

# Graduation from the Least Developed Country Category *Is Bangladesh Ready for a Smooth Transition?*

*Presented at*  
CPD-IRBD Appreciation Course for the Journalists on  
**LDC Graduation in the context of SDGs Achievements**

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*Least Developed Countries (LDCs) are defined as low-income countries suffering from the most severe structural impediments to sustainable development.*

Concept:

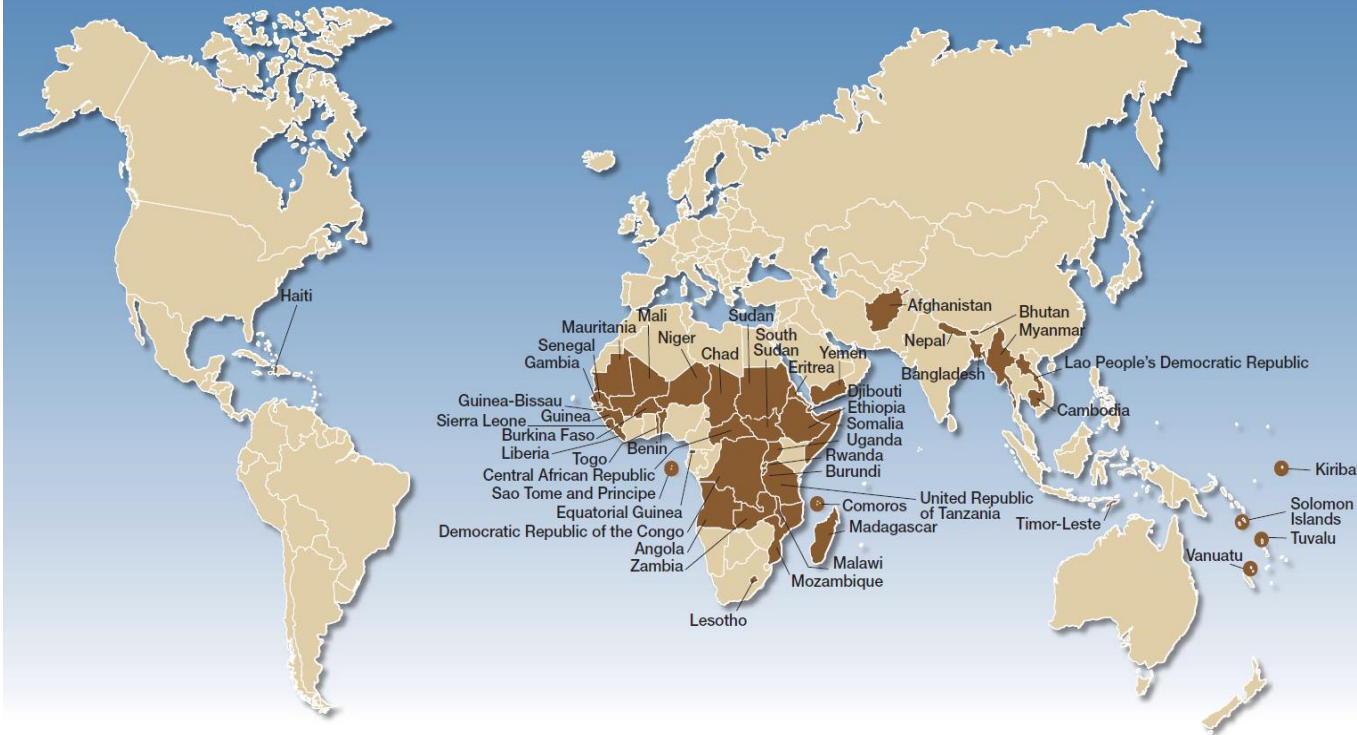
- The category was officially established in 1971 by the UN General Assembly (UNGA)
- Purpose was to attract special international support for the most vulnerable and disadvantaged members of the UN family
- Started with 25 member countries

Characteristics:

- Low level of socio-economic development characterised by weak human and institutional capacities, low and unequally distributed income and scarcity of domestic financial resources
- Affected by a vicious cycle of low productivity and low investment
- Suffer from governance crisis, political instability, internal and external conflicts

## LEAST DEVELOPED COUNTRIES (48)

Africa 34, Asia 9, Caribbean 1, Pacific 4



Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

### Current Composition

- 25 LDCs in 1971
- 48 LDCs in 2016
- 17 land locked  
9 small islands
- 34 African  
9 Asian  
4 Pacific  
1 Caribbean
- 12% of world population,  
31% of world poor

## 2. Current criteria for identifying LDCs

- The Committee for Development Policy (CDP), is a subsidiary body of the United Nations Economic and Social Council (ECOSOC). CDP is responsible for reviewing the status of LDCs and for monitoring their progress after graduation from the category. CDP recommends to ECOSOC countries to be included and to be graduated from LDC category
- ECOSOC has to endorse the recommendations
- The United Nations General Assembly (UNGA) has to confirm
- Since 1991, recommendations are made on the basis of triennial reviews
- The triennial review is based on specific criteria and application procedures
- The criteria are developed and refined periodically by the CDP
- The criteria and procedures are endorsed by ECOSOC and the UNGA

## 2. Current criteria for identifying LDCs

### Income (in USD)

**GNI per capita (GNI)**  
 Calculated according to Atlas Method—three years average (e.g. in 2015 review average figure of 2011-2013 was considered)

### Human Assets Index (HAI)

(original indicator values converted into indices ranging from 0 to 100)

