



# THE LEAST DEVELOPED COUNTRIES REPORT 2016

*The path to graduation and beyond: Making the most of the process*

**EMBARGO**

The contents of this Report must not be quoted or summarized in the print, broadcast or electronic media before 13 December 2016, 17:00 hours GMT



UNITED NATIONS



**United Nations Conference  
on Trade and Development**

Sales No. E.16.II.D.9  
9 June 2017

English only

---

**The Least Developed Countries Report 2016:  
The Path to Graduation and Beyond – Making the Most of the Process**

**Corrigendum**

**Page 104, chapter 3, paragraph 1, line 4**

*For* WTO, 2013c *read* WTO, 2016a

**Page 105, chapter 3, paragraph 2, last line**

*For* subsection E.1 *read* subsection E.2

**Page 106, chapter 3, paragraph 1, line 1**

*For* article 24.2 *read* article 24

**Page 106, chapter 3, paragraph 2, line 3**

*For* WTO, 2013c *read* WTO, 2016a

**Page 107, chapter 4, paragraph 2, line 5**

*For* WTO, 2016 *read* WTO, 2016b

**Page 121, note 20, line 2**

*For* WTO, 2013c *read* WTO, 2016a

---





# THE LEAST DEVELOPED COUNTRIES REPORT 2016

*The path to graduation and beyond: Making the most of the process*





## Note

Symbols of United Nations documents are composed of capital letters with figures. Mention of such a symbol indicates a reference to a United Nations document.

---

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

---

Material in this publication may be freely quoted or reprinted, but full acknowledgement is requested. A copy of the publication containing the quotation or reprint should be sent to the UNCTAD secretariat at: Palais des Nations, CH-1211 Geneva 10, Switzerland.

---

The overview of this report can also be found on the Internet, in all six official languages of the United Nations, at [www.unctad.org/ldcr](http://www.unctad.org/ldcr)

---

This publication has been edited externally.

---

UNCTAD/LDC/2016

UNITED NATIONS PUBLICATION

Sales No. E.16.II.D.9

ISBN 978-92-1-112905-2

eISBN 978-92-1-059723-4

ISSN 0257-7550

Copyright © United Nations, 2016  
All rights reserved

## What are the least developed countries?

Forty-eight 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, Mali, Mauritania, Mozambique, Myanmar, Nepal, the Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, the 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 Committee for Development Policy (CDP), a group of independent experts reporting to the United Nations Economic and Social Council (ECOSOC). The CDP, in its report to ECOSOC, may recommend countries for addition to, or graduation from, the list of LDCs. The following three criteria were used by the CDP in the latest review of the list, in March 2015:

- (a) **Per-capita income**, based on a three-year average estimate of the gross national income (GNI) per capita, with a threshold of \$1,035 for possible cases of addition to the list, and a threshold of \$1,242 for cases of graduation from LDC status;
- (b) **Human assets**, involving a composite index (the Human Assets Index) based on indicators of (i) nutrition (percentage of undernourished population); (ii) health (child mortality ratio); (iii) school enrolment (gross secondary school enrolment ratio); and (iv) literacy (adult literacy ratio);
- (c) **Economic vulnerability**, involving a composite index (the Economic Vulnerability Index) based on indicators of (i) natural shocks (index of instability of agricultural production; share of victims of natural disasters); (ii) trade-related shocks (index of instability of exports of goods and services); (iii) physical exposure to shocks (share of population living in low-lying areas); (iv) economic exposure to shocks (share of agriculture, forestry and fisheries in GDP; index of merchandise export concentration); (v) smallness (population in logarithm); and (vi) remoteness (index of remoteness).

For all three criteria, different thresholds are used for identifying cases of addition to the list of LDCs, and cases of graduation from LDC status. A country will qualify to be added to the list if it meets the admission 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 three-year average per-capita GNI of an LDC has risen to a level at least double the graduation threshold, and if this performance is considered durable, the country will be deemed eligible for graduation regardless of its score under the other two criteria. This rule is commonly referred to as the “income-only” graduation rule.

Four countries have so far graduated from LDC status: Botswana in December 1994, Cabo Verde in December 2007, Maldives in January 2011 and Samoa in January 2014.

In March 2009, the CDP recommended the graduation of Equatorial Guinea. This recommendation was endorsed by ECOSOC in July 2009, then by the General Assembly in December 2013. The General Assembly established as June 2017 the date of Equatorial Guinea’s graduation from LDC status.

In December 2015, the General Assembly endorsed the CDP’s 2012 recommendation to graduate Vanuatu. The Assembly took into consideration the serious disruption that was caused to Vanuatu by Cyclone Pam in March 2015, and decided, on an exceptional basis, to delay to December 2020 the country’s graduation from LDC status.

The CDP’s 2015 recommendation to graduate Angola was endorsed by the General Assembly through a resolution, in February 2016, that set February 2021 as the date of Angola’s graduation from LDC status. This decision was an exceptional measure to take into account the high vulnerability of the Angolan economy to commodity prices fluctuations.

In a June 2015 resolution, ECOSOC recalled the CDP’s 2012 recommendation to graduate Tuvalu from LDC status, and deferred to 2018 the Council’s consideration of this potential graduation case.

After a recommendation to graduate a country has been endorsed by ECOSOC and the General Assembly, the graduating country benefits from a grace period (normally three years) before graduation effectively takes place. This period, during which the country remains an LDC, is designed to enable the graduating State and its development and trading partners to agree on a “smooth-transition” strategy, so that the planned loss of LDC status does not disrupt the socioeconomic progress of the country. A smooth-transition measure generally implies extending to the graduated country, for a number of years after graduation, a concession the country had been entitled to by virtue of LDC status.

