Department of Economic and Social Affairs

COMMITTEE FOR DEVELOPMENT POLICY

HANDBOOK ON THE LEAST DEVELOPED COUNTRY CATEGORY:

Inclusion, Graduation and Special Support Measures

3RD EDITION

United Nations

Committee for Development Policy

and

United Nations
Department of Economic and Social Affairs

Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures

Third Edition

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United Nations Department of Economic and Social Affairs (UN/DESA)

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Foreword

The category of the least developed countries (LDCs) was established in 1971 as a special group of developing countries characterized by a low level of income and structural impediments to growth and requiring special measures for dealing with those problems. The Committee for Development Planning, the predecessor of the Committee for Development Policy (CDP), was a key actor in the establishment of the LDC category. Since then, the CDP has been responsible for identifying which countries should belong to the LDC category. For this purpose, it has developed a rigorous methodology, as detailed in this publication.

The *Handbook on the Least Developed Country Category* is prepared by the United Nations Department of Economic and Social Affairs, which hosts the secretariat of the CDP. It responds to the need to make the methods and approaches used in the identification of LDCs, and the international support measures available to them, known to a wide range of stakeholders and to all those interested in finding solutions to the development challenges faced by these countries.

This revised edition has been updated to reflect recent developments in the LDC category, including refinements to the LDC criteria and progress of several countries towards graduation from the category. Moreover, this edition of the Handbook contains additional information on international support measures, in particular on "smooth transition" provisions for countries graduating from the LDC category.

I invite you to fully utilize this *Handbook* as a tool to better understand the category and the challenges confronting LDCs. The *Handbook* can further help galvanize support for the development efforts of LDCs, an integral pledge of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

Liu Zhenmin
Under-Secretary-General for Economic and Social Affairs
United Nations
August 2018

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Summary

The third edition of the *Handbook on the Least Developed Country Category* provides comprehensive information on the least developed country (LDC) category, including a description of procedures and methodologies used in the identification of these countries and the international support measures available to them. It builds upon and updates the previous edition, published in 2015. The *Handbook* aims at providing comprehensive and up-to-date information on the LDC category and the benefits derived from membership therein, as well as on graduation from the category. The publication is intended for use by government officials, policymakers, researchers and others interested in the LDC category.

The *Handbook* is organized as follows: Chapter I provides a brief history of the LDC category since its creation in 1971 and a detailed description of the procedures for inclusion in and graduation from the category. Chapter II presents an overview of the international support measures accorded specifically to LDCs, including measures related to trade, development assistance and support to participation in international forums. Lastly, chapter III provides a detailed explanation of the LDC criteria, including composition, methodologies and data sources. In addition, the chapter presents specific examples of the application of the criteria, based on the Committee for Development Policy (CDP) 2018 triennial review of the list of LDCs.

As measures of support, provisions, procedures and methodologies evolve over time, the information contained in the present *Handbook* will be updated on a regular basis to reflect relevant developments, including the outcome of the triennial reviews of the list of the least developed countries. Updates will be posted at http://www.un.org/ldcportal/. Up-to-date detailed information, including statistical data on the LDC category, is also available on the CDP website at http://cdp.un.org.

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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.

The term "country" as used in the text also refers, as appropriate, to territories or areas.

The designations of country groups are intended solely for statistical or analytical convenience and do not necessarily express a judgment about the stage of development reached by a particular country or area in the development process.

The views expressed in this publication are those of the Committee for Development Policy (CDP) and do not necessarily reflect the opinions and policies of the United Nations.

Every effort has been made to provide accurate information. Errors brought to the attention of the CDP secretariat will be corrected in forthcoming issues and online. This publication in no way replaces legal texts or official policy documents.

The following abbreviations have been used:

AGOA	African Growth and Opportunity Act
APTA	Asia-Pacific Trade Agreement
CDP	Committee for Development Policy
COP	Conference of the Parties
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
DFQF	duty-free, quota-free
EBA	Everything But Arms
ECOSOC	Economic and Social Council
EIF	Enhanced Integrated Framework
EU	European Union
EVI	economic vulnerability index
FAO	Food and Agriculture Organization of the United Nations
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCF	Green Climate Fund
GDP	gross domestic product
GEF	Global Environmental Facility
GNI	gross national income
GSP	Generalized System of Preferences
HAI	human assets index
IAEA	International Atomic Energy Agency
ICC	International Criminal Court
IDA	International Development Association

ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ISA	International Seabed Authority
ITLOS	International Tribunal for the Law of the Sea
ITU	International Telecommunication Union
LDCF	Least Developed Countries Fund
LDCs	least developed countries
MFN	most-favoured-nation
MMR	maternal mortality ratio
MMEIG	Maternal Mortality Estimation Inter-agency Group
NAP	national action plan
NAPA	national adaptation programmes of action
ODA	official development assistance
OECD/DAC	Organization for Economic Co-operation and Development/Development Assistance Committee
OPCW	Organization for the Prohibition of Chemical Weapons
SAFTA	South Asian Free Trade Agreement
S&D	special and differential treatment
SDG	Sustainable Development Goals
SIDS	small island developing States
STI	science, technology and innovation
SNA	System of National Accounts
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
U5MR	under-five mortality rate
UIS	UNESCO Institute of Statistics
UNCTAD	United Nations Conference on Trade and Development
UN/DESA	Department of Economic and Social Affairs of the United Nations Secretariat
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UN IGME	United Nations Inter-agency Group for Child Mortality Estimation
UN-OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNPD	United Nations Population Division (of UN/DESA)
UNSD	United Nations Statistics Division (of UN/DESA)
UPU	Universal Postal Union
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Trade Organization

Chapter I

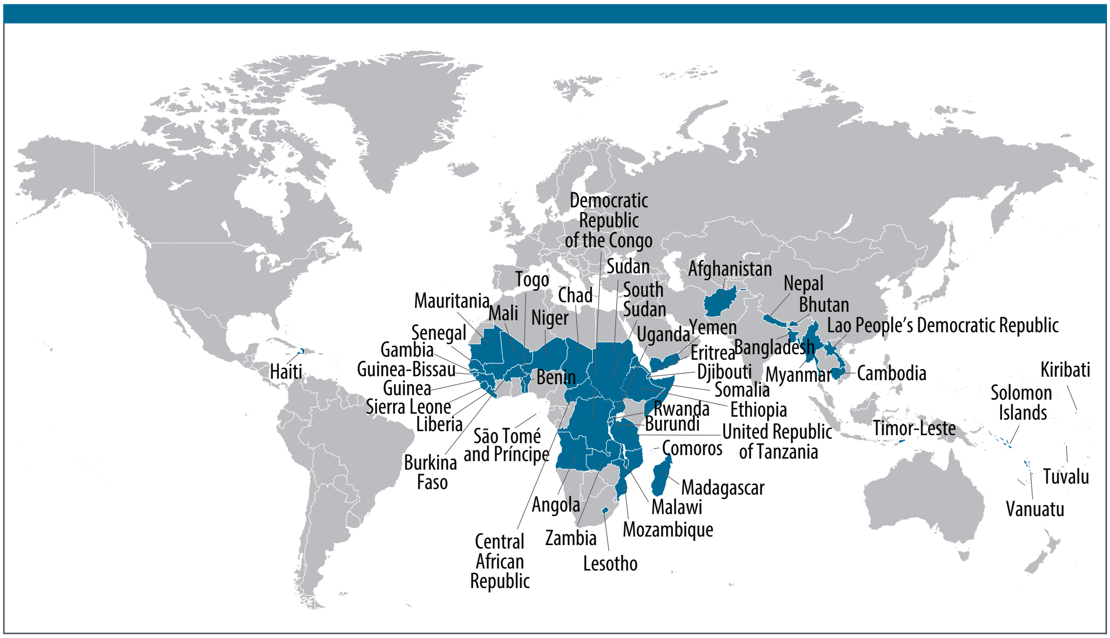
The least developed country category: criteria and procedures for inclusion and graduation

A. The least developed country (LDC) category

The least developed country (LDC) category was established by the United Nations General Assembly in 1971 as a result of the international community's acknowledgment that special support measures were needed to assist the least developed among the developing countries (see box I.1 for a brief history). The United Nations defines LDCs as countries that have low levels of income and face severe structural impediments to sustainable development. The countries categorized as LDCs are identified based on specific criteria and procedures, described in detail below.

As of 2018, 47 countries are included in the category (see figure I.1). LDCs comprise approximately 13 per cent of the world's population, but account for less than 1.3 per cent of world

Figure I.1
Map of least developed countries in 2018



Source: United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Box I.1
Origins of the LDC category

The least developed country (LDC) category was conceived in the context of the first United Nations Development Decade (IDS-I) and the transition to the second. The following were milestones in the creation of the category:

- **1964: UNCTAD I—support to the less developed of the developing countries as part of the general principles to govern international trade relations and trade policies**. The first United Nations Conference on Trade and Development (UNCTAD I) recommended that the adoption of international policies and measures for the economic development of the developing countries "take into account the individual characteristics and different stages of development of the developing countries, special attention being paid to the *less developed among them*, (…)".[a]
- **1969: acknowledgment by the General Assembly of the need to alleviate the problems of underdevelopment of the least developed among the developing countries**. In 1969, the United Nations General Assembly acknowledged the need to alleviate the problems of underdevelopment of the least developed among the developing countries to enable them to draw full benefits from the Second United Nations Development Decade (IDS-II).[b] It requested the Secretary-General, in consultation with relevant entities, including the Committee for Development Planning (the predecessor of the current Committee for Development Policy (see box I.2)), to carry out a comprehensive examination of the special problems of these countries and to recommend special measures to tackle these problems.
- **1970: Study by the Committee for Development Planning—characteristics, criteria, measures and provisional list**. Accordingly, in 1970 a working group of the Committee issued a report entitled "Special measures to be taken in favour of the least developed countries" (E/AC.54/L.36). The report identified characteristics shared by the least developed among the developing countries, proposed criteria that could be used to identify the countries that should benefit from special measures in order to remove the handicaps that limited their ability to benefit from IDS-II and identified possible measures.
- **1970: least developed among the developing countries in the International Development Strategy for IDS-II**. That same year, the General Assembly decided to include a separate section on the least developed among developing countries in the text of the International Development Strategy for the Second United Nations Development Decade.[c]
- **1971: formal endorsement of the first list of LDCs and call for action**. In 1971, the Committee for Development Planning published a revised report as part of its report to the Economic and Social Council (ECOSOC) including proposed criteria for the identification of the "least developed among developing countries" and a first list of countries.[d] The list was approved by ECOSOC[e] and the General Assembly.[f] The General Assembly also requested, among other actions, that the Committee continue, in collaboration with UNCTAD, to review the criteria for identification of least developed countries.

a Final Act and Report of the United Nations Conference on Trade and Development, Annex A.I.1, United Nations publication, Sales No. 64.II.B.11. The term "Less developed countries" had been referred to earlier—for example, in regard to food surpluses in a 1960 report by the Secretary-General of the United Nations and resolution 1714 (XVI).

b General Assembly resolution 2564 (XXIV) of 13 December 1969.

c General Assembly resolution 2626 (XXV) of 24 October 1970 and General Assembly resolution 2724 (XXV) of 15 December 1970.

d Report of the Committee for Development Planning on the seventh session (22 March -1 April 1971), *Official Records of the Economic and Social Council, Fifty-first session, 1971, Supplement No. 7*.

e Resolution 1628 (LI) of 30 July 1971. The list was also approved by the Trade and Development Board (UNCTAD's governing body) at its eleventh session.

f Resolution 2768 (XXVI) of 18 November 1971.

gross domestic product (GDP) and for approximately 0.9 per cent of world trade.[1] Average real GDP per capita in LDCs in 2018 was estimated at 16.7 per cent of that of other developing countries and at 1.7 per cent of that of developed countries (United Nations Conference on Trade and Development, 2018).[2]

The initial list of LDCs, as proposed by the Committee for Development Planning and endorsed by the General Assembly, included Afghanistan, Bhutan, Botswana, Burundi, Chad, Dahomey (later Benin), Ethiopia, Guinea, Haiti, Laos (later Lao People's Democratic Republic), Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Sikkim (later part of India), Somalia, Sudan, Uganda, United Republic of Tanzania, Upper Volta (later Burkina Faso), Western Samoa (later Samoa) and Yemen. Twenty-eight additional countries were added throughout the years, as countries gained independence and faced severe developmental challenges—in some cases compounded by the effects of independence, war and conflict—and/or faced sustained deterioration of economic conditions. Five had graduated by 2018 (see figure I.2).

Decisions on inclusion into and graduation from the list of LDCs are made by the General Assembly, based on recommendations by the Committee for Development Policy (CDP) (see box I.2), endorsed by the Economic and Social Council (ECOSOC). The CDP analyses the list of LDCs every three years during what are called "triennial reviews of the least developed countries category" (hereafter referred to as "triennial reviews"), to identify any countries that may qualify for inclusion into or graduation from the LDC category.[3] The criteria and processes for inclusion in and graduation from the list are described in detail in the next sections.

Since the establishment of the LDC category, support measures have been developed for these countries in the context of international agreements and organizations as well as by individual countries, educational institutions and others (see chapter II). Comprehensive programmes of action for LDCs were adopted in four successive United Nations Conferences on the Least Developed Countries, the most recent being the Istanbul Programme of Action for the decade 2011-2020 (see box I.3). Moreover, many key United Nations agendas and programmes continue to recognize the special challenges of LDCs and their particular need for support, including the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. In many negotiations and intergovernmental deliberations on development issues, in particular in trade and in climate change, LDCs act as a group promoting common interests.

1 World Trade Organization (WTO), World Trade Statistical Review 2017 (Geneva, 2017). Available at https://www.wto.org/english/res_e/statis_e/wts2017_e/wts2017_e.pdf.

2 United Nations Conference on Trade and Development (UNCTAD), "Selected Sustainable Development Trends in the Least Developed Countries 2018" (UNCTAD/ALDC/2018/1). Available at http://unctad.org/en/PublicationsLibrary/aldc2018d1_en.pdf.

3 Triennial reviews have been conducted since 1991. The most recent review before publication of this *Handbook* was in March 2018.

Figure I.2
Inclusion into and graduation from the LDC category, as of the 2018 triennial review[4]

2021	***Angola***
2020	***Vanuatu***
2017	**Equatorial Guinea**
2014	**Samoa**
2012	South Sudan
2011	**Maldives**
2007	**Cabo Verde**
2003	Timor-Leste
2000	Senegal
1994	**Botswana** ***Angola***, Eritrea
1991	Cambodia, Democratic Republic of the Congo, Madagascar, Solomon Islands, Zambia
1990	Liberia
1988	Mozambique
1987	Myanmar
1986	Kiribati, Mauritania, Tuvalu
1985	***Vanuatu***
1982	Djibouti, **Equatorial Guinea**, Sao Tome and Principe, Sierra Leone, Togo
1981	Guinea-Bissau
1977	**Cabo Verde,** Comoros
1975	Bangladesh, Central African Republic, Gambia
1971	Afghanistan, Benin, Bhutan, **Botswana**, Burkina Faso, Burundi, Chad, Ethiopia, Guinea, Haiti, Lao People's Democratic Republic, Lesotho, Malawi, **Maldives**, Mali, Nepal, Niger, Rwanda, **Samoa**, Somalia, Sudan, Uganda, United Republic of Tanzania, Yemen

Source: CDP secretariat, based on various reports by the CDP.

Note: Countries in **bold** have already graduated from the list; those in ***bold italics*** are scheduled for graduation. Orange arrows indicate inclusion; blue arrows indicate graduation.

4 On 24 July 2018, the Economic and Social Council (ECOSOC) endorsed the recommendations by the Committee for Development Policy (CDP) to graduate Bhutan, São Tomé and Príncipe, and Solomon Islands. The General Assembly is scheduled to take a decision on these recommendations, including the graduation date, during its seventy-third session, between 18 September 2018 and 16 September 2019.

Box I.2
The Committee for Development Policy and the LDCs

The Committee for Development Policy (CDP) is a subsidiary advisory body of the Economic and Social Council (ECOSOC). Its 24 members are nominated in their personal capacity by the Secretary-General and are appointed by the Economic and Social Council (ECOSOC) for a period of three years. Membership is geared to reflect a wide range of expertise in the fields of economic development, social development and environmental protection, as well as geographical and gender balance. The CDP is the successor of the Committee for Development Planning, which functioned between 1965 and 1998 and played a critical role in the establishment of the least developed countries (LDC) category.

Several functions of the CDP are related to the LDC category. The Committee is mandated to make recommendations to ECOSOC on countries that qualify to be added to the LDC category and those that are candidates for graduation from it. These recommendations are based on analyses undertaken every 3 years at triennial reviews of the LDC category (see sections B and C in this chapter). Additionally, the CDP monitors the development progress of LDCs that have started the process towards graduation and of countries that have graduated from the category; conducts reviews of the LDC identification criteria; reviews the application of the LDC category by the United Nations development system; and undertakes analytical studies on LDC issues. The CDP secretariat facilitates access to information on the LDC category, support measures and graduation process through web-based portals and publications.

Additional information on the Committee is available at http://cdp.un.org.

Box I.3
Programmes of action for least developed countries

The Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) was adopted in 1981 by the first United Nations Conference on the Least Developed Countries (LDCs). Its aim was to transform the LDC economies and enable them to provide minimum standards of nutrition, health, housing and education as well as job opportunities to their citizens, particularly to the rural and urban poor.

Recognizing that during the 1980s the situation of the LDCs had worsened, the Paris Programme of Action of the Least Developed Countries for the 1990s was adopted at the Second United Nations Conference on Least Developed Countries in 1990. Priority areas were macroeconomic policy; human resources development; reversing the trend towards environmental degradation and reinforcing action to address disasters; rural development and food production; and the development of a diversified productive sector.

The Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 was adopted shortly after the Millennium Declaration and had an overarching goal of substantially reducing the proportion of people living in extreme poverty and suffering from hunger in the LDCs and to promote sustainable development. Additional priorities included developing human and institutional resources; removing supply-side constraints and enhancing productive capacity; accelerating growth; and expanding the participation of LDCs in world trade, global, financial and investment flows,

The Programme of Action for the Least Developed Countries for the Decade 2011-2020 was adopted by the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey, from 9-13 May 2011. Its priority areas for action are productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and good governance at all levels.

B. Criteria defining the LDC category

In 1971, the Committee for Development Planning examined common features of the economic and social development of LDCs, and on this basis proposed quantitative criteria for the identification of countries to be placed on an LDC list.[5] Already in the initial report, the Committee noted the need for further refining the criteria. This has led to subsequent refinements of the criteria over time by what is today the Committee for Development Policy (CDP), with subsequent confirmations by ECOSOC and the General Assembly, as summarized in figure I.3.

While observing the original principle of identifying LDCs as "low-income countries that face structural handicaps," the criteria have changed over time to reflect improvements in data availability and the evolution in development theory and practice. From the outset, the CDP adopted a multidimensional concept of development. The criteria originally covered social and economic dimensions, and, in 1999, the CDP included indicators related to environmental vulnerability.[6] The CDP has adopted four principles it adheres to when refining the LDC criteria:

- *Inter-temporal consistency of the list and equitable treatment of countries,* requiring that refinements of the criteria and their application should not lead to a questioning of decisions on graduation and inclusion in the recent past;
- *Stability of the criteria,* implying that refinements should only be undertaken if they lead to significant improvement in identifying the LDCs;
- *Flexibility,* refering to the application rather than the criteria themselves. The principle ensures that the criteria are not applied mechanically. The CDP uses additional sources of information before making recommendations for inclusion and graduation (see below);
- *Methodological robustness and complete data availability,* ensuring that only high-quality indicators for which data is available in all developing countries and updated with sufficient frequency are utilized to identify LDCs.

In response to a request by the General Assembly, the CDP is undertaking a comprehensive review of the LDC criteria during 2017-2020, taking into account all aspects of the evolving international development context, including relevant agendas. The CDP confirmed that it would apply the four principles above in this comprehensive review.[7]

The CDP continues to use three criteria to identify LDCs, which it defines as low-income countries suffering from the most severe impediments to sustainable development. Gross national income (GNI) per capita reflects the low-income aspect; the two other criteria reflect key structural impediments related to a low level of human assets (human assets index) and a high

5 Report of the Committee for Development Planning on the seventh session (22 March–1 April 1971), *Official Records of the Economic and Social Council, Fifty-first session, 1971, Supplement No. 7.*

6 Already in 1991, at the time of the first major revision of the criteria, the CDP decided to use information related to natural disasters as additional information. See Report of the Committee for Development Planning on the twenty-seventh session (22-26 April 1991), *Official Records of the Economic and Social Council, 1991, Supplement No. 11* (E/1991/32).

7 Report of the Committee for Development Policy on the nineteenth session (20-24 March 2017), *Official Records of the Economic and Social Council, 2017, Supplement No. 13* (E/2017/33).

vulnerability to economic and environmental shocks (economic vulnerability index). The LDC criteria are applied by the CDP every three years to all United Nations Member States in developing regions. Countries are identified for inclusion into and graduation from the LDC list by comparing their criteria scores with thresholds established by the CDP (see chapter III for details on indicators and thresholds).

There is an asymmetry between inclusion and graduation rules, with graduation requirements being more stringent than inclusion requirements (see table I.1). This asymmetry is intentional and serves to avoid frequent movements in and out of the category because of short-term fluctuations. For inclusion, countries must meet all three criteria at the established inclusion threshold levels. For graduation, a country needs to meet not just one but two criteria at the graduation thresholds. Hence, there can be countries on the LDC list that, even if the CDP no longer considers them as low-income, are still characterized by both low human assets and high vulnerability to economic and environmental shocks and are therefore not candidates for graduation. Similarly, low-income countries could graduate if they overcome both measures of structural impediments. Countries with a sufficiently high per capita income, however, can graduate even if they continue to have low human assets and are highly vulnerable, if that income level is deemed to be sustainable.[8] In the view of the CDP, such countries have sufficient resources to confront their impediments without requiring special international support measures.

Table I.1
Asymmetries between the inclusion and graduation processes

Criteria	Inclusion	Graduation
Number of criteria to be met	3	2[a]
Criteria threshold	Established at each review	Established at each review but set at higher than inclusion
Population threshold	Smaller than 75 million	Not relevant
Eligibility	Determined once	Determined twice (over consecutive reviews)
Timing	Effective immediately	Preparatory period (3 years)
Approval by country	Required	Not required

a Countries with per capita income over twice the regular income graduation threshold do not need to meet any other criteria (see chapter III).
Source: CDP secretariat, based on various reports by the CDP.

8 Report of the Committee for Development Policy on the seventh session (14-18 March 2005), *Official Records of the Economic and Social Council, 2005, Supplement No. 33* (E/2005/33).

Figure I.3
LDC criteria over time, as of the 2018 triennial review

2017

LDCs are low-income countries suffering from the most severe structural impediments to sustainable development

GNI per capita

Human assets index (HAI)

- Percentage of population undernourished
- Under-five mortality rate
- **Maternal mortality ratio**

- Gross secondary school enrolment ratio
- Adult literacy rate

Economic vulnerability index (EVI)

- Population
- Remoteness
- Merchandise export concentration
- Share of agriculture, forestry and fisheries in GDP
- Share of population in low elevated costal zones

- Victims of natural disasters
- Instability of agriculture production
- Instability of exports of goods and services

2011

LDCs are low-income countries suffering from the most severe structural impediments to sustainable development

GNI per capita

Human assets index (HAI)

- Percentage of population undernourished
- Under-five mortality rate

- Gross secondary school enrolment ratio
- Adult literacy rate

Economic vulnerability index (EVI)

- Population
- Remoteness
- Merchandise export concentration
- Share of agriculture, forestry and fisheries in GDP
- **Share of population in low elevated costal zones**

- **Victims of natural disasters**
- Instability of agriculture production
- Instability of exports of goods and services

2005

LDCs are low-income countries suffering from low levels of human resources and a high degree of economic vulnerability

GNI per capita

Human assets index (HAI)

- **Percentage of population undernourished**
- Under-five mortality rate

- Gross secondary school enrolment ratio
- Adult literacy rate

Economic vulnerability index (EVI)

- Population
- **Remoteness**
- Merchandise export concentration
- **Share of agriculture, forestry and fisheries in GDP**

- **Homelessness due to natural disasters**
- Instability of agriculture production
- Instability of exports of goods and services

Year	Definition	Income	Human resources	Economic vulnerability
2002	LDCs are low-income countries suffering from low levels of human resources and a high degree of economic vulnerability	**GNI per capita**	Human assets index (HAI): • Average calorie intake per capita as a percentage of the requirement • Under-five mortality rate • **Gross secondary school enrolment ratio** • Adult literacy rate	Economic vulnerability index (EVI): • Population size • Export concentration • Share of manufacturing and modern services in GDP • Instability of agricultural production • Instability of export of goods and services
1999	LDCs are low-income countries suffering from low level of human resources and a high degree of economic vulnerability	GDP per capita	**Augmented physical quality of life (APQL)**: • **Average calorie intake per capita as a percentage of the requirement** • **Under-five mortality rate** • Combined primary and secondary school enrolment ratio • Adult literacy rate	**Economic vulnerability index (EVI)**: • **Population size** • Export concentration • **Share of manufacturing and modern services in GDP** • **Instability of agricultural production** • **Instability of export of goods and services**
1991	LDCs are low-income countries suffering from long-term handicaps to growth, in particular, low levels of human resource development and/or severe structural weaknesses	GDP per capita	**Augmented physical quality of life (APQL)**: • **Per capita calorie supply** • **Life expectancy at birth** • **Combined primary and secondary school enrolment ratio** • Adult literacy rate	**Economic diversification index (EDI)**: • **Export concentration ratio** • Share of manufacturing in GDP • **Share of employment in industry** • **Per capita electricity consumption**
1971	LDCs are countries with very low levels of per capita gross domestic product facing the most severe obstacles to development	GDP per capita	• **Adult literacy rate**	• **Share of manufacturing in GDP**

Source: CDP secretariat.
Note: **Bold** type indicates new components.

In practice: Of the seven countries that have graduated or are scheduled to graduate as of September 2018, Botswana, Cabo Verde, Samoa, Maldives and Vanuatu were recommended for graduation based on income and human assets criteria. Angola and Equatorial Guinea were recommended based on the income-only criterion.

C. Procedures for inclusion into the LDC category

The procedures for inclusion into the LDC category, summarized in figure I.4 and detailed below, are designed to take place over the course of less than a year (as summarized in figure I.4). Inclusion is not mandatory and requires the agreement of the Government of the eligible country.[9]

Figure I.4
Timeline for inclusion in the LDC category
(over the course of the year in which the triennial review takes place)

January to February	• CDP subgroup conducts preliminary review • UN/DESA notifies Government of preliminary finding • UN/DESA prepares country assessment note • Country expresses consent or objection
March	• Full membership of CDP reviews and confirms eligibility during the triennial review
April to December	• UN/DESA notifies country • CDP makes formal recommendation to ECOSOC • ECOSOC endorses CDP recommendation • Country expresses formal consent to Secretary-General • General Assembly takes note
Inclusion effective immediately	

Source: Adapted from Report of the Committee for Development Policy at the ninth session (19-23 March 2007), endorsed by ECOSOC in Resolution 2007/34.

