



The 2021 triennial review of the list of LDCs *

SUMMARY

The Committee finalized its triennial review of the list of least developed countries amid the ongoing health and socioeconomic crises. It recommended Bangladesh, the Lao People's Democratic Republic and Nepal for graduation. Owing to the pandemic, a smooth transition of these countries will necessitate an extended preparatory period, careful monitoring and analysis of the impacts of the pandemic, and specific transition support. The Committee deferred its decision on recommending Timor-Leste for graduation

until the 2024 triennial review owing to continued concerns regarding the sustainability of its development progress. It also deferred its decision on Myanmar owing to concerns about the negative impacts of the state of emergency imposed by the military on the country's development trajectory and its ability to prepare for graduation. At its 2024 triennial review, the Committee will also consider Cambodia, the Comoros, Djibouti, Senegal and Zambia for graduation, provided they remain eligible.

RECOMMENDATIONS

The triennial review took place amidst an unprecedented socio-economic and public health crisis. Countries recommended for graduation will need to prepare for graduation while planning for a post-COVID-19 recovery and implementing policies and strategies to reverse the economic and social damages incurred by the COVID-19 shock. Therefore, the Committee calls upon the Council to note that a five-year preparatory period is necessary for all countries recommended for graduation at the 2021 triennial review to effectively prepare for a smooth transition. In its 2024 triennial review, the Committee will analyze whether the five-year transition has been adequate to manage the effects of COVID-19 on countries recommended for graduation, or whether further extension of the transition period by three years would be necessary.

The Committee will pay special attention to the impacts of the pandemic when monitoring graduating

and recently graduated countries in the coming years and will alert the Council in case additional social, environmental or economic impacts of the pandemic require further action. In this context, it also recommends that the Council calls upon Member States and relevant UN entities to support the Committee's efforts to enhance the existing monitoring mechanism.

The Committee recommends that Bangladesh, Lao PDR and Nepal graduate from the list of LDCs. In line with General Assembly resolutions 59/209 and 67/221, the Committee advises the Council to reiterate the importance for development and trading partners of supporting graduating countries with concrete measures to facilitate a smooth transition. This may include an extension of access to relevant international support measures for an appropriate period and the provision of support to address the challenges arising from the pandemic.

* Excerpt from Committee for Development Policy, Report on the twenty-third session, See Official Records of the Economic and Social Council, 2021, Supplement No. 13 (E/2021/33)

A. Introduction

The identification of least developed countries – defined as low-income countries suffering from severe structural impediments to sustainable development – is based on three criteria: (a) per capita gross national income; (b) the human assets index; and (c) the economic and environmental vulnerability index.

Graduation from least developed country status is undertaken in accordance with the procedures specified in General Assembly resolution 59/209 and the guidelines adopted by the Committee for Development Policy in 2007 (see E/2007/33) and endorsed by the Council.

The latest refinements of the criteria for identifying least developed countries and the procedures for their

application, including thresholds¹, were adopted in 2020 (see E/2020/33). In preparation for the triennial review, a preliminary review of the list of least developed countries was conducted by an expert group in January 2021. The Committee also consulted with country representatives on their views regarding graduation. In addition to the documents listed in the relevant resolutions, guidelines and procedures, including the new set of supplementary graduation indicators, the Committee considered its comprehensive study on the impact of COVID-19 on the least developed countries (see chapter III), in line with Council resolution 2020/10.

B. Criteria in the 2021 triennial review

Table 1 shows the criteria values of least developed countries in the 2021 triennial review. Data for all States Members of the United Nations in developing regions

are available from the Committee's website (<https://www.un.org/development/desa/dpad/least-developed-country-category/lcd-data-retrieval.html>).

¹ Available at <https://www.un.org/development/desa/dpad/least-developed-country-category/lcd-criteria.html>.