## Acknowledgements

*The Least Developed Countries Report 2016* was prepared by UNCTAD. Contributors to this Report are: Rolf Traeger (team leader), Mehmet Arda, Bineswaree Bolaky, Lisa Borgatti, Agnès Collardeau-Angleys, Pierre Encontre, Christian Kingombe, Ralph-Christian Maloumby-Baka, Pauline Mauclet, Madasamyraja Rajalingam, Matfobhi Riba, Giovanni Valensisi, Stefanie West and David Woodward (the LDC Report team). The work was carried out under the overall guidance and supervision of Taffere Tesfachew, Director, Division for Africa, Least Developed Countries and Special Programmes until April 2016; and thereafter of Guillermo Valles, Director and Officer-in-Charge, Division for Africa, Least Developed Countries and Special Programmes.

UNCTAD colleagues Alessandro Nicita and Julia Seiermann contributed to preparations for the estimation and analysis of the trade effects of graduation. Pamela Eser (United Nations Capital Development Fund) provided specific inputs to the Report.

An ad hoc expert group meeting on “The Path to Graduation and beyond: Making the most of the process” was held in Geneva on 28–29 June 2016 to peer-review the Report and its specific inputs. It brought together specialists in the fields of international trade, trade law, finance, the least developed countries and graduation-related issues, employment and productivity, industrial development and capacity building. The participants were: Debapriya Bhattacharya (Centre for Policy Dialogue), Christophe Bellmann (International Centre for Trade and Sustainable Development), Samuel Choritz (United Nations Capital Development Fund), Mario de Gortari (World Trade Organization), Sema Kinn Gnanon (World Trade Organization), Simon Hess (Enhanced Integrated Framework), Jodie Keane (Commonwealth Secretariat), Christiane Kraus (Enhanced Integrated Framework), Massimiliano La Marca (International Labour Organization), Richard Mukunji (Africa21), Raymond Saner (Centre for Socio-Eco-Nomic Development), Frank Van Rompaey (United Nations Industrial Development Organization) and Jonathan Werner (Enhanced Integrated Framework), as well as the members of the LDC Report team and the following UNCTAD colleagues: Ermias Biadleng, Mussie Delelegn, Michael Lim, Benjamin McCarthy, Tansung Ok, Patrick Nwokedi Osakwe, Claudia Roethlisberger, Julia Seiermann and Anida Yupari.

The following persons provided comments on drafts of the Report: Stefano Inama, Günther Fischer and Jörg Mayer (UNCTAD), and Simona Santoro (United Nations Capital Development Fund).

Auelua Taito Samuelu Enari (Samoa), Danny Lui (Maldives), Chedza Mogae (Botswana) and João Resende dos Santos (Cabo Verde) prepared background papers for the Report.

William John Rogers edited the text. Sophie Combette designed the cover.

Madasamyraja Rajalingam did the overall layout, graphics and desktop publishing.

# Contents

<i>What are the least developed countries</i> .....	<i>iii</i>
<i>Explanatory notes</i> .....	<i>x</i>
<i>Abbreviations</i> .....	<i>xi</i>
<i>Classifications used in this Report</i> .....	<i>xiii</i>
<i>Overview</i> .....	<i>I-XIV</i>

---

## **INTRODUCTION: Recent Economic Trends and Outlook for LDCs**..... 1

---

A. Introduction .....	2
B. The real sector .....	2
C. Current account and international trade.....	4
1. Current account balance .....	4
2. Trade in goods and services .....	5
D. Resource mobilization .....	9
1. Domestic resource mobilization .....	9
2. Official capital flows .....	10
3. Foreign direct investment.....	10
4. Personal remittances .....	12
E. The economic outlook for least developed countries.....	12
Notes .....	14
References .....	14

---

## **CHAPTER 1: Graduation: A Milestone, Not the Winning Post**..... 15

---

A. Introduction.....	16
B. The least developed country predicament, the rationale of the category and the significance of graduation .....	17
1. The rationale of the least developed country category .....	17
2. The poverty trap .....	18
3. The commodity-dependence trap .....	19
4. Balance-of-payments constraints to growth .....	25
5. The significance of graduation .....	27
C. The graduation process and criteria.....	27
D. The evolution of the least developed country list .....	30
E. The least developed country category: More relevant than ever .....	31
1. Economic divergence and the growing concentration of social deprivation .....	31
2. Divergence in productive capacities.....	33
3. The changing global economic environment for development.....	37
F. Graduating to what? .....	39
1. A milestone, not the winning-post .....	39
2. Graduation with momentum: The key role of productive capacities.....	41
3. The key role of inclusivity and gender .....	42

G. The economic and political calculus of graduation.....	44
1. The economic calculus.....	44
2. The political calculus.....	45
H. Summary .....	46
Notes.....	47
References .....	48

## CHAPTER 2: The National Dynamics of Graduation ..... 51

A. Introduction.....	52
B. Historical, current and future cases of graduation.....	52
C. The role of geographical factors in graduation performance .....	56
1. The landlocked developing country factor.....	56
2. The small island developing State factor .....	58
D. National processes leading to graduation .....	63
1. Strategies of the graduates to date.....	63
2. Strategies, plans and policies of current least developed countries .....	67
E. The least developed countries group in 2025: Implications of the UNCTAD projections .....	72
1. Geographical features .....	72
2. Output structure and income.....	72
3. Urbanization and the rural economy .....	74
4. Productivity and poverty .....	74
5. Financing for development .....	75
6. Major exports .....	75
7. Export concentration.....	76
8. Conclusions .....	77
F. Summary.....	77
Notes.....	79
References .....	80

## CHAPTER 3: The Contribution of International Support Measures to Graduation..... 83

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_9368](https://www.yunbaogao.cn/report/index/report?reportId=5_9368)

