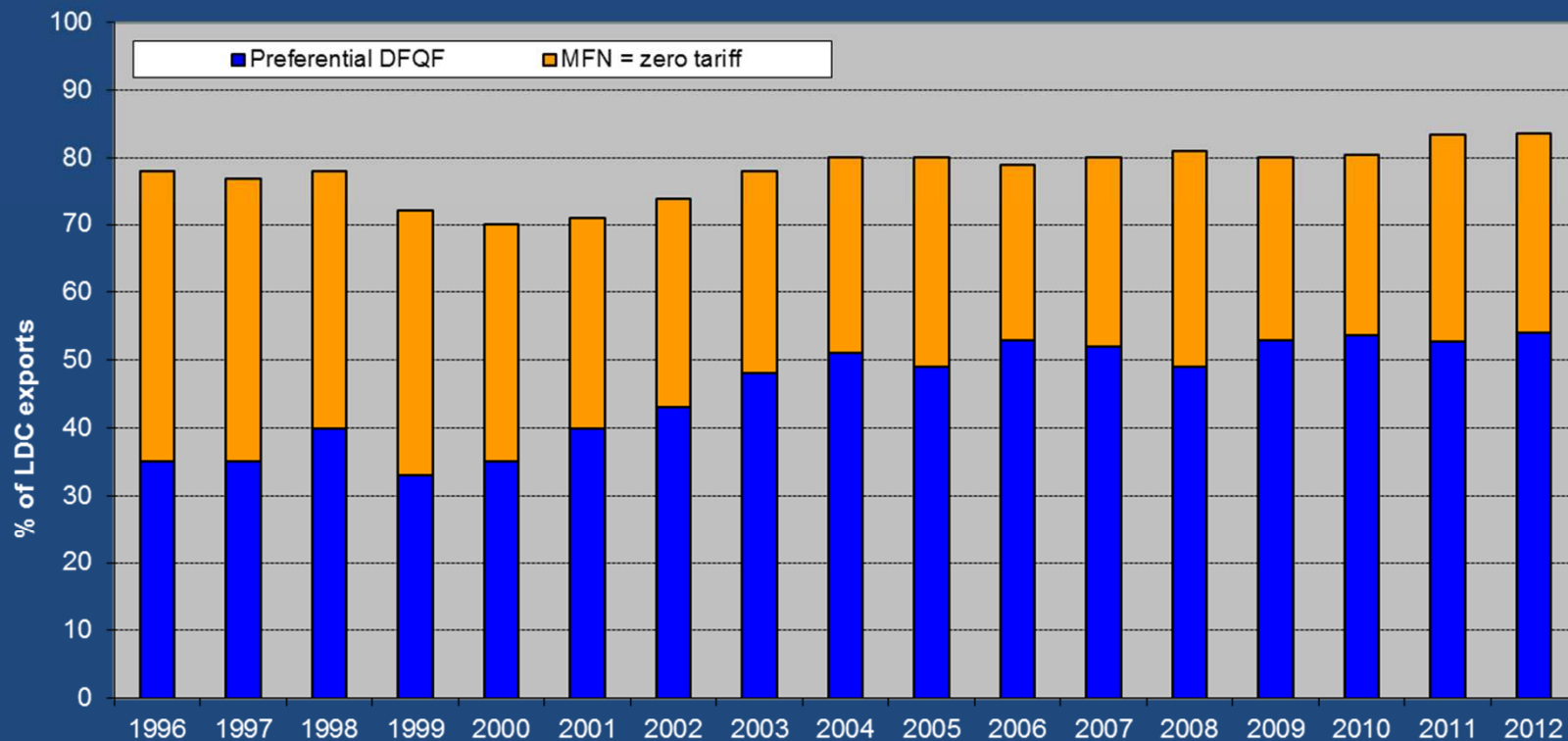
Preferential Market Access

- **The 1979 Enabling Clause:** “Special treatment of the least developed among the developing countries in the context of any general or specific measures in favour of developing countries.”
- **Preferential tariff treatment of LDCs:** *“The provisions of Article 1 of the GATT 1994 shall be waived until 30 June 2009, to the extent necessary to allow developing country Members to provide preferential treatment to products of the least developed countries [...]”* [adopted in 1999, extended to 2019]
- **Services Waiver:** *“Members may provide preferential treatment to services and service suppliers of least-developed countries with respect to the application of measures described in Article XVI [MFN market access, adopted in Dec 2011, valid for 15 years]*
 - Generalized System of Preference (GSP)
 - Regional and bilateral agreements
 - Developing country trading partners

Selected non-reciprocal duty-free, quota-free (DFQF) schemes in favor of least developed countries, as of October 2014

Preference granting country	Tariff line coverage (per cent)	Entry into force
Developed countries		
Australia	100.0	1 July 2003
Canada	98.6	1 January 2003
European Union	99.0	5 March 2001
Japan	98.0	1 April 2007
New Zealand	100.0	1 July 2001
Norway	100.0	1 July 2002
Switzerland	100.0	1 April 2003
USA	82.6	Expired 31 July 2013
Developing countries		
China	95.0	1 July 2010
Chile	99.5	28 February 2014
India	85.0	13 August 2008
Korea, Rep. of	90.0	1 January 2000
Taiwan, POC	31.7	17 December 2003
Turkey	79.7	31 December 2005

LDC market access in developed countries



Source of data: WTO, Market Access for Products and Services of Export Interest of Developing Countries (WT/COMTD/LDC/W/51) of 10 October 2011, table 9.; and WT/COMTD/LDC/W/59, 23 October 2014; table 14.

