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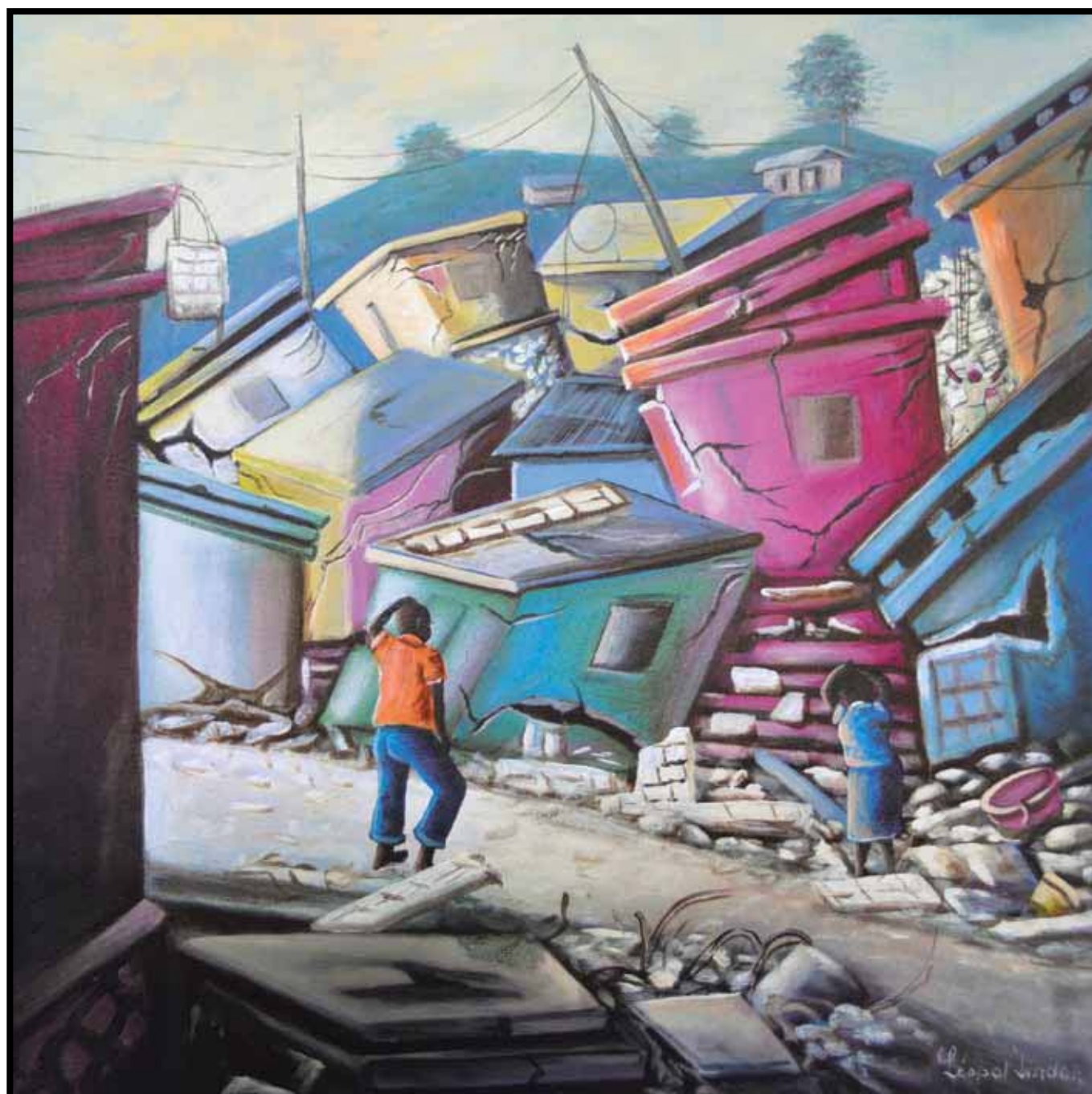
THE LEAST DEVELOPED COUNTRIES REPORT 2010

Towards a New International Development Architecture for LDCs



UNITED NATIONS

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
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What are the least developed countries?

Forty-nine countries are currently designated by the United Nations as “least developed countries” (LDCs). These are: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People’s Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, the Solomon Islands, Somalia, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen and Zambia.

The list of LDCs is reviewed every three years by the United Nations Economic and Social Council (ECOSOC), in the light of recommendations by the Committee for Development Policy (CDP). The following three criteria were used by the CDP in the latest review of the list of LDCs, which took place in March 2009:

- (a) a **“low-income”** criterion, based on a three-year average estimate of the gross national income (GNI) per capita, with a threshold of \$905 for possible cases of addition to the list, and a threshold of \$1,086 for graduation from LDC status;
- (b) a **“human assets weakness”** criterion, involving a composite index (the Human Assets Index) based on indicators of: (i) nutrition (percentage of the population that is undernourished); (ii) health (child mortality rate); (iii) school enrolment (gross secondary school enrolment rate); and (iv) literacy (adult literacy rate); and
- (c) an **“economic vulnerability”** criterion, involving a composite index (the Economic Vulnerability Index) based on indicators of: (i) natural shocks (index of instability of agricultural production; share of the population made homeless by natural disasters); (ii) trade shocks (an index of instability of exports of goods and services); (iii) exposure to shocks (share of agriculture, forestry and fisheries in GDP; index of merchandise export concentration); (iv) economic smallness (population in logarithm); and (v) economic remoteness (index of remoteness).

For all three criteria, different thresholds are used for identifying cases of addition to, and cases of graduation from, the list of LDCs. A country will qualify to be added to the list if it meets the addition thresholds on all three criteria and does not have a population greater than 75 million. Qualification for addition to the list will effectively lead to LDC status only if the government of the relevant country accepts this status. A country will normally qualify for graduation from LDC status if it has met graduation thresholds under at least two of the three criteria in at least two consecutive triennial reviews of the list. However, if the GNI per capita of an LDC has risen to a level at least double that of the graduation threshold, the country will be deemed eligible for graduation regardless of its performance under the other two criteria.

Only two countries have so far graduated from LDC status: Botswana in December 1994, and Cape Verde in December 2007. In March 2009, the CDP recommended the graduation of Equatorial Guinea. This recommendation was endorsed by ECOSOC in July 2009 (resolution 2009/35), but the General Assembly had not, by September 2010, confirmed this endorsement. Also in September 2010, the General Assembly, giving due consideration to the unprecedented losses which Samoa suffered as a result of the Pacific Ocean tsunami of 29 September 2009, decided to defer to 1st January 2014 the graduation of that country. In accordance with General Assembly resolution 60/33, Maldives is expected to graduate from LDC status on 1st January 2011.

After a CDP recommendation to graduate a country has been endorsed by ECOSOC and the General Assembly, the graduating country is granted a three-year grace period before graduation effectively takes place. This grace period, during which the country remains an LDC, is designed to enable the graduating State and its development and trade partners to agree on a “smooth transition” strategy, so that the possible loss of LDC-specific concessions at the time of graduation does not disrupt the socio-economic progress of the country.

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