9 Inclusion in the list of the LDCs takes place in accordance with General Assembly resolution 46/206 (20 December 1991) and the guidelines recommended by the CDP in the report on its ninth session in 2007 and endorsed by ECOSOC (ECOSOC Resolution 2007/34).

The procedures for inclusion are as follows:

1. **Preliminary review by CDP subgroup**. In January or February of the year of the triennial review a subgroup of the CDP meets to review the performance of non-LDC United Nations Member States in developing regions against the inclusion criteria. If the subgroup determines that the country qualifies for inclusion, the United Nations Department of Economic and Social Affairs (UN/DESA), which hosts the CDP secretariat, notifies the Government, through the country's Permanent Mission to the United Nations in New York, of this preliminary finding and of its forthcoming consideration at the triennial review, and invites the Government to provide its views on the possible inclusion in the LDC category. UN/DESA also submits to the country an assessment note that contains, among other information, an analysis of reasons for the recent deterioration of economic and social conditions, including an assessment of whether that deterioration is the result of structural or transitory factors.
2. **Triennial review**. At the plenary meeting of the CDP, typically held in March, the full membership of the CDP reviews the preliminary findings, including the Government's views. If the Government has expressed objection to being included in the category prior to the plenary meeting, the finding of eligibility and the country's objection are recorded in the CDP report to ECOSOC and no further action is taken. Otherwise, if the CDP confirms the eligibility and recommends inclusion, UN/DESA notifies the Government accordingly.
3. **Acceptance and endorsement**. Unless the Government formally objects to the inclusion in response to the notification sent after the plenary session, the CDP recommends, in its report to ECOSOC, the inclusion of the country. Once ECOSOC endorses the CDP recommendation in its annual resolution on the report of the CDP, the Government subsequently notifies the Secretary-General of its acceptance to be included in the LDC category and the General Assembly then takes note of the recommendation. The country becomes an LDC immediately, and is entitled to benefit from the support measures described in chapter II from that day on.

***Historical note:** Between 1975 and 1991, there were no systematic reviews of the list of LDCs. After an initial review of the original list in 1975, conducted on the basis of a revision of the original criteria and data, decisions on inclusion followed an assessment of specific countries on the basis of the established criteria but initiated by a request through ECOSOC or the General Assembly. This was the case for Cabo Verde, Comoros, Djibouti, Equatorial Guinea, Guinea-Bissau, Kiribati, Liberia, Mauritania, Mozambique, Myanmar, São Tomé and Príncipe, Sierra Leone, Togo, Tuvalu and Vanuatu.*

Not all countries forwarded for CDP consideration were found eligible for inclusion, either because they did not meet the criteria or because the Committee was initially unable to make a decision in view of lack of corroborating data (e.g., Angola, Kiribati, Liberia, São Tomé and Príncipe and Tuvalu). Antigua, Dominica, Namibia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Seychelles and Tonga were not recommended for inclusion by the CDP.

(*continued*)

Ten countries have been included in the category since the systematic reviews began in 1991. As of 2018, the newly independent South Sudan was the last country to be included in the LDC category (ECOSOC resolution 2021/32 and General Assembly resolution 67/136).

As of 2018, Zimbabwe is the only country that meets the inclusion criteria but is not in the LDC category as it expressed objections to being included on various occasions, in accordance with the rules. In the past, Ghana (in 1994) and Papua New Guinea (in 2006 and 2009) also formally declined to be included in the category. These countries are no longer eligible.

D. Procedures for graduation from the LDC category[10]

Contrary to inclusion, graduation from the LDC category does not depend on the Government's consent. Nonetheless, the process towards graduation has been established in a way as to ensure that the views of the country are taken into consideration in the decision on the country's graduation, and that graduation does not cause disruption in the development progress of the country. The process takes place over the course of several years so that graduating countries have time to plan for a smooth transition out of the category (see more on the concept of "smooth transition" below). Moreover, as mentioned above, there is a deliberate asymmetry in inclusion and graduation processes to ensure that countries do not graduate prematurely (see table I.1).

It is important to note that graduation from the LDC category is not equivalent to becoming a middle-income country or to graduation from the concessional windows of multilateral development banks or from eligibility to official development assistance (ODA) (see box I.4).

10 Graduation from the list of the LDCs takes place in accordance with General Assembly resolution 46/206 (20 December 1991); the guidelines recommended by the CDP in the report on its ninth session in 2007 and endorsed by ECOSOC (ECOSOC resolution 2007/34); provisions regarding the graduation process in General Assembly resolutions 59/209 of 20 December 2004 and 67/221 of 21 December 2012; and additional guidelines on reporting issued by the CDP in 2013 (report on the fifteenth session, E/2013/33), endorsed by ECOSOC (resolution 2013/20) .

Box I.4

Graduation from the LDC category vs. graduation from other categories of countries receiving international support measures

Graduation from the least development country (LDC) category should not be confused with graduation from access to financing from multilateral development banks or from eligibility to official development assistance (ODA). Graduation from access to highly concessional financing from the World Bank Group's International Development Association (IDA) is triggered when a country's per capita income reaches a certain level, after which an assessment of creditworthiness is undertaken. The threshold is not applied to small island States with a population of 1.5 million or less (small islands economies exception). Graduation from access to financing from the World Bank Group's International Bank for Reconstruction and Development (IBRD) is also dependent on per capita income. Regional development banks follow similar systems.[a] Graduation from ODA eligibility occurs when a country is found by the Organization for Economic Cooperation and Development to have exceeded the World Bank's high-income country threshold for three consecutive years.

Graduation from the LDC category is also different from becoming a middle-income country. As of 2018, the World Bank considered countries with gross national income (GNI) per capita between $1,006[b] and $3,955 as lower-middle-income countries, and those with GNI per capita between $3,956 and $12,235 as upper-middle-income countries. Due to the higher GNI graduation threshold and the multidimensional development concept used for identifying LDCs, LDCs can simultaneously be middle-income countries. As of 2018, 19 LDCs are middle-income countries. On the other hand, a country can graduate from the LDC category based on its human assets index and economic vulnerability index scores, even if it remains a low-income country.

The figure below illustrates the different graduation thresholds.

Figure I.4.1

Graduation thresholds

$1,005	**Low -to lower-middle income threshold**
$1,215	**IDA Graduation trigger (accompanied by credit-worthiness assessment)**
$1,230	**LDC income threshold for graduation (2018 triennial review; along with human assets index and economic vulnerability index)**
$2,460	**LDC income-only threshold (2018 triennial review)**
$3,995	**Lower-middle- to upper-middle-income country threshold**
$7,025	**IBRD graduation trigger (factors such as institutional development and capital-market access are also considered)**
$12,235	**Removal from ODA eligibility list (if exceeded for 3 consecutive years)**
$12,236	**Upper-middle- to high-income-country threshold**

Source: CDP Secretariat based on thresholds defined by the CDP for the LDC category and, for other thresholds, on *Financing for Development: Progress and Prospects 2018 – Report of the Inter-agency Task Force on Financing for Development* (United Nations publication, Sales No. E.18.I.5.

a The Asian Development Bank follows criteria based on income and creditworthiness, but allows LDCs that are beyond the income threshold and below certain creditworthiness criteria to maintain a higher degree of concessionality than non-LDC peers in similar situations.

b All dollar amounts are expressed in US dollars.

A standard graduation process would develop as follows (and is summarized in figure I.5):

Year 0: first finding at triennial review

- In January or February of the year of the triennial review, a subgroup of the CDP holds a meeting to conduct a preliminary review of the LDC list and, among other tasks, identifies those that meet the graduation criteria for the first time. A country that has met the criteria in the past but not in the previous triennial review is considered to be meeting the criteria for the first time.
- At its plenary meeting in March, the full membership of the CDP reviews those preliminary findings. If a country is found to meet the graduation criteria, the CDP takes the following steps:
  i. Notifies the Government of its finding;
  ii. Notifies ECOSOC that the country has met the eligibility criteria for the first time;
  iii. Requests UNCTAD to prepare a "vulnerability profile" and UN/DESA to prepare an assessment of the possible impacts of the withdrawal of LDC-specific support measures ("*ex ante* impact assessment") before the following triennial review (see below).

Years 0 to 3: analysis and information gathering for the decision

- UNCTAD and UN/DESA prepare the vulnerability profile and impact assessment, respectively, engaging with relevant partners to obtain the necessary information.
  i. Vulnerability profiles are prepared by UNCTAD and are intended to (a) provide information on the country's economic and development situation; (b) compare the values of the indicators used in the CDP criteria with relevant national statistics; (c) contain an assessment of the country's vulnerability to the impacts of external economic and natural shocks, beyond the criteria of the EVI; and (d) indicate other structural features of the country that can be of relevance for the graduation decision (e.g., instability of remittances, dependency on tourism, high infrastructure cost due to geographical conditions and the impact of climate change).[11]
  ii. *Ex ante* impact assessments, prepared by UN/DESA, examine the likely consequences of graduation from the LDC category. The impact assessments address three main potential impacts, all related to the withdrawal, either upon graduation or after a transition period, of international support measures provided exclusively to LDCs (see chapter II). Before the end of year 3, a draft of the document is sent to the Government of the country under assessment, through their Permanent Mission to the United Nations in New York, for comments.

11 See the Report of the Committee for Development Policy on the first session (26-30 April 1999), *Official Records of the Economic and Social Council, 1999, Supplement No. 13* (E/1999/33), chap. III, section F. See also Report of the Committee for Development Policy on the tenth session (17-20 March 2008), *Official Records of the Economic and Social Council, 2008, Supplement 13* (E/2008/33).

- The CDP secretariat monitors the evolution of the country's performance in regard to the graduation criteria. If a country is expected to meet the graduation criteria for a second time, the CDP secretariat informs the Government and invites it to present its views at the meeting of the subgroup of the CDP that takes place prior to the triennial review in year 3.

Year 3: second finding at triennial review, recommendation and endorsement

- As noted before, a subgroup of the CDP meets in January or February to conduct a preliminary review of the LDC list. If the subgroup confirms that the country meets the criteria for a second consecutive time, it considers the vulnerability profile, the impact assessment, the views presented by the Government during or before the meeting, and any other relevant information.
- The Government is once more invited to submit its views and any additional information it wishes to bring to the attention of the CDP in writing for consideration at the CDP plenary meeting.
- At the CDP plenary meeting in March or April, the subgroup reports on their preliminary findings to the full CDP membership. Based on the analysis conducted by the subgroup and any additional considerations or information, if the country has met the eligibility criteria for a second time, the CDP may decide to recommend graduation. If it has serious concerns—for example, regarding the sustainability of the country's development progress—it may decide not to recommend graduation. In such cases, it typically defers its decision to the next triennial review. If the country has not met the criteria, no further action is taken other than reporting on this finding to ECOSOC.
- The CDP includes these decisions in its report to ECOSOC.
- ECOSOC endorses the recommendation through its annual resolution on the CDP report.
- The General Assembly takes note of the recommendation by the CDP to graduate a country in a resolution at the first session following the ECOSOC endorsement of the CDP recommendation, as stipulated in resolution A/67/221.

Years 3 to 6: preparing for graduation

- In principle, graduation becomes effective three years after the date of issue of the General Assembly resolution. During the period between the issuance of the resolution and the date of graduation, the graduating country is invited to prepare a transition strategy (see section E below).
- The CDP monitors the country's development progress during the period and includes its findings in its annual reports to ECOSOC.

Year 6: graduation becomes effective

- LDC-specific international support measures may be extended for a limited time or phased out in a gradual manner and the country may receive support for graduation (see section E below and chapter II).
- The CDP continues to monitor the country's development progress (see Section F).

Figure I.5
Process and minimal timeline for graduation from the LDC category

Year 0 First finding at CDP triennial review	• Preliminary review by CDP subgroup • Triennial review by full CDP membership establishes that country has met the graduation criteria for the first time • CDP informs ECOSOC and notifies country • ECOSOC takes note
Years 0 to 3 Analysis and information gathering	• UNCTAD prepares vulnerability profile • UN/DESA prepares impact assessment • Government and development and trading partners invited to provide inputs
Year 3 Second finding, recommendation and endorsement	• Preliminary review by CDP subgroup (confirms that country meets criteria; government invited to present views) • Triennial review by full CDP membership • CDP recommends graduation to ECOSOC and notifies country • ECOSOC endorses the CDP recommendation • General Assembly takes note of the CDP recommmendation
Years 3 to 6 Preparing for graduation	• Graduating country establishes consultative mechanism, prepares smooth transition strategy and optionally reports to the CDP on the preparation of the strategy with assistance from United Nations system • Development and trading partners participate in consultative mechanism and provide targeted assistance • CDP monitors development progress of the country during the period and reports annually to ECOSOC • Graduation becomes effective in principle 3 years after the General Assembly takes note
Year 6: Graduation becomes effective	

Sources: Based on General Assembly resolution 46/206 (20 December 1991), the guidelines recommended by the CDP in the report on its ninth session in 2007 and endorsed by ECOSOC (resolution 2007/34), and provisions regarding the graduation process in General Assembly resolutions 59/209 of 20 December 2004 and 67/221 of 21 December 2012.

While a standard graduation process takes six years, in practice, graduation processes have usually taken longer. As mentioned before, graduation criteria are not applied mechanically. The CDP, ECOSOC and the General Assembly have often deferred their consideration or decisions, or granted additional transition periods, based on the unique situation of each country.

- As mentioned before, the CDP may defer its decision—for example, if it has serious concerns about the situation of the country or the sustainability of the country's development progress. For example, in 2018, the CDP decided to defer its decisions on Timor-Leste and Nepal.
- ECOSOC has, in the past, deferred its consideration to future sessions (e.g., Kiribati and Tuvalu in 2018);
- The General Assembly may, on an exceptional basis, decide on a preparatory period longer than three years (e.g., in 2015, the General Assembly decided that Angola's preparatory period would be five years). The General Assembly may also extend the preparatory period after having set an initial graduation date. This was the case for the Maldives and Samoa, hit by tsunamis in 2005 and 2009, respectively,[12] and of Vanuatu, due to Cyclone Pam in 2015.[13]

Figure I.6 contains an overview of actual graduation timelines. For more detail, please see the country-specific information on the CDP website at https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html.

12 General Assembly resolutions and 60/33, 64/295 and 70/78.

13 In the case of Equatorial Guinea, there was a multi-year gap between the decisions of ECOSOC and the General Assembly. However, as noted above, the General Assembly decided in 2012 to take action in its session directly following the decision of ECOSOC.

Figure I.6
Timeline for CDP recommendations and ECOSOC and GA resolutions on graduating and graduated LDCs

Country	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Botswana*	1 ✓																														
	✓																														
	✓			↗																											
Cabo Verde							1			2 ↺			3 ✓																		
													↺	✓																	
														✓			↗														
Vanuatu				1			2 ✓									1			2 ✓			3 ✓									
							✓															✓									
							↺																✓		+					↗	
Maldives							1			2 ✓																					
										↺																					
											2 ↺		3 ✓																		
													↺	✓																	
														✓	+						↗										
Samoa							1						1			2 ✓															
																↺	✓														
																	✓			+				↗							
Tuvalu																1			2 ↺			3 ✓									
																						↺	↺		↺			↺			
Equatorial Guinea																1			2 ✓												
																			✓												
																							✓			↗					
Angola																						1			2 ✓						
																									✓						
																										✓					↗
Kiribati																1						1			2 ↺			3 ✓			
																												↺			
Bhutan**																									1			2 ✓			
																												✓			

Figure I.6 (continued)

Country	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sao Tome and Principe**																									1			2 ✓			
																												✓			
Solomon Islands**																									1			2 ✓			
																												✓			
Nepal																									1			2 ⮌			
Timor Leste																									1			2 ⮌			
Bangladesh																												1			
Lao PDR																												1			
Myanmar																												1			

■ CDP actions
■ ECOSOC actions
■ General Assembly actions
1 - criteria met for the first time; 2 - criteria met for the second time; 3 - criteria met for third time
⮌ deferred decision/consideration
✓ graduation recommended (by CDP); recommendation endorsed (by ECOSOC); recommendation noted (by GA)
+ extension of transition period (GA)
↗ graduation effective

Source: CDP secretariat.

Note:

* Botswana's graduation process took place over a shorter time-frame as graduation procedures have changed over time.

** The General Assembly is scheduled to take a decision on the recommendation and the exact graduation date during its 73rd session, i.e. between 18 September 2018 and 16 September 2019.

E. Preparing for graduation and the concept of "smooth transition"

The fact that graduation is not effective immediately after the General Assembly takes note of the recommendation for graduation (in contrast with inclusion) enables the country to prepare for any impacts resulting from the loss of LDC-specific benefits (see chapter II). The importance of avoiding negative consequences for the country's development due to graduation was recognized very early in the history of the LDC category and is reflected in the concept of "smooth transition" contained in numerous General Assembly resolutions.[14]

A smooth transition out of the LDC category requires action from both the graduating country Government and its development and trading partners, including the United Nations system, but the preparation and implementation of the transition strategy is the primary responsibility of the Governments of graduating countries.[15] This section outlines possible steps by the graduating country in preparation for graduation. "Smooth transition" measures that have been taken by development and trading partners in regard to specific international support measures, such as the extension of LDC-specific preferential market access schemes for a period after graduation, are addressed in chapter II.

In regard to actions by the Government during the period that precedes graduation, the General Assembly has recommended that the graduating country, in cooperation with development and trading partners and with the support of the United Nations system, prepare a **transition strategy** to ensure that the phasing out of LDC-specific support

To avoid the unfavourable effects of sharp discontinuities in policy, it should be understood that a country would not automatically be deprived of special measures as soon as it ceased to qualify as least developed according to a simple method."

CDP Report to ECOSOC, 1971

"(…) there is need for a smooth transition of the countries graduating out of the group of least developed countries, with a view to avoiding disruption to their development plans, programmes and projects…."

General Assembly resolution 46/206 of 20 December 1991

"Smooth transition of countries graduating from least developed country status is vital to ensure that these countries are eased onto a sustainable development path without any disruption to their development plans, programmes and projects. The measures and benefits associated with the least developed country membership status need to be phased out consistent with their smooth transition strategy, taking into account each country's particular development situation."

Programme of Action for the Least Developed Countries for the Decade 2011-2020

"…the process of development beyond graduation merits much greater attention, even during the pre-graduation period — that graduation itself should not be the primary focus of LDCs and their development partners, but should rather be viewed as one milestone in LDCs' longer-term sustainable development."

UNCTAD, The Least Developed Countries Report 2016

14 Among others, General Assembly resolutions 46/206 of 20 December, 1991, 59/209 of 20 December 2004 and 67/221 of 21 December 2012.

15 The importance of national ownership and leadership in designing and implementing national transition strategies was stressed in the Istanbul Programme of Action for Least Developed Countries for the Decade 2011-2020, by the ad hoc working group mandated by the General Assembly to study the smooth transition process (see Report of the ad hoc working group to further study and strengthen the smooth transition process for the countries graduating from the least developed country category (A/67/92), available at http://undocs.org/A/67/92) and in General Assembly Resolutions 59/209 and 67/221.

does not disrupt the country's development. It recommended that "the national smooth transition strategy (…) include a comprehensive and coherent set of specific and predictable measures that are in accordance with the priorities of the graduating country while taking into account its own specific structural challenges and vulnerabilities as well as its strengths" and should be implemented as part of the overall development strategy.[16] The transition strategy should be prepared during the period between the moment the General Assembly takes note of the recommendation to graduate and the date of graduation (years 3 to 6 in figure I.5 above) and implemented thereafter. Some countries have begun to prepare for graduation even earlier.

There is no specified length for the duration of the transition. The strategy should be formulated and implemented based on a time frame that responds to the country's specific needs and factors, such as its development planning cycles (see chapter II).

There is also no specified format for the transition strategy. For example, Samoa decided that "the best transition strategy following graduation would be to ensure that it was able to fully implement its national development strategy". It integrated the issue of graduation into the Strategy for the Development of Samoa (SDS 2016-2020) as well as into its efforts in relation to the Sustainable Development Goals (SDGs), the SAMOA Pathway, the Paris Agreement, and Disaster Risk Reduction Framework.[17]

To facilitate the preparation of the transition strategy and the identification of associated actions, the General Assembly recommended that the country establish a **consultative mechanism** with development and trade partners, which can be supported, if the country so requests, by the United Nations country team; and that the consultative mechanism be integrated with other relevant consultative processes and initiatives between the graduating country and its development partners.[18] Cabo Verde, for example, set up a donor support group (Grupo de Apoio à Transição (GAT) to prepare a transition strategy to adjust to the phasing out of the support measures associated with LDC membership, as well as a Budget Support Group composed of Government entities and multilateral and bilateral donors to align and harmonize donor support around the Growth and Poverty Reduction Strategy.[19] Furthermore, graduating countries may request targeted assistance from the United Nations system, including for capacity-building, to support the formulation and implementation of the transition strategy.[20]

Within their Governments, graduated and graduating countries have established coordinating structures to manage the preparation and implementation of the transition strategy. For example, Vanuatu established a National Coordinating Committee that will formulate strategies and policy interventions to address the possible negative impact of graduation. Angola combined its National Consultative Committee for LDC Graduation with its Committee on the Sustainable Development Goals. The Committee was established to mainstream and align the LDC

16 General Assembly resolutions 59/209 of 20 December 2004 and 67/221 of 21 December 2012.

17 "Final Report on Smooth Transition Strategy, Samoa, 2017" by the Government of Samoa, submitted to the CDP in December 2017.

18 Ibid.

19 "Monitoring the progress of graduated countries Cape Verde". Committee for Development Policy, Expert Group Meeting, Review of the list of least developed countries, New York, 16-17 January 2011 (CDP2012/PLEN/11). See also Gradjet (www.gradjet.org).

20 Resolution 67/221 of 21 December 2012.

graduation roadmap and SDGs into the National Plan and into the national budget steering committee and connect to various national stakeholders.[21]

The experience of other graduating and graduated countries can be invaluable for a country that is in the process of formulating its own transition strategy. Gradjet[22] is an online tool managed by the secretariat of the CDP to help Government officials navigate the path to graduation and contains, in addition to background information, expert views, contacts, and information on the experiences of countries that have graduated or are in the process of graduating. Other resources that can be useful for a smooth transition are listed in box I.5.

Organizations within the United Nations system support countries through the process of graduation within their respective areas of work and mandates, and in coordination with each other through a task force on graduation and smooth transition. General Assembly Resolution 71/243 (21 December 2016) on the Quadrennial comprehensive policy review of the opera-

Box I.5
Resources for graduation and a smooth transition out of the LDC category

Gradjet: an online tool managed by the secretariat of the CDP that helps Government officials navigate the path to graduation and also contains background information, expert views, contacts, and information on the experiences of countries that have graduated or are in the process of graduating. Available at www.gradjet.org.

LDCs at a glance: fact sheets on countries that have graduated or are in the process of graduating. Available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html.

LDC Portal (Support Measures Portal for Least Developed Countries): an online portal maintained by the secretariat of the CDP which contains information on LDC-specific international support measures, including any smooth transition mechanisms. The portal was created to improve the capacity of LDCs to access and benefit from the international support measures adopted by the international development community. Available at https://www.un.org/ldcportal/.

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developnig States (UN-OHRLLS), "A Guide to Least Developed Country Graduation". Available at http://unohrlls.org/custom-content/uploads/2017/11/UN_Graduation_Booklet_2017_LowRes.pdf.

The Least Developed Countries Report 2016 – The path to graduation and beyond: making the most of the process (UNCTAD) addresses graduation and smooth transition, including the experience of graduates. Available at http://unctad.org/en/PublicationsLibrary/ldc2016_en.pdf.

Committee for Development Policy, "Strengthening smooth transition from the least developed country category", CDP Background Paper No. 14, ST/ESA/2012/CDP/14 (February 2012). Available at https://www.un.org/development/desa/dpad/publication/cdp-background-paper-no-14/.

General Assembly resolutions 59/209 of 20 December 2004 (Smooth transition strategy for countries graduating from the list of least developed countries) and 67/221 of 21 December 2012 (Smooth transition for countries graduating from the list of least developed countries).

21 Ibid.
22 See http://www.gradjet.org.

tional activities for development of the United Nations system (QCPR) "requests the United Nations development system to provide assistance to graduating countries in the formulation and implementation of their national transition strategies and to consider country-specific support for graduated countries for a fixed period of time and in a predictable manner," and ECOSOC Resolution 2017/29 "requests the entities of the United Nations development system to provide assistance to graduating countries in the formulation and implementation of their national transition strategies and to consider country-specific support for graduated countries for a fixed period of time and in a predictable manner".

F. Monitoring and reporting during the transition

At the request of ECOSOC and the General Assembly, the CDP monitors

i. the development progress of countries that are in the process of graduating from the LDC category, on an annual basis;[23]

ii. the development progress of graduated countries, in consultation with the respective Governments, on an annual basis for three years after graduation and triennially thereafter, coinciding with the two following triennial reviews.[24]

In the monitoring exercise, the CDP considers information it receives from the countries, which have been invited by the General Assembly to report to the CDP on the preparation and implementation of their transition strategy.[25] The monitoring allows the CDP to bring any signs of deterioration in the development progress of the concerned country to the attention of ECOSOC.[26]

Figure I.7 summarizes the reporting and monitoring schedule of graduating and newly graduated countries.

The CDP 2013 "Guidelines on reporting requirements for a smooth transition from the least developed country category," which builds on earlier guidelines and was endorsed by ECOSOC,[27] makes the following recommendations regarding reporting:

23 Report of the Committee for Development Policy on the fifteenth session (18-22 March 2013), Official Records of the Economic and Social Council, 2013, Supplement No. 12 (E/2013/33), and ECOSOC resolutions 2008/12, 2013/20.

24 General Assembly resolutions 59/209 of 20 December 2004 and 67/221 of 21 December 2012.

25 General Assembly Resolution 67/221 of 21 December 2012.

26 Report of the Committee for Development Policy on the tenth session (17-20 March 2008), *Official Records of the Economic and Social Council, 2008, Supplement No. 13* (E/2008/33), chap. IV.

27 See Report of the Committee for Development Policy on the tenth session, *Official Records of the Economic and Social Council, 2008, Supplement No. 13* (E/2008/33); and Report of the Committee for Development Policy on the fifteenth session (18-22 March 2013), *Official Records of the Economic and Social Council, 2013, Supplement No. 12* (E/2013/33); and ECOSOC resolution 2013/20 adopted on 24 July 2013.

