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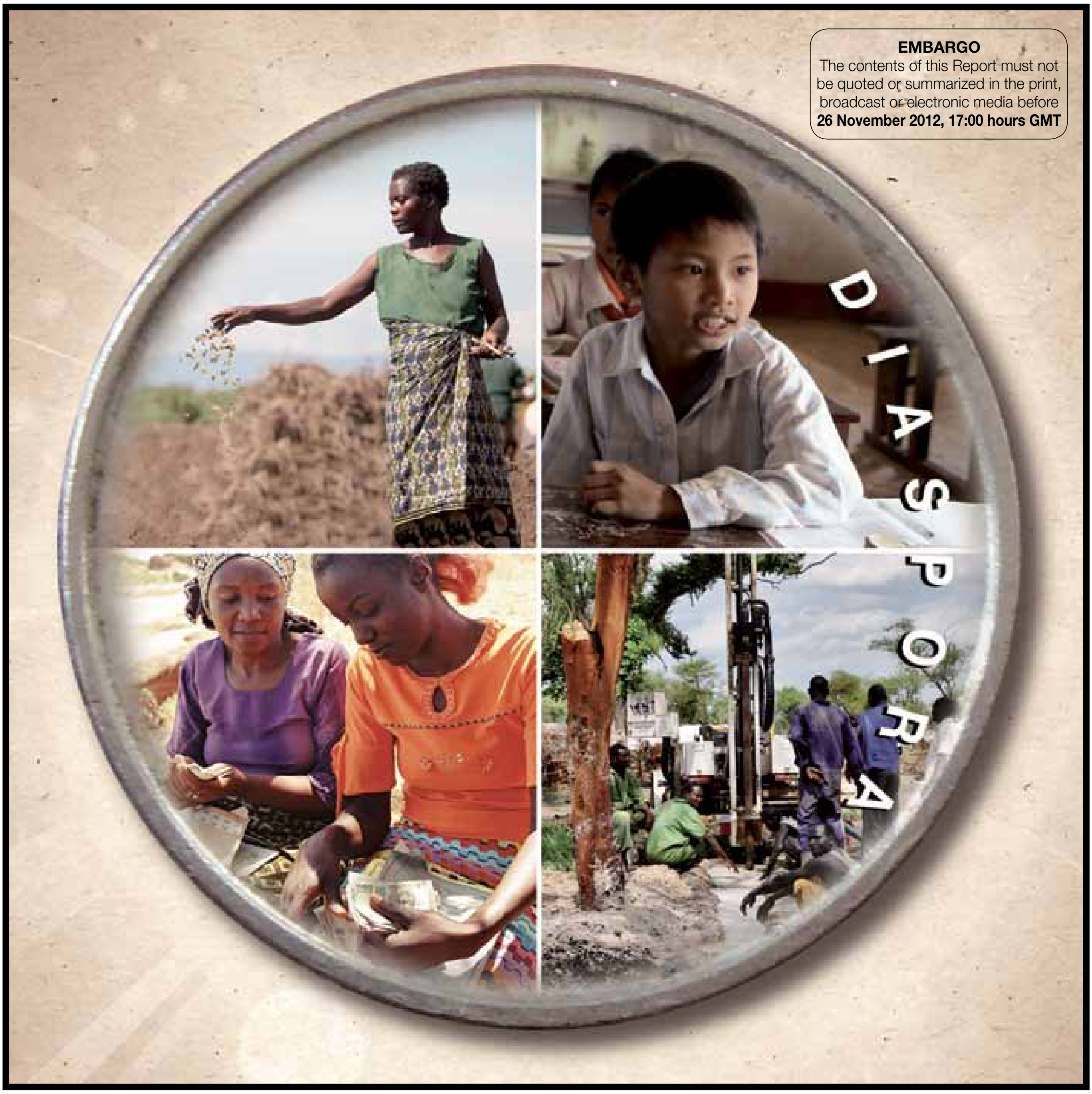
THE LEAST DEVELOPED COUNTRIES REPORT 2012

Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities



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UNITED NATIONS
New York and Geneva, 2012

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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, 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, 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 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, in March 2012:

(a) A per capita income criterion, based on a three-year average estimate of the gross national income (GNI) per capita, with a threshold of $992 for possible cases of addition to the list, and a threshold of $1,190 for 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 that is undernourished); (ii) health (child mortality ratio); (iii) school enrolment (gross secondary school enrolment ratio); and (iv) literacy (adult literacy ratio); 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 victim of natural disasters); (ii) trade-related shocks (index of instability of exports of goods and services); (iii) physical exposure to shocks (share of the 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 it. 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 the graduation threshold, the country will be deemed eligible for graduation regardless of its performance under the other two criteria.

Only three countries have so far graduated from LDC status: Botswana in December 1994, Cape Verde in December 2007, and Maldives in January 2011. In March 2009, the CDP recommended the graduation of Equatorial Guinea. This recommendation was endorsed by ECOSOC in July 2009, but by September 2012 the General Assembly had not confirmed this endorsement. In September 2010, the General Assembly, giving due consideration to the unprecedented losses Samoa suffered as a result of the Pacific Ocean tsunami of 29 September 2009, decided to defer to 1 January 2014 the graduation of that country. In July 2012, ECOSOC endorsed the CDP's recommendation to graduate Vanuatu from LDC status.

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 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 socioeconomic progress of the country. A "smooth transition" measure generally implies extending a concession from which the country used to benefit by virtue of LDC status for a number of years after graduation.

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