**Percentage of population undernourished**

1/4

**Mortality rate for children aged five years or under**

1/4

**Gross secondary enrolment ratio**

1/4

**Adult literacy rate**

1/4

### Economic Vulnerability Index (EVI)

(original indicator values converted into indices ranging from 0 to 100)

#### Exposure Index

- i. Population (Size) – 1/4
- ii. Remoteness (Location) – 1/4
- iii. Merchandise Export Concentration (Economic Structure) - 1/16
- iv. Share of Agriculture, Forestry and Fishery (Economic Structure) - 1/16
- v. Share of Population in Low Elevated Costal Zone (Environment) - 1/8

1/2

#### Shock Index

- vi. Instability of Exports (Trade Shock)- ¼
- vii. Victims of Natural Disasters (Natural Shock)- 1/8
- viii. Instability of Agricultural Production (Natural Shock)- 1/8

1/2

## 2. Current criteria for identifying LDCs

- What is the income criterion?

The income criterion is measured by the gross national income (GNI) per capita. It is calculated from national accounts data and provides information on the income status of a country and uses the World Bank Atlas Method.

- In calculating GNI in U.S. dollars for certain operational and analytical purposes, The World Bank uses the *Atlas* conversion factor instead of simple exchange rates. The purpose of the *Atlas* conversion factor is to reduce the impact of exchange rate fluctuations in the cross-country comparison of national incomes.
- The *Atlas* conversion factor for any year is the average of a country's exchange rate for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country and international inflation; the objective of the adjustment is to reduce any changes to the exchange rate caused by inflation.
- The following table exhibits differences in results in GNI per capita due to two different calculation methods

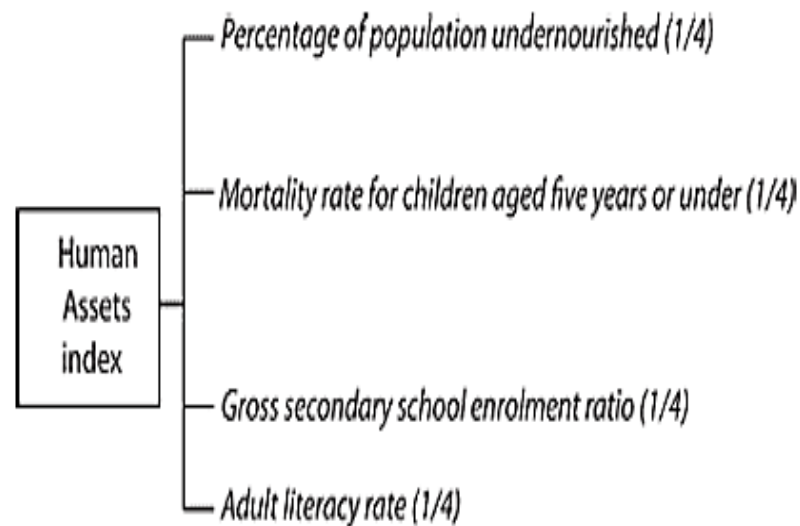
	2010	2011	2012	2013	2014	2015
Atlas method	780	870	950	1010	1080	1190
At constant 2010 US\$	822	863	912	952	985	1036

## 2. Current criteria for identifying LDCs

- What is the human asset index (HAI)?

The HAI is a measure of the level of human capital. It consists of four indicators, two on health and nutrition and two on education.

- The original data for each variable are converted into index numbers using a max-min procedure.
- At the the 2012 triennial review, the inclusion threshold corresponded to the third quartile in the distribution of HAI values of a reference group, which consisted of all LDCs and other low-income countries. The graduation threshold was set at 10% higher.
- In 2014, the CDP decided to permanently fix the thresholds at their 2012 levels, with adjustments being made for changes in data sources and indicators.



Numbers in parenthesis indicate the weight in the overall HAI.



## 2. Current criteria for identifying LDCs

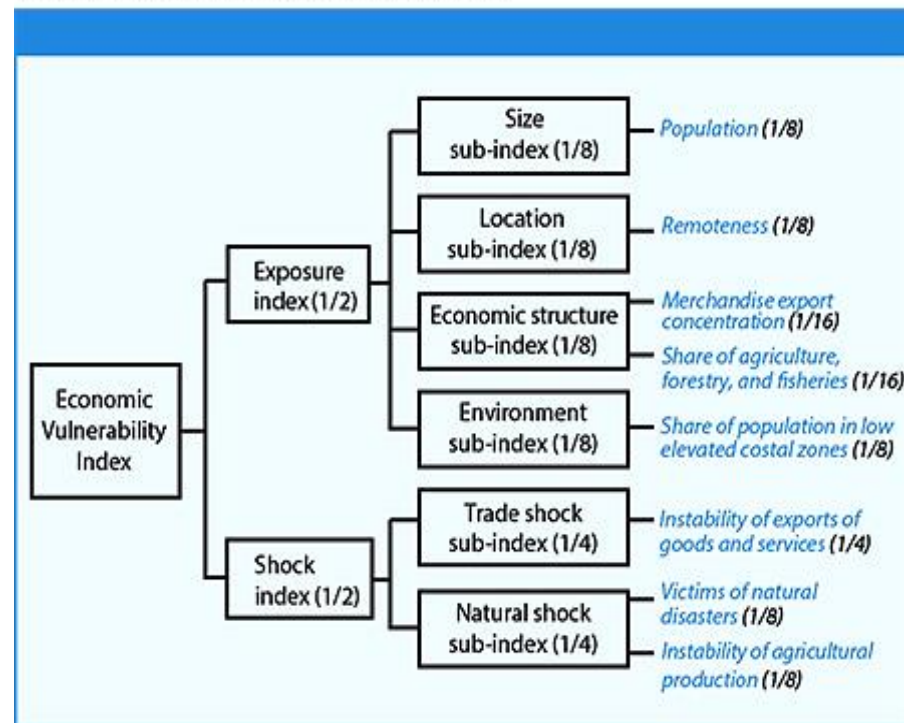
- What is the economic vulnerability index?

