UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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THE LEAST DEVELOPED COUNTRIES REPORT 2011

The Potential Role of South-South Cooperation for Inclusive and Sustainable Development

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Note

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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, 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, 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 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 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 the Economic and Social Council in July 2009 (Resolution 2009/35), but the General Assembly had not, by September 2011, confirmed this endorsement. 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 1 January 2014 graduation of that country.

After a CDP recommendation to graduate a country has been endorsed by the Economic and Social Council 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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The Least Developed Countries Report 2011 was prepared by a team consisting of Željka Kožul-Wright (team leader), Agnès Collardeau-Angleys, Igor Paunovic, Alberto Gabriele (since June 2011), Madasamyraja Rajalingam, Rolf Traeger, Giovanni Valensisi and Stefanie West. The work was carried out under the overall guidance and supervision of Charles Gore, Head, Research and Policy Analysis Branch, Division for Africa, Least Developed Countries and Special Programmes (ALDC), and Jo Elizabeth Butler, Deputy Director ALDC, and Officer-in-Charge from March 2010 to September 2011.

An ad hoc expert meeting on "South–South Integration and Cooperation for the Sustainable Development of LDCs" was held in Geneva on 11 and 12 April, 2011. It brought together specialists in the fields of international finance and development financing, South–South cooperation, macroeconomic policies, poverty and labour economics, and the role of developmental State in accelerating economic development. The participants in the meeting were: Rashmi Banga, Ben Fine, Pierguiseppe Fortunato, Charles Gore, Stephany Griffith-Jones, Richard Kožul-Wright, Željka Kožul-Wright, Antonio Carlos Macedo e Silva, Moazam Mahmood, Amelia Paulino-Santos, Igor Paunovic, Alfredo Saad-Filho, Gyekye Tanoh, Taffere Tesfachew and Giovanni Valensisi.

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