Figure I.7
Reporting on transition out of the LDC category

	Before graduation	After graduation	
		First three years	Following six years
Graduating/ graduated country	Invited to report annually to the CDP on the preparation of the transition strategy	Invited to report annually to CDP on the implementation of the transition strategy	Invited to report to the CDP every three years (before the triennial review)
CDP	Monitors development progress and reports to ECOSOC	Monitors development progress in consultation with the graduated country and reports annually to ECOSOC	Monitors development progress in consultation with the graduated country as part of the triennial reviews

Source: General Assembly resolutions 59/209 of 20 December 2004 and 67/221 of 21 December 2012, ECOSOC resolutions 2008/12 and 2013/20, Report of the Committee for Development Policy on the fifteenth session (18-22 March 2013), *Official Records Economic and Social Council, 2013, Supplement No. 12* (E/2013/33).

Reporting by graduating countries on the preparation of the transition strategy:

- In accordance with General Assembly Resolution 67/221, which had invited graduating countries to report annually to the CDP on the preparation of their transition strategies, the guidelines recommend that countries submit these reports to the CDP before December 31 for the first three years after the General Assembly has taken note of the CDP recommendation for the country to graduate;
- Reports should include a summary of progress in the setting up of a consultative mechanism (including information on participants, meetings convened and their objectives and outcomes, support by United Nations institutions in convening the meetings); identification of the LDC-specific support measures most relevant to the country and corresponding details about the level of commitments made by development and trading partners in maintaining or phasing out those measures; information on the preparation of the transition strategy (key issues to be addressed, measures taken or to be taken by the country, decisions made and pending actions); and a copy of the latest version of the strategy.

Reporting by graduated countries:

- General Assembly Resolution 67/221 invites graduated countries to provide concise annual reports to the Committee on the implementation of the smooth transition strategy for a period of three years, and triennially thereafter on the years of the CDP triennial review. The guidelines recommend that the report include an overview of progress made in implementing the smooth transition strategy and information on whether the measures by the Government of the graduated country and the commitments by its development and trading partners identified in the transition strategy are being fulfilled;
- The guidelines also recommend that, in cases where support is being reduced or withdrawn, the report indicate how this is affecting the country. This would assist the CDP in its assessment and enable it to bring any negative effects to the attention of ECOSOC as early as possible.

Reports by the CDP:

- Reports by the CDP on graduating and graduated countries contain a review of selected indicators and other relevant country-specific information with the purpose of assessing any signs of deterioration in the development progress of the country; and a review of the information provided by the country on the preparation or implementation of the transition strategy;
- In the case of graduated countries, before finalizing its report to ECOSOC, the Committee—through its secretariat—consults with the New York-based representative of the graduated country to the United Nations about the conclusions of its draft report so that the Government's views can also be considered by the Committee in its final report to ECOSOC.

Monitoring reports on graduating and graduated countries can be found on the CDP website at http://cdp.un.org.

Chapter II

International support measures for the least developed countries

A. Introduction

Countries belonging to the least developed country (LDC) category have access to support measures beyond those available for other developing countries. These measures can be grouped into three main areas: (a) international trade; (b) development cooperation; and (c) support for participation in the United Nations system. The sections below present an overview of the main support measures in each of these areas. More detailed information on international support measures for LDCs can be found on the Support Measure Portal for Least Developed Countries (www.un.org/ldcportal).[1]

B. Trade-related support measures[2]

Trade-related international support measures aim at facilitating the integration of LDCs into the global economy. Mostly, they are framed by commitments under World Trade Organization (WTO) Ministerial Declarations and decisions as well as by internationally agreed commitments under global development agendas, such as the 2030 Agenda for Sustainable Development[3] and the successive programmes of action for LDCs (see box I.3 in chapter I). The main categories of trade-related support measures for LDCs are

i. Preferential market access for goods;
ii. Preferential treatment for services and service supplies; and
iii. Special treatment regarding obligations and flexibilities under WTO rules.

Aid for Trade, and in particular the Enhanced Integrated Framework, are addressed in section C.

1 The Support Measures Portal for Least Developed Countries (LDCs), or "LDC Portal" (www.un.org/ldcportal), is an online platform developed and maintained by the secretariat of the Committee for Development Policy (CDP) to provide LDCs with easier access to information about international support measures. The Portal is updated regularly, based on official documents and information provided by partner organizations. The CDP secretariat invites Governments and other organizations to provide information for the Portal through the e-mail cdp@un.org.

2 The authors are thankful for the input of the World Trade Organization (WTO) secretariat to this section. Inputs were provided without prejudice to the position of WTO members.

3 Trade-related support to LDCs is referred to in the following targets of the Sustainable Development Goals: 8.a (Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries); 10.a (Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements); 17.11 (Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020) and 17.12 (Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access).

1. Preferential market access for goods[4]

Preferential market access for LDCs is mainly provided through duty-free, quota-free (DFQF) market access or preferential tariffs and preferential rules of origin. Box II.1 contains information on the main milestones in the development of LDC-specific preferential market access for goods. Giving certain countries preference over others violates the most-favoured-nation (MFN) principle which underpins the multilateral trading system, so specific provisions have been put into place to enable these preferences to be given to developing countries, with special treatment for LDCs. It is important to note that LDCs do not need to be members of the WTO to benefit from preferential market access granted by other countries.

Box II.1
Milestones in preferential market access for LDC goods exports

- **The Enabling Clause, 1979**. The granting of non-reciprocal preferential market access to developing countries was initially made possible with the adoption, in 1971, of a temporary waiver from the obligation, contained in article 1 of the General Agreement on Tariffs and Trade (GATT), to grant most-favoured-nation (MFN) treatment to all contracting parties. In 1979, the decision on "Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries" (known as the "Enabling Clause") allowed derogations to the MFN treatment on a permanent basis. It enabled developed-country members of the GATT to give differential and more favourable treatment to the exports of developing countries and to grant special treatment to least developed countries (LDCs) in the context of any measure in favour of developing countries. The Enabling Clause forms the legal basis for the Generalized System of Preferences that covers the trade preferences schemes of most developed countries for developing countries, and within which many countries also have sub-schemes with further preferences for LDCs.
- **1999 Decision on Waiver**. Developing member countries of the WTO were allowed to extend preferential market access to LDCs by the adoption of a special waiver in 1999,[a] which was initially granted for 10 years and has been extended to 2019.
- **Decisions on DFQF since 2001**. Market access initiatives for LDCs gained momentum with the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001, and the launch of the Doha round of trade negotiations at the World Trade Organization (WTO). At the Sixth WTO Ministerial Conference, held in Hong Kong from 13 to 18 December 2005, WTO members committed to further improving market access conditions for

(*continued*)

4 On the subjects covered in this section, see United Nations Conference on Trade and Development (UNCTAD), *Handbook on Duty-Free and Quota-Free Market Access and Rules of Origin for Least Developed Countries, Part I: Quad Countries* (United Nations publication, UNCTAD/ALDC/2017/3) and *Part II: Other Developed Countries and Developing Countries* (United Nations publication, UNCTAD/ALDC/2017/4); and WTO Sub-Committee on Least Developed Countries, "Market access for products and services of export interest to least developed countries – Note by the Secretariat" (WT/COMTD/LDC/W/65/Rev.1) (report prepared annually in response to paragraph 8 of the WTO Work Programme for the Least Developed Countries).

Box II.1 (continued)

LDCs. Developed countries and developing countries in a position to do so committed to providing duty-free, quota-free (DFQF) market access on a lasting basis for all products originating from all LDCs. Members experiencing difficulties making that commitment agreed to provide DFQF on at least 97 per cent of products imported from LDCs, defined at the tariff line level.[b] A specific decision on market access for cotton was taken at the Tenth Ministerial Conference in Nairobi in 2015.

- **Decisions on preferential rules of origin since 2013**. Following a call for simple and transparent rules of origin for LDCs in the Hong Kong Ministerial Declaration in 2005, a decision adopted at the Ninth WTO Ministerial Conference, held in Bali, Indonesia, from 3 to 7 December 2013, contained multilaterally agreed guidelines to help make it easier for LDC exports to qualify for preferential market access. At the Tenth WTO Ministerial Conference, held in Nairobi from 15 to 19 December 2015, another decision provided more detailed directions on specific issues, including the consideration of inputs from different sources (cumulation), the determination of substantial transformation, and the use of non-originating materials, and simplified documentary and procedural requirements. The WTO Committee on Rules of Origin annually reviews development in preferential rules of origin applicable to imports from LDCs and reports to the General Council.[c]

See also United Nations Conference on Trade and Development (UNCTAD) (2017) Handbook on Duty-Free and Quota-Free Market Access and Rules of Origin for Least Developed Countries, Part I: Quad Countries (UNCTAD/ALDC/2017/3) and Part II: Other Developed Countries and Developing Countries (UNCTAD/ALDC/2017/4).

a WTO, "Preferential tariff treatment for least developed countries", Decision on Waiver, adopted on 15 June 1999 (WT/L/304) and Decision on Extension of Waiver, adopted on 27 May 2009 (WT/L/759).

b Doha Work Programme Ministerial Declaration, adopted on 18 December 2005 at the World Trade Organization Ministerial Conference, Sixth Session, Hong Kong, 13-18 December 2005 (WT/MIN(05)/DEC).

c WT/MIN(15)/47-WT/L/917/Add.1.

a. DFQF and preferential tariffs

Most developed countries grant either full or nearly full DFQF market access to LDCs, and an increasing number of developing countries have extended DFQF market access to a significant share of products from LDCs (see table II.1). Certain regional and subregional agreements also contain LDC-specific preferential market access terms.[5] In some cases, access to DFQF arrangements is contingent on the fulfilment of certain conditions additional to LDC status such as, in the case of the Everything-But-Arms initiative of the European Union, non-violation of principles laid down in human rights and labour rights conventions.

5 This includes the Pacific Agreement on Closer Economic Relations (PACER plus), the South Asian Free Trade Area (SAFTA), the Asia Pacific Trade Agreement (APTA) and the Global System of Trade Preferences Among Developing Countries (GSTPS).

Table II.1

Major multilateral non-reciprocal LDC preference schemes undertaken by WTO members, 2017 or most recent available information

Market	Description	Duty-free tariff line coverage and major exclusions*
Australia	Duty-free, quota-free entry (DFQF) for LDCs Entry into force: 1 July 2003	100%
Canada	Generalized System of Preferences (GSP) Least Developed Country Tariff Programme (LDCT) Entry into force: 1 January 2000. Extended until 31 December 2024.	98.6% (dairy and other animal products, meat, meat preparations, cereal products)
Chile	DFQF scheme for the LDCs Entry into force: 28 February 2014	99.5% (cereals, sugar, milling products)
China	Duty-free treatment for LDCs Entry into force: 1 July 2010	96.6% (chemicals, transport vehicles, machinery and mechanical appliances, electrical machinery, paper)
European Union	GSP – Everything But Arms (EBA) initiative Entry into force: 5 March 2001	99.8% (arms and ammunition)
Iceland	GSP – Tariff preferences for the world's poorest countries Entry into force: 29 January 2002	91.8% (meat, food preparations, vegetables, dairy and other animal products, plants and trees)
India	Duty-Free Tariff Preference Scheme (DFTP) Entry into force: 13 August 2008	94.1% (plastics, coffee and tea, alcoholic beverages, tobacco, food residues)
Japan	GSP – Enhanced duty and quota-free market access Entry into force: 1 April 2007. Extended until 31 March 2021	97.9% (fish and crustaceans, footwear, milling products, cereal products, sugar)
Korea, Republic of	Presidential Decree on Preferential Tariff for LDCs Entry into force: 1 January 2000	89.9% (fish and crustaceans, mineral fuels, oil seeds and oleaginous fruits, wood products, vegetables)
New Zealand	GSP – Tariff Treatment for LDCs Entry into force: 1 July 2001	100%
Norway	GSP – DFQF market access Entry into force: 1 July 2002	100%
Russian Federation	GSP scheme in the context of the Customs Union between Belarus, Kazakhstan and the Russian Federation. Entry into force: 1 January 2010	37.1% (machinery and mechanical appliances, chemicals, electrical machinery, iron and steel products, transport vehicles)
Switzerland	GSP – Revised Preferential Tariffs Ordinance Entry into force: 1 April 2007	100%
Chinese Taipei	Duty-free treatment for LDCs Entry into force: 17 December 2003	30.8% (machinery and mechanical appliances, chemicals, electrical machinery, fish and crustaceans, plastics)
Thailand	DFQF scheme for the LDCs Entry into force: 9 April 2015	74.7% (transport vehicles, electrical machinery, machinery and mechanical appliances, iron and steel products, apparel and clothing)

(*continued*)

Table II.1 (continued)

Market	Description	Duty-free tariff line coverage and major exclusions*
Turkey	GSP Entry into force: 31 December 2005	81.7% (iron and steel products, fish and crustaceans, food preparations, meat, oil seeds and oleaginous fruits)
United States of America	GSP for Least Developed Beneficiary Developing Countries (LDBDC). The Trade Preferences Extension Act of 2015 (Title II) authorizes GSP until 31 December 2017 and makes GSP retroactive to 31 July 2013.	82.4% (apparel and clothing, cotton, fibres, footwear, dairy and other animal products)
	African Growth and Opportunity Act (AGOA) Entry into force: 18 May 2000. Extended until 30 September 2025 (Title I)	97.5%

Source: WTO, Market Access for Products and Services of Export Interest to Least Developed Countries. Note by the Secretariat. 24 October 2017 (WT/COMTD/LDC/W/65/Rev.1); and WTO Preferential Trade Arrangements database (ptadb.wto.org), accessed June 26, 2018. The original table also refers to arrangements for Haiti, the only LDC in the Americas, within the Caribbean Basin Trade Partnership Act. The GSP of the United States of America has subsequently been extended until 31 December 2020.

* Major exclusions refer to Harmonized Commodity Description and Coding System (HS) chapters.

The practical significance of these arrangements depends on the country's export products as well as on the existence of other preferential trading arrangements. Some export products of LDCs are already subject to zero MFN tariffs in the most significant markets, so that DFQF does not confer any additional advantage to LDCs. Moreover, LDCs may have access to other, non-LDC specific preference regimes—such as the African Growth and Opportunity Act (AGOA) for African LDCs in the United States of America and Economic Partnership Agreements between the EU and several countries in Africa—or regional trading arrangements—such as the ASEAN Free Trade Area in South East Asia. In addition, multilateral, regional and bilateral trade agreements often erode the preference margins for LDCs vis-à-vis non-LDCs benefiting from trade liberalization through such agreements.

b. Preferential rules of origin for goods

Rules of origin are the criteria used to define where a product was produced and thereby determine which products benefit from preferential treatment. In today's markets dominated by global value chains, it is difficult to determine what the place of production is for many products. The rules of origin determine the extent to which a product needs to be produced in a certain country to be eligible for preferential treatment. Strict rules of origin can be a barrier to utilizing preferential market access.

In many countries, LDCs benefit from less stringent rules of origin, particularly since the decisions taken on this issue at the Bali and Nairobi WTO Ministerial Conferences in 2013 and 2015, respectively (see box II.1). The following are a few examples:

- In the EU, since 2011, the general threshold for non-originating materials is 70 per cent for LDCs and 50 per cent for other Generalized System of Preferences (GSP) beneficiaries; and product-specific origin requirements are more lenient. In textile and apparel products, the rules of origin permit single-stage processing for LDCs while for developing countries they require double transformation;[6]

- In the United States, an article produced in an LDC beneficiary of its GSP may count inputs from least developed and other beneficiary countries in its regional association towards the 35 percent domestic content requirement for satisfying the rules of origin on certain articles;[7]
- In Canada, up to 60 per cent of import content is allowed for the product to benefit from the LDC tariff, as opposed to 40 per cent for non-LDC products to benefit from the general preferential tariff. Also, all beneficiaries of the LDC preferential tariff are regarded as one single area for cumulation purposes, while all beneficiaries of the General Preferential Tariff are regarded as a single area. There are special rules in place for LDCs on textiles and clothing.[8]

There are also LDC-specific rules of origin under regional agreements. For example, under the South Asian Free Trade Area (SAFTA), the general criteria are Change of Tariff Heading (CTH) plus 30 per cent for LDCs, vs. 40 per cent for non-LDCs. Under the Asia-Pacific Trade Agreement (APTA), the value-addition threshold for LDCS is 35 per cent as opposed to 45 per cent for non-LDCs, and regional cumulation is allowed where the regional value addition is 50 per cent for LDCs as opposed to 60 per cent for non-LDCs.

What happens to LDC-specific preferential market access for goods upon graduation?

Upon graduation, countries are no longer eligible for LDC-specific preferential market access arrangements. In developed country markets, countries that have graduated from the LDC category will normally become beneficiaries of standard GSP schemes. In developing country markets, graduated countries may continue to have preferential market access only if they are members of regional or bilateral trade agreements. The Everything But Arms initiative of the EU and the DFQF scheme of Turkey contain "smooth transition" clauses which automatically grant an additional period of eligibility. Some graduates have been able to maintain preferential treatment under other schemes for a period after the date of graduation (see Table II.2). Generally, transition periods in terms of DFQF market access are to be negotiated between the graduating LDC and the preference-granting country.

The EU and Norway also have schemes that lie in between the LDC-specific ones and the standard GSP. The Special Arrangement for Sustainable Development and Good Governance (GSP+) in the EU grants duty free access to most of the products covered by the GSP. Eligibility for the GSP+ requires the ratification and implementation of 27 conventions on human rights, labour rights, environmental protection and good governance, and meeting certain vulnerability

6 See UNCTAD, *Handbook on Duty-Free and Quota-Free Market Access and Rules of Origin for Least Developed Countries, Part I: Quad Countries* (United Nations publication, UNCTAD/ALDC/2017/3).

7 *U.S. Generalized System of Preferences Guidebook* (Washington D.C., Office of the United States Trade Representative, Executive Office of the President, March 2017).

8 Government of Canada Justice Laws Website, "General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations". Available at http://laws-lois.justice.gc.ca/eng/regulations/SOR-2013-165/FullText.html.

criteria.[9] Norway's GSP Plus scheme grants duty free access for all industrial goods and higher preferences on a number of agricultural goods in comparison to standard GSP beneficiaries. All lower-middle-income countries with populations of less than 75 million and low-income countries are eligible for GSP Plus.

Table II.2
Smooth transition in selected LDC-specific market access arrangements

Markets	Smooth transition clauses
European Union and Turkey	Smooth transition period of at least 3 years from the date of graduation. In the case of the EU, additional periods have been granted in the past.
Australia, Canada, China, India, New Zealand, Norway, Republic of Korea, Switzerland, United States	No formal smooth transition provision. Some graduates have been able to maintain the GSP for LDCs for a period past the date of graduation.
Chile, Eurasian Economic Union, Japan, Thailand	No formal smooth transition provision and no record of flexibility in extending eligibility beyond graduation.

Source: Based on information in the Support Measures Portal for Least Developed Countries (LDC Portal), available at www.un.org/ldcportal.

2. Preferential treatment for services and service suppliers

The Eighth Ministerial Conference of the WTO, held in Geneva from 15 to 17 December 2011, adopted the Decision on preferential treatment to services and services suppliers of LDCs, also known as the "LDC services waiver".[10] The LDC services waiver, which at the time of writing was valid until December 2030, allows WTO members to grant LDCs market access preferences and other preferential measures by exempting them from the obligation of extending equal treatment to all members (MFN principle).[11] As of March 2018, the WTO had received 24 notifications (from 23 countries and the EU) indicating sectors and modes of supply where they were providing or intended to provide preferential treatment to LDC services and service suppliers.[12]

There is still significant uncertainty regarding the practical implications and effectiveness of the waiver, including practical matters, the extent to which notified preferences effectively exceed MFN treatment or General Agreement on Trade in Services (GATS) schedules and the degree of liberalization (United Nations Conference on Trade and Development, 2018).[13] Moreover, research on the constraints to service exports in LDCs suggests that supply-side constraints may be more significant than the lack of preferential market access in services (Sauvé and Ward, 2016).[14]

9 Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008.

10 WTO, "Preferential treatment to services and service suppliers of least developed countries", Decision of 17 December 2011 (WT/L/847).

11 WTO, T/MIN (15)/48.

12 At the time of writing, notifications had been received from Australia, Brazil, Canada, Chile, China, Hong Kong SAR, Iceland, India, Japan, Liechtenstein, Mexico, New Zealand, Norway, Panama, Republic of Korea, Singapore, South Africa, Switzerland, Turkey, Thailand, the United States of America, Uruguay, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, in addition to the European Union.

13 UNCTAD (2018), "Effective Market Access for LDC Services Exports – Is the LDC Services Waiver Being Implemented?".

14 Pierre Sauvé and Natasha Ward, "A trade in service waiver for least developed countries: towards workable proposals", in *Research Handbook on Trade in Services*, Pierre Sauvé and Martin Roy, eds. (Cheltenham, UK and Northampton, MA, Edward Elgar Publishing, 2016).

What happens to LDC-specific preferential market access for services upon graduation?

Upon graduation, countries are no longer eligible for preferential treatment under the services waiver. However, graduating LDCs can request preference-granting WTO members to extend the LDC benefits for a certain period. An extension of such preferential treatment would require a special waiver to which members would need to agree.

3. Special treatment regarding obligations and flexibilities under WTO rules

As of July 2018, 36 of the 47 countries included in the list of LDCs were WTO members, while 8 others were in the process of acceding (see table II.3). LDCs that are members of the WTO benefit from special considerations in their implementation of WTO agreements. Special and differential treatment (S&D) provisions for LDCs aim principally to facilitate compliance with WTO rules in view of the limited institutional capacities of LDCs; to protect their policy space; and to support them in increasing their participation in international trade by addressing supply-side constraints and supporting trade-related elements of development strategies.[15] LDCs that are not members of the WTO benefit from support for the accession process (see box II.2).

Box II.2

Support to LDCs in accession to the WTO

Guidelines to facilitate the accession process for least developed countries (LDCs) were adopted by the General Council in 2002 (WT/L/508 (2002)) and strengthened in 2012 (WT/L/508/Add.1 (2012)). The guidelines encourage World Trade Organization (WTO) members to exercise restraint in seeking market access concessions and commitments on trade in goods and services from acceding LDCs in these processes. They contain benchmarks on goods and services commitments on transparency in accession negotiations; special and differential treatment and transition periods; and technical assistance. Accession of LDCs was recognized as one of the systemic issues under the Work Programme of the LDCs. The Sub-committee on Least Developed Countries regularly monitors the accession of LDCs and serves as one of the forums where acceding LDCs and WTO members exchange views and share experiences. The Director-General reports annually on accessions. Part of China's "Least-Developed Countries (LDCs) and Accessions Programme" (the "China Programme") is aimed at assisting acceding Governments in joining the WTO.

15 See also Ana Luiza Cortez, "Beyond market access: trade-related measures for the least developed countries. What strategy?" UN/DESA Working Paper, No. 109 (ST/ESA/2011/DWP/109) (New York, Department of Economic and Social Affairs of the United Nations Secretariat, December 2011). Available at www.un.org/esa/desa/papers/2011/wp109_2011.pdf.

Table II.3
LDCs in the WTO, as of July 2018

LDC members of WTO			
Country	**Year of accession**	**Country**	**Year of accession**
Afghanistan	2016	Madagascar	1995
Angola	1996	Malawi	1995
Bangladesh	1995	Mali	1995
Benin	1996	Mauritania	1995
Burkina Faso	1995	Mozambique	1995
Burundi	1995	Myanmar	1995
Cambodia	2004	Nepal	2004
Central African Republic	1995	Niger	1996
Chad	1996	Rwanda	1996
Democratic Republic of Congo	1997	Senegal	1995
Djibouti	1995	Sierra Leone	1995
Gambia	1996	Solomon Islands	1996
Guinea	1995	Togo	1995
Guinea Bissau	1995	Uganda	1995
Haiti	1996	United Republic of Tanzania	1995
Lao People's Democratic Republic	2013	Vanuatu	2012
Lesotho	1995	Yemen	2014
Liberia	2016	Zambia	1995
On-going accessions			
Country	**Date initiated**	**Country**	**Date initiated**
Bhutan	September 1999	Somalia	December 2016
Comoros	February 2007	South Sudan	December 2017
Ethiopia	January 2003	Sudan	October 1994
São Tomé and Príncipe	January 2005	Timor-Leste	December 2016

Source: WTO. Available at https://www.wto.org/english/thewto_e/whatis_e/tif_e/org7_e.htm. Eritrea, Kiribati and Tuvalu are neither members nor seeking accession. "Date initiated" refers to the date of establishment of the Working Party.

Table II.4 provides an overview of the main provisions that are currently applicable.[16] Some of these provisions are applicable only to those LDCs who were founding members of the WTO, and some applied only for certain time periods after the entry into force of the various WTO agreements. LDCs that are newly acceded WTO members have in some cases waived their access to LDC-specific support measures in the negotiations with other WTO members on their accession packages. In addition to the provisions listed in table II.4, there are also a number of references within agreements and decisions whereby WTO members commit to taking the needs of LDCs into account, to ensuring capacity-building for LDCs in the fulfilment of their commitments under the WTO, and to furthering their participation in world trade.

16 More detailed information is available at the LDC Portal and the WTO website. Every effort has been made to ensure accuracy. The information contained herein no way replaces legal texts or official policy documents.

