



United Nations Framework¹

Least developed countries¹

1. At the end of the 1960s, it was felt that special supplementary measures were called for to assist countries whose low level of development limited their ability to benefit from international measures adopted in favor of all developing countries. The United Nations grouping of "least developed countries" (LDCs) was established to identify such countries. It has operational significance in that, in addition to the United Nations and its specialized agencies, the World Trade Organization (and previously GATT) (see page 68, para 8) and some bilateral donors use it as a criterion to differentiate among countries in terms of development assistance and trade access.
2. Since 1971, the General Assembly has requested the former Committee for Development Planning (now called the Committee for Development Policy (CDP)) to make recommendations regarding the countries that should be designated LDCs. CDP established a statistical methodology for doing so; this methodology has been refined over the years as more and better data have become available. The present list of LDCs was determined on the basis of GDP per capita, an Augmented Physical Quality of Life index (APQLI) and an Economic Diversification index (EDI). CDP's recommendations are referred to the UN Economic and Social Council which in turn makes a recommendation to the General Assembly. The General Assembly is responsible for the final determination of the list of LDCs. The list is reviewed every three years (the next review is scheduled for 2000), using the most recent data on countries' developmental situations.
3. The current list of LDCs comprises 48 countries. Fourteen of the Commonwealth/World Bank list of 42 small developing countries are LDCs and are therefore eligible for the favorable treatment accorded to LDCs by the international community. These 14 are all the small states on the list that are indicated as having a 1998 per capita income of \$1,500 or less. One small state, Botswana, was graduated from LDC status in 1994 in the light of its developmental progress. Another, Vanuatu, was recommended for graduation in 1997 but this recommendation has not been endorsed by the Economic and Social Council or the General Assembly; a further three small states (Cape Verde, Maldives and Samoa) were identified in 1997 as prospects for graduation in 2000, subject to further consideration at that time.
4. In considering these last four cases, the CDP has been called upon to give greater attention to the "vulnerability" of the countries concerned. Some aspects of economic

¹ This text is extracted from *Small States: Meeting Challenges in the Global Economy*, Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States, Washington DC and London, April 2000.

vulnerability are already captured in the EDI, but CDP recognized that this dimension should be in its criteria for determining a country's inclusion in or graduation from the LDC list. However, CDP concluded that existing vulnerability indices were not suitable for its purpose of LDC identification for reasons of both methodology and data deficiencies.

5. In order to take into account those aspects of vulnerability that affect LDC determination, CDP has formulated an Economic Vulnerability index (EVI) which is intended to capture a country's vulnerability to weather-related and external shocks in a composite index that reflects the size and the extent of exposure to these shocks. The instability of agricultural production and the instability of exports of goods and services were selected as the best universally available measures of the size of these respective shocks. The former captures the economic impact of climatic and other natural events, while the latter represents external shocks resulting from changes in international prices and demand. The extent of exposure to shocks is represented by the share of manufacturing and modern services in total GDP, export concentration and population size.
6. CDP recognized that the EVI would give only a partial and approximate measure of vulnerability and that other elements should be considered on a country-by-country basis. In order to take these other elements into account in determining the list of LDCs, particularly in considering countries close to the statistical cut-off points, CDP has called for country "vulnerability profiles" to be prepared by UNCTAD (see pages 83 – 84, paras. 9 – 10). These profiles will provide information about country-specific aspects of vulnerability that are not captured by the universally-applied indicators. This combination of qualitative and quantitative information will ensure that vulnerability is taken fully into account in determining a country's LDC status in the 2000 review.

Small Island Developing States (SIDS)

7. The United Nations Conference on the Sustainable Development of Small Island Developing States (SIDS), held in Barbados in May 1994, adopted the Barbados Program of Action designed