The economic vulnerability index (EVI) measures the structural vulnerability of countries to exogenous economic and environmental shocks. The EVI contains eight indicators, which are grouped into various sub-indices.

- The numbers in parenthesis show the weight of each component in the overall EVI.
- Original data for each variable are converted into index numbers using a max-min procedure.
- At the 2012 triennial review, the inclusion threshold corresponded to the first quartile in the distribution of EVI values of a reference group. The 10% lower. In 2014, the CDP decided to permanently fix the thresholds at their 2012 levels, with adjustments being made for changes in data sources and indicators.

### Composition of the Economic Vulnerability Index (EVI)

Numbers in parenthesis indicate the weight in the overall EVI.



- Inclusion procedures
  - ✓ Country meets the inclusion thresholds for all three criteria
  - ✓ No automatic recommendation, country circumstances to be taken into account;
  - ✓ Inclusion is effective immediate after General Assembly takes note of recommendation
  - ✓ Countries have the right to accept or reject the LDC status after inclusion is recommended or withdraw from it once included e.g. even after meeting the inclusion criteria, Zimbabwe refused to take the LDC status.
  - ✓ Bangladesh was included in the LDC group in 1975
- Inclusion Thresholds (for 2015 review)
  - GNI per Capita: A moving goal post! For 2015 it was **\$1,035** and below
  - HAI: **60** and below (fixed at 2012 levels)
  - EVI: **36** and above (fixed at 2012 levels)

- Graduation procedures
  1. Country passes thresholds of any 2 criteria
    - ❖ GNI and HAI; or GNI and EVI; or HAI and EVI.
  - Or, 2. Income > twice income graduation threshold
    - ✓ Not mechanical: impact assessment, vulnerability profile, country views taken into account
    - ✓ Country needs to be eligible in two consecutive reviews before any recommendation is made
    - ✓ Graduation becomes effective after a transition period (normally three years ). Allows country to prepare for graduation
    - ✓ After graduation, partners are not to withdraw LDC support abruptly
- Graduation Thresholds (for 2015 review)
  - GNI per Capita : A moving goal post!  
For 2015 review it was \$1,242 and above (\$2,484 and above for 'Income only' graduation).  
Average of three previous years' GNI per capita is taken e.g. 2015 review considered average of 2011-2013. 2018 will consider average of 2014-2016.
  - HAI: 66 and above , EVI: 32 and below (fixed at 2012 levels)

## 4. Overview of LDC graduation since 1971

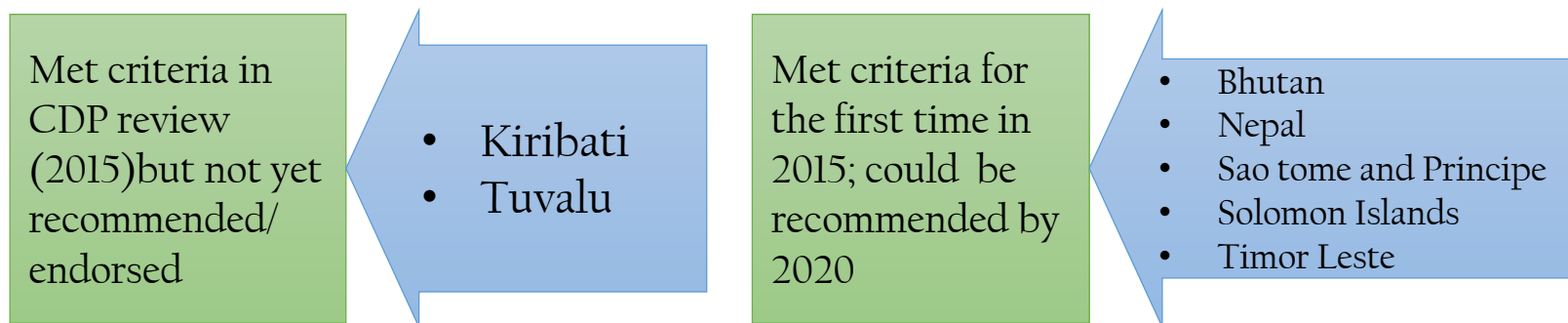
- Only 4 countries have so far "graduated" and 3 are scheduled for graduation
- Graduated from LDC Group

Country (Year)	Criteria
Botswana (1994)	economic and precautionary conditions
Cape Verde (2007)	GNI per capita + HAI
Maldives (2011)	GNI per capita + HAI
Samoa (2014)	GNI per capita + HAI

- LDCs recommended for graduation

LDCs recommended for Graduation (Expected Year)	Criteria
Equatorial Guinea (2017)	Income only
Vanuatu (2020)	GNI+HAI
Angola (2021)	Income only

## 4. Overview of LDC graduation since 1971



- In 2012, CDP recommended Tuvalu (Income and HAI) for graduation but was not endorsed by the UN Economic and Social Council (ECOSOC). CDP, in its 2015 review, noted the high vulnerability of the country as reflected in its economic vulnerability index score and evidenced by the impact of the recent cyclone pam
- Kiribati (Income and HAI) was found eligible for the second consecutive time in 2015, but was not recommended for graduation as it is the most vulnerable country in the world according to the EVI index. Although its income level was above graduation threshold, it was significantly lower than that of other highly vulnerable countries recommended for graduation. Country to remain under review
- Bhutan, São Tomé and Príncipe and Solomon Islands met both the GNI and the human assets index criteria; Timor-Leste met the “income only” criterion and Nepal met both the structural indices
- Next CDP review in 2018