Table II.4
Special and differential treatment to LDCs under WTO agreements and related decisions

Agreement/decision	Support measure
Understanding on the Balance-of-Payments Provisions of General Agreement on Tariffs and Trade (GATT)	Simplified procedures when invoking trade restrictions for balance-of-payment reasons (paragraph 8)
Agreement on Agriculture	LDCs and net food importing developing countries may provide certain export subsidies until the end of 2030 (article 9.4, most recent extension in G/AG/5/Rev.10)
	Longer repayment periods for export financing support (WT/MIN(15)/45-WT/L/980)
	Less frequent notifications to WTO regarding domestic support (G/AG/2)
Sanitary and Phytosanitary (SPS) Measures	Priority for technical assistance (article 9.1). The Standards and Trade Development Facility (STDF) has a target of dedicating at least 40% of total project financing allocated to LDCs or Other Low-Income Countries (STDF Operational Rules)
	Lower co-financing requirement for technical assistance. Beneficiaries from LDCs and OLICs contribute at least 10% of the requested STDF contribution to a project, as opposed to 20% for lower-middle-income countries and 60% for upper-middle-income countries (STDF Operational Rules)
Agreement on Subsidies and Countervailing Measures	LDCs (and other countries with GNI per capita below $1,000 in constant 1990 dollars) are exempted from the prohibition of export subsidies (article 27.2 and Annex VII of the Agreement and paragraph 10.1 of the Doha Ministerial Decision on Implementation-Related Issues and Concerns (WT/MIN(01)/17))
Trade Facilitation Agreement (TFA)	Longer notification time frames: until 22 February 2020 for category B measures; until 22 February 2021 for indicative dates and definitive dates; by 22 August 2022 for category C measures (articles 15 and 16)
	Longer deadlines under the early warning mechanism, in case an LDC has difficulties in implementing categories B and C measures (article 17)
	Longer time frame (4 years rather than 18 months) for new implementation dates for measures shifted from category B to category C before approval from the Trade Facilitation Committee is required (article 19)
	Longer grace period from dispute settlement (until 22 February 2023 for category A measures, and 8 years from the date of implementation of category B or C measures (article 20)
Trade-Related Aspects of Intellectual Property Rights (TRIPS)	Exemption from applying all substantive TRIPS standards until 1 July 2021. There have been extensions to this deadline (article 66.1, latest extension IP/C/64)
	Exemption from providing protection for pharmaceutical patents, from providing the possibility of filing mailbox applications and from granting exclusive marketing rights (IP/C/73 and WT/L/971)
	Waiver from notification requirements for issuing compulsory licenses for exports of pharmaceutical products to LDCs or other countries with insufficient manufacturing capacities in the pharmaceutical sector (article 31 bis)
Dispute Settlement Understanding	LDCs can request the Director-General of the WTO or the Chairman of the Dispute Settlement Body to provide their good offices, conciliation and mediation for settling disputes (article 24)
	Free legal advice from the Advisory Center on WTO Law (ACWL) (article 27.7)
Trade Policy Review Mechanism	LDCs may have a longer period between trade policy reviews than other countries (Annex 3)

Source: CDP secretariat, based on the texts of WTO agreements and decisions and information provided by the WTO secretariat.

In addition to S&D provisions under the WTO agreements and related decisions, there are measures to support LDCs within the WTO. Discussions in the Sub-Committee on LDCs follow the work programme for the LDCs, which covers systemic issues of interest to LDCs in the multilateral trading system. The "China Programme" provides support to an internship programme; annual round tables on accession-related themes; the participation of LDC coordinators in selected meetings; and a South-South dialogue on LDCs and development, among other forms of support. In terms of WTO's training and technical assistance, LDCs benefit from specific courses that address their needs, are entitled to participate in a greater number of national activities per year than other developing countries, and are the main beneficiaries of WTO and mission internship programmes. Finally, the LDC Group benefits from the support of a dedicated resource person in the LDC unit of the WTO's Development Division.

What happens to LDC-specific S&D treatment upon graduation?

Graduating LDCs have the possibility to request waivers at the WTO that provide them with transition periods to phase out flexibilities or phase in obligations. Such waivers must be negotiated with members. Specific attention can be sought in WTO committees regarding difficulties encountered in the implementation of any agreement. Because the WTO is a member-driven organization, this requires active engagement by the graduating LDCs in WTO committees, as well as in bilateral discussions. Graduated LDCs still benefit from a range of S&D provisions that apply to all developing members.[17]

C. Development cooperation

LDCs are given priority in resource allocation, greater degrees of concessionality, or access to exclusive mechanisms in several areas of development cooperation. A large share of development cooperation is in the form of official development assistance (ODA) provided by members of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) and other donors. LDCs also benefit from South-South development cooperation. According to partners consulted in the context of recent *ex ante* assessments of the impacts of graduation (see chapter I), LDC status is generally not a determinant of South-South cooperation.

1. Commitments in bilateral ODA flows to LDCs

The concept of ODA used by the DAC/OECD is "government aid designed to promote the economic development and welfare of developing countries".[18] ODA includes grants, "soft" loans and the provision of technical assistance, and can be provided bilaterally, from donor to recipient, or channeled through multilateral organizations such as the United Nations or the World Bank. LDCs received 27 per cent of total ODA disbursed by OECD/DAC countries and 28 per cent

17 See "Special and differential treatment provisions in WTO Agreements and Decisions – Note by the Secretariat", 22 September 2016 (WT/COMTD/W/219).

18 See https://data.oecd.org/oda/net-oda.htm.

of total ODA disbursed by all donors in 2015.[19] ODA represents an important—in some cases critical—component of external financing in LDCs.

All developing countries, until they exceed the high-income threshold determined by the World Bank for three consecutive years, are eligible for ODA, but special quantitative and qualitative commitments have been made in regard to ODA for LDCs.[20]

a. Quantitative commitments on ODA by donors

The 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Programme of Action for the Least Developed Countries for the Decade 2011-2020 all reiterate longstanding commitments by developed countries to provide the equivalent of 0.15 to 0.20 per cent of their gross national income (GNI) in the form of ODA to LDCs. This is in parallel to a commitment to provide the equivalent of 0.7 per cent of GNI in ODA to developing countries. Individual countries and the EU have made additional commitments in regard to the allocation of aid to LDCs.[21]

With regard to **graduation**, it is important to note that these commitments by donors refer to their aggregate flows to LDCs, and not to flows to individual countries. Hence, graduation does not necessarily impact bilateral ODA flows. For example, during the consultation process of the six impact assessments prepared for the 2018 triennial review, all donors affirmed that they would continue to support countries after graduation in overcoming their specific challenges and meeting development objectives.

As of 2016, 6 of the 29 DAC countries fulfill the commitment of providing the equivalent of 0.15 per cent to 0.20 per cent of GNI as ODA to LDCs (see figure II.1). Overall, ODA flows from OECD/DAC countries to LDCs were equivalent to 0.09 per cent of the GNI of the group of donors, while flows to developing countries were equivalent to 0.32 per cent.[22]

b. Modalities of bilateral ODA: grant element and untied aid

OECD/DAC members have adopted decisions related to the modalities of aid to LDCs. In 1978, OECD/DAC countries adopted the Recommendation on the Terms and Conditions of Aid to improve the overall financial terms of aid either by increasing the share of grants, reducing the interest rate, or lengthening the repayment or grace periods of loans. According to the Recommendation, the average grant element in the ODA to LDCs should be either 90 per cent of a given donor's annual commitment to all LDCs, or at least 86 per cent of the donor's commitments to each individual LDC over a period of 3 years.[23] Accordingly, most ODA extended to LDCs by

19 Organization for Economic Cooperation and Development (OECD), "Development Aid at a Glance – Statistics by Region: 1. Developing countries, 2018 edition". Available at http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/World-Development-Aid-at-a-Glance-2018.pdf.

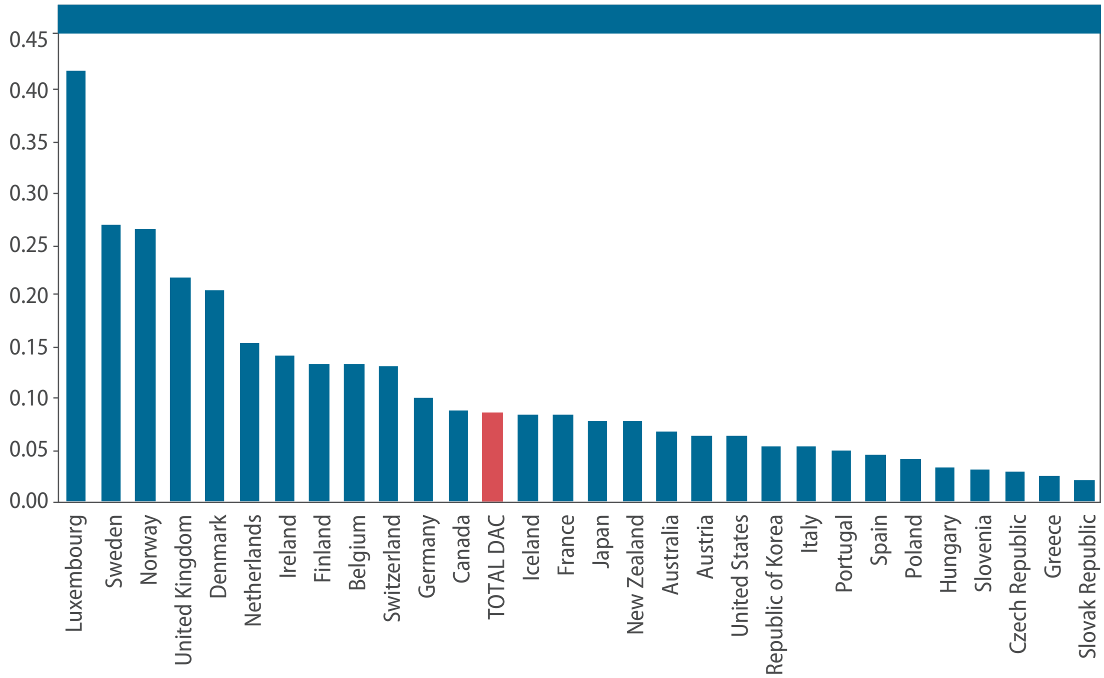
20 The OECD reviews the list of countries eligible for ODA every three years.

21 See OECD, *Development Co-operation Report 2017*, (Paris, 2017).

22 Ibid., and OECD, "Statistics on resource flows to developing countries". Available from http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/statisticsonresourceflowstodevelopingcountries.htm.

23 OECD, "Recommendations on the terms and conditions of aid", from the 1978 DAC Chair Report on Development Cooperation. Available at http://www.oecd.org/dac/stats/31426776.pdf.

Figure II.1
Aid from DAC countries to LDCs as a percentage of donors' GNI, 2016



Source: OECD, "Statistics on resource flows to developing countries", Table 31 ("Aid from DAC Countries to Least Developed Countries").

OECD/DAC members is in the form of grants. In 2015, 96 per cent of ODA flows from DAC countries were in the form of grants.[24]

Some donors have special modalities of ODA for LDCs:

- In Germany, financial cooperation to LDCs is in the form of grants, whereas for other developing countries it is mostly in form of soft loans;[25]
- In Japan, low-income LDCs have access to the most favourable terms under Japanese ODA loans, while non-LDC low-income countries and LDCs that are not low-income have access to a second category of preferential loans. Other developing countries have access to less favourable but still concessional terms for loans, according to their level of income and nature of the project;[26]
- In the Republic of Korea, LDCs benefit from the most favourable terms among five categories of beneficiaries under the Economic Development Cooperation Fund (the other four are based on GNI per capita).[27]

24 See https://stats.oecd.org.

25 German Federal Ministry for Economic Cooperation and Development, "Approaches: Financial cooperation". Available at http://www.bmz.de/en/ministry/approaches/bilateral_development_cooperation/approaches/financial_cooperation/index.html.

26 Japan International Cooperation Agency, "Terms and Conditions of Japanese ODA Loans (Effective from April 1, 2017)". Available at https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/2017_1.html.

27 Economic Development Cooperation Fund, "EDCF Brochure". Available at https://www.edcfkorea.go.kr/site/homepage/menu/viewMenu?menuid=005003001.

From 2019 onwards, the LDC status of the recipient will affect the extent to which concessional loans are counted as ODA. In the grant-equivalent approach, newly adopted by DAC members to measure ODA, grants and the grant portion of concessional loans count as ODA. Loans to LDCs and other low-income countries require a higher grant equivalent component to be considered ODA (at least 45 per cent for LDC, compared to 10-15 per cent for other ODA-eligible developing countries). Moreover, to determine the grant element, the DAC will use differentiated discount rates—6 per cent for upper-middle-income countries (UMICs), 7 per cent for lower-middle-income countries (LMICs) and 9 per cent for low-income countries (LICs) and LDCs. Differentiating the discount rate implies that loans to LDCs or other low-income countries are recorded as a higher level of ODA than a loan extended under the same conditions to other country groups, which could provide an incentive for donors to allocate ODA to LDCs. In 2016, the DAC decided also to apply the grant equivalent method to other non-grant instruments such as equities and guarantees.[28]

OECD/DAC members have also undertaken commitments to improve the effectiveness of ODA by untying ODA to LDCs. In 2001, they adopted the Recommendation on Untying Official Development Assistance to the Least Developed Countries.[29] The Recommendation covers most forms of ODA, but excludes free-standing technical cooperation, and it was left up to members as to whether they could untie food aid. In 2016, 76 per cent per cent of total bilateral ODA to the LDC/Heavily Indebted Poor Countries group was covered by the recommendation. The 2005 Paris Declaration on Aid Effectiveness reiterated the Recommendation and envisaged that progress in untying be monitored. The 2018 Report on the DAC Untying Recommendation found that there had been improvements, but significant challenges remained: the share of untied aid stood at 88 per cent in 2016; a few donors continued to fall short of untying commitments; there was mixed compliance to the transparency provisions intended to address concerns that de jure untied aid might remain de facto tied; a large part of aid contracts continued to be awarded to companies from the donor country awarding the contract.[30]

2. Multilateral development cooperation

Several organizations of the United Nations system and international financial institutions give particular attention to the development challenges of LDCs and have developed specific initiatives in favour of LDCs. In 2016, 40 per cent of net disbursements of concessional assistance by multilateral organizations went to LDCs (see figure II.2). However, most organizations do not rely exclusively on LDC status as a criterion for the allocation of resources and several do not consider LDC status at all.[31]

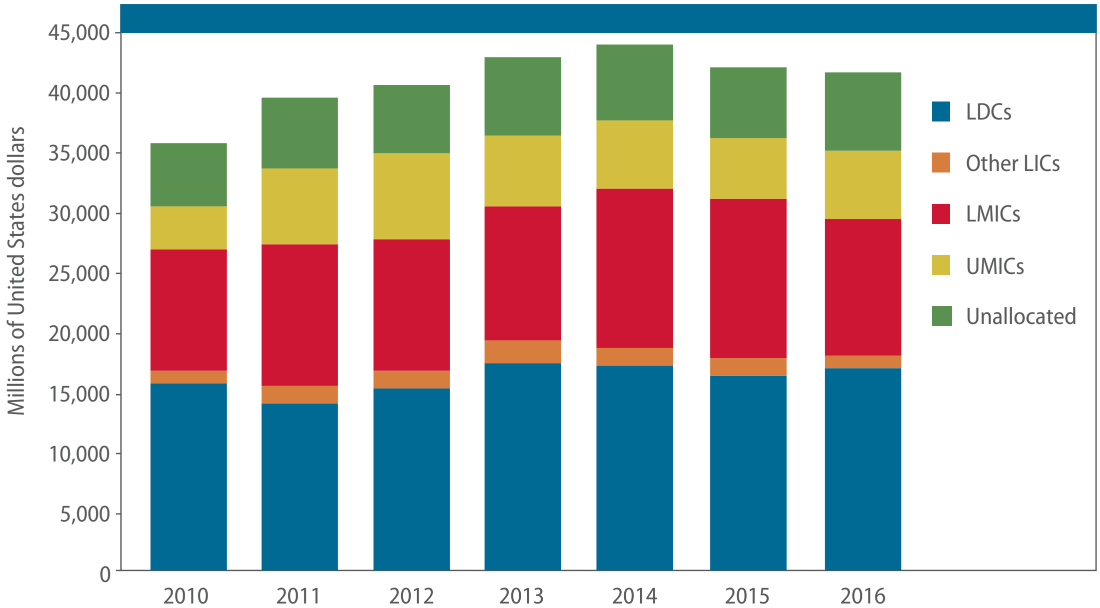
28 See OECD (2017), op. cit., and Simon Scott, "The grant element method of measuring the concessionality of loans and debt relief", OECD Development Centre Working Papers, No. 339 (Paris, OECD Publishing, 10 May 2017).

29 Tied aid is aid that is conditional on the procurement of goods and services from the donor. The 2001 decision was amended in 2008 to include remaining HeavilyIndebted Poor Countries not already covered by way of their LDC status.

30 OECD, "2018 Report on the DAC Untying Recommendation, DAC Meeting, 11 June 2018" (DCD/DAC(2018)12/REV2). Available at https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCD-DAC(2018)12-REV2.en.pdf.

31 See Teresa Lenzi, "Recognition and Application of the Least Developed Country Category by UN Development System Organizations", CDP Policy Review Series No. 6 (New York, United Nations Committee for Development Policy, March 2017).

Figure II.2
Net disbursements of concessional assistance by multilateral agencies, 2010-2016



Source: OECD (2018), Geographical Distribution of Financial Flows to Developing Countries Disbursements, p. 105.

Eligibility for concessional financing to developing countries by regional and multilateral financial institutions is generally based on per capita GNI and on creditworthiness. For example, concessionary financing from the International Development Association (IDA) of the World Bank is granted to all countries below a certain threshold of per capita income ($1,165 in fiscal year 2018) (see also box I.4 in chapter I).[32] In the case of the Asian Development Bank, LDC status can affect access to concessional financing for select countries.[33] In practice, the focus on low-income countries by these institutions implies that a large share of support is allocated to the group of LDCs, but not that an equivalent portion of resources are reserved for LDCs based on their status.

Certain organizations, such as the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) have targets for resource allocation to LDCs.

32 An exception is made in favour of small island economies (with less than 1.5 million people), in view of their fragility and limited creditworthiness. Several of these countries continued to benefit from the World Bank's International Development Association (IDA) even though they have risen above the IDA income threshold (see http://www.worldbank.org/ida/borrowing-countries.html). The International Monetary Fund uses similar exceptions for small countries and for microstates (see http://www.imf.org/external/np/pp/eng/2014/082714.pdf).

33 In the ADB, LDCs with per capita income above the threshold determining IDA eligibility that lack creditworthiness for regular ordinary capital resources (OCR) loans or market-based resources and that are at low risk of debt distress are granted concessional assistance only. Non-LDCs in such situation receive a blend of OCR and concessional assistance. Moreover, LDCs above the same income threshold but with adequate creditworthiness receive a blend of OCR and concessional assistance, while non-LDCs in the same situation receive only regular OCR loans. There is no difference between the assistance granted to LDCs and non-LDCs that are above the income threshold and have limited creditworthiness.

These targets refer to aggregate resources allocated to LDCs, and do not necessarily apply directly to the allocation to individual LDCs:

- By decision of its Executive Board (decision 95/23), UNDP has a goal of ensuring that 60 per cent of core resources are allocated to LDCs. This is in parallel to goals for low-income and middle-income countries.[34] These rules do not cover non-core resources;[35]
- UNICEF is also required by its Executive Board to allocate 60 per cent of its regular resources to LDCs and 50 per cent to sub-Saharan Africa countries.[36]

Several organizations provide **substantive support to LDCs**, including policy analysis and information services, capacity-building, support in obtaining access to information and resources, and advocacy services. These forms of support are not always reflected substantially in ODA flows. Examples of such support include

- The United Nations Department of Economic and Social Affairs (UN/DESA), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), UNCTAD, International Telecommunication Union (ITU), World Meteorological Organization (WMO), World Trade Organization (WTO), and United Nations Framework Convention on Climate Change (UNFCCC), among others, maintain dedicated research programmes or teams focusing on LDC issues;
- UN/DESA provides support to LDCs in the form of analysis, data, information on support measures and capacity-building, as well as supporting the work of the CDP in its deliberations on inclusion and graduation from the LDC category (see chapter I). It collects and disseminates information on LDCs and countries that have recently graduated from the category, maintains the Support Measures Portal for Least Developed Countries (LDC Portal)[37] and the Gradjet platform to support graduation;[38]
- UNCTAD produces an annual "Least Developed Countries Report" addressing trends and issues of interest to LDCs, and provides substantive support to the Enhanced Integrated Framework (see below);
- ESCAP produces an annual Asia-Pacific Countries with Special Needs Development Report, covering LDCs, landlocked developing countries and small island developing States;
- The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) at the United Nations advocates in favour of LDCs within the United Nations and with other partners, assists LDCs in mobilizing resources and other forms of support and provides support to group consultations of LDCs. It also monitors the implementation of programmes of action for LDCs and supported the establishment of the LDC Technology Bank (see below), among other activities.

34 For details, see the United Nations Development Programme integrated resources plan and integrated budget estimates for 2018-2021 (DP2017/39), including Annexes A and B, 17 October 2017. Available at http://www.undp.org/content/undp/en/home/executive-board/documents-for-sessions/adv2017-special.html.

35 See Lenzi, op. cit.

36 See UNICEF/2017/EB/4.

37 See www.un.org/ldcportal/.

38 See www.gradjet.org.

Additionally, certain mechanisms have been created specifically for LDCs in a number of areas, as described in the next section (please refer to section B for issues related to market access and special and differential treatment under trade agreements).

The United Nations General Assembly has recently requested entities of the United Nations Development System to provide assistance and country-specific support to graduating countries.[39] Consulted by the CDP secretariat in the context of the *ex ante* assessments of the impacts of graduation (see chapter I) for the 2018 triennial review, OHRLLS, UNCTAD, the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the United Nations Population Fund (UNFPA) stated that they would provide specific support to the countries under consideration should they graduate from the LDC category.

3. Exclusive mechanisms for LDCs

Only LDCs and recent LDC graduates have access to the following mechanisms:

a. Access to technology: LDC Technology Bank[40]

The Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action or IPoA) called for the establishment of a "Technology Bank and Science, Technology and Information supporting mechanism, dedicated to least developed countries which would help improve least developed countries' scientific research and innovation base, promote networking among researchers and research institutions, help least developed countries access and utilize critical technologies, and draw together bilateral initiatives and support by multilateral institutions and the private sector, building on the existing international initiatives".[41] The full operationalization of the Technology Bank was the object of target 17.8 of the Sustainable Development Goals.

The Technology Bank, officially inaugurated in June 2018 and based in Gebze, Turkey,[42] will implement projects and activities in the LDCs and serve as a knowledge hub connecting the science, technology and innovation (STI) needs of LDCs, available resources, and actors who can respond to these needs. The Governing Council of the Technology Bank determined that in 2018 the Bank would initiate baseline STI reviews and technology needs assessments in 5 LDCs and work on improving access for scientists and researchers to data, publications, and STI initiatives in 12 LDCs.[43]

What happens after graduation?

After graduation from the LDC category, countries continue to have access to the LDC Technology Bank for a period of five years.

39 General Assembly resolution A/RES/71/243, para. 40.

40 See also UN-OHRLLS, Technology Bank for Least Developed Countries. Available at http://unohrlls.org/technologybank/.

41 *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (A/CONF.219/7), p. 20.

42 See General Assembly Resolution 71/251.

43 UN-OHRLLS, "Technology Bank for least developed countries inaugurated in Turkey, Gebze", 4 June 2018. Available at https://unohrlls.org/news/4-june-2018-technology-bank-least-developed-countries-inaugurated-turkey-gebze/.

b. Climate change: work programme for LDCs, LDC Expert Group and LDC Fund[44]

The United Nations Convention on Climate Change states that "the Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology" (Article 4, paragraph 9). This served as the basis for the establishment of an LDC work programme by the Conference of the Parties in 2001, and to support flexibility provisions extended to the LDCs under the Convention and the Paris Agreement.

The LDC work programme, currently under consideration for updating, called for the following actions:

- Strengthening existing—and, where needed, establishing—national climate change secretariats and/or focal points to enable the effective implementation of the Convention and the Kyoto Protocol in the LDC Parties;
- Providing ongoing negotiations training to build the capacity of negotiators from the LDCs to participate effectively in the climate change process;
- Supporting the preparation of national adaptation programmes of action (NAPAs). NAPAs were structured around an eight-step process resulting in a list of discrete projects. Having completed a NAPA would make the country eligible for the Least Developed Countries Fund (LDCF) (see below)[45];
- Promoting public awareness programmes to ensure the dissemination of information on climate change issues;
- Developing and transferring technology, particularly adaptation technology; and
- Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support the implementation of NAPAs.

A Least Developed Countries Expert Group (LEG) was established in 2001 to provide technical guidance and support to the LDCs on the process to formulate and implement national adaptation plans (NAPs), the preparation and implementation of NAPAs, and the implementation of the LDC work programme. It also provides technical guidance and advice on accessing funding from the Green Climate Fund (GCF) for the process to formulate and implement NAPs. At least two delegates per LDC Party are supported to participate in training workshops conducted by the LEG, subject to the availability of adequate resources. Priority is also accorded to the LDCs in other workshops and events organized under the Conference of the Parties (COP) and its subsidiary bodies.

44 See UNFCCC Least Developed Countries Portal (https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/ldc-portal) and UNFCCC, Subsidiary Body for Implementation, Forty-eighth session, Bonn, 30 April to 10 May 2018, Item 12 of the provisional agenda, "Matters relating to the least developed countries", FCCC/SBI/2018/8

45 Heather McCRay, "Clarifying the UNFCCC National Adaptation Plan Process", World Resources Institute, 11 June 2014. Available at http://www.wri.org/blog/2014/06/clarifying-unfccc-national-adaptation-plan-process.

The LDCF was established in 2001 to support the LDC work programme, including the preparation and implementation of NAPAs. It is operated by the Global Environment Facility (GEF). As of 30 April 2018, 51 countries (LDCs and former LDCs) had accessed a total of $1.25 billion for the preparation and implementation of NAPAs, the NAP process and elements of the LDC work programme.[46]

Additional support measures related to the participation of LDCs in the negotiating processes are addressed under section D.

What happens after graduation?

Graduated countries would not be eligible to receive new funding under the LDCF. According to information provided by the GEF in the context of recent *ex ante* assessments of the impacts of graduation (see chapter I), projects approved before and up until graduation would continue to receive funding to ensure the full implementation of the project. Graduated LDCs have access, for the elaboration and implementation of their NAPs, to the Special Climate Change Fund (SCCF)—also created in 2001 and open to all developing countries—and, more significantly, to the Green Climate Fund (GCF). The governing instrument of the GCF, approved by the COP in 2011, determines that, in the allocation of resources for adaptation, it takes into consideration the "urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, small island developing States (SIDS) and African States using minimum allocation floors"[47]. The fund aims for a floor of 50 per cent of adaptation funds to be allocated to these countries.

c. Aid for Trade: Enhanced Integrated Framework

Aid for Trade is a component of official development assistance (ODA) directed specifically at helping developing countries overcome trade-related constraints. It is delivered through multiple bilateral, regional and multilateral channels. The only instrument for delivery of Aid for Trade specifically geared at LDCs is the Enhanced Integrated Framework (EIF). The EIF supports LDCs through analytical work, institutional support, and productive capacity-building projects.[48] Six core partners contribute to the operation of the EIF: International Monetary Fund (IMF), International Trade Centre (ITC), UNCTAD, UNDP, the World Bank and the WTO. The United Nations Industrial Development Organization (UNIDO) and the United Nations World Tourism Organization (UNWTO) are observer agencies and UN/DESA is one of the strategic partners. The programme is supported by a multi-donor Trust Fund with contributions from 24 donor countries.

The EIF has two funding facilities. The Tier I facility focuses on institutional and policy-related support, which includes the preparation of a Diagnostic Trade Integration Study (DTIS)

46 These figures include two global projects. See "Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund", GEF, 24th LDCF/SCCF Council Meeting, June 26, 2018, GEF/LDCF.SCCF.24/04. Available at https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.04_Progress_Report_LDCF_SCCF_0.pdf

47 FCCC/CP/2011/9/Add.1, para. 52.

48 Additional information is available at http://www.enhancedif.org/en, http://www.enhancedif.org/en/funding and www.un.org/ldcportal.

and an Action Matrix, which allow LDCs to prioritize actions to tackle trade-related constraints and to anchor trade policy into their national institutional set up and development strategies. The Tier II facility is used to fund projects that address supply-side constraints.