DFQF (goods):

- On average, relatively high utilization rates by LDCs of GSP and other preferential schemes
- Room for improvement:
 - Coverage: the DFQF commitment
 - Bali outcome; Most developed already at 100%, US as exception
 - Preference erosion, with caveats
 - Productive capacity constraints (volume and tariff lines; TBT and SPS requirements)
 - Utilization: needs lower cost of compliance (RoO)
- ✓ Smooth transition: according to trade partner

The Services Waiver

- Preferential treatment to be extended to like services and service suppliers of all LDCs
- To promote trade in sectors and modes of supply of LDC export interest
- Bali outcome → operationalization of services waiver
- LDC request submitted on 21 July 2014
- Australia and Canada first countries to grant preferential access in services



Beyond preferential market access

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Uruguay Round Provisions for LDCs

Uruguay Round Agreements	Number	Observations
Establishing the WTO (articles IV.7 and XI.2)	2	Commitments compatible with level of development; review of measures by the Committee on Trade and Development
Understanding balance of payment provisions (article 8)	1	Simplified consultation procedures allowed more than 2 successive consultations. Bangladesh under simplified only up to 2000 then reverted to regular consultations.
Agriculture (articles 15.2, 16.1 and 16.2)	3	No reduction commitments required for LDCs; reference to Decision on least-developed and Net food importers; monitoring by the Committee on Agriculture. Acceded LDCs (Cambodia, Cape Verde and Nepal) made commitments
Sanitary and Phytosanitary Measures (articles 10.1 and 14)	2	Special attention to, in particular LDCs. Several LDCs identified by WTO Secretariat as being potentially affected by SPS measures by other members.
Technical barriers to trade (articles 11.8, 12.7 and 12.8)	3	Give priority, in particular LDCs. WTO and few members have provided technical assistance to LDCs
TRIMS (article 5.2)	1	Renewed at Hong Kong up to 2015. Only Uganda has informed WTO on TRIMS
Licensing procedures (article 3.5 (j))	1	Special consideration for LDCs
Subsidies and Countervailing Duties (articles 27.2 and 27.3)	2	Export subsidy exemption not taken in Cambodia and Nepal accessions
GATS (articles IV.3, XIX.3 Annex on Telecommunications art 6(d))	3	Special priority to LDCs; guidelines on future negotiations to include SDTs for LDCs

Uruguay Round Provisions for LDCs

TRIPS (Preamble, Articles 66.1 and 66.2)	3	Extended: medicines: January 2016; implementation: July 2021
Annex 2 Dispute settlement (articles 24.1 and 24.2)	2	No DS with LDC as defendant; DG office consulted in cotton initiative
Annex 3 Trade policy review mechanism	2	longer review periods. In practice, LDCs are reviewed every 6 years as the majority of members
Annex 4. Government procurement (articles 1, 2, 12, and 13)	4	in particular the LDCs, bearing in mind special problems of LDCs, special treatment for LDCs. No LDC is party to the Agreement
Total	29	

Additional Ldc-specific instruments adopted by the Uruguay Round: Decision on measures in favour of Least Developed Countries, Agriculture: measures concerning the possible negative effects of the reform programme on least-developed and net food-importing developing countries.

→ Many others followed

Use and effectiveness

- Facilitate implementation of WTO disciplines
- Fewer reporting requirements
- Provision of technical assistance
- Guidelines on negotiations (Doha Round), accession
- Additional policy tools

However,

- Some expired
 - Not all are binding
 - Ambiguous nature
 - Dispersed, complex
 - Require capacity:
 - Limited awareness
 - Low productive capacities
 - Institutional capacity constraints
 - If design flaws and capacity constraints removed: greater effectiveness of SDTs
- No smooth transition



General support

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General Support

Travel support

- Attendance GA sessions, HLPF summits
- Others (UNFCCC, UN Convention Against Corruption, etc.)
- Travel funds
 - UNFPA (\$170K/year)
 - UNIDO (€300K/year)
 - Others(→ Some smooth transition provisions)

Caps on budget contribution

- *Regular UN budget*: LDC capped to 0.01 per cent (\$255,196 in 2014). Angola, Bangladesh, Equatorial Guinea, Myanmar, Sudan and Yemen.
- *Peace Keeping Operations*: 90% cent discount in PKO budget .
Budget caps: UNIDO, WMO, others
(→ No smooth transition provisions)

General Support (cont.)

- Grants, fellowships, scholarships: bilateral, multilateral and private donors
- Other forms of support by the UN system: research, policy analysis and advice, advocacy, support relevant intergovernmental processes
- Smooth transition and graduation



Improving Access to Support Measures

This Portal gives users access to information about special international support measures (ISMs) adopted by the international development community for countries included in the LDC category. ISMs are meant to assist LDCs in confronting their special development challenges and in achieving progress towards graduation from the category. The measures can be grouped into 3 broad areas of assistance:



Trade

International support measures from development partner international



Development

Support measures related to the volume and quality of



General Support

Other support measures such as dedicated travel

Latest stories

■ Bangladesh' exports to Canada: the importance of flexible rules of origin*

The Canadian GSP scheme for the LDCs was revised in 2002 when almost all tradeable items were made...

■ LDCF Background and Experience

The LDCF was proposed at the 7th session of the Conference of the Parties to the UNFCCC in...

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NEXT: THE LDC PORTAL

New!

SPOTLIGHT stories - lessons learned

Several reports have reviewed the impact of EIF projects. Most of these studies give valuable...

Experience

The LDCF was proposed at the 7th session of the Conference of the Parties to the UNFCCC in...

the High Representative for the LDCs, LLDCs and SIDS (UN-OHRLLS)

OHRLLS was established on the recommendation of the Secretary-General of the UN by

TRIPS which took place in Geneva on 6 -7 November 2012,...

■ Briefing LDC Portal to New York based Delegates

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