## 5. Difference with Middle Income Country category

Issues	LDC	MIC
Classification authority	UN Classification Single category	World Bank Classification (Two classes under middle income- <i>lower middle &amp; upper middle</i> )
Purpose	To attract special support measures from international community; preferential treatment; WTO etc.	Make lending decisions; benefits provided in terms of lower interest rates; debt relief etc.
Basis for Taxonomy	3 criteria- 12 different structural indicators and an indicator for income.	Income in Atlas method (LMIC: \$1,026-\$4,035; UMIC: \$4,036-\$12,475)
Inclusion and graduation thresholds	Income threshold uses WB atlas method and is average of 3 years and is updated every year; HAI and EVI are indices fixed at 2012 level 2 of 3 threshold needs to be met to graduate	Uses WB Atlas method; Considers only 1 year; updated every year; Differs from LDC income threshold. One threshold to be met
Income only option	Graduates when GNI per capita is double the income threshold	No such option
Cap on Population	Additional criteria added in 1991; Population must be less than 75 million	No cap
Process of exit	Long. Minimum six years from meeting the criteria	Short. Changes every year
Decision regarding inclusion and graduation	Once recommended for inclusion, countries decide whether to accept the LDC status or not. Once recommended for graduation, countries have no choice but to graduate.	Countries bound to accept whatever classification is assigned to them

## 6. UN Programmes of Action in support of LDCs

- The first United Nations Conference on LDCs was held in 1981 in Paris and every ten years since then
- The fourth UN conference on LDCs (2011) adopted **The Istanbul Programme of Action (IPoA)** for the Decade 2011-2020. The IPoA charts out the international community's vision and strategy for the sustainable development of LDCs for the next decade with a strong focus on developing their productive capacities
- A broad range of actors is expected to contribute to the IPoA implementation, including donor countries, developing countries, parliaments, the private sector, civil society, the UN system and international and regional financial institutions
- It specifically aims to enable half of the LDCs to meet the criteria for graduation. This is closely related to the objective to achieve sustained, equitable and inclusive economic growth in LDCs to at least a level of 7 percent annually

## 6. UN Programmes of Action in support of LDCs

- 8 Priority Areas and 47 goals and targets for Action in IPoA
- Priority Areas
  - i. Productive capacity
  - ii. Agriculture, food security and rural development
  - iii. Trade Commodities
  - iv. Human and social development
  - v. Multiple crises and other emerging challenges
  - vi. Mobilizing financial resources for development and capacity building
  - vii. Good governance at all levels



## 7. Bangladesh as an LDC: Graduation prospects and pathways

- Decomposing the LDC assessment for Bangladesh

Criteria	Graduation Threshold	Value	Met/Unmet
GNI per capita	An average of at least \$1,242 in the period 2011 to 2013	926	Unmet
Economic Vulnerability Index	32 or below	25.1	Met
Exposure Index		22.7	Met
Shock Index		27.5	Met
Human Asset Index	66 or above	63.8	Unmet

- Bangladesh Trends since 2006 triennial review

Criteria	2006	2009	2012	2015	Threshold for graduation
GNI pc (\$)	450	453	637	926	>1035
HAI	39.9	53.3	54.7	63.8	>66
EVI	51.9	23.2	32.4	25.1	<32

## 7. Bangladesh as an LDC: Graduation prospects and pathways

- Bangladesh's relative position to graduating LDCs

<b>LDC</b>	<b>Income</b>	<b>HAI</b>	<b>EVI</b>
<b>Angola</b>	<b>4,518</b>	<b>41.9</b>	<b>39.7</b>
<b>Bangladesh</b>	<b>926</b>	<b>63.8</b>	<b>25.1</b>
<b>Bhutan</b>	<b>2,277</b>	<b>67.9</b>	<b>40.2</b>
<b>Equatorial Guinea</b>	<b>16,089</b>	<b>54.8</b>	<b>39.3</b>
<b>Kiribati</b>	<b>2,489</b>	<b>86.3</b>	<b>71.5</b>
<b>Nepal</b>	<b>659</b>	<b>68.7</b>	<b>26.8</b>
<b>Sao Tome and Principe</b>	<b>1,431</b>	<b>77.4</b>	<b>39.2</b>
<b>Solomon Islands</b>	<b>1,402</b>	<b>71.7</b>	<b>50.8</b>
<b>Timor-Leste</b>	<b>3,767</b>	<b>57.4</b>	<b>55.0</b>
<b>Tuvalu</b>	<b>5,788</b>	<b>88.8</b>	<b>54.0</b>
<b>Vanuatu</b>	<b>2,997</b>	<b>81.3</b>	<b>47.7</b>

## 7. Bangladesh as an LDC: Graduation prospects and pathways

- By the time of 2018 review, Bangladesh has a fairly good possibility to also meet the HAI criteria
- The next review(2018) will have one more indicator for HAI – maternal mortality ratio  
According to World Development Indicators (2016), maternal mortality rate in Bangladesh stood at 176 per 100,000 live births in 2015 which is the result of a decline by more than 66% over the last two decades
- UNCTAD will prepare a vulnerability profile; DESA will prepare an impact assessment
- To be recommended for graduating from the LDC list, Bangladesh will need to meet the criteria in 2021 again
- Bangladesh will need to prepare a graduation strategy and will be monitored by CDP
- With the endorsement from Council and being approved by the General Assembly, Bangladesh may graduate from LDC status in 2024
- Bangladesh may enjoy LDC preferential treatment up to following 2027 (if it graduates in 2024) to help with her smooth transition

