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# THE LEAST DEVELOPED COUNTRIES REPORT 2014

## *Growth with structural transformation: A post-2015 development agenda*

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# What are the least developed countries?

At present, there are 48 countries designated by the United Nations as “least developed countries” (LDCs). These are: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People’s Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, 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 United Nations Economic and Social Council (ECOSOC), based on recommendations of the Committee for Development Policy (CDP). The following three criteria were used by the CDP in its most recent review of the list in March 2012:

(a) Per capita income, based on a three-year average estimate of the per capita gross national income (GNI), with a threshold of $992 for candidate countries for addition to the list, and a threshold of $1,190 for graduation from LDC status;

(b) Human assets, involving a composite index (the Human Assets Index) based on the following indicators: (i) nutrition (percentage of the population that is undernourished); (ii) health (child mortality ratio); (iii) school enrolment (gross secondary school enrolment ratio); and (iv) literacy (adult literacy ratio); and

(c) Economic vulnerability, involving a composite index (the Economic Vulnerability Index) based on the following indicators: (i) natural shocks (index of instability of agricultural production; and the percentage of victims of natural disasters); (ii) trade-related shocks (index of instability of exports of goods and services); (iii) physical exposure to shocks (proportion of population living in low-lying areas); (iv) economic exposure to shocks (share of agriculture, forestry and fisheries in gross domestic product (GDP); index of merchandise export concentration); (v) smallness (population in logarithm); and (vi) remoteness (index of remoteness).

In all three criteria, different thresholds are used for identifying countries to be added to the list of LDCs, and those that should graduate from the list. A country will qualify to be added to the list if it meets the thresholds on all three criteria and has a population no greater than 75 million. But a country that meets these criteria will only be added to the LDC list if its Government 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 per capita GNI of an LDC has risen to a level at least double the graduation threshold, the country will be deemed eligible for graduation regardless of its performance under the other two criteria.

Four countries have graduated from LDC status so far: Botswana in December 1994, Cape 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 accepted by ECOSOC in July 2009, and endorsed by the General Assembly through a resolution adopted in December 2013. The same resolution also stated that the General Assembly endorsed the CDP's 2012 recommendation to graduate Vanuatu from LDC status. Equatorial Guinea and Vanuatu are scheduled to be taken out of the list of LDCs in June 2017 and December 2017, respectively. The next official review of the list by relevant United Nations bodies will take place in 2015, with particular attention to the potential graduation of Angola and Kiribati.

After a recommendation to graduate a country from LDC status has been endorsed by ECOSOC and confirmed by the General Assembly, that country is normally 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 trading partners to agree on a “smooth transition” strategy, so that the loss of LDC status at the time of graduation does not disrupt the socio-economic progress of the country. A "smooth transition" measure generally implies extending, for a number of years after graduation, a concession the country was normally entitled to by virtue of its LDC status.

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