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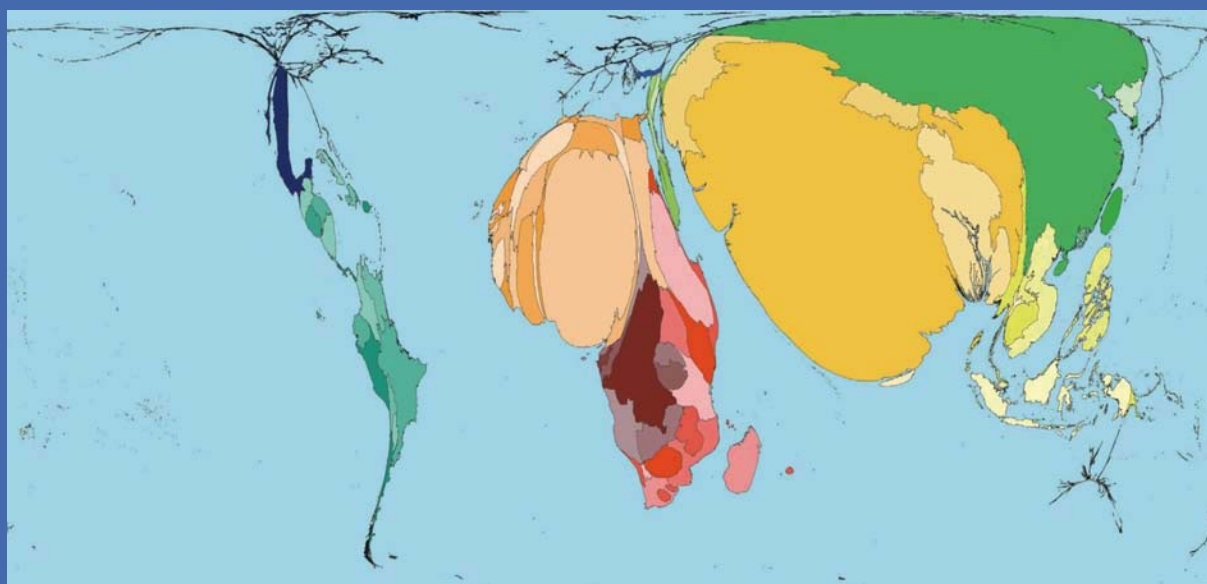
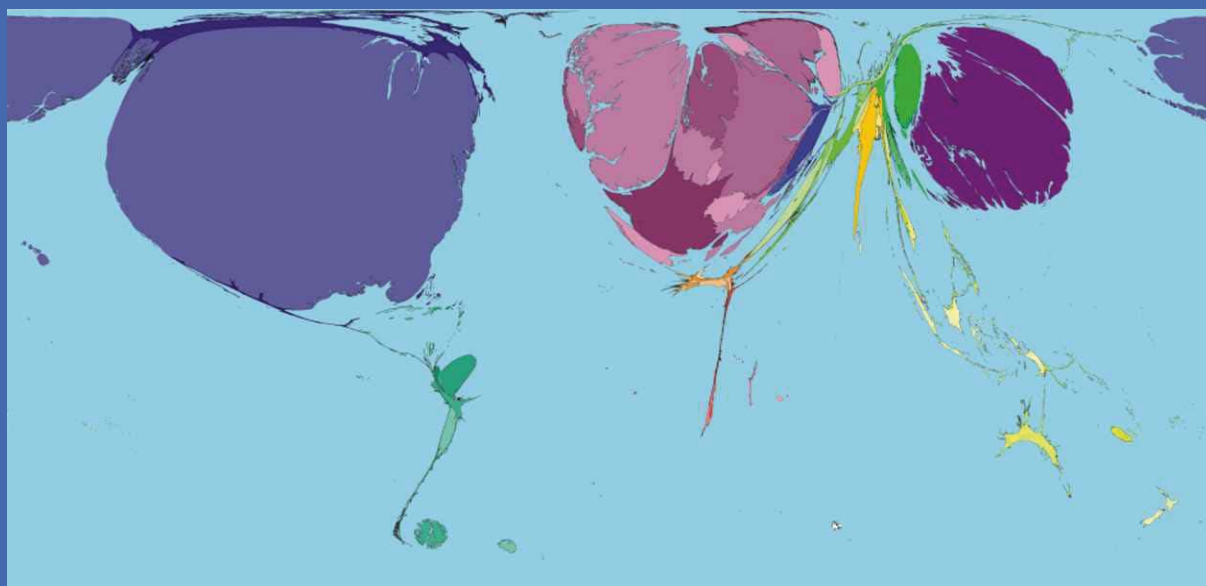
# THE LEAST DEVELOPED COUNTRIES REPORT 2007

