



## Update on the progress of the multi-year work programme on a comprehensive review of the least developed country criteria \*

The Committee took stock of its implementation of the multi-year (2017–2020) work programme on a comprehensive review of the least developed country criteria. It found that the least developed country category and its criteria remain highly relevant in the current development thinking represented, inter alia, by the 2030 Agenda for Sustainable Development. It reviewed the basic structure of the criteria and the

graduation rule developed, proposals to strengthen the application of the criteria in the graduation process and discussed reorganizing the vulnerability criterion. During the last year of the multi-year work programme, the Committee will finalize its identification of alternative or additional indicators that will further improve the criteria and their application.

Every three years, the Committee reviews the list of least developed countries and recommends which countries should be added or graduated from the list. For this purpose, it has developed a set of criteria as the basis for its recommendations, as well as a set of procedures for their application. The Committee has periodically refined its criteria, in line with the evolution of development thinking and changes in data availability.<sup>1</sup> Moreover, in the Political Declaration of the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011–2020, Member States recognized the importance of the reviews by the Committee of the graduation criteria for the least developed countries and recommended that the reviews be comprehensive, taking into account all aspects of the evolving international development context, including relevant agendas (see General Assembly resolution 70/294, annex, para. 48). In 2017, the Committee established a multi-

year programme for a comprehensive review of the least developed country criteria, which will be completed in March 2020, so that any revisions to the criteria can be applied at the next triennial review in 2021. At the 2019 plenary, the Committee took stock of the current status of the work programme.

The Committee defines least developed countries as low-income countries facing the most severe structural impediments to sustainable development. It uses three criteria to identify least developed countries: gross national income per capita and two composite indices describing the main structural impediments, namely low health and education status (measured by the human assets index) and high vulnerability to economic and environmental shocks (measured by the economic vulnerability index). To be eligible for inclusion, a period, normally of three years. Recommendations for inclusion and graduation are not automatic – the

<sup>1</sup> The Committee refined the criteria most recently in 2017 (see [E/2017.33](#)).

\* Excerpt from Committee for Development Policy, Report on the twenty-first session, See Official Records of the Economic and Social Council, 2019, Supplement No. 13 (E/2019/33)

Committee takes additional country-specific information and the views of the country concerned country must meet designated thresholds for all criteria in a single review, while for graduation it must pass the graduation thresholds of multiple criteria in two consecutive reviews. Inclusion is effective immediately, but graduation becomes effective after a preparatory into account. The recommendations must be endorsed by the Economic and Social Council and taken note of by the General Assembly.

The Committee confirmed the relevance of the least developed country criteria in the current development thinking represented, inter alia, by the 2030 Agenda for Sustainable Development, while acknowledging the need for further refinements. Progress towards graduation signifies progress towards achieving the Sustainable Development Goals because overcoming structural impediments moves countries closer to achieving sustainable development objectives. Graduation must be seen as a milestone, rather than an independent development objective, because graduated countries will continue to face difficult challenges in pursuing the sustainable development objectives outlined in the transformative and universal 2030 Agenda. Progress towards these broader objectives requires not only that structural impediments (such as those captured by the least developed country criteria) be addressed, but also that non-structural barriers be overcome and that improved governance and policy choices be adopted. The Committee found that almost all indicators included in the least developed country criteria are directly related to the 17 Sustainable Development Goals. To a large extent, this reflects the fact that the Committee has adopted a multi-dimensional concept of development since the inception of the least developed country category and has frequently refined the criteria in line with changes in development thinking, including the emergence of the sustainable development paradigm.

The Committee also confirmed the suitability of the basic structure of the least developed country criteria, including the “two out of three” graduation rule and the “income only” exception, which enables countries with sufficiently and sustainably high income to graduate, even if they fail to pass the other two criteria. The current exception allowing only countries with a population below 75 million to be added to the category (while allowing existing least developed countries to remain on the list even if they have a larger population) could be eliminated for simplification. Graduation of countries with high vulnerability or low human assets (but who are not covered by the income only exception) continues to be justified, if and only if these countries

are generating sufficient income and have overcome their other main structural impediment with a sufficient margin. Moreover, requiring countries to meet all three criteria for graduation would violate the principle of intertemporal consistency and equitable treatment of countries, and would prevent most least developed countries from ever being able to leave the category. The Committee will be able to provide a brief assessment of how countries can address their remaining structural handicaps without specific least developed country international support and how the international community can support them, building on the proposed graduation assessment discussed in chapter VII.

The Committee resolved to strengthen the graduation process by amending the procedures governing the application of the least developed country criteria. In this regard, it is looking forward to the preparation of the pilot United Nations graduation assessments for countries considered for graduation, which are detailed in chapter VII. The Committee will include in future recommendations a statement concerning whether a three-year preparatory period is commensurate with the planning capacity and overall situation of the country concerned, or whether the country requires an additional period of up to two years. In the event of significant natural disasters or other external shocks affecting a graduating country, the Committee will pronounce its opinion on the need for delaying graduation in its regular monitoring of graduating countries or, if necessary, upon request by the President of the Economic and Social Council. These amendments and the creation of a country-specific graduation task team will allow for better integration of the graduation decision-making process with country-level preparation. They are expected to result in a more informed and smoother decision-making process, as well as shorter overall graduation time frames.

The Committee undertook preliminary assessments of alternative or additional indicators suitable for inclusion in the least developed country criteria framework, paying close attention to the agreed principles of methodological robustness and data availability, as well as relevance to the international agenda, including the 2030 Agenda. It stressed the need for additional work on the human assets index and the economic vulnerability index. The Committee agreed that the criteria could be improved by better separating economic and environmental vulnerabilities. Accordingly, the refined vulnerability index could contain economic and environmental subindices. Owing to data limitations and the heterogeneity of least developed countries, any refined vulnerability index will not be able to capture all key structural vulnerabilities. The graduation assessments

will therefore play a critical role in providing a comprehensive picture. Accordingly, the Committee requests that the assessments include data for a wider set of vulnerability indicators, covering the least developed countries and all other developing countries to the greatest extent possible.

During the remainder of the implementation of the work programme on the comprehensive review, a dedicated subgroup of the Committee will continue to identify suitable indicators for the revised criteria, including through continuing consultations with other experts. It will also continue to brief Member States and other stakeholders.