Overall, Aid for Trade encompasses a much larger volume of instruments and funds, with total disbursements in Aid for Trade in 2016 of 38.7 billion dollars, of which approximately a third went to LDCs. Aid for Trade under the EIF in 2015 was equivalent to $7.4 million.[49] However, one of the functions of the EIF is to mobilize and leverage resources (financial, institutional, political) around the trade agenda of each country and facilitate access to Aid for Trade funding over and above the limited amounts available in the EIF Trust Fund.

The EIF mandate currently extends to 2022.

What happens after graduation?

Graduated countries continue to have access to EIF benefits for three years following graduation automatically, and for a further two years subject to justification and approval by the EIF Board.

d. Last mile finance: UNCDF[50]

The United Nations Capital Development Fund (UNCDF) is the capital investment agency of the United Nations for the LDCs. It provides access to microfinance and investment capital. UNCDF programmes help to empower women, and are designed to catalyse larger capital flows from the private sector, national Governments and development partners, for maximum impact towards the internationally agreed developments goals.

UNCDF programme expenditures reached about $53.4 million in 2014, of which LDCs received $52.7 million.

What happens after graduation?

Programmes can continue to be funded by the UNCDF under the same conditions for a period of three years. Assuming continued development progress, funding for another two years can be provided on a 50/50 cost-sharing basis with either the Government or a third party.

e. Investment Support Programme for LDCs by IDLO and UN-OHRLLS

The Investment Support Programme for LDCs, launched in September 2017,[51] will provide LDCs with legal services related to foreign direct investment. The programme will mobilize legal experts to provide pro bono or reduced fee services to LDCs in relation to the negotiation of investment contracts and agreements and investment-related dispute resolution. It will also provide training and capacity-building support. The programme is being developed through a partnership between the International Development Law Organization (IDLO) and UN-OHRLLS.

49 OECD-DAC, aid activities database (CRS), http://www.oecd.org/dac/aft/
50 See http://www.uncdf.org/.
51 See https://www.idlo.int/Investment-Support-Programme-LDCs.

4. Scholarships and other forms of financial support for education and research

Certain international organizations and educational institutions provide financial support to students and researchers from LDCs. In some cases, support is provided exclusively to nationals of LDCs; in others, LDC nationals are given priority. The types of support include grants for enrolling in graduate degree programmes, for participating in academic conferences, and for conducting research projects. UNESCO gives priority and provides financial support to the LDCs (along with other country groupings) through its Participation Programme and offers a limited number of scholarships to some LDC candidates for education and training at several UNESCO centres (e.g., UNESCO-IHE Institute for Water Education). Other organizations—such as UNIDO, with its Institute for Capacity Development, as well as United Nations Interregional Crime and Justice Institute—report offering scholarships to LDCs which are nonetheless also accessible to participants coming from other countries.[52]

D. Support to participation in the United Nations and other international forums

A number of support measures are in place to help LDCs participate in international decision-making forums, either by limiting their mandatory budget contributions, providing support for travel, providing training for negotiators, or offering flexibility in reporting requirements under international agreements.

1. Caps and discounts on the contribution of LDCs to the United Nations system budgets

LDCs benefit from caps, discounts or other favourable conditions regarding their contributions to the budgets of United Nations system entities. These benefits are determined following the two main methods that apply to all Member States:

i. Most of the United Nations system budgets are based on the "scale of assessments" (i.e., the percentages of the budget for which each country is responsible) used for the United Nations regular budget. The scale is determined based on capacity to pay, translated into indicators of GNI, debt-burden, and per capita income, among others. LDCs, exclusively, benefit from a maximum rate (currently 0.01 per cent). In practice, however, the assessment rate for most LDCs is below 0.01 per cent due to their income and other criteria affecting the calculation of the assessment rates. For the 2018 budget, Angola, Bangladesh, Equatorial Guinea, Ethiopia, Myanmar, Sudan and Yemen benefitted from the cap.[53]

52 See www.un.org/ldcportal for scholarships, travel grants and research-related financial support. See also Lenzi (2017), op cit.

53 Although Equatorial Guinea had graduated in 2018, the LDC rate still applied for that year, since the scale of assessments is established for a three-year period. For 2016-2018, the rate is defined in General Assembly resolution 70/245.

ii. A small number of agencies (ITU, World Intellectual Property Organization, Universal Postal Union) use a system based on classes of contributions. Each class of contribution corresponds to a certain share (or multiple) of a pre-determined unit of contribution. Countries decide which class they will belong to (and therefore how much they will contribute), but only LDCs can opt to contribute at the lowest levels.

Similar arrangements exist for secretariats of international conventions. In the UNFCCC, no contribution from an LDC can exceed 0.01 per cent of the total, while for other countries the applicable ceiling is 25.00 per cent.

Contributions to funds and programmes, such as UNICEF and UNDP, are voluntary. Contributions to the WTO are determined based on members' shares of international trade with no concessions specifically for LDCs.

Table II.5 below summarizes the system for determining LDC contributions and the LDC-specific concessions, as well as the effects of graduation from the LDC category.

Table II.5
Rules for LDC contributions to United Nations system budgets

Entity/operation*	Rules	LDC-specific support	What happens after graduation?
Regular budget (and Working Capital Fund)	A scale of assessments is determined every three years in a resolution of the General Assembly, based on capacity to pay, translated into indicators of gross national income (GNI), debt-burden, and per capita income, among others. Each Member State is assigned a percentage (the assessment rate), corresponding to the share of the regular budget its contribution will equal. The minimum assessment rate is 0.001% and the maximum is 22%.	The maximum rate for LDCs is 0.01%.	The 0.01% cap no longer applies. This would raise the contributions of graduated countries that exceed the assessment rate of 0.01% according to the formula applied to determine capacity to pay. It has no impact for those that do not exceed that rate.
Peacekeeping operations	Contribution is based on the scale of assessments for the regular budget adjusted by a premium in the case of permanent members of the Security Council, and by discounts in the case of all countries with per capita gross national product below the Member State average. Member States are grouped into levels based on per capita GNI, with larger discounts applying for the levels of countries with lower incomes.	LDCs are entitled to the greatest discount: 90%.	The applicable discount rate for most graduated countries would be 80%. In 2016-2018, this is any with per capita GNI under $9,861, as per resolution 70/246.

(*continued*)

Table II.5 (*continued*)

Entity/operation*	Rules	LDC-specific support	What happens after graduation?
United Nations Mechanism for International Criminal Tribunals	Half of the budget is paid for by Member States based on the scale of assessments applicable to the regular budget of the United Nations, and half in accordance with the rates of assessment applicable to peacekeeping operations.	LDCs benefit from the cap on the rate of assessment of the regular budget and the discount on the rate of assessment for peacekeeping operations.	The amount due by the graduated country will increase proportionally to any increases in the rate of assessment for the regular budget or peacekeeping operations budget.
Specialized agencies and related organizations: FAO, ILO, UNESCO, UNIDO, WMO, WHO, CTBTO Preparatory Commission, IAEA, ICC, IOM, ISA, ITLOS, OPCW	Contribution is based on the scale of assessments used for the United Nations regular budget, in some cases adjusted for more restricted membership by the application of a coefficient.	LDCs benefit from the cap on the rate of assessment of the regular budget. UNIDO, one of the entities that adjusts the scale by a coefficient due to more restricted membership, does not apply this coefficient to LDCs whose rate may exceed 0.01%.	As for the regular budget, the 0.01% cap no longer applies. For UNIDO, the waiver on the application of the coefficient no longer applies after graduation.
ITU	Voluntary selection of a class of contribution based on shares or multiples of an annual unit of contribution of CHF 318,000.	Only LDCs can contribute 1/8 or 1/16 of a unit of contribution.	In principal, the minimum contribution would be 1/4 of a unit of contribution. The ITU Council can authorize a graduated country to continue to contribute at the lowest classes, and all LDCs that have graduated since 2007 continue to do so (as of March 2018).
WIPO	Voluntary selection of classes of contribution, each corresponding to a share of a unit of contribution determined for every biennium, with only certain categories of developing countries eligible to contribute in the lowest class of contribution (class S).	Only LDCs can contribute at the lowest level—Ster—of the lowest class, with 1/32 of a unit of contribution.	Non-LDC developing countries with an assessment rate for the regular budget of less than 0.01% contribute 1/16; non-LDC developing countries with an assessment rate for the regular budget between 0.02% and 0.10% contribute 1/8. Others contribute 1/4 and up.
UPU	Voluntary selection of class of contribution, each corresponding to a share (from 1 to 50 units) of a predetermined unit of contribution (CHF 41,021 for 2018/19).	Only LDCs can contribute at 1/2 of a unit of contribution.	Graduated countries contribute at least 1 full unit of contribution.

* Please see the list of abbreviations for full organization names.

Some organizations and conventions also grant greater flexibility for LDCs in arrears in the payment of their contributions. Under the Rotterdam and Stockholm Conventions, LDCs are exempt from the prohibition of eligibility to the Bureau of the Conference of the Parties and subsidiary bodies for countries in arrears for two years or more.

2. Support for travel

Representatives of LDC Governments receive travel support to participate in the annual sessions of the General Assembly.[54] The United Nations pays for the travel (but not for subsistence expenses) for up to five representatives per LDC attending a regular session of the General Assembly; one representative per LDC attending a special or emergency session of the General Assembly; and one member of a permanent mission in New York designated as a representative or alternate to a session of the General Assembly.

After graduation, if requested, travel benefits can be extended for a period of up to three years.

A number of United Nations organizations and Conventions have also established financial mechanisms to fund the participation of LDCs in their processes. For example, a specific trust fund has been established in UN-OHRLLS for the travel, daily subsistence allowance and terminal expenses of up to two representatives from each LDC to attend major conferences sponsored by the United Nations (such as the Fourth United Nations Conference on the Least Developed Countries) and ministerial meetings organized by the UN-OHRLLS. Under the UNFCCC, a Trust Fund for Participation in the UNFCCC Process was established to support the participation of eligible representatives from developing-country Parties and Parties with economies in transition in the meetings of the COP and its subsidiary bodies. Two representatives from each LDC Party are funded for participation in the sessions of the subsidiary bodies, and three representatives are funded for participation in the sessions of the COP.[55]

Other organizations have financial support for the participation of LDCs in various international conferences and meetings, including the United Nations Convention against Corruption, WHO Framework Convention on Tobacco Control, ITU (fellowships to attend meetings of the Telecommunication Development Advisory Group), Montreal Protocol on Substances that Deplete the Ozone Layer to the Vienna Convention for the Protection of the Ozone Layer, FAO (WHO Codex Alimentarius Commission), World Organization for Animal Health, International Plant Protection Convention Secretariat (IPPC), International Criminal Court, and processes within the United Nations Secretariat, including the United Nations Open-ended Informal Consultative Process on Oceans and the Law of the Sea.

54 In accordance with General Assembly resolution 1798 (XVII), as amended by resolutions 2128 (XX), 2245 (XXI), 2489 (XXIII), 2491 (XXIII), 41/176, 41/213, 42/214, section VI of 42/225, section IX of 43/217 and section XIII of 45/248.

55 UNFCCC, Subsidiary Body for Implementation, Forty-eighth session, Bonn, 30 April to 10 May 2018, Item 12 of the provisional agenda (2018), "Matters relating to the least developed countries", FCCC/SBI/2018/8 states, in regard to smooth transition measures, that "LDC-specific support for travel to the sessions and related events of the Convention and the Paris Agreement could be extended for a given period of time, after which the graduated countries would benefit for support as all other eligible non-LDCs do".

3. Capacity-building for participation in negotiations

Programmes have been developed to help build the capacity of LDCs to participate in international negotiations. For example, under the LDCF, there are funds available through "Building capacity for LDCs to participate effectively in intergovernmental climate change processes," a programme that has supported training of senior government officials from the LDCs, development of a negotiation strategy, and development of several knowledge management products. As mentioned above, within the WTO, China's "Least-Developed Countries (LDCs) and Accessions Programme" (the "China Programme") supports LDC participation in WTO decision-making.

4. Flexibility in reporting requirements

Under certain agreements, LDCs have greater flexibility in reporting requirements. Section B contains some examples of this in the area of trade and implementation of the WTO commitments. Under UNFCCC, reporting provisions and the timetable for the submission of national reports for the LDCs and SIDS are different from those for the other Parties not included in Annex I to the Convention (non-Annex I Parties). LDCs and SIDS were permitted to submit their first biennial update reports at their discretion and not required to do so by the 2014 deadline like other non-Annex I parties. While other parties must submit reports on their implementation of certain articles of the Paris Agreement, LDCs and SIDS do so at their discretion.

Chapter III

Indicators, methodology and data sources for the LDC criteria

A. Overview

As discussed in chapter I, the Committee for Development Policy (CDP) utilizes three criteria to identify least developed countries (LDCs):

(a) Gross national income (GNI) per capita;

(b) The human assets index (HAI);

(c) The economic vulnerability index (EVI).

Gross national income (GNI) per capita serves as a measure of income and the overall level of resources available to a country, whereas the HAI and EVI measure main structural impediments to sustainable development. Both the HAI and EVI are indices composed of several indicators (see below). These indicators have been selected by the CDP on the basis of their relevance to the measurement of structural impediments, their methodological soundness and the availability of the data with regard to frequency and coverage. In order to ensure comparability across countries, all indicators are based on internationally available data.

The criteria and results are published on the CDP website for all Member States of the United Nations in developing regions.[1] Applying the criteria to all these countries ensures that prospective candidates for inclusion are identified. Moreover, as the LDC category aims to address the challenges of the "least developed among the developing countries,"[2] the criteria and indicators need to allow for a comparison between LDCs and other developing countries.[3]

This chapter describes in detail the methodology and data sources used for the calculation of the LDC criteria. Country examples are used to illustrate these calculations and are based on the 2018 triennial review.[4] LDC indicators, methodology and data sources are occasionally updated to reflect changes in the understanding of sustainable development and in the availability of data. Updated information on the LDC criteria will be made available on the CDP website, at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-criteria.html.

1 For the list of countries in developing regions, see the United Nations Statistics Division classification M.49. Available at http://unstats.un.org/unsd/methods/m49/m49regin.htm.

2 General Assembly resolution 2768(XXVI) of 18 November 1971.

3 From a technical point of view, indicator values for non-LDCs also play a role in the calculations for converting indicator values into index scores (see box III.2).

4 All data for the triennial reviews since 2000, including country-specific data sources, are available on the Committee for Development Policy (CDP) website: https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

B. GNI per capita

1. Definition, methodology and data sources

Definition and rationale

GNI per capita provides information on the income status and the overall level of resources available to a country. GNI is equal to the gross domestic product (GDP) less primary incomes payable to non-resident units (e.g., investment income flowing to foreigners) plus primary incomes receivable from non-resident units (e.g., wages and salaries received by residents that temporarily work abroad for foreign companies, proceeds from fishing licensing fees sold to foreign fishing fleets, etc.).

Methodology

GNI in local currency is recorded in the national accounts in accordance with the relevant international standards.[5] It is then converted into a common currency, the US dollar, using the World Bank Atlas method to calculate conversion factors. The Atlas method is based on market exchange rates, but aims to reduce the impact of short-term exchange rate fluctuations (see box III.1) on GNI in dollars. GNI in US dollars is then divided by the annual population of a country to determine GNI per capita.

Data sources

GNI per capita is calculated by the United Nations Statistics Division (UNSD) on the basis of its National Account Main Aggregates (AMA) Database. The database contains GNI data in local currency for all Member States of the United Nations as well as population data from the United Nations Population Division (UNPD). For calculating the Atlas exchange rate, UNSD uses AMA data on exchange rates (from the International Monetary Fund (IMF) or other suitable sources) and GDP deflators as well as data on the relative weights of currencies in the special drawing rights (SDR) from the International Monetary Fund.

To reduce the impact of short-term fluctuations on GNI, the CDP takes an unweighted average of the latest three years of GNI per capita calculated by UNSD as its income measure; for example, for the 2018 triennial review, the average GNI per capita figures for 2014, 2015 and 2016 were used.

2. Inclusion and graduation thresholds

The threshold for inclusion is set at the three-year average of the level of GNI per capita, which the World Bank defines for identifying low-income countries. In the 2018 review, the threshold

5 The latest standard is the System of National Accounts (SNA) 2008, even though a number of countries still use previous SNA versions to compile their national accounts. For details of the SNA, see the United Nations Statistics Division website: http://unstats.un.org/unsd/nationalaccount/.

Box III.1

The World Bank Atlas method

The World Bank Atlas method uses the Atlas conversion factor for converting all currencies into a common currency. The conversion factor for any year is the average of a country's exchange rate (local currency to US dollars) for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country and international inflation. The objective of the adjustment is to reduce any changes to the exchange rate caused by inflation.

A country's inflation rate between year t and year t-n $\left(r_{t-n}\right)$ is measured by the change in its gross domestic product (GDP) deflator $\left(p_t\right)$:

$$r_{t-n} = \frac{p_t}{p_{t-n}}$$

International inflation between year t and year t-n $\left(r_{t-n}^{SDR\$}\right)$ is measured using the change in a deflator based on the International Monetary Fund's unit of account: special drawing rights (SDRs). Known as the SDR deflator, it is a weighted average of the GDP deflators (in SDR terms) of China, Japan, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the euro area, converted to US dollar terms; weights are the amount of each currency in one SDR unit.

$$r_{t-n}^{SDR\$} = \frac{p_t^{SDR\$}}{p_{t-n}^{SDR\$}}$$

The Atlas conversion factor (local currency to the US dollar) for any country for year t e_t^{atlas} is given by:

$$e_t^{atlas} = \frac{1}{3}\left[e_t + e_{t-1}\left(\frac{r_{t-1}}{r_{t-1}^{SDR\$}}\right) + e_{t-2}\left(\frac{r_{t-2}}{r_{t-2}^{SDR\$}}\right)\right]$$

where e_t is the average annual exchange rate (local currency to the US dollar) for year t.

Source: https://datahelpdesk.worldbank.org/knowledgebase/articles/378832-what-is-the-world-bank-atlas-method. The source contains additional explanations and sample calculations.

for inclusion in the LDC category was $1,025.[6] The threshold for graduation is set at 20 per cent above the inclusion threshold; it was $1,230 in the 2018 review. The income-only graduation threshold (which enables a country to be eligible for graduation, even if none of the other two criteria is met) is twice the normal graduation threshold and was set at $2,460 in the 2018 review.

As the World Bank adjusts its income threshold every year, the inclusion and graduation thresholds of the GNI criterion are correspondingly adjusted at each triennial review. It is important to note, however, that the World Bank adjusts its thresholds with a measure for world inflation.[7] This implies that the inclusion and graduation thresholds can be regarded as being constant in real terms.

6 The World Bank thresholds for its low-income-country category were $1,045 in 2014, $1,025 in 2015 and $1,005 in 2016.

7 The World Bank uses the Special Drawing Rights (SDR) deflator as measure of world inflation. See also box III.1.

3. GNI values for the 2018 triennial review

Figure III.A.1 (see page 84) shows the GNI data of all developing countries included in the 2018 triennial review, while the inset magnifies the portion of the figure related to all review countries with a GNI per capita of less than $5,400 (this includes all LDCs).

The figure shows the majority of LDCs continue to have very low per capita income (both in absolute terms as well as relative to other developing countries). In the 2018 review, 17 LDCs had GNI per capita figures above the graduation threshold. Eleven of these countries are already at various stages of the graduation process discussed in chapter I of this Handbook. The other six meet only the income graduation threshold (established at $1,230 at the 2018 triennial review) and are therefore not yet eligible for graduation.

C. Human assets index

1. Composition

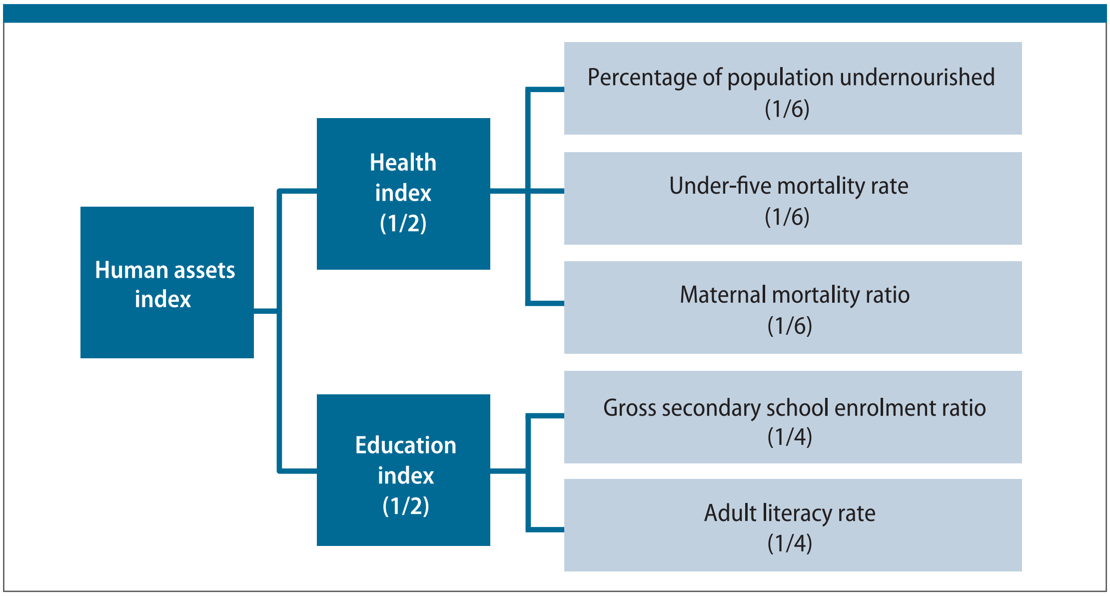
The HAI is a measure of the level of human capital. Low levels of human capital are major structural impediments, not only because they are a manifestation of unsustainable development, but also because they limit the possibilities for production and economic growth, prevent poverty eradication, exacerbate inequalities and hamper resilience to external shocks.

As discussed in chapter I, the CDP regularly reviews the LDC criteria and occasionally introduces refinements to reflect advances in the understanding of impediments to sustainable development and improvements in data availability. In 2015, the CDP decided that in future reviews it would include maternal mortality ratio (MMR) as a fifth indicator for the HAI. This change is reflected in the revised composition of the HAI for the 2018 triennial review, where the HAI now consists of five indicators: three on health and nutrition and two on education (see figure III.1). The three indicators related to health and nutrition have a weight of ⅙ each and the two education indicators have a weight of ¼ each in the overall HAI. A higher HAI index represents a higher development of human capital.

Good health is an integral part of human well-being in all its dimensions. Improving the health status of populations increases their economic productivity, improves educational achievement and reduces poverty. Undernourishment compromises one's health status and has important negative impacts on education and productivity. A low level of education is a major obstacle to development as it implies an overall shortage of skills for the organization and functioning of the economy and reflects a low capacity to absorb technological advances.

As HAI indicators are measured in different units, indicator values are first converted into index scores between 0 and 100. The average of these index scores is then the final HAI score of a country. Box III.2 describes the methodology (called max-min procedure) used for converting the indicator values into index scores.

Figure III.1
Composition of the human assets index



Source: CDP secretariat.
Note: Numbers in parentheses indicate the weight of the human assets index.

2. Inclusion and graduation thresholds

Until and including the 2012 triennial review, the thresholds for the HAI (as well as for the EVI) were established based on the distribution of HAI (and EVI) values of a reference group. The HAI inclusion threshold was set at the index score corresponding to the third quartile of the distribution of the HAI within the reference group, with the graduation threshold set at 10 per cent higher. Consequently, the value of the thresholds varied over time as the composition of the reference group changed and their performance evolved from review to review.

The reference group consisted of all LDCs and other low-income countries. The actual composition of the reference group varied between reviews, due to inclusion or graduation from the LDC category and changes in the set of countries classified as low-income by the World Bank. Over time, the number of non-LDC low-income countries has shrunk, so that the reference group would almost exclusively consist of LDCs. In 2014, the CDP decided to fix both inclusion and graduation thresholds at their 2012 review levels, with adjustments permitted for eventual changes in indicators, methodologies or data sources in future reviews. Absolute thresholds enable countries to qualify for graduation if they make significant progress in overcoming the structural impediments they face, independently of the progress (or regress) of other countries.

The HAI threshold for **inclusion** into the LDC category at the 2018 triennial review was set at 60, the same value as in 2012. The **graduation** threshold was set at 10 per cent above the inclusion threshold at 66.

Box III.2

Max-min procedure to convert indicators into indices

In order to construct indices whose values can range between 0 and 100, the minimum and maximum admissible values—also known as lower and upper bounds—must first be determined. The CDP bases these bounds on the distribution of indicator values among all developing countries (see tables III.1 and III.4 in the sections explaining the calculations of HAI and EVI for the exact bound values). However, in order to reduce the impact of extreme outliers on the distribution of index values, the bounds may be set higher (lower) than the actual minimum (maximum) value of the indicator's data set. The bounds are generally kept constant across triennial reviews. Additionally, for a few indicators (population and victims of natural disasters) the values are transformed using the natural logarithm in order to address possible distortions caused by highly skewed distributions of indicator values, or to account for the fact that the associated impediments are clearly non-linear in indicator values.

The basic formula for converting an indicator value (V) into an index score (I) is:

$$I = 100 \times \frac{V - min\_value}{max\_value - min\_value}$$

where,

min_value is the minimum admissible value (lower bound) and,

max_value is the maximum admissible value (upper bound).

For countries with indicator values below (above) the lower (upper) bound, the actual indicator value is replaced with the lower (upper) bound resulting in an index score of 0 (100).

In a few cases, indicator and criteria point in opposite directions. For example, a high under-five mortality rate signifies a low (rather than high) level of human assets. In these cases, the following adjusted formula is used.

$$I^* = 100 - I = 100 \times \frac{max\_value - V}{max\_value - min\_value}$$

Again, actual indicator values are replaced with lower or upper bounds, if necessary.

3. Definition, methodology and data sources of the indicators

a. Under-five mortality rate

Definition and rationale

The indicator is defined by the World Health Organization (WHO) and other relevant organizations as "the probability of dying between birth in a specific year or period before reaching the age of five, if subject to age-specific mortality rates of that period". It is expressed as deaths per 1,000 live births. The under-five mortality rate (U5MR) provides comprehensive information on the health impacts of social, economic and environmental conditions in a country. Even though the indicator specifically measures child survival, it is seen as suitable and the best available measure for the overall health status of a population, in particular in LDCs.