*Knowledge, Technological Learning and  
Innovation for Development*



UNITED NATIONS

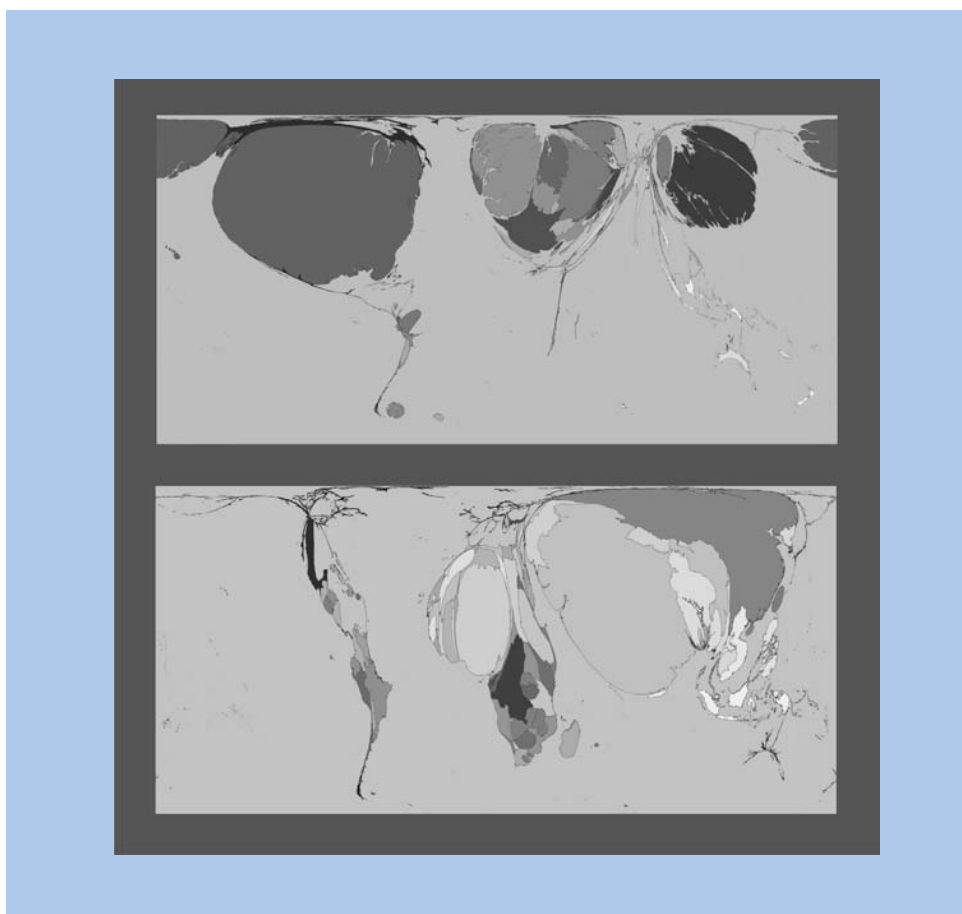
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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
Geneva

# THE LEAST DEVELOPED COUNTRIES REPORT 2007

Prepared by the UNCTAD secretariat



UNITED NATIONS  
New York and Geneva, 2007

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## WHAT ARE THE LEAST DEVELOPED COUNTRIES?

Fifty countries are currently designated by the United Nations as “least developed countries” (LDCs): Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, 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, Solomon Islands, Somalia, Sudan, Timor–Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. The list of LDCs is reviewed every three years by the Economic and Social Council (ECOSOC) in the light of recommendations by the Committee for Development Policy (CDP).

The following criteria were used by the CDP in the 2006 review of the list of LDCs:

- (a) A “**low-income**” criterion, based on the *gross national income (GNI) per capita* (a 3-year average, 2002–2004), with thresholds of \$750 for cases of addition to the list, and \$900 for cases of graduation from LDC status;
- (b) A “**human assets**” criterion, involving a composite index (the *Human Assets Index*) based on indicators of (i) nutrition (percentage of the population 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 population displaced by natural disasters); (ii) trade shocks (index of instability of exports of goods and services); (iii) exposure to shocks (share of agriculture, forestry and fisheries in GDP; merchandise export concentration index); (iv) economic smallness (population in logarithm); and (v) economic remoteness (index of remoteness).

For all three criteria, different thresholds are used for addition to, and graduation from, the list of LDCs. A country will qualify to be added to the list if it meets the three criteria and does not have a population greater than 75 million. A country will 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 reviews of the list. After a recommendation to graduate a country has been made by the CDP and endorsed by ECOSOC and the General Assembly, the graduating country will be granted a three-year grace period before actual graduation takes place. In accordance with General Assembly resolution 59/209, this standard grace period is expected to enable the relevant country and its development partners to agree on a “smooth transition” strategy, so that the loss of LDC-specific concessions at the end of the grace period does not disturb the socioeconomic progress of the country.

## Acknowledgements

*The Least Developed Countries Report 2007* was prepared by a team consisting of Charles Gore (team leader), Lisa Borgatti, Michael Herrmann, Ivanka Hoppenbrouwer-Rodriguez, Zeljka Kozul-Wright, Madasamyraja Rajalingam, Rolf Traeger and Stefanie West. Penélope Pacheco-López worked with the team until 28 February 2007, and Agnès Colardeau-Angleys participated in the final stage of preparation of the Report from 9 May 2007. The work was carried out under the overall supervision of Habib Ouane, Director, Division for Africa, Least Developed Countries and Special Programmes within UNCTAD.

Two ad hoc expert group meetings were organized as part of the preparations for the Report. The first, “New Policy Mechanisms to Enhance the Role of Knowledge in Developing Productive Capacities in the LDCs”, was held in Geneva on 2 and 3 October 2006. It brought together specialists in the fields of innovation and technology for development, knowledge ecology and intellectual property. The participants in the meeting were as follows: Martin Bell, Ermias Biadgleng, Mario Cimoli (ECLAC), Eduardo Escobedo, Dominique Foray, Carlo Pietrobelli, Francisco Sercovich, François Vellas and Larry Westphal, as well as colleagues from other Divisions of UNCTAD — Kiyoshi Adachi, Victor Konde and Simonetta Zarrilli. The second expert group meeting, “Expert Review of the Least Developed Countries Report 2007”, was held in Geneva on 10 March 2007. It brought together the following experts on the same themes: Martin Bell, Dominique Foray, Padmashree Gehl Sampath, Jorge Katz, Richard Nelson, Carlo Pietrobelli, Rajah Rasiah, Francisco Sercovich and Tony Thirlwall. Both meetings discussed background papers prepared by Charles Gore, Zeljka Kozul-Wright and Rolf Traeger.

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