Table 1:

Least developed country criteria for all least developed countries at the 2021 triennial review

Gross national income (GNI) per capita, 2017–2019 average		Human assets index (HAI)		Economic and environmental vulnerability index (EVI)	
Somalia	104	Chad	18.4	Tuvalu	57.1
Burundi	282	South Sudan	21.4	South Sudan	54.6
South Sudan	351	Somalia	22.0	Djibouti	53.9
Malawi	367	Central African Republic	27.5	Somalia	51.9
Mozambique	473	Niger	35.7	Chad	51.8
Central African Republic	475	Guinea	39.7	Kiribati	51.7
Madagascar	496	Sierra Leone	41.7	Gambia	51.3
Democratic Republic of the Congo	506	Afghanistan	41.8	Eritrea	50.2
Liberia	507	Guinea-Bissau	44.1	Mali	49.3
Afghanistan	513	Liberia	45.2	Burkina Faso	48.6
Niger	529	Mali	45.6	Niger	48.5
Sierra Leone	532	Democratic Republic of the Congo	48.0	Angola	45.6
Eritrea	589	Benin	49.5	Mauritania	45.2
Uganda	670	Angola	52.9	Solomon Islands	45.1
Chad	696	Burundi	53.9	Afghanistan	44.8
Gambia	711	Mozambique	54.0	Malawi	44.5
Guinea-Bissau	735	Mauritania	54.2	Lesotho	43.4
Yemen	752	Ethiopia	55.3	Senegal	43.0
Burkina Faso	753	Malawi	55.7	Zambia	41.7
Rwanda	784	Burkina Faso	55.8	Mozambique	41.4
Haiti	789	Yemen	57.3	Guinea-Bissau	41.0
Ethiopia	832	Uganda	57.8	Sierra Leone	40.3
Mali	842	Eritrea	58.1	Liberia	40.2
Togo	867	Togo	58.8	Burundi	38.7
Guinea	870	Madagascar	60.6	Timor-Leste	38.7
Nepal	1,027	United Republic of Tanzania	60.9	Sudan	37.9
United Republic of Tanzania	1,031	Lesotho	62.5	Comoros	37.7
Benin	1,181	Sudan	62.6	Yemen	35.1
Myanmar	1,263	Djibouti	63.0	Madagascar	34.8
Lesotho	1,295	Gambia	63.6	United Republic of Tanzania	34.7
Comoros	1,367	Haiti	66.1	Ethiopia	34.3
Senegal	1,370	Senegal	66.4	Haiti	33.5
Cambodia	1,377	Comoros	66.5	Benin	33.0
Zambia	1,411	Zambia	67.2	Rwanda	32.3
Mauritania	1,578	Rwanda	67.6	Cambodia	30.6
Sudan	1,582	Timor-Leste	69.7	Uganda	29.1
Bangladesh	1,827	Lao People's Democratic Republic	72.7	Guinea	28.8
Solomon Islands	1,843	Myanmar	73.6	Democratic Republic of the Congo	28.3
Sao Tome and Principe	1,843	Solomon Islands	74.2	Central African Republic	27.7
Timor-Leste	1,867	Cambodia	74.8	Bangladesh	27.2
Lao People's Democratic Republic	2,449	Nepal	75.0	Lao People's Democratic Republic	27.0
Bhutan	2,982	Bangladesh	75.4	Sao Tome and Principe	25.8
Kiribati	3,183	Bhutan	79.4	Bhutan	25.7
Angola	3,207	Kiribati	81.2	Nepal	24.7
Djibouti	3,235	Tuvalu	82.2	Myanmar	24.3
Tuvalu	6,657	Sao Tome and Principe	88.8	Togo	23.3

.....	Inclusion threshold	GNI: \$1,018; HAI: 60; EVI: 36
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.....	Income-only graduation threshold	GNI: \$2,444

C. Eligibility for inclusion and graduation

1. Countries considered for inclusion

No country met all three criteria for inclusion in the list of least developed countries.

2. Countries considered for graduation

Owing to the ongoing health and socioeconomic crises, the Committee views three elements as essential for a smooth transition of countries recommended for graduation in these circumstances: (a) an extended preparatory period of five years to address the impacts of the ongoing global health and economic crises on planning processes; (b) a careful review of impacts of the pandemic during annual monitoring and the 2024 triennial review, including whether a further three-year extension of the transition period would be necessary; and (c) additional international support, including through the extension of relevant existing support measures, provision of specific support to address the impacts of the pandemic, and capacity-building.

Bangladesh

The Committee recommends Bangladesh for graduation, noting that it meets all three criteria for graduation from the least developed country category with comfortable margins, following years of steady development progress. In preparing for a smooth transition, the Government, together with its development and trading partners, might focus on the post-graduation international trade landscape. The Committee highlights the importance of preserving policy space while negotiating possible bilateral and regional agreements.

The extension of preferential market access and the exemptions under article 66 (1) of the WTO TRIPS Agreement for a reasonable period of time is particularly critical for Bangladesh. Possible policy priorities could include domestic resource mobilization, job creation, increased investment in the health sector, export diversification and accelerated efforts to shift to clean and sustainable energy. Financial and technical support is also required to tackle impacts of climate change and build disaster resilience, in particular to flooding.