Methodology

The United Nations Inter-agency Group for Child Mortality Estimation (UN IGME) estimates U5MR at a specific point in time on the basis of all available country-specific estimates that are deemed of sufficient quality. Country-specific estimates are derived from a variety of sources, including vital registration systems and sample surveys that ask women about the survival of their children in a detailed manner or in a summary format. Whereas the use of complete vital registration systems is the preferred method, these systems are generally absent in LDCs so that nationally-representative surveys or censuses are the main source. The estimation method chosen by the UN IGME ensures that the data is comparable across countries and takes into account the differences in data quality across individual estimates and data sources.[8]

Data sources

For the HAI calculation, the CDP uses the Child Mortality Estimation (CME) database (http://childmortality.org/), which is annually updated by the UN IGME. The CDP uses the estimate for the latest available year, which is typically two years before the triennial review year; for example, the estimate for 2016 was used for the 2018 triennial review.

b. Maternal mortality ratio

Definition and rationale

The indicator is defined by WHO and other relevant organizations as "the number of women who die from pregnancy-related causes while pregnant or within 42 days of pregnancy termination per 100,000 live births during a given time period". Maternal mortality is a leading cause of death and disability among women of reproductive age—that is, at an age when death and disability have particularly negative social and economic effects. The MMR represents the risk associated with each pregnancy and also captures broader development handicaps such as poorly developed health systems and gender inequality.

Methodology

The MMR is calculated by dividing the recorded (or estimated) number of maternal deaths by the total recorded (or estimated) number of live births in the same period, then multiplying the quotient by 100,000. Measurement requires information on pregnancy status, timing of death (during pregnancy, childbirth, or within 42 days of termination of pregnancy), and cause of death. The Maternal Mortality Estimation Inter-agency Group (MMEIG)—which consists of WHO, the United Nations Children's Fund (UNICEF), the World Bank, and the United Nations Population Fund (UNFPA)—estimates the indicator by using data collected through civil registration and vital statistics systems, censuses, household surveys, reproductive-age mortality

8 For a detailed description of the estimation method used for the under-five mortality rate (U5MR) data used by the CDP, see Leontine Alkema and others, "Child mortality estimation 2013: an overview of updates in estimation methods by the United Nations Inter-agency Group for Child Mortality Estimation", PLoS One, vol. 9, No. 7 (1 July 2014). Available at https://doi.org/10.1371/journal.pone.0101112.

studies (RAMOS), verbal autopsies, and other specialized studies. The estimation method used by the MMEIG accounts for differences in definitions and data quality across sources. In case of missing data, it also utilizes data on relevant covariates (GDP per capita, skilled-birth attendance and total fertility rate).[9]

Data sources

The CDP uses the indicator estimated by the MMEIG, available on the WHO website (http://www.who.int/reproductivehealth/publications/monitoring/maternal-mortality-2015/en/), which is regularly updated. The CDP uses the estimate for the latest available year, which is typically two to three years before the triennial review; for example, the estimate for 2015 was used for the 2018 triennial review.

c. Percentage of population undernourished

Definition and rationale

The indicator provides information on the prevalence of undernourishment in the total population. The indicator is defined as the probability of a randomly chosen individual to consume less than the minimum amount of calories necessary to maintain a healthy life and carry out light physical activity. Undernourishment compromises health status and educational achievement and has an important negative impact on productivity.

Methodology

The Food and Agriculture Organization of the United Nations (FAO) estimates the indicator using (i) information on the mean level of dietary energy consumption; (ii) a cut-off point defined as the Minimum Dietary Energy Requirement (MDER); (iii) a parameter accounting for inequality in food consumption; and (iv) a parameter accounting for asymmetry in the distribution within the country. The MDER is a weighted average of energy requirements by age and sex established jointly by the FAO, WHO and the United Nations University. The average amount of food available is measured by the mean level of dietary energy consumption, which is derived from food balances (i.e., data on food production, trade and utilization for different food commodities) and standardized food composition factors. The inequality of food consumption within the population is estimated from national household surveys.[10]

Data sources

The CDP uses the indicator reported by the FAO. It can be retrieved from the FAOSTAT database under Food Security Statistics (http://faostat3.fao.org/download/D/FS/E). Estimates for

9 For details of the methodology, see John R. Wilmoth and others (2012), "A new method for deriving global estimates of maternal mortality", Statistics, Politics and Policy, 2012, vol. 3, Issue 2, pp.1-38.

10 For details of the methodology, see Nathan Wanner and others, "Refinements to the FAO methodology for estimating the prevalence of undernourishment indicator", FAO Working Paper ESS/14-05 (Rome, Food and Agriculture Organization of the United Nations, September 2014).

countries not reported by the FAO are obtained from different official databases or publications from other international organizations. As noted earlier, these sources are specified on the CDP website.

The indicator is reported by the FAO as three-year averages. For the calculation of HAI, the CDP uses the latest available three-year estimate; for the 2018 triennial review, the average for 2014-2016 was used.

d. Gross secondary school enrolment ratio

Definition and rationale

The indicator measures the number of pupils enrolled in secondary schools, regardless of age, expressed as a percentage of the population in the country-specific official age group for secondary education. It provides information on the share of population with a level of skills deemed necessary for significant developmental progress.

Methodology

The indicator is calculated by dividing the number of pupils in secondary education (according to national standards) by the number of persons in the theoretical age group for secondary education. The age group for secondary education may differ across countries, depending on the national curriculum. The Institute of Statistics (UIS) of the United Nations Educational, Scientific and Cultural Organization (UNESCO) obtains the number of enrolled pupils from submissions by national education ministries, whereas data on population by age is obtained from UNPD.

Data sources

The CDP uses the indicator reported by the UIS in its UIS Data Centre database (http://data.uis.unesco.org (section on education)). Estimates for countries not reported by UNESCO are obtained from additional official databases, reports or publications from other international organizations.

As data is not available for every year for every country, the CDP uses the value of the latest available year within a five-year period; for example, the latest available data within the period 2012-2016 was used for the 2018 triennial review.

e. Adult literacy rate

Definition and rationale

The indicator measures the number of literate persons aged fifteen and above, expressed as a percentage of the total population in that age group. The indicator provides information on the size of the base available for enlarging the trained and skilled human resources needed for development.

Methodology

According to UNESCO, persons are considered literate if they can read and write, with understanding, a simple statement related to their daily lives. However, the definition of literacy and methods of estimation vary across countries. For instance, when the indicator is derived from census data, it is normally based on self-declaration. If surveys are used, either self-assessments or brief literacy tests are used to estimate whether individuals are literate or not. Some countries also use information on educational attainment as proxy for literacy. Occasionally, UNESCO uses its Global Age-specific Literacy Projections Model (GALP) to estimate current literacy rates based on previous data.

Data sources

The indicator is reported by the UIS in its UIS Data Centre database (http://data.uis.unesco.org (section on education)). The database also contains information on country-specific methodologies for estimating literacy rates. Estimates for countries not reported by UNESCO are obtained from additional official databases, reports or publications from other international organizations.

As data is not available for every year for every country, the CDP chooses the latest available year within a five-year period; for example, the latest available data within the period 2012-2016 was used for the 2018 triennial review.

4. HAI calculation: selected examples

Table III.1 and III.2 below and figure III.2 illustrate the calculation of the HAI using four countries (Bangladesh, Benin, Niger and Rwanda) from the 2018 triennial review as examples.

Table III.1 presents the bounds for each of the five HAI indicators and shows how indicator values are converted into index values (see also box III.2 on the max-min procedure above). The data value is the actual indicator value obtained for each country from the sources described above. The column "Max-min procedure" shows the calculation for deriving the index for each country and indicator using the data value and the lower and upper bounds as inputs. Note that while the two education indicators use the basic formula (I) described in box III.2, the three health and nutrition indicators use the adjusted version (I*). This is because higher child and maternal mortality and undernutrition rates correspond to lower human assets.

As noted earlier, the HAI reflects the average of the index scores of the five HAI indicators using different weights. Table III.2 below shows the HAI calculation for the four sample countries using the corresponding index scores computed in table III.1.

Figure III.2 displays the composition of the HAI of the four sample countries graphically using the corresponding data from table III.2.

Table III.1

Calculation of HAI indices, selected country examples, 2018 triennial review

Indicator	Lower bound	Upper bound	Country	Data value	Max-min procedure	Index
Under-five mortality rate (per 1,000 live births)	10	175	Bangladesh	34.2	100*(175-34.2)/(175-10)	85.3
			Benin	97.6	100*(175-97.6)/(175-10)	46.9
			Niger	91.3	100*(175-91.3)/(175-10)	50.7
			Rwanda	38.5	100*(175-38.5)/(175-10)	82.7
Maternal mortality ratio (per 100,000 live births)	5	1,200	Bangladesh	176.0	100*(1,200-176)/(1,200-5)	85.7
			Benin	405.0	100*(1,200-405)/(1,200-5)	66.5
			Niger	553.0	100*(1,200-553)/(1,200-5)	54.1
			Rwanda	290.0	100*(1,200-290)/(1,200-5)	76.1
Percentage of people undernourished	5	65	Bangladesh	15.1	100*(65-15.1)/(65-5)	83.2
			Benin	10.3	100*(65-10.3)/(65-5)	91.2
			Niger	11.3	100*(65-11.3)/(65-5)	89.5
			Rwanda	41.1	100*(65-41.1)/(65-5)	39.8
Gross secondary school enrolment ratio	10	100	Bangladesh	63.5	100*(63.5-10)/(100-10)	59.5
			Benin	56.8	100*(56.8-10)/(100-10)	52.0
			Niger	20.7	100*(20.7-10)/(100-10)	11.9
			Rwanda	36.7	100*(36.7-10)/(100-10)	29.7
Adult literacy rate	25	100	Bangladesh	72.8	100*(72.8-25)/(100-25)	63.7
			Benin	32.9	100*(32.9-25)/(100-25)	10.6
			Niger*	15.5	100*(25-25)/(100-25)	0.0
			Rwanda	68.3	100*(68.3-25)/(100-25)	57.8

Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

* As the data value is below the lower bound, the lower bound replaces the actual data value in the max-min procedure (see box III.2).

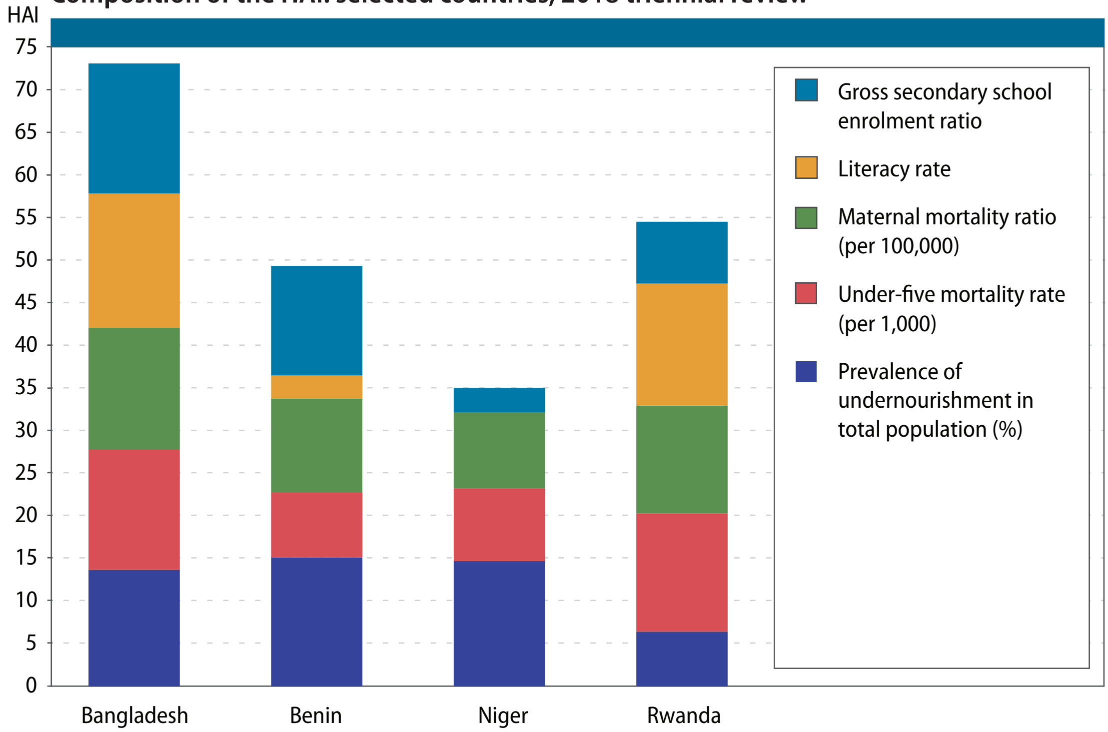
Table III.2

HAI: selected countries, 2018 triennial review

Country/Index	Weight	Bangladesh	Benin	Niger	Rwanda
Under-five mortality rate	1/6	85.3	46.9	50.7	82.7
Maternal mortality ratio	1/6	85.7	66.5	54.1	76.1
Percentage of people undernourished	1/6	83.2	91.2	89.5	39.8
Gross secondary school enrolment ratio	1/4	59.5	52.0	11.9	29.7
Adult literacy rate	1/4	63.7	10.6	0.0	57.8
Human asset index	**1**	**73.2**	**49.8**	**35.4**	**55.0**

Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Figure III.2
Composition of the HAI: selected countries, 2018 triennial review



Source: CDP, 2018 triennial review, at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html

5. HAI values for the 2018 triennial review

Figure III.A.2 (see page 86) shows the HAI score of all countries included in the 2018 triennial review. It shows that most LDCs have significantly lower HAI scores than other developing countries. Only six non-LDCs have HAI scores below the LDC inclusion threshold, whereas 12 LDCs have an HAI above the graduation threshold. Eleven of these countries also surpass the GNI or EVI thresholds and are therefore at one of the various stages of the graduation process discussed in chapter I. The remaining country has not yet reached the GNI or EVI graduation thresholds and thus is not yet eligible for graduation.

D. Economic vulnerability index

1. Composition

The EVI measures the structural vulnerability of countries to economic and environmental shocks. High vulnerability is a major impediment to sustainable development in view of heightened exposure to shocks and their long-lasting negative impacts. To an extent, all countries are vulnerable to some specific adverse shocks. Thus, when using vulnerability as an explicit criterion to designate countries as LDCs, there is a need to focus on those sources of vulnerability that (a) accentuate or perpetuate underdevelopment, (b) are not the result of misguided policies but, instead, are such that they limit policymakers' capacity to respond to shocks, and (c) are beyond a country's control.

The CDP understands vulnerability as the risk of being harmed by exogenous shocks. Vulnerability depends on the magnitude and frequency of such shocks, on the structural characteristics of the country concerned—which affect the degree to which it is exposed to such shocks—and the country's capacity to react to shocks (i.e., its resilience). Accordingly, EVI has two main components: an exposure index and a shock index. There is no explicit resilience component in the EVI, as some of the structural features of the country also reflect resilience (population size, for instance), while other aspects of resilience are policy-related and therefore non-structural. Moreover, other key factors of resilience, such as income and human capital, are measured by the other two criteria for the identification of LDCs, namely GNI per capita and the HAI.

The EVI covers two types of shocks: external trade shocks and environmental or natural shocks. The latter include natural disasters, weather shocks unfavourable for agriculture production, and permanent shocks caused by climate change. For other environmental shocks, no suitable additional indicators have yet been identified.

Both trade and environmental shocks potentially affect economic activity, consumption, employment, well-being of the population, and the natural resource base of economic and social development. Moreover, these shocks are exogenous from the perspective of LDCs, even though the frequency and magnitude of trade shocks and environmental shocks (e.g., climate change) are to some extent dependent on those policy choices made at the international level.

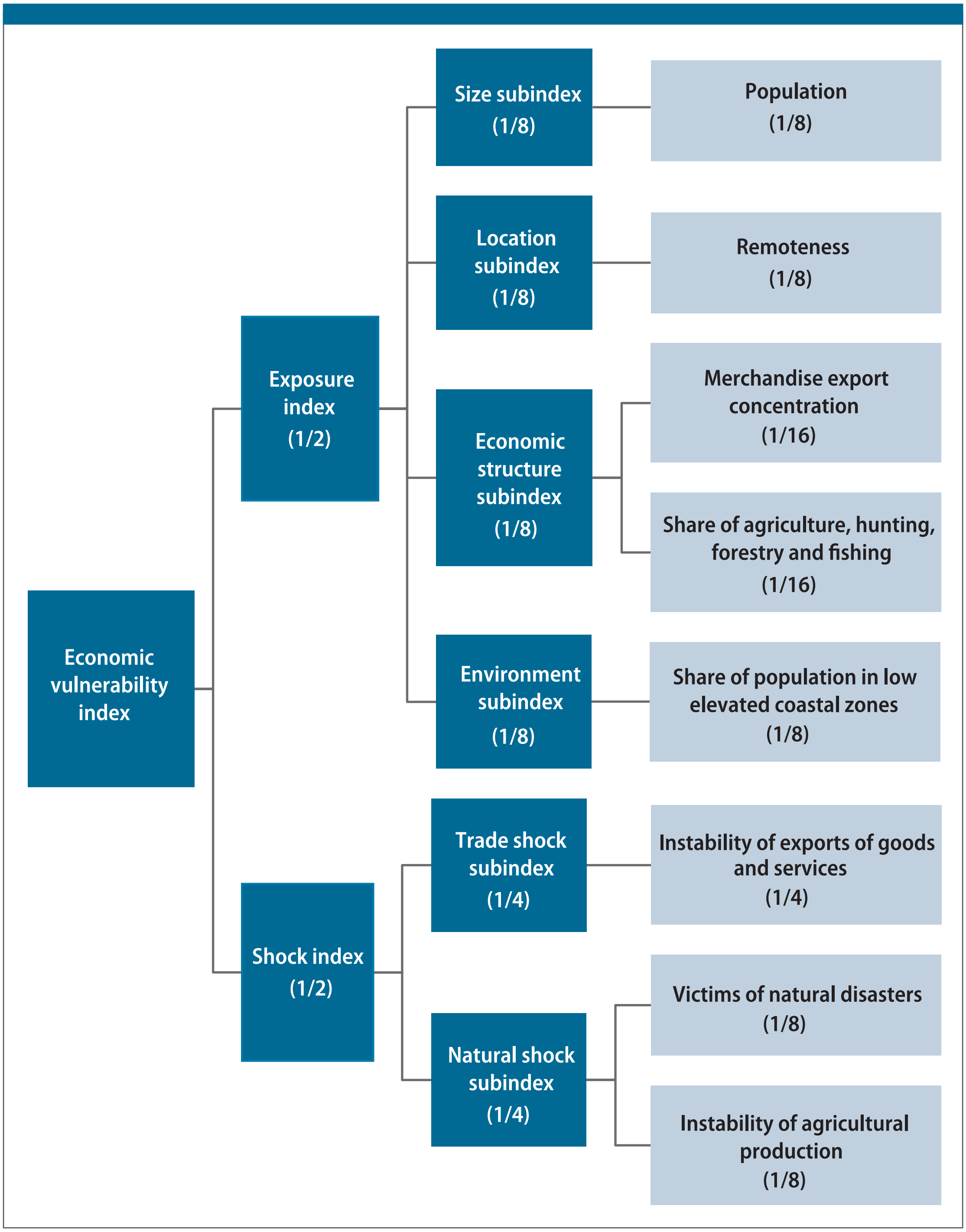
The EVI is composed of eight indicators, which are grouped into various subindices (see figure III.3). A lower EVI index indicates lower economic vulnerability.

As these indicators are expressed in different measurement units, indicator values are first converted into index scores between 0 and 100, using the max-min procedure described in box III.2, which is also applied to HAI components, as discussed above.

2. Inclusion and graduation thresholds

As in the case of HAI, the inclusion and graduation thresholds for the EVI have been permanently fixed at the 2012 level, with adjustments permitted for eventual changes in indicators, methodologies or data sources in future reviews. Thus, the EVI threshold for **inclusion** into the LDC category was set at 36 in the 2018 triennial review, the same value as in 2012. The **graduation** threshold was set at 10 per cent below the inclusion threshold at 32.

Figure III.3
Composition of the economic vulnerability index



Source: CDP secretariat.
Note: Numbers in parenthesis indicate the weight in the economic vulnerability index.

3. Definition, methodology and data sources of the indicators

a. Population

Definition and rationale

The indicator measures the de facto population size of a country at the mid-point (1 July) of the year indicated. The size of the population can be used as a proxy of a country's exposure to a variety of shocks, since small countries have fewer possibilities for economic diversification and are more prone to trade shocks. Moreover, most small countries are highly exposed to natural shocks, which often affect the whole country.

Methodology

The indicator is derived from population counts in censuses. As censuses are undertaken infrequently, for those years when censuses are not conducted, UNPD estimates the annual population figures so that they are consistent with census results, official estimates and representative surveys, as well as with subsequent trends in fertility, mortality and international migration.[11]

Data sources

The CDP relies on population data reported by UNPD in its World Population Prospects database, using the estimate for the penultimate year preceding the triennial review year (for example, figures for the year 2016 were used in the 2018 triennial review) in order to ensure consistency with the year of data values used for the other EVI indicators.

b. Remoteness

Definition and rationale

The remoteness indicator is defined as a trade-weighted average of the country's distance from world markets taking into account the heightened transport costs incurred by landlocked countries. Location is a factor that has a bearing on exposure and resilience, as countries situated far from major world markets face a series of structural handicaps—such as high transportation costs and isolation—which affect the economy's ability to export and import, and render countries less able to respond to shocks in an effective way. Countries isolated from main markets have difficulty in diversifying their economies, even in the current era of globalization and the internet. Remoteness is a structural obstacle to trade and growth and a possible source of vulnerability when shocks occur.

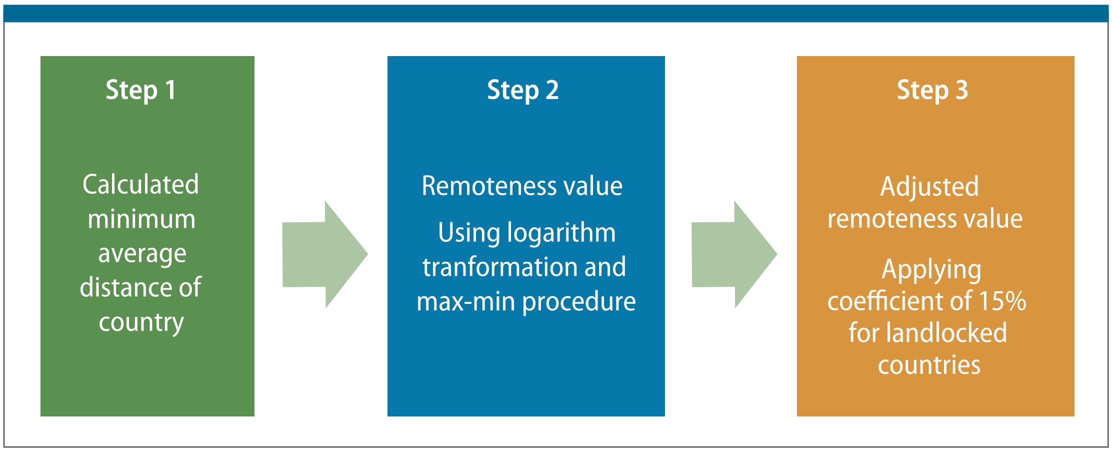
11 For a detailed description of the estimation and projection methods, see United Nations, "World Population Prospects: The 2017 Revision—Methodology of the United Nations Population Estimates and Projections", Working Paper No. ESA/P/WP.250 (New York, Department of Economic and Social Affairs of the United Nations Secretariat, Population Division, 2017).

Methodology[12]

The indicator measures a trade-weighted average minimum distance for a country to reach a significant fraction (50 per cent) of the world market. For its calculation, the CDP secretariat uses two sets of data: (i) the bilateral physical distance between a country and all other countries, and (ii) the market share of each actual or potential trading partner in world markets (exports and imports).

The flow chart (figure III.4) illustrates the necessary steps for the calculation of the remoteness indicator. They are described in more detail in the following paragraphs.

Figure III.4
Flow chart for calculating remoteness values



Source: CDP secretariat.

Step 1: For each country under consideration, all countries are sorted in ascending order by the physical distance to the considered country. The world market shares of all countries (ordered by distance) are then added up until their cumulative share reaches 50 per cent of the world market. The minimum average distance is then calculated as the weighted average of the distances of actual and potential trading partners to the country under consideration, with trading partners' market shares used as weights.

Figure III.5 shows the countries (in blue) included in the remoteness calculation for Bangladesh (shown in red). These are the countries whose markets are the nearest to Bangladesh and whose cumulative share in world exports and imports is 50 per cent.

Step 2: The minimum average distance is then transformed into logarithms and converted into the remoteness value by using the following formula:

12 For a more detailed description of the methodology, see Committee for Development Policy secretariat, "Measuring remoteness for the identification of LDCs". Available at https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/remoteness.pdf.

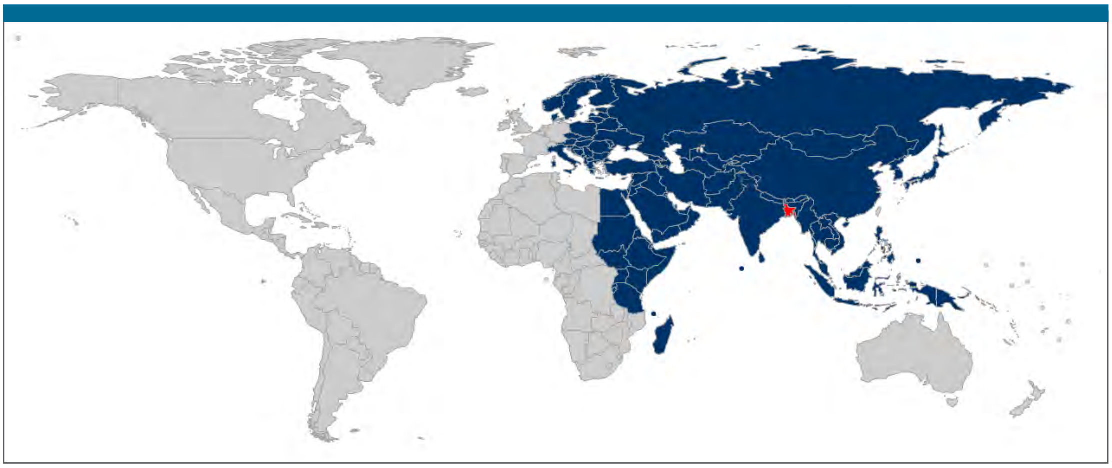
Where,

$$r_i = 100 \times \frac{\ln(d_i) - \ln(d_{min})}{\ln(d_{max}) - \ln(d_{min})}$$

i is the country index;
r_i is the remoteness value of country i;
d_i is the minimum average distance of country i;
d_{min} is the smallest average distance (2000 km); and
d_{max} is the largest average distance (10,300 km).