### *Areas of International Support Measures (ISMs)*

#### 1. International Trade

- ✓ Special considerations given to LDCs in their accession to the World Trade Organization (WTO)
- ✓ Special and Differential Treatment (SDT) for LDCs in WTO Agreements
- ✓ Preferential market access for LDCs
  - » There are 139 special and differential treatment (SDT) provisions benefitting developing countries in the WTO agreements of which 14 are specific to LDCs

# 1. 8. Benefits offered by LDC status and opportunities to be forgone consequent to graduation

## 1. International Trade (contd.)

- » As an LDC, Bangladesh received four forms of preferential treatment in international trade:
- (a) various WTO provisions providing SDT
  - (b) autonomous, non-reciprocal initiatives through various countries' Generalized System of Preferences (GSP) schemes
  - (c) preferential market access initiatives that are part of regional trade agreements (RTAs) that have special provisions for LDC members. Some of these are: the South Asian Free Trade Area (SAFTA), the Asia and Pacific Trade Area (APTA) and Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Area
  - (d) other trade initiatives of developing countries, including bilateral arrangements, notably those with India

## 8. Benefits offered by LDC status and opportunities to be forgone consequent to graduation

### 1. International Trade (contd.)

- » The rise in Bangladesh's e-o RMG sector owes significantly to the preferential market access it enjoys as an LDC
- » In the EU, average tariffs on the apparels items exported by Bangladesh are over 12 %, so that the duty-free treatment that Bangladesh's exports receive under the EU's Everything but Arms (EBA) Initiative gives it a substantial price advantage. This has contributed to the rapid growth of Bangladesh's RMG exports to the EU since the early 1990s.
- » The EU decided to relax its Rules of Origin provision for LDCs from two-stage to one-stage transformation as of 1 January 2011, while other developing countries remain subject to the two-stage requirement.

### 2. Development Finance

- ✓ Aid targets of 0.15 or 0.20 per cent of donors' GNI to be allocated to LDCs  
However, this has not been met
- ✓ The OECD-DAC Recommendation of 2001 to untie aid to LDCs
  - » Official Development Assistance (ODA) – generally seen as the most critical ISM – has usually experienced declining importance for the Bangladesh economy over time. However, because of its size, the country has remained one of the largest LDC recipients of ODA in absolute terms.
  - » Net ODA as a percentage of GNI has fallen from around 6% at the time of joining the LDC group to about 1.31% in 2014 and net ODA received as a percentage of Central Government Expenditure was 11.8% in 2011.

### *3. Technical and Financial Assistance*

- ✓ The Enhanced Integrated Framework [EIF];
  - » Under the EIF, Bangladesh's NIA project which will provide the ministry of Commerce with resources to strengthen its capacity to mainstream trade into national development plans and to further integrate into the global trading system
- ✓ Reduced Financial obligations
  - » Budget caps for LDC contribution to regular budgets of UN, ILO, UNIDO, IPU, WMO etc. as well as access to special travel funds, free tickets to UN and WTO meetings.



## 8. Benefits offered by LDC status and opportunities to be forgone consequent to graduation

### 4. Technology

- ✓ Article 66.2 of the TRIPS agreement on transfer of technology to LDCs;
  - » WTO committee on intellectual property (IP) rights agreed to extend a waiver allowing LDCs to avoid applying and enforcing trade related IP rights on pharmaceutical products until January 1, 2033.
  - » It has significant implications for Bangladesh-
    - The waiver allows continued exemptions from patent obligations for pharmaceutical products stipulated in the TRIPS agreement, which will allow production at significantly reduced costs.
    - The decision provides an opportunity to provide low-cost medicine to local people, and also creates export opportunities for pharmaceutical enterprises.
    - LDCs have waivers from obligations to make available the mechanism for filling patent applications for pharmaceutical products (mailbox) and from granting exclusive marketing rights to such applications for the granted period.
    - The decision does not include any conditions attached to it, which would have put restrictions on the ability of the LDCs to take full advantage of the waiver or could limit the benefits that could potentially accrue from this decision.

- ✓ United Nations Technology Bank

## 8. Benefits offered by LDC status and opportunities to be forgone consequent to graduation

### 5. *Climate Change*

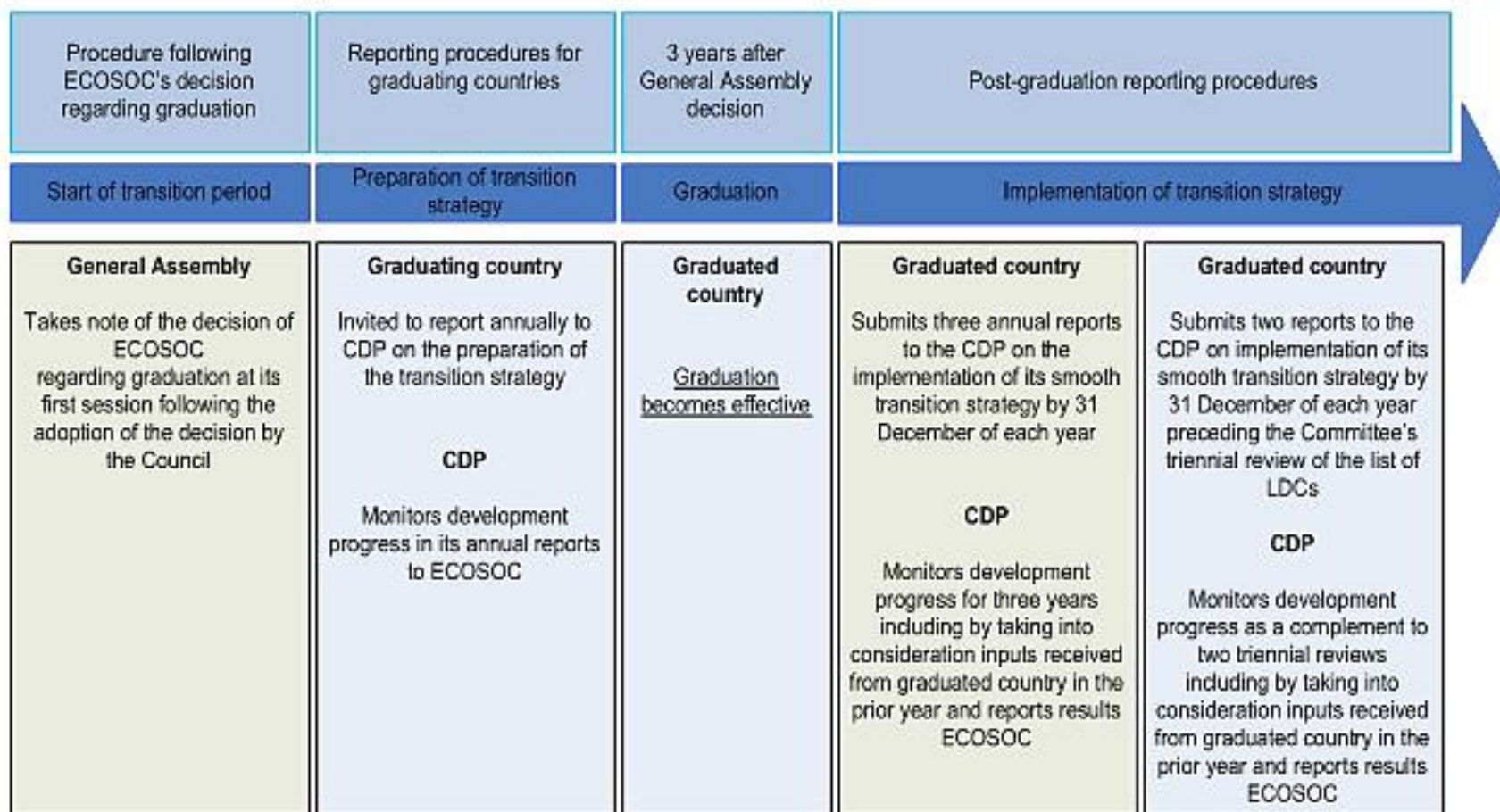
- ✓ The Least Developed Countries Fund (LDCF) established to implement the work programme of the United Nations Framework Convention on Climate Change (UNFCCC)
  - » The LDC Fund established in 2001 has financed the development of national adaptation programmes of action (NAPAs) in all but one (South Sudan) of the LDCs
  - » Bangladesh was one of the first LDCs to complete its National Adaptation Programme of Action (NAPA), listing “urgent and immediate” adaptation needs. The NAPA followed the guidelines provided by the international community and the UNFCCC’s LDC Expert Group.
  - » Global Environment Facility (GEF) reported that 164 LDCs projects (excluding preparation of NAPA) had been approved for funding by the GEF Council, with grants from the Fund amounting to US\$919.3 million since 2007

## 8. Benefits offered by LDC status and opportunities to be forgone consequent to graduation

### *Important to note*

- The US GSP scheme for LDCs includes only 84 per cent of its tariff lines and excludes the majority of textile and apparel items. As such, Bangladesh not only has to compete in the US market with major non-LDC exporters, some of which receive preferential treatment under other US trade initiatives, but also has to pay tariffs averaging over 16 per cent. Bangladesh's success in penetrating and increasing its share of this market, despite the tariffs, demonstrates the global competitiveness of its RMG sector (Cortez et al, 2014).
- ODA is not LDC specific, just the modalities and the targets are. While there are specific targets for ODA flows to LDCs, it is in most cases not possible to determine whether the amount of ODA to these countries is allocated on the basis of their LDC status
- While preferential market access may be specific to LDC status, technical assistance to build up export capacity may not necessarily be LDC specific
- LDCs are categorised as less credit worthy by the international credit-rating agencies and thus have limited access to private-sector loans and investments mechanism
- The graduated LDCs will continue to receive all special and differential treatment for the next three years after graduation as well as also during the preceding six years, i.e. six years after reaching the threshold mark
- Graduation of an LDC is unlikely to drastically shrink access to development finance, albeit costs may increase with reduced concessionality.

## Smooth transition procedures – Start of the transition period and reporting by graduating countries, graduated countries and the Committee for Development Policy



Source: UNDESA (2014)

- **A smooth transition strategy**
  - Aims to ensure that development efforts are not disrupted by graduation
  - Focuses on expected implications of loss of LDC status and associated special support measures
  - Presents a comprehensive and coherent set of specific measures in accordance with the priorities of the graduating country, taking into account its specific structural challenges, vulnerabilities and strengths
  - Begins implementation in view of consideration for graduation

- Is Bangladesh prepared for a smooth transition?
  - Taking advantage of international support measures towards graduation and a smooth transition thereafter entail overcoming structural handicaps and avoiding traps that limit development of productive capacities and progress towards the *structural transformation*.
  - *Structural economic transformation (SET)* refers to the reallocation of economic activity from low value-added and low productivity activities and sectors to higher value-added and higher productivity activities and sectors. Productive capacity development is pre-requisite for structural economic transformation.

# 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

## Trends in Selected Economic Vulnerability Index Indicators for Bangladesh

Indicator	2006	2009	2012	2015	Trend
Export Concentration	0.30	0.40	0.38	0.37	Decreasing
Shares of agriculture, forestry and fisheries	19.83	18.87	18.78	17.03	Decreasing
Agricultural instability	3.47	3.90	3.70	3.13	Decreasing
Export instability	7.38	7.29	7.36	6.67	Decreasing

## Trends in Human Assets Index Indicators for Bangladesh

Indicator	2006	2009	2012	2015	Trend
Prevalence of undernourishment in total population (%)	30.00	27.00	26.00	16.70	Decreasing
Under 5 mortality (per 1000)	79.00	83.15	61.37	41.10	Decreasing
Literacy rate	41.00	53.48	55.90	58.79	Increasing
Secondary enrolment ratio	47.00	43.77	49.28	53.65	Increasing

\*\*Green indicates optimistic change

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

### Real GDP Growth (%)

Region	2002-08	2010	2011	2012	2013	2014	2015(E)
<b>LDCs</b>	<b>7.2</b>	<b>5.9</b>	<b>4.0</b>	<b>4.7</b>	<b>5.0</b>	<b>5.6</b>	<b>3.2</b>
African LDCs	7.4	6.1	4.6	7.5	6.1	5.6	4.2
Asia LDCs	6.9	6.1	3.5	6.3	6.0	5.5	3.3
Island LDCs	22.7	-0.4	9.1	4.3	-7.8	3.8	0.6
<b>ODCs</b>	<b>6.3</b>	<b>7.8</b>	<b>6.0</b>	<b>4.8</b>	<b>4.6</b>	<b>4.5</b>	<b>3.9</b>
<b>Bangladesh</b>	<b>5.9</b>	<b>5.6</b>	<b>6.5</b>	<b>6.5</b>	<b>6.0</b>	<b>6.1</b>	<b>6.5</b>
Cambodia	9.5	6.0	7.1	7.3	7.5	7.1	7.1
Nepal	3.6	4.8	3.4	4.8	4.1	5.4	2.8
Rwanda	8.6	7.3	7.9	8.8	4.7	7.0	6.9

- Bangladesh has performed well in terms of GDP growth compared to average LDCs, Asian LDCs and other developing countries.



## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

### Per Capita GDP Growth (%)

Region	2002-08	2010	2011	2012	2013	2014	2015(E)
<b>LDCs</b>	<b>4.6</b>	<b>3.4</b>	<b>1.5</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>	<b>0.8</b>
African LDCs	4.3	3.0	1.1	0.9	1.6	2.8	0.3
Asia LDCs	5.1	4.7	2.0	4.8	4.5	3.9	1.9
Island LDCs	12.1	-2.4	6.8	2.0	-9.9	1.5	-1.7
<b>ODCs</b>	<b>5.5</b>	<b>6.5</b>	<b>4.8</b>	<b>3.6</b>	<b>3.4</b>	<b>3.3</b>	<b>2.7</b>
<b>Bangladesh</b>	<b>4.4</b>	<b>4.4</b>	<b>5.2</b>	<b>5.3</b>	<b>4.7</b>	<b>4.8</b>	<b>5.2</b>
Cambodia	7.7	4.4	5.4	5.5	5.7	5.3	5.4
Nepal	11.7	3.7	2.3	3.6	2.9	4.1	1.6
Rwanda	6.2	4.5	5.2	6.2	2.2	4.5	4.4

- Bangladesh has performed well in terms of Per Capita GDP growth compared to average LDCs, Asian LDCs and other developing countries.

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

### Sectoral Share (as % of GDP)

Country	Agriculture, hunting, forestry, fishing			Manufacturing Industry			Non manufacturing Industry			Services		
	1991	2000	2013	1991	2000	2013	1991	2000	2013	1991	2000	2013
<b>LDCs</b>	<b>34.9</b>	<b>30.2</b>	<b>24.0</b>	<b>9.2</b>	<b>14.1</b>	<b>23.0</b>	<b>10.4</b>	<b>10.1</b>	<b>10.6</b>	<b>45.5</b>	<b>45.6</b>	<b>42.4</b>
African LDCs	34.8	31.2	25.1	10.5	16.1	28.9	10.0	8.3	7.8	44.7	44.3	38.2
Asia LDCs	34.9	29.0	22.3	6.8	11.7	12.7	11.4	12.2	15.4	46.8	47.1	49.6
Island LDCs	34.1	33.0	13.3	5.1	6.7	54.9	5.8	6.0	2.6	55.1	54.2	29.2
<b>ODCs</b>	<b>12.9</b>	<b>9.5</b>	<b>8.8</b>	<b>17.9</b>	<b>21.1</b>	<b>17.7</b>	<b>18.6</b>	<b>15.5</b>	<b>20.7</b>	<b>50.7</b>	<b>53.9</b>	<b>52.8</b>
<b>Bangladesh</b>	<b>29.5</b>	<b>24.4</b>	<b>16.3</b>	<b>7.1</b>	<b>8.8</b>	<b>10.4</b>	<b>12.6</b>	<b>14.3</b>	<b>17.3</b>	<b>50.8</b>	<b>52.5</b>	<b>56.1</b>
Cambodia	44.9	37.8	33.5	4.3	6.2	9.2	7.4	16.9	16.4	43.3	39.1	40.8
Rwanda	39.4	40.0	34.7	6.4	7.5	10.1	9.4	5.7	5.4	44.7	46.7	49.8

- There has been a decrease in the share of agriculture sector share and increase in shares of both industry and services sectors in the GDP composition of Bangladesh over the last two decades.

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

### Employment by sector in LDCs (% of total employment)

Country	Agriculture			Industry			Service		
	1991	2000	2014	1991	2000	2014	1991	2000	2014
<b>LDCs</b>	<b>70.6</b>	<b>68.8</b>	<b>58.9</b>	<b>8.1</b>	<b>8.3</b>	<b>11.7</b>	<b>21.2</b>	<b>22.9</b>	<b>29.4</b>
African LDCs	74.4	73.7	67.6	6.3	6.4	7.8	19.3	19.8	24.6
Asia LDCs	65.7	62.3	46.9	10.5	10.8	17.1	23.8	26.9	36.0
Island LDCs	69.7	69.2	63.2	9.0	7.9	9.2	21.2	22.2	27.4
<b>ODC</b>	<b>51.2</b>	<b>46.6</b>	<b>30.4</b>	<b>18.6</b>	<b>18.5</b>	<b>23.2</b>	<b>30.2</b>	<b>35.0</b>	<b>46.5</b>
Angola	65.6	60.4	46.5	6.0	6.8	9.0	28.5	32.7	44.5
<b>Bangladesh</b>	<b>61.1</b>	<b>59.5</b>	<b>43.2</b>	<b>12.4</b>	<b>9.9</b>	<b>18.2</b>	<b>26.5</b>	<b>30.7</b>	<b>38.6</b>
Cambodia	77.7	73.5	50.1	6.1	8.5	16.8	16.2	18.0	33.1
Equatorial Guinea	77.0	41.7	24.9	7.3	16.5	17.1	15.7	41.3	57.5
Nepal	84.0	76.3	72.1	2.9	10.1	11.4	13.1	13.6	16.5

- Percentage of employment in the agricultural sector has decreased overtime while percentages of total employment in both industry and services sector have increased over time in Bangladesh.

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

### Gross Fixed Capital Formation (as % of GDP)

Region	2002-2008	2009	2010	2011	2012	2013	2014
<b>LDCs</b>	<b>23.3</b>	<b>26.4</b>	<b>25.1</b>	<b>25.8</b>	<b>27.8</b>	<b>26.5</b>	<b>26.8</b>
African LDCs	23.3	27.7	25.3	25.5	28.4	26.6	26.3
Asia LDCs	23.2	24.2	24.8	26.4	27.2	26.7	28.0
Island LDCs	14.1	18.8	18.7	17.7	14.7	13.9	14.5
<b>ODCs</b>	<b>28.0</b>	<b>31.2</b>	<b>32.3</b>	<b>32.6</b>	<b>32.4</b>	<b>32.3</b>	<b>32.3</b>
<b>Bangladesh</b>	<b>24.8</b>	<b>26.2</b>	<b>26.3</b>	<b>27.4</b>	<b>28.3</b>	<b>28.4</b>	<b>28.6</b>
Cambodia	19.0	21.4	17.4	17.1	18.5	19.7	22.0
Nepal	25.5	31.7	38.3	38.0	34.5	37.3	40.5
Rwanda	16.9	23.6	23.2	23.6	25.9	26.5	26.1

- Gross fixed capital formation as a percentage of GDP has increased marginally over the years and has been lower than other developing countries as well as the soon to graduate LDC Nepal.

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

Indicators	Rank of Bangladesh
Agriculture land productivity (USD per hectare)	1
Employment in Industry (% of total employment)	4
Share of Agriculture in total employment (%)	5
Real GDP Per capita growth (%)	6
Total debt stock as % of GNI	6
Gross domestic Savings (% of GDP)	7
Foreign Direct Investment Inflows (Million USD)	7
Real GDP Growth (%)	15
Net Primary School Enrollment rate (% of primary school going population)	15

Note: Rank among LDCs, based on 2014 data or the latest available years

## 10. Bangladesh's preparedness for smooth transition: Comparative analysis of Bangladesh's performance

Indicators	Rank of Bangladesh
Youth Literacy Rate (%)	16
Primary Completion rate (%)	16
Gross fixed capital formation (% of GDP)	18
Agriculture labour productivity (value added in USD per worker)	20
Growth of Service Exports (%)	22
Share of value added in Manufacturing (% of GDP)	24
Growth of Merchandise exports (%)	24
Growth rate of Agricultural total factor productivity (%)	35
Land/Labour ratio (Hectares per worker)	48

Note: Rank among LDCs, based on 2014 data or the latest available years

- Focus should be on longer term development pathway rather than on meeting the statistical eligibility for graduation
- Sustainable post-graduation will critically hinge on maintaining the past momentum
- Quality of structural transformation will be a key determinant in terms of smooth graduation
- A smooth graduation strategy should include industrial policies that enhance productive capacities and raises competitive strength of Bangladesh economy
- Structural transformation is contingent on rural development
- Both product and market diversification will be critical to Bangladesh's smooth graduation
- Mobilising enhanced domestic resources should be prioritised
- Coherence of policies pursued by multilateral institutions will help Bangladesh's graduation
- Adequate preparation for emerging global risks is required for smooth transition
- SDGs momentum and sustainable graduation- mutually reinforcing

# Thank You