Lao People's Democratic Republic

The Committee recommends the Lao People's Democratic Republic for graduation, noting it meets all three criteria for graduation from the least developed country category with a considerable margin. For the country's smooth transition strategy, the Committee suggests that the Lao People's Democratic Republic and its development and trading partners pay attention to

the following four priority areas: (a) strong debt relief and improved macroeconomic stability to reduce the high risk of debt distress; (b) sustainable and inclusive structural transformation, including through accelerated economic diversification and further strengthening of regional integration; (c) reduction of rural/urban and other inequalities through appropriate fiscal and development policies; and (d) building of disaster resilience and reversal of environmental degradation as well as the restoration and preservation of natural resources and the rural livelihoods that depend on them, including through advancing alternative development patterns.

Myanmar

The Committee notes that Myanmar meets all three criteria for graduation from the least developed country category, having reaped significant benefits from a decade of economic and political reform. The Committee considers the building of durable peace, including by providing conditions conducive to the safe and dignified return and resettlement of internally displaced people and refugees, and ensuring full enjoyment of human rights for all, as integral to the country's sustainable and inclusive development.

The Committee notes with deep concern the state of emergency imposed in Myanmar on 1 February 2021 by the military and echoes the calls urging respect for the will of the people of Myanmar and adherence to democratic norms. The Committee was not able to review the negative impacts of this situation, ongoing at the time of writing, on the development trajectory of Myanmar and its ability to prepare for graduation. The Committee therefore defers its decision on a possible recommendation for graduation until the 2024 triennial review.

Nepal

The Committee recommends Nepal for graduation, noting that it continues to meet the human assets index and the economic and environmental vulnerability index criteria, while approaching the threshold for graduation of the gross national income criterion. Nepal has managed to make significant development progress and build resilience despite many challenges. Its heavy reliance on remittances and limited foreign direct investment add uncertainty with regard to its recovery from the COVID-19 crisis.

For the smooth transition strategy, the Committee calls upon the Government to explore alternative financing sources to reduce reliance on remittances, build

resilience to disasters, accelerate economic diversification and enhance the capacity of the central and local governments. The Committee calls upon the development partners of Nepal to provide substantial and generous support in these efforts to ensure its smooth transition out of the category, and to assist in the preservation of its policy space in the negotiation of trade preferences with its major global and regional trading partners.

Timor-Leste

While Timor-Leste continues to reach the gross national income threshold, its per capita income is declining and future prospects are uncertain in view of the expected depletion of oil and gas fields currently in production as well as the risks that current and planned public investments will not generate the expected economic benefits. The country's future eligibility under the human assets index criterion could be affected by the COVID-19 pandemic, as the margin is small owing to the exceptionally high levels of stunting. Timor-Leste remains highly vulnerable to economic shocks as a result of its limited diversification and its vulnerability to disasters and climate change.

The Committee therefore defers a decision on the graduation of Timor-Leste until the 2024 triennial review.

3. Other countries

Five countries met the eligibility criteria for the first time: Cambodia, the Comoros, Djibouti, Senegal and Zambia. The Committee is concerned about the risk that some of these countries may fail to reach the graduation

thresholds at the 2024 triennial review, in particular owing to the impacts of COVID-19. It calls upon relevant United Nations entities to carefully monitor the development of these countries, including in relation to the least developed country criteria and the new supplementary graduation indicators. The Committee strongly encourages these countries and their international partners to build knowledge and awareness of the graduation process and its impacts.

Tuvalu and Kiribati were recommended by the Committee for graduation in 2012 and 2018, respectively. In 2018, the Council decided to defer the consideration of these recommendations to no later than 2021. The Committee reiterates its recommendations that Kiribati and Tuvalu graduate from the least developed country category. It notes that both countries meet the graduation criteria for income and human assets in 2021 by very wide margins, which underscores that these countries do not share the characteristics of least developed countries. Given their limited planning capacities and the need for both countries to incorporate the impacts of COVID-19, the Committee views an extended preparatory period of five years as necessary for a smooth transition. The Committee remains highly concerned about the extreme vulnerability of both countries to climate change and therefore calls upon the international community to adopt special measures for these countries. It also calls upon development and trading partners to extend trade and climate-related special measures and to support the countries' smooth transition from the category.