The values d_{min} and d_{max} are based on the smallest and largest minimum average distance values of all Member States of the United Nations in developing regions. The formula is the same as in the max-min procedure used for calculating index values (see box III.2), but in the case of remoteness, the max-min procedure is applied twice: once in the second step while constructing the indicator value and then later when the index values are calculated.

Figure III.5
Bangladesh: countries included in the calculation of the remoteness indicator, 2018 triennial review



Source: CDP secretariat.

Step 3: An adjusted remoteness value (r_i^*) is computed to take into account the particular situation of landlocked countries. These countries, facing higher barriers to trade, often confront relatively higher transport costs for a given distance. The adjustment factor is 15 per cent.

$$r_i^* = 0.85 \times r_i + 0.15 \times l_i$$

where,

$$l_i = \begin{cases} 100 \text{ if } i \text{ is landlocked} \\ 0 \text{ otherwise} \end{cases}$$

Table III.3 demonstrates the three steps of the calculation of the remoteness index for Bangladesh and Nepal.

Table III.3
Bangladesh and Nepal: calculation of the remoteness indicator, 2018 triennial review

	Bangladesh	Nepal*
Calculated minimum average distance (km)	4,205	4,097
Logarithm transformation Largest avg. distance = 10,300 Smallest avg. distance = 2,000	$100 \times \dfrac{ln(4{,}205) - ln(2{,}000)}{ln(10{,}300) - ln(2{,}000)}$	$100 \times \dfrac{ln(4{,}108) - ln(2{,}000)}{ln(10{,}300) - ln(2{,}000)}$
Remoteness value	45.34	43.75
Adjustment for landlocked countries landlocked = 100 all other = 0	0.85*45.34+0.15*0	0.85*43.75+0.15*100
Adjusted remoteness value	38.54	52.19

Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

* Landlocked country.

Data sources

The indicator is calculated by the CDP secretariat based on data on bilateral distances between the capitals or major cities in the world, obtained from the Centre d'Etudes Prospectives et d'Informations Internationales (CEPII), data series "dist_cepii". World market shares are calculated based on the components "exports of goods and services" and "imports of goods and services" reported by UNSD in its National Accounts Main Aggregates Database (http://unstats.un.org/unsd/snaama) in the series "GDP by expenditures, in current prices - United States Dollars".

In order to reduce the impact of short-term fluctuations in exports and imports, the CDP uses the three-year average of the latest available years reported by UNSD for all countries; for example, for the 2018 triennial review, the 2014-2016 average was used.

c. Merchandise export concentration

Definition and rationale

The indicator measures the product concentration of a country's exports. As currently applied, export concentration excludes services. This is largely due to methodological differences in terms of both data collection and reporting. A more concentrated export structure indicates higher vulnerability to shocks, as a relatively larger part of the export-oriented sectors can be potentially affected by shocks in specific product markets.

Methodology

The numbers represent Herfindahl-Hirschmann indices derived by applying the following formula to the product categories of the Standard International Trade Classification (SITC) at the three-digit level

$$H_j = \frac{\sqrt{\sum_{i=1}^{n}\left(\frac{x_{ij}}{X_j}\right)^2} - \sqrt{\frac{1}{n}}}{1 - \sqrt{\frac{1}{n}}}$$

where,

j is the country index;

x_{ij} is the value of exports of commodity i of country j;

$X_j = \sum_{i=1}^{n} x_{ij}$ is the is the value of total exports of country j; and

n is the number of products at the three-digit SITC level.

The indicator is normalized so that it can vary between 0 and 1 (in case only one good is exported).

Data sources

The CDP uses the indicator as it is calculated and reported for all countries by the United Nations Conference on Trade and Development (UNCTAD) in its UNCTADstat database (http://unctadstat.unctad.org) in the series "Concentration and diversification indices of merchandise exports and imports by country" under the section "International trade in goods and services," subsection "Trade indicators".

The CDP applies the three-year average of the latest available years reported by UNCTAD for all countries; for example, for the 2018 triennial review, the 2014-2016 average was used.

d. Share of agriculture, forestry and fishing in GDP

Definition and rationale

The indicator is defined as the percentage share of the agriculture, hunting, forestry and fishing sectors (categories A+B in ISIC Rev. 3.1) in the gross value added of a country. It provides information on countries' exposure to shocks caused by their economic structure, because agriculture, hunting, forestry and fishing are particularly subject to natural and economic shocks.

Methodology

The indicator is calculated by dividing the value added of agriculture, hunting, forestry and fishing by the total gross value added of all sectors. Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector. Data for value added in agriculture, hunting, forestry and fishing (either combined or separately) and for gross value added are reported annually by countries to UNSD through the United Nations National Accounts Questionnaire.

Data sources

The CDP uses the data that is annually published by the UNSD in its National Accounts Main Aggregates Database (http://unstats.un.org/unsd/snaama/) in the series "Value Added by Economic Activity, Percentage Distribution".

The CDP applies the three-year average of the latest available years reported by UNSD for all countries; for example, for the 2018 triennial review, the 2014-2016 average was used.

e. Share of population in low elevated coastal zones

Definition and rationale

The indicator measures the share of the population in a country that lives in low elevated coastal zones (LECZ), defined as areas contiguous to the coast below a certain elevation threshold. Currently, an elevation threshold of five metres is used. The indicator intends to capture vulnerability to coastal impacts (including sea level rise and storm surges) associated with climate change.

Methodology

The indicator is calculated by dividing the number of people living in areas contiguous to the coast with an elevation of less than five metres by the total population of the country. Classification of areas into elevation zones is done based on satellite data. Spatially distributed population data is based on administrative records and harmonized with population estimates from UNPD.[13]

Data sources

The CDP uses the indicator produced by the Center for International Earth Science Information Network at Columbia University (http://sedac.ciesin.columbia.edu/data/sets/browse) and reported in the series "Urban-Rural Population and Land Area Estimates, version 2" under the theme "Marine and Coastal".

13 For details on the methodology of the indicator, see Center for International Earth Science Information Network (CIESIN)-Columbia University, "Low Elevation Coastal Zone (LECZ) Urban-Rural Population and Land Area Estimates, Version 2" (Palisades, New York, NASA Socioeconomic Data and Applications Center (SEDAC), 2013). Available at http://dx.doi.org/10.7927/H4MW2F2J.

For small island developing States (SIDS), the CDP uses datasets from the series "Population, Landscape, And Climate Estimates (PLACE)", versions 2 and 3, which are also produced by the Center for International Earth Science Information Network.

f. Instability of exports of goods and services

Definition and rationale

The indicator measures the variability of the value of exports around its trend, calculated over a 20-year period. It is defined as the standard deviation of the difference between the value of annual export earnings and its multi-year trend. Highly variable export earnings cause fluctuations in production, employment and the availability of foreign exchange, with negative consequences for sustainable economic growth and development. High export instability indicates heightened vulnerability to trade shocks.

Methodology

The indicator is calculated in two steps. First, the trend in export earnings of each country is determined from the following regression equation:

$$\ln(X_t) = \alpha + \beta \ln(X_{t-1}) + \gamma t + e_t$$

Where,
X_t the value of exports of goods and services at constant US dollars in year *t*;
t is the time variable (each year in the sample period);
e_t the error term in year *t*; and
α, β and γ are the regression coefficients.

The equation is estimated separately for each country, using standard ordinary least squares (OLS). In this formulation, the trend is assumed to have both a deterministic and a stochastic component. For this reason, the de-trending method used for this indicator is called a mixed-trend regression.

Finally, the standard deviation of the differences between trend and actual values is used as the instability measure:

$$S = \sqrt{\sum_t \frac{\hat{e}_t^2}{(N-1)}}$$

Where,
$\hat{e}_t = \ln(X_t) - \hat{\alpha} - \hat{\beta}\ln(X_{t-1}) - \hat{\gamma}t$
$\hat{\alpha}, \hat{\beta}, \hat{\gamma}$ are the estimated regression coefficients; and
N is the number of observations.

Data sources

The indicator is calculated by the CDP secretariat, utilizing data reported by UNSD in its National Accounts Main Aggregates Database (http://unstats.un.org/unsd/snaama/) in the series "GDP by Expenditure, at constant 2010 prices — US Dollars" on the exports of goods and services in constant United States dollars.

The CDP calculates the indicator based on data for the latest available 20 years. Thus, the instability indicator for the 2018 triennial review was calculated on the basis of data for the period 1997-2016.[14]

g. Victims of natural disasters

Definition and rationale

The indicator measures the share of the population who are victims of natural disasters. Victims of natural disasters are defined as people killed or affected (i.e., people requiring immediate food, water, shelter, sanitation or medical assistance). It includes those affected by weather and climate-related disasters (such as floods, landslides, storms, droughts and extreme temperatures) as well as geophysical disasters (such as earthquakes or volcanoes). The indicator reflects vulnerability to natural shocks, in particular the human impact of natural disasters associated with these shocks.

Methodology

First, the annual number of victims for each country is calculated by adding the numbers of persons killed and of persons affected by the natural disasters (geophysical, meteorological, hydrological and climatologic disasters). The share of victims is then calculated by dividing that figure by the total population of the country (estimated as of mid-year). In order to account for fluctuations of disasters over time, the indicator is calculated annually over a period of 20 years and then averaged.

Data sources

The indicator is calculated by the CDP secretariat on the basis of data on the total population from UNPD in its World Population Prospects database, and data on people killed and on people affected from the Emergency Disasters Database (EM-DAT) of the WHO Collaborating Centre for Research on the Epidemiology of Disasters (CRED) (http://www.emdat.be/database). The dataset can be retrieved from the database via the "Advanced search" tab, by selecting the subgroups "Climatological", "Geophysical", "Hydrological", and "Meteorological" from the disaster classification group "Natural".

The indicator includes the latest 20 years for which data coverage is complete; for example, for the 2018 triennial review, the period 1997-2016 was used for the calculation.

14 Due to the inclusion of lagged exports in the regression, 21 years of data (1996-2016 in case of the 2018 triennial review) are needed as input for the calculation.

h. *Instability of agricultural production*

Definition and rationale

The indicator measures the variability of agricultural production around its trend, defined as the standard deviation of the differences between production and its trend over a given period of time (20 years). A high variability of agricultural production is indicative of high vulnerability to natural shocks, as such variability often reflects the impacts of natural shocks, including droughts and disturbances in rainfall patterns.

Methodology

The indicator is calculated in two steps. First, the trend in agricultural production of each country is determined from the following regression equation:

$$\ln(X_t) = \alpha + \beta \ln(X_{t-1}) + \gamma t + e_t$$

Where,
X_t is the index of total agricultural production in volume terms in year *t;*
t is the time variable (each year in the sample period);
e_t is the error term in year t; and
α, β and γ are the regression coefficients.

The equation is estimated separately for each country using standard ordinary least squares (OLS). In this formulation, the trend is assumed to have both a deterministic and a stochastic component. For this reason, the de-trending method used for this indicator is called a mixed-trend regression.

Finally, the standard deviation of the differences between trend and actual values is used as the instability measure:

$$S = \sqrt{\sum_t \frac{\hat{e}_t^2}{(N-1)}}$$

Where,
$\hat{e}_t = \ln(X_t) - \hat{\alpha} - \hat{\beta}\ln(X_{t-1}) - \hat{\gamma}t;$
$\hat{\alpha}, \hat{\beta}, \hat{\gamma}$ are the estimated regression coefficients; and
N is the number of observations.

Data sources

The indicator is calculated by the CDP secretariat, on the basis of data reported by FAO reported in its FAOSTAT database as "Net production index number" in series "Agriculture (Pin) + (Total)" under "Production" and "Production Indices".

The CDP uses the trend of the latest available 20 years; thus, for the 2018 triennial review, the trend was calculated over the period 1995-2014.[15]

15 Due to the inclusion of lagged agricultural production in the regression, 21 years of data (1994-2014 in the 2018 triennial review) are needed as input for the calculation.

4. EVI calculation: selected examples

Tables III.4 and III.5 and figure III.6 illustrate the calculation of the EVI for the 2018 triennial review using four countries (Gambia, Kiribati, Nepal, Sierra Leone) as examples.

Table III.4
Calculation of EVI indices: selected country examples, 2018 triennial review

Indicator	Lower bound	Upper bound	Country	Data value	Max-min procedure	Index
Population (bounds and data values in thousands)	150	100,000	Gambia	2,038	100*(ln(100,000)-ln(2,038))/(ln(100,000)-ln(105))	59.9
			Kiribati*	114	100*(ln(100,000)-ln(105))/(ln(100,000)-ln(105))	100.0
			Nepal	28,983	100*(ln(100,000)-ln(28,983))/(ln(100,000)-ln(105))	19.0
			Sierra Leone	7,396	100*(ln(100,000)-ln(7,396))/(ln(100,000)-ln(105))	40.1
Remoteness (location index)	10	90	Gambia	46.34	100*(46.34-10)/(90-10)	45.4
			Kiribati	76.41	100*(76.41-10)/(90-10)	83.0
			Nepal	52.19	100*(52.19-10)/(90-10)	52.7
			Sierra Leone	49.83	100*(49.83-10)/(90-10)	49.8
Merchandise export concentration (Herfindahl-Hirschmann index)	0.1	0.95	Gambia	0.35	100*(0.35-0.1)/(0.95-0.1)	29.9
			Kiribati	0.87	100*(0.87-0.1)/(0.95-0.1)	90.7
			Nepal	0.14	100*(0.14-0.1)/(0.95-0.1)	4.6
			Sierra Leone	0.63	100*(0.63-0.1)/(0.95-0.1)	62.6
Share of agriculture, forestry and fishing in GDP (percentage of GDP)	1	60	Gambia	20.5	100*(20.5-1)/(60-1)	33.0
			Kiribati	23.4	100*(23.4-1)/(60-1)	37.9
			Nepal	32.0	100*(32.0-1)/(60-1)	52.6
			Sierra Leone	57.9	100*(57.9-1)/(60-1)	96.4
Share of population in low elevated coastal zones (percentage of population)	0	35	Gambia	23.5	100*(23.5-0)/(35-0)	67.2
			Kiribati**	95.2	100*(95.2-0)/(35-0)	100.0
			Nepal	0.0	100*(0.0-0)/(35-0)	0.0
			Sierra Leone	3.8	100*(3.8-0)/(35-0)	10.8
Instability of exports of goods and services (index)	5	35	Gambia**	60.1	100*(35-5)/(35-5)	100.0
			Kiribati	16.6	100*(16.6-5)/(35-5)	38.5
			Nepal	11.1	100*(11.1-5)/(35-5)	20.4
			Sierra Leone	28.6	100*(28.6-5)/(35-5)	78.5
Victims of natural disasters (percentage of population)	0.005	10	Gambia	1.7	100*(ln(1.7)-ln(0.005))/(ln(10)-ln(0.005))	76.8
			Kiribati	5.1	100*(ln(5.1)-ln(0.005))/(ln(10)-ln(0.005))	91.3
			Nepal	1.7	100*(ln(1.7)-ln(0.005))/(ln(10)-ln(0.005))	76.4
			Sierra Leone	0.04	100*(ln(0.04)-ln(0.005))/(ln(10)-ln(0.005))	26.3

(*continued*)

Table III.4 (*continued*)

Indicator	Lower bound	Upper bound	Country	Data value	Max-min procedure	Index
Instability of agricultural production (Index)	1.5	20	Gambia	19.4	100*(19.4-1.5)/(20-1.5)	96.5
			Kiribati	15.2	100*(15.2-1.5)/(20-1.5)	73.9
			Nepal	3.3	100*(3.3-1.5)/(20-1.5)	9.8
			Sierra Leone	10.6	100*(10.6-1.5)/(20-1.5)	49.1

Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

* As the data value is below the lower bound, the lower bound replaces the actual data value in the max-min procedure (see box III.2).

** As the data value is above the upper bound, the upper bound replaces the actual data value in the max-min procedure (see box III.2).

Table III.4 presents the bounds for each of the EVI indicators and then demonstrates how indicator values are converted into index values (see also box III.2 on the max-min procedure). The data value is the actual indicator value obtained for each country from the sources described in the previous sections. In case of remoteness, data value represents the adjusted remoteness value (see section D.3.b) rather than distance in km. The column "max-min procedure" shows the calculation for deriving the index for each country and indicator using the data value and the lower and upper bounds as input. As noted in section D.3.a and D.3.g, population and victims are first transformed into logarithms to account for the skewness of their distribution. Please also note that population uses the adjusted version of the formula (I^*) described in section D.3.a, as higher population is associated with lower vulnerability. For all other indicators, though, higher indicator values imply higher vulnerability, so that the basic formula (I) is used.

As noted earlier, the EVI reflects the average of the index values of the eight EVI indicators using different weights. Table III.5 below shows the EVI calculation for the four sample countries using the corresponding index scores computed in table III.4.

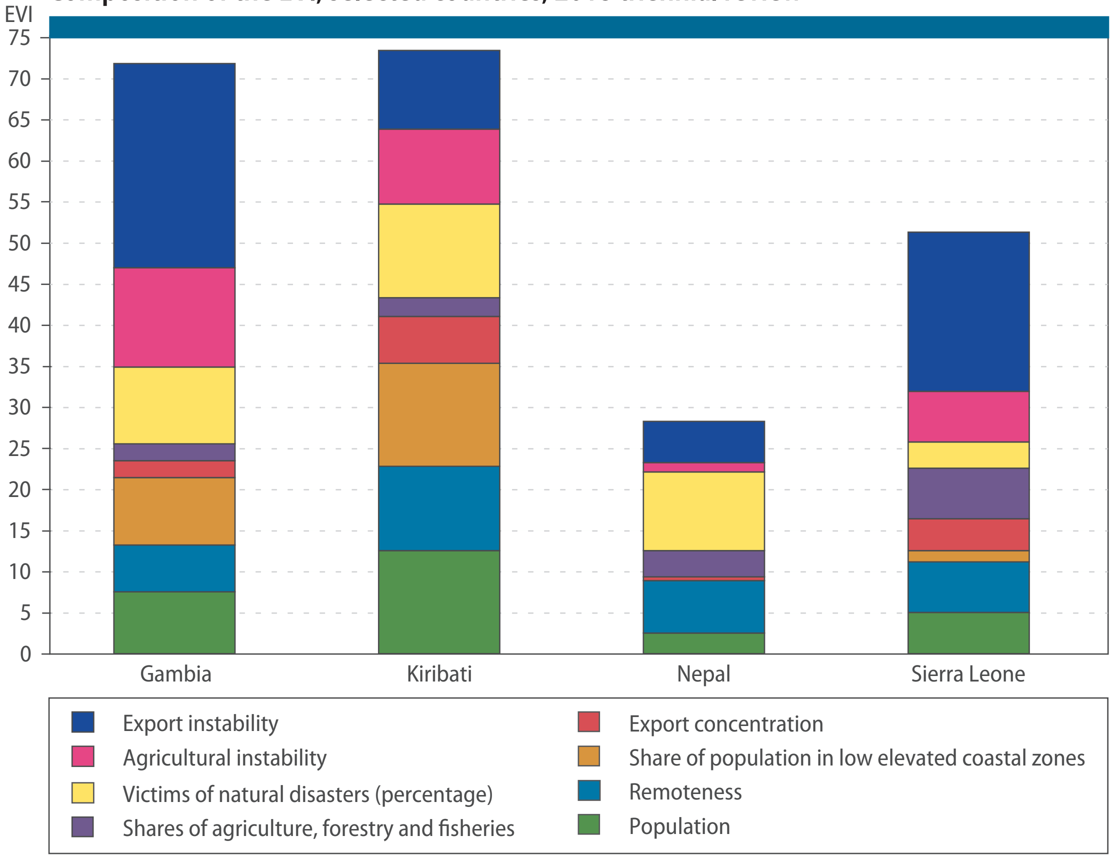
Figure III.6 graphically displays the composition of the EVI of the four sample countries using the corresponding data from table III.5.

Table III.5
EVI: selected countries, 2018 triennial review

Country/Indicator	Weight	Gambia	Kiribati	Nepal	Sierra Leone
Population	1/8	59.9	100.0	19.0	40.1
Remoteness	1/8	45.4	83.0	52.7	49.8
Export concentration	1/16	29.9	90.4	4.6	62.6
Share of agriculture, forestry and fishing in GDP	1/16	33.0	37.9	52.6	96.4
Share of population in low elevated coastal zones	1/8	67.2	100.0	0.0	10.8
Export instability	1/4	100.0	38.5	20.4	78.5
Victims of natural disaster	1/8	76.8	91.3	76.4	26.3
Agricultural instability	1/8	96.5	73.9	9.8	49.1
Economic vulnerability index	**1**	**72.2**	**73.7**	**28.4**	**51.6**

Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Figure III.6
Composition of the EVI, selected countries, 2018 triennial review



Source: CDP, 2018 Triennial Review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

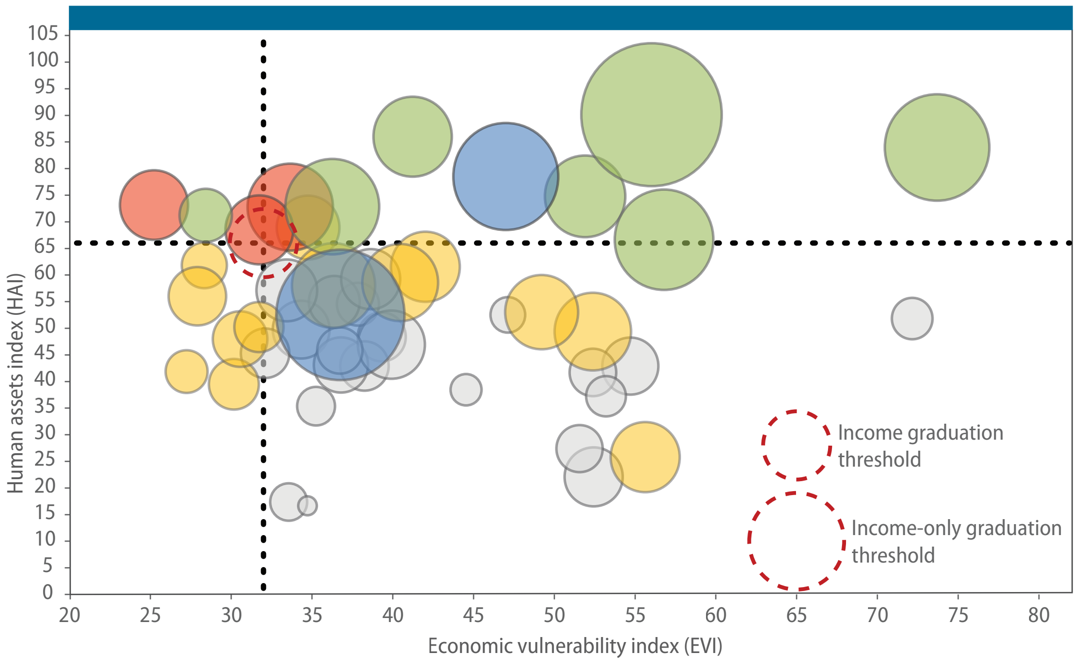
5. EVI values for the 2018 triennial review

Figure III.A.3 (see page 88) shows the EVI scores of all countries included in the 2018 triennial review. While on average LDCs have significantly higher EVI scores than other developing countries, there are also a number of non-LDCs that are vulnerable, in particular SIDS and countries relatively dependent on commodity exports. As non-LDCs, however, these countries have higher human asset and national income levels than the LDCs. In total, 28 non-LDCs have EVI scores above the LDC inclusion threshold, whereas 9 LDCs have an EVI value that is below the graduation threshold. Among these LDCs, two countries additionally meet the graduation thresholds for GNI and HAI and one country meets the graduation threshold for HAI and are therefore at one of the various stages of the graduation process discussed in chapter I. The remaining six LDCs have not yet reached the GNI or HAI graduation thresholds and are thus not yet eligible for graduation.

E. Summing up: the 2018 triennial review

In figure III.7, individual LDCs are represented by a bubble. The horizontal and vertical positions of the bubbles correspond to EVI and HAI scores, respectively, whereas the bubble size illustrates GNI per capita. LDCs already in the process of graduation are represented by blue bubbles. Green bubbles designate LDCs that have met the graduation criteria for at least the second time and are eligible for graduation. Countries that met the graduation thresholds for the first time are represented by orange bubbles. Yellow bubbles indicate that the country has passed a single graduation threshold. Countries meeting no graduation threshold are represented by grey bubbles.

Figure III.7
Results of the 2018 triennial review



Graduating LDCs
Income-only: *Angola*
Income-only and HAI: *Vanuatu*

LDCs meeting graduation criteria for first time
GNI and HAI and EVI: *Bangladesh, Myanmar*
GNI and HAI: *Lao PDR*

LDCs eligible for graduation
Income-only and HAI: *Kiribati, Timor-Leste, Tuvalu*
GNI and HAI: *Bhutan, São Tomé and Príncipe, Solomon Islands*
HAI and EVI: *Nepal*

LDCs meeting one criterion
GNI: *Comoros, Djibouti, Lesotho, South Sudan, Sudan, Zambia*
EVI: *DR of Congo, Guinea, Haiti, Togo, Uganda, UR Tanzania*
HAI: *Cambodia*

LDCs meeting no criterion
Afghanistan, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Yemen

Graduation thresholds

Source: CDP, 2018 Triennial Review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Note: Bubble size designates value of GNI per capita.

Table III.6 and figure III.7 show the results of the 2018 triennial review for the LDCs, simultaneously presenting the scores of the three different criteria. Twelve countries met the eligibility criteria for graduation at the 2018 triennial review. In addition, there were 13 LDCs that passed the graduation threshold of a single criterion and were therefore not yet eligible for graduation. Almost half of the LDCs (i.e., 22 countries) did not yet meet the graduation threshold of any of the LDC criteria.

