

# LDC Graduation

**Least developed countries** (LDCs) are low-income countries confronting severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets.

# Three criteria

Gross National Income (GNI)	Human Asset Index (HAI)	Economic Vulnerability Index (EVI)
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Total income / total population = gni per capita

Nutrition, health, adult literacy, and secondary school enrollment rate

Instability of agricultural production, exports of goods, population size etc.

First evaluation 2018

Second evaluation 2021

2024??

2026

	Gross National Income (GNI)	Human Asset Index (HAI)	Economic Index(EVI)	Vulnerability
Required	\$1230 or above	66 or above		Below 32
Bangladesh's score in 2021	\$ 1827	75.4		27

<https://thefinancialexpress.com.bd/views/views/bangladesh-qualifies-for-ldc-graduation-what-next-1615473209>

## Questions?

1. What is LDC and LDC graduation?
2. What are the criteria for graduating from LDC ?
3. Challenges for a country in LDC graduation?
4. Opportunities for a country in LDC graduation?
5. Strategies and preparation for the graduation?

# Challenges of LDC graduation

- The loss ISMs – International Support Measures - preferential market access. Export will be reduced. Revenue fall 8-10% - 2.5 Billion USD.
- Curtailed GSP ( Generalized system of preference ) – duty free business
- Shrinking of TRIPS – Trade related intellectual property rights waiver to Bangladesh's pharmaceutical companies
- Reduced funding from Climate Finance/fund
- BD will not be considered for Soft loans anymore under ODA – Official Development Assistance

# Opportunities of LDC graduation

- Brighter image
- Increase FDI – Foreign Direct Investment –
  - 1) Employment creation,
  - 2) Earning increase through tax, vat etc.
  - 3) Accelerated economic development
- Increased Sovereign credit rating - it measures credit worthiness of a country
- Preference in joining the regional trading blocs

# Strategies and preparation for graduation

- Formulating a robust “LDC Transition strategy “
- BD might be infected with “Dutch Disease” – apparel will be severely affected: BD should diversify its export basket such as leather, plastic items, frozen foods etc.
- Diversify the export market as well – Latin America, Middle East etc.
- Joining different regional trade bloc and making FTA – Free Trade Agreement.
- developing strategies for facing two major challenges – COVID 19 and Rohiynga crisis.

**Write an essay on ‘LDC Graduation and Bangladesh’**

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