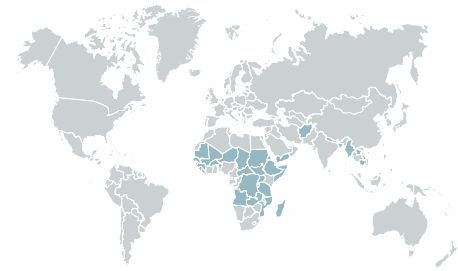
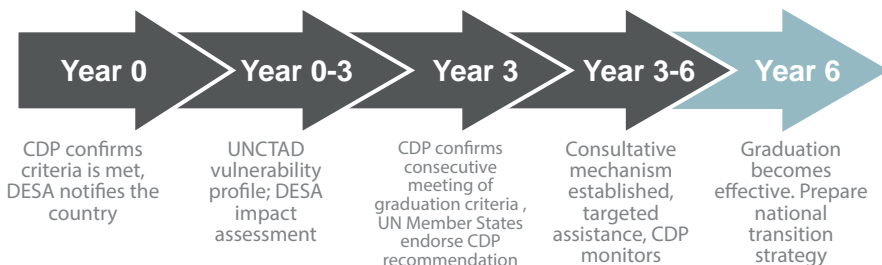


LDC Graduation

Transition Finance Toolkit



TRANSITION PROCESS



There are currently **47 Least Developed Countries** including :
28 LICs, 18 LMICs and 1 UMIC.

Average GNI per capita

LDC: USD 1 051

Non-LDC: USD 7 602

Average HDI

LDC: 0.3

Non-LDC: 0.6

Average Poverty Headcount

LDC: 38.2%

Non-LDC: 3.8%

Note: All statistics as of 2018



Graduation Criteria

Two of the three criteria must be met for two consecutive triennial reviews:

- GNI per capita > LIC threshold (currently USD 1 230)
- Human Asset Index (HAI) > 60
- Economic Vulnerability Index (EVI) < 36

Alternatively a country can graduate when its GNI per capita is twice as high as the LIC threshold (currently USD 2 460).

TRANSITION IMPACT



Administrative Implications

Graduating countries are expected to:

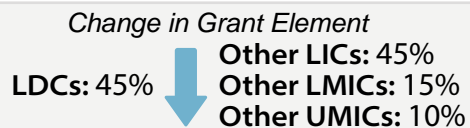
- Prepare a national transition strategy.
- Establish a consultative mechanism.
- Provide progress reports to the Committee for Development Policy (CDP) after graduating.

Countries cease to benefit from the OECD Development Assistance Committee (DAC) recommendation on untying Official development assistance (ODA).



Concessional

Once a country graduates from the Least developed countries (LDC) category, the minimum grant element of ODA loans decreases unless it remains classified as LIC. The greater the grant element, the more favourable the lending conditions for the borrower.



Note: The grant element is calculated using differentiated discount rates.

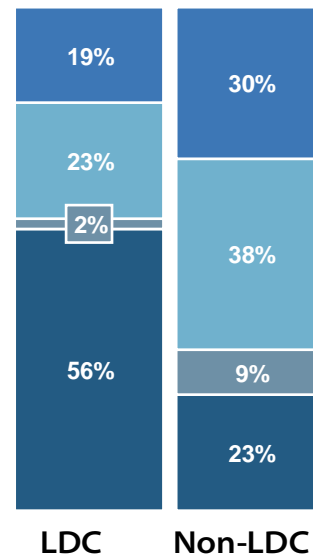


Other Implications

Graduating countries lose differential treatments applicable to LDCs sometimes after a transition period (e.g. World Trade Organisation obligations, regional agreements, market access).



External Financing Mix



↓ ODA ↑ OOF ↑ FDI ↑ Remittances



Key Resources

[Cabo Verde Transition Finance Pilot](#)
[Solomon Islands Transition Finance Pilot \(forthcoming\)](#)

www.gradjet.org

[The Transition Finance Toolkit \(https://oe.cd/tf-toolkit\)](https://oe.cd/tf-toolkit)

RECENT & SCHEDULED GRADUATES

Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014), Equatorial Guinea (2017), Vanuatu (2020), Angola (2021), Bhutan (2023), Sao Tome and Principe (2024), Solomon Islands (2024)