

# LDC Graduation Assessment: Myanmar



(a) Performance against graduation





| *l). United Nations (2020c) expects a lower total FDI inflow for FY2019/2020 and the suspension or postponement of projects in sectors such as garments, natural gas and tourism.*

Figure 5: Exports of services (current US dollars)

Figure 6 International tourism, receipts (current US dollars)



*In addition, IMF has provided a funding of USD 356.5 million under the IMF Rapid Credit Facility and the Rapid Financing Instrument (RCF/RFI), helping to meet the urgent Balance of Payments need and fiscal deficit that arised*













*low productivity levels employs half of the labour force, while the fast-growing industry (16 per cent of total employment) has not created as many jobs as the moderately productive service sector (34 per cent).*

*The slowdown in economic performance in 2011–2020 compared with the previous decade points to structural constraints that pose risks to its economy. The most obvious of these risks is the declining labour productivity, which is indicative of the limits that the country's growth path may not exceed without fundamental structural transformation. The quality of the labour force provides part of the explanation for the decline in growth, although other factors interact with labour productivity, such as the weak linkages created by the budding manufacturing and natural resources sectors, and the low growth of the rural economy. The educational level of the labour force in Myanmar is low, as the majority (66 per cent in 2019) only have basic education consisting primary school or lower secondary school education. In the rural areas (where employment is concentrated in agriculture), the problem of child labour has been a recurring issue, linked to the higher poverty levels and the large number of school-age children that drop out from school.*

*Skills shortage and the uneven spatial development pattern have stalled Myanmar's progress towards structural economic transformation. The spectacular growth of 2001–2010, and 2011–2014 is unlikely to be replicated as it aligns with periods during which the global economy was conducive for the reforms undertaken. The national economy has weakened under the weight of its own structural limitations, especially low labour productivity levels and internal imbalances. Myanmar can build on the success of previous reforms by strengthening its technical and vocational education and training, as well as investing in education with a long-term vision for improving human capital, and social development for the coming decades.*

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IV. Other factors that could significantly affect the country's development trajectory

*“the impact of Covid-19 undermines our country's overall prospects and time frames for LDC graduation to some extent. The affected period and impact are at the moment uncertain, and the layoff problem and recovery and relief measures will take time to reach normalcy”*

*“(T)he pandemic is creating destabilizing shockwaves across all dimensions of the social and economic life of the country, and is also putting strain on its peace and democratic governance pathway. The channels of transmission of the public health crisis*



V. Would the withdrawal of international support measures for LDCs after graduation lead to a reversal of progress?





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Table 3 Summary of expected impacts of graduation on development cooperation and support for participation in international forums

Partner	Impacts
Instruments specifically for LDCs	<ul style="list-style-type: none"> <li>- Trade-related capacity-building (see above): EIF 5-year smooth transition (except for Sustainability Grant); fewer capacity-building/training activities at the WTO; requirement to join the ACWL to benefit from its services.</li> <li>- LDC Fund (climate change): would finance projects approved up until graduation until they are completed.</li> <li>- Technology Bank for LDCs and Investment Support Programme for LDCs: 5-year smooth transition.</li> <li>- (See UNCDF below)</li> </ul>
OECD DAC bilateral partners and EU institutions	<ul style="list-style-type: none"> <li>- Graduation is not expected to significantly impact ODA flows from most OECD-DAC Members.</li> <li>- Graduation may trigger a shift from grants to soft loans by some partners such as Germany. This would depend on other variables as well, and grants would be maintained in certain areas.</li> <li>- Graduation may entail higher (while still concessional) interest rates on ODA loans granted by Japan and the Republic of Korea, but the exact terms of concessional loans depend on several factors. Grants and technical cooperation from these two countries are not expected to be impacted by graduation.</li> </ul>
South-South/regional partners Development banks	<ul style="list-style-type: none"> <li>- There is no indication that LDC status is a significant factor in South-South cooperation/cooperation with regional partners.</li> <li>- The World Bank /IDA does not use LDC status as a determinant of its resource allocation or the terms of its concessional loans. Graduation will have no impact on financing by the World Bank.</li> <li>- At the Asian Development Bank, graduation might mean that Myanmar would shift into a category of countries that receives a blend of concessional and non-concessional financing. The extent to which this shift will affect financing by the ADB in practice depends on</li> </ul>

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Support for travel to intergovernmental meetings and others	Myanmar would no longer have access to LDC-specific support for travel to attend international meetings. Support for LDCs to attend the meetings of the General Assembly are available for a smooth transition period of 3 years, if requested. The country would still benefit from travel support extended to non-LDC developing countries. Myanmar would no longer benefit from more flexible reporting requirements under the UNFCCC. It would also no longer benefit from subsidies provided by the Canton of Geneva, Switzerland, for the operational costs of its diplomatic offices.
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Sources:



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# Annexes

Annex 1: Vulnerability Profile (UNCTAD)

Annex 2: assessment of the impacts of the graduation of Myanmar from the category of Least Developed Countries (LDCs) (UNDESA)

Annex 3: List of key documents

Annex 4: LDC Criteria – 2021 Data

Annex 5: Supplementary Graduation Indicators