Table III.6
LDC indicators, 2018 triennial review

GNI per capita in US dollars		Human assets index		Economic vulnerability index	
Somalia	95	Somalia	16.7	Kiribati	73.7
Burundi	261	Central African Republic	17.4	Gambia	72.2
Malawi	331	Chad	22.1	Timor-Leste	56.8
Central African Republic	370	South Sudan	25.8	Tuvalu	56.0
Niger	393	Sierra Leone	27.4	South Sudan	55.6
Liberia	431	Niger	35.4	Eritrea	54.7
Gambia	449	Liberia	37.2	Liberia	53.2
Dem. Rep. of the Congo	481	Burundi	38.5	Chad	52.4
Madagascar	486	Guinea	39.5	Guinea-Bissau	52.4
Togo	555	Guinea-Bissau	41.7	Comoros	52.4
Mozambique	564	Dem. Rep. of the Congo	41.9	Solomon Islands	51.9
Sierra Leone	582	Eritrea	42.9	Sierra Leone	51.6
Guinea-Bissau	595	Burkina Faso	42.9	Sudan	49.2
Afghanistan	633	Mali	43.1	Malawi	47.1
Burkina Faso	643	Ethiopia	45.3	Vanuatu	47.0
Ethiopia	644	Mozambique	45.8	Burundi	44.5
Uganda	661	Mauritania	46.9	Lesotho	42.0
Guinea	678	Haiti	48.0	São Tomé and Príncipe	41.2
Rwanda	707	Afghanistan	48.4	Zambia	40.5
Nepal	745	Comoros	49.4	Mauritania	39.9
Mali	801	Benin	49.8	Afghanistan	39.3
Haiti	814	Uganda	50.2	Yemen	38.6
Eritrea	862	Gambia	51.8	Burkina Faso	38.2
Benin	882	Angola	52.5	Madagascar	37.8
United Rep. of Tanzania	902	Malawi	52.5	Mali	36.8
Chad	921	Sudan	53.0	Angola	36.8
Yemen	954	Madagascar	54.5	Mozambique	36.7

(*continued*)

Table III.6 (*continued*)

GNI per capita in US dollars		Human assets index		Economic vulnerability index	
Senegal	1,004	Rwanda	55.0	Rwanda	36.4
Cambodia	1,075	United Rep. of Tanzania	56.0	Djibouti	36.3
Mauritania*	1,230	Senegal	57.1	Bhutan	36.3
Myanmar	1,255	Djibouti	58.0	Niger	35.3
Bangladesh	1,274	Zambia	58.6	Cambodia	34.8
Lesotho	1,296	Yemen	59.2	Somalia	34.7
South Sudan	1,303	Lesotho	61.6	Benin	34.3
Sudan	1,452	Togo	61.8	Lao People's Dem. Rep.	33.7
Zambia	1,561	Timor-Leste	66.6	Central African Republic	33.6
Comoros	1,595	Myanmar	68.5	Senegal	33.4
São Tomé and Príncipe	1,684	Cambodia	68.9	Ethiopia	32.1
Solomon Islands	1,763	Nepal	71.2	Myanmar	31.7
Djibouti	1,894	Lao People's Dem. Rep.	72.8	Uganda	31.7
Lao People's Dem. Rep.	1,996	Bhutan	72.9	Haiti	30.6
Bhutan	2,401	Bangladesh	73.2	Guinea	30.2
Timor-Leste	2,656	Solomon Islands	74.8	Nepal	28.4
Kiribati	2,986	Vanuatu	78.5	Togo	28.3
Vanuatu	3,014	Kiribati	84.0	United Rep. of Tanzania	27.9
Angola	4,477	São Tomé and Príncipe	86.0	Dem. Rep. of the Congo	27.2
Tuvalu	5,388	Tuvalu	90.1	Bangladesh	25.2

Inclusion thresholds (GNI per capita $1,025 or less, HAI 60 or less, EVI 36 or more)

Graduation thresholds (GNI per capita $1,230 or more, HAI 66 or more, EVI 32 or less)

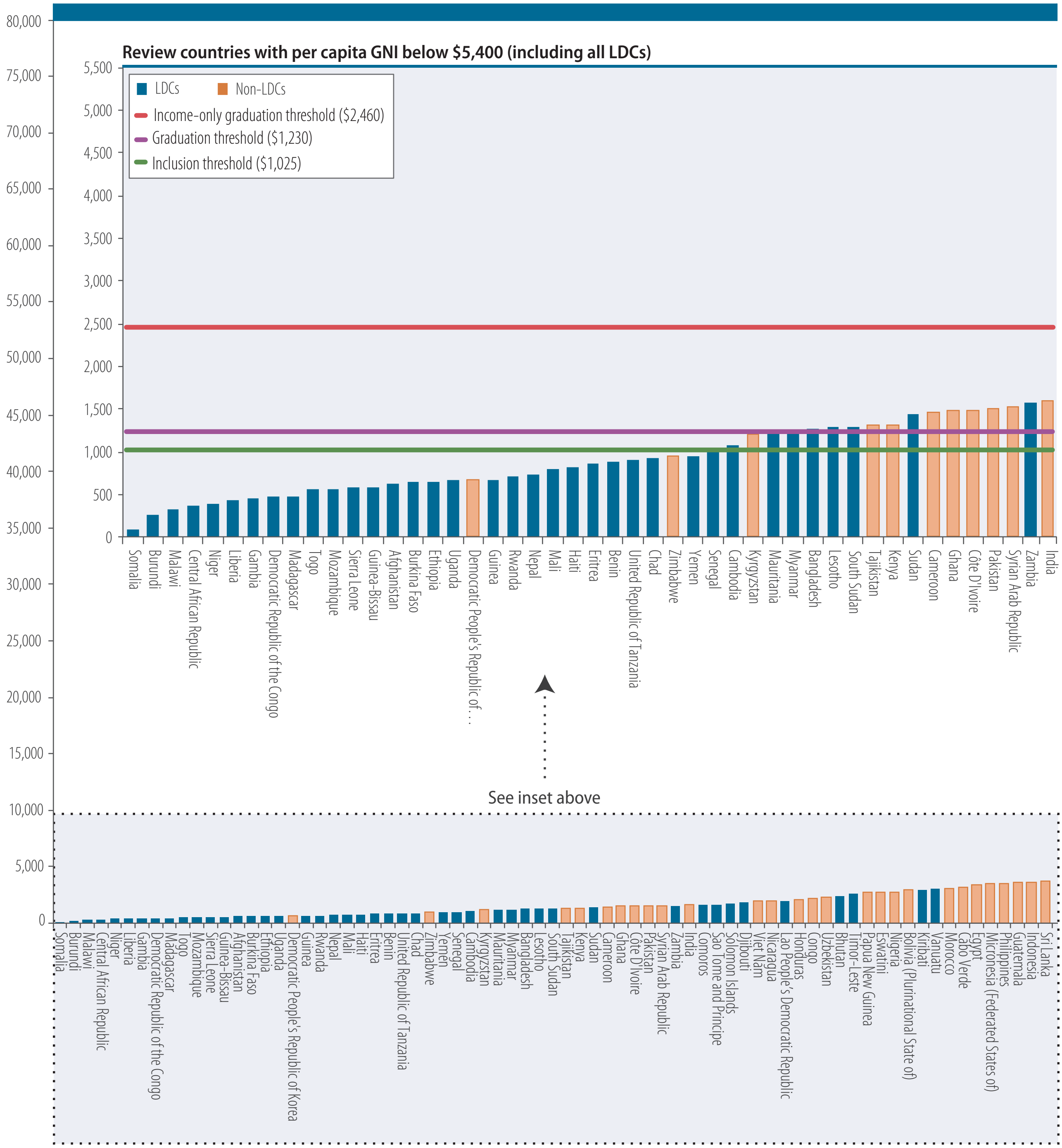
Income only graduation threshold (GNI per capita $2,460 or more)

* Mauritania's per capita GNI is $1,229.63 and therefore below the graduation threshold of $1,230.

Source: CDP, 2018 Triennial Review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Appendix

Figure A.III.1
GNI per capita in US dollars for all United Nations Member States in developing regions, 2018 triennial review



Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Figure A.III.1 (*continued*)

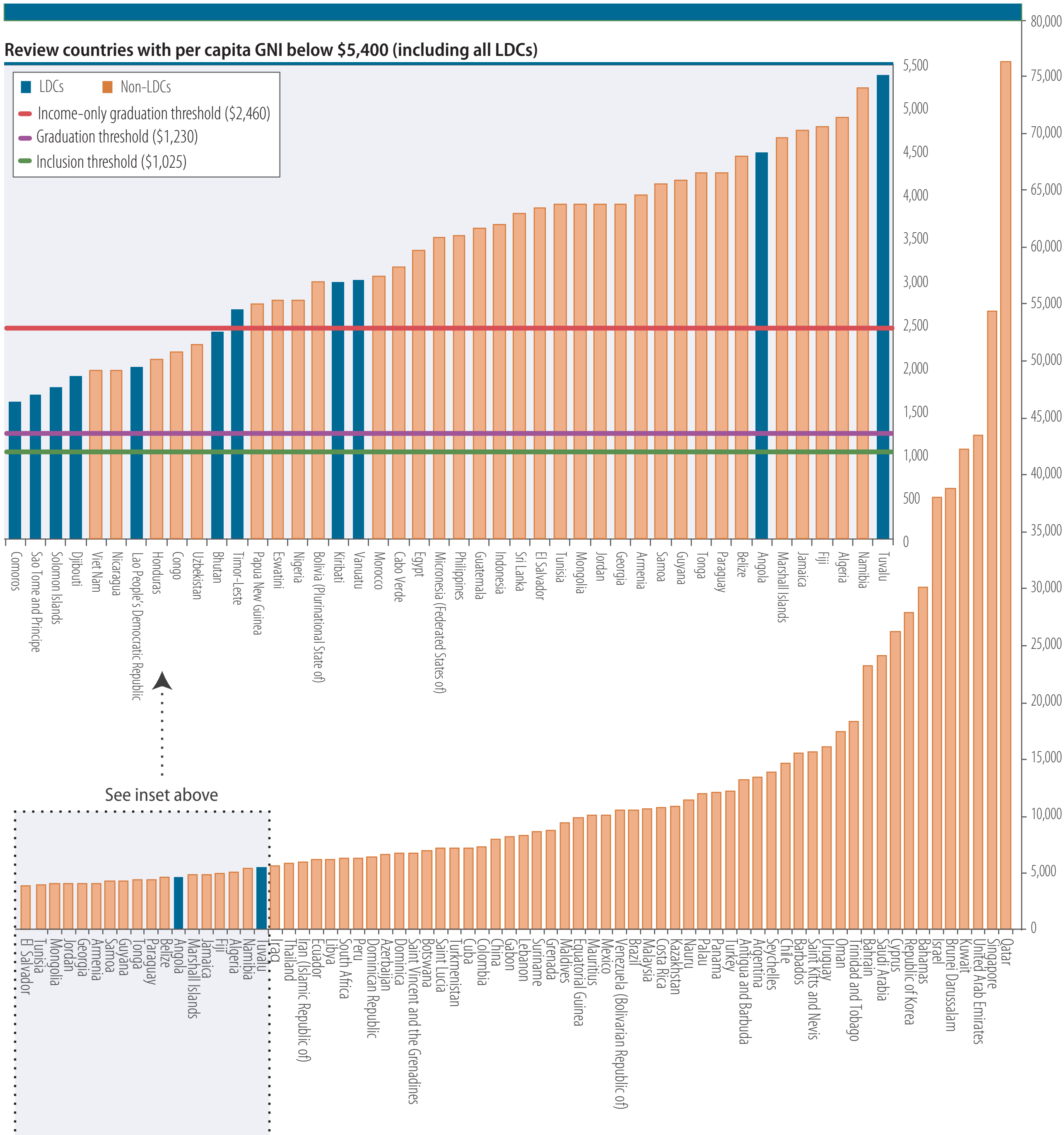
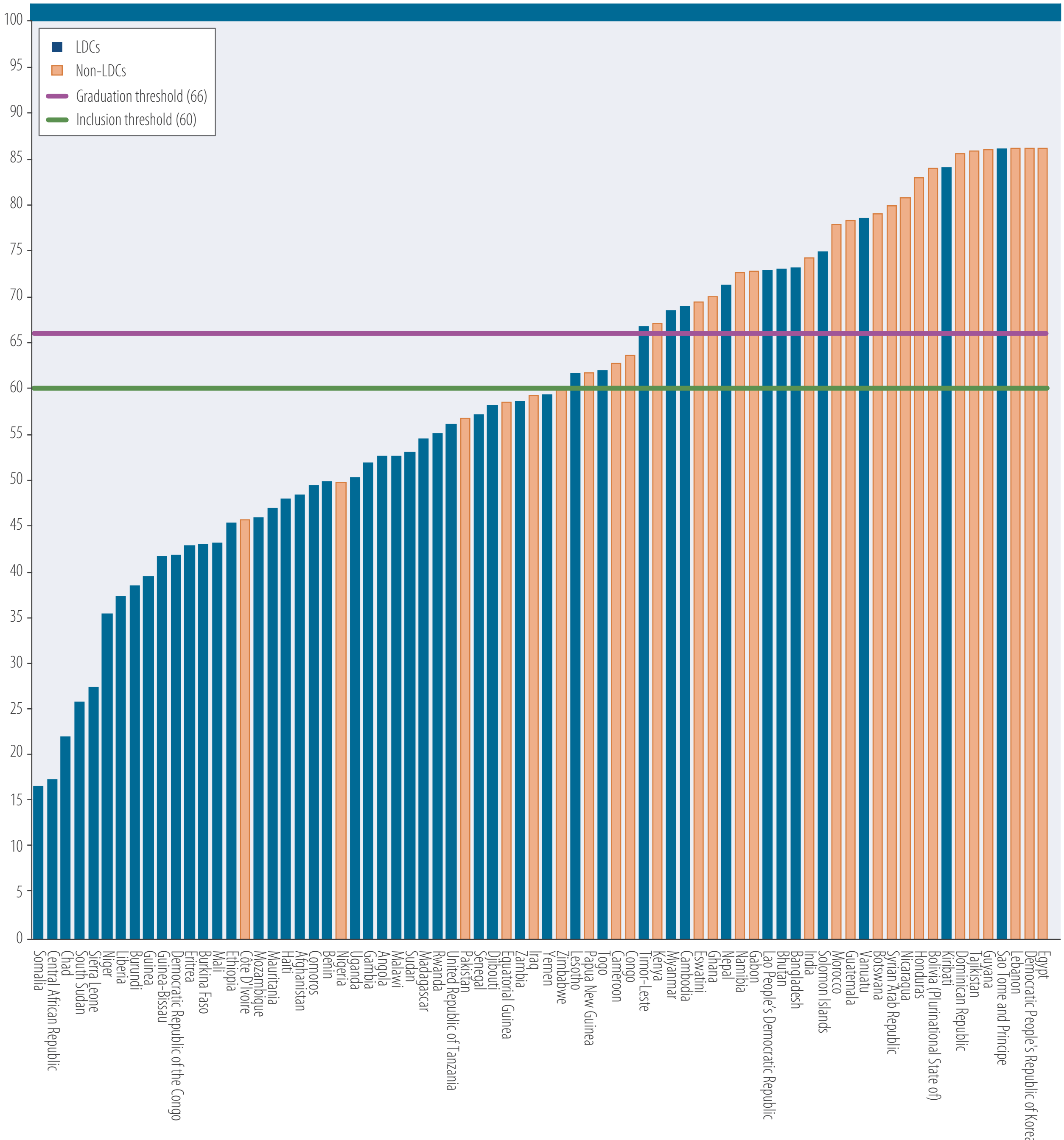


Figure A.III.2
Human assets index for all United Nations Member States in developing regions, 2018 triennial review



Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Figure A.III.2 (*continued*)

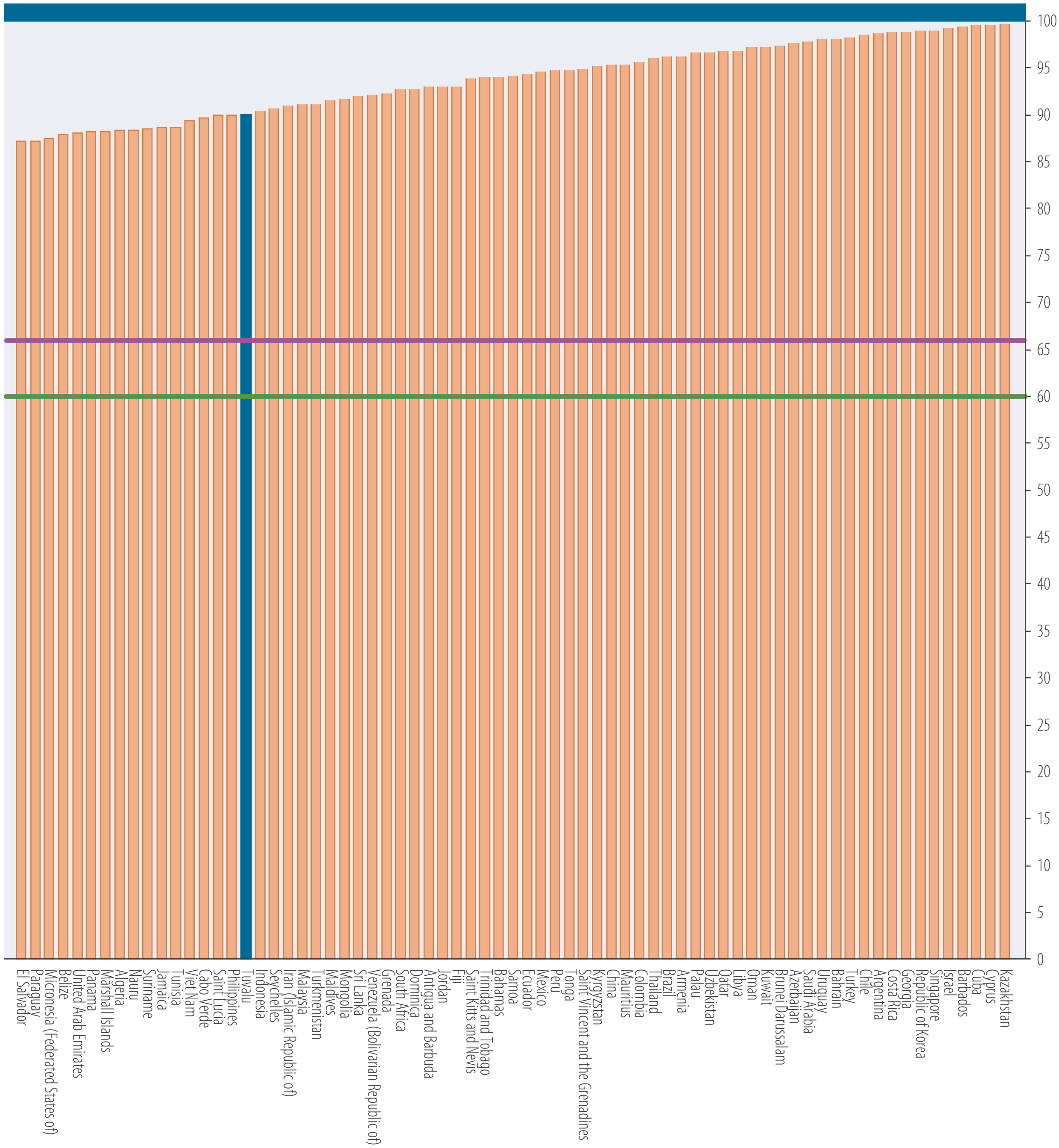
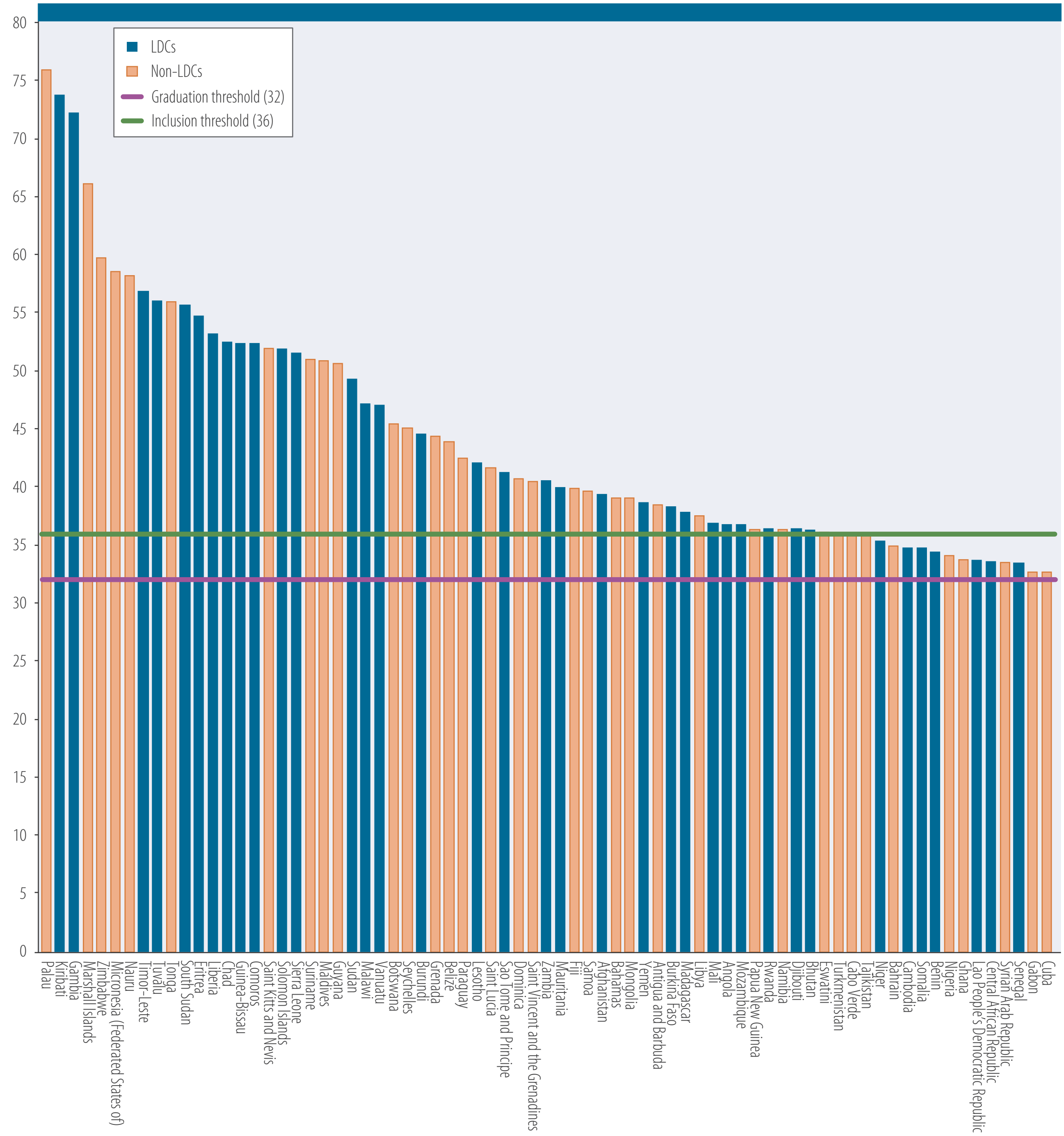
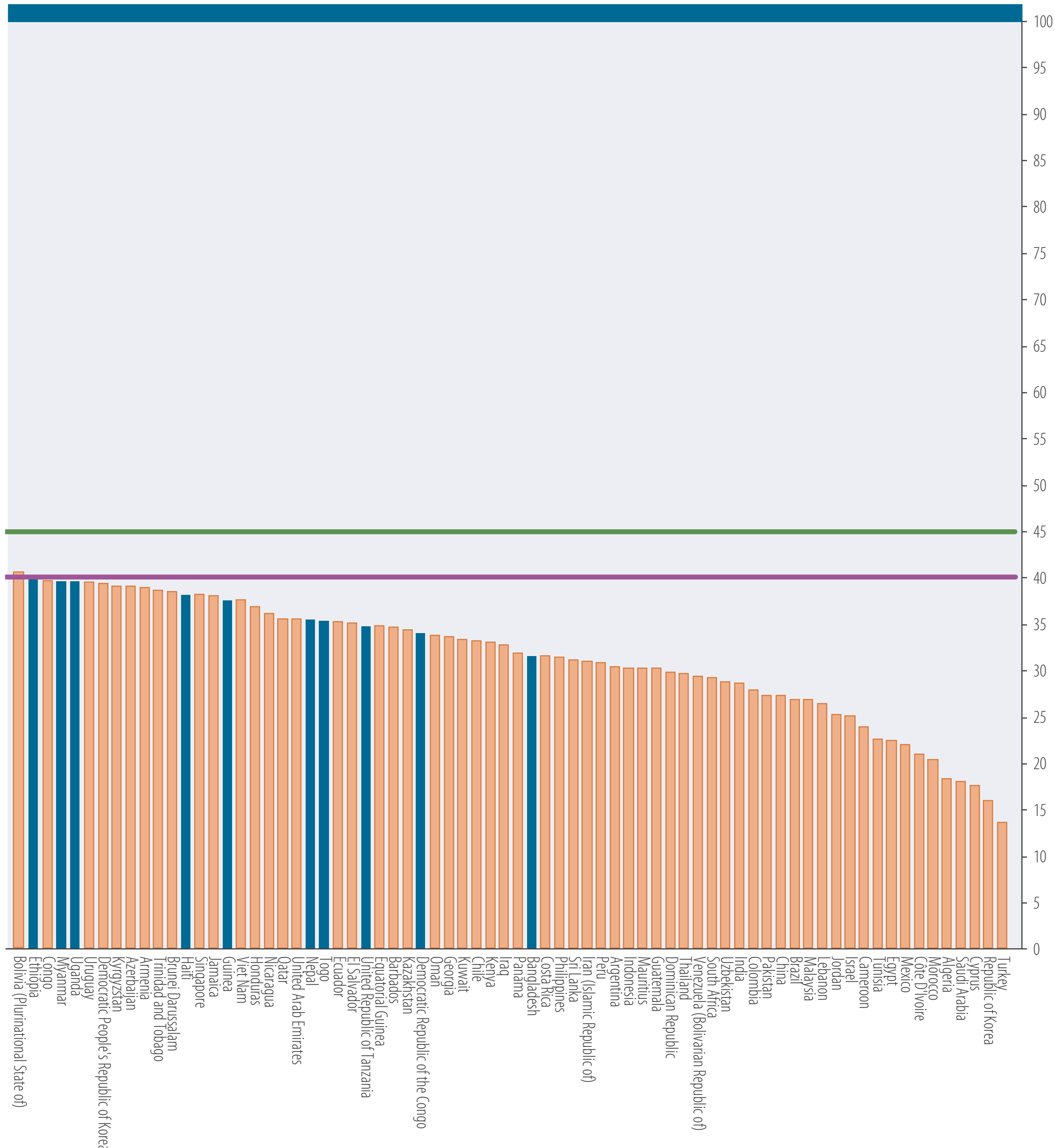


Figure A.III.3
Economic vulnerability index for all United Nations Member States in developing regions, 2018 triennial review



Source: CDP, 2018 triennial review, available at https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-data-retrieval.html.

Figure A.III.3 (*continued*)



THE COMMITTEE FOR DEVELOPMENT POLICY

The Committee for Development Policy (CDP) is a subsidiary body of the United Nations Economic and Social Council. It provides inputs and independent advice to the Council on emerging cross-sectoral development issues and on international cooperation for development, focusing on medium- and long-term aspects. The Committee is also responsible for reviewing the status of least developed countries (LDCs) and for monitoring their progress after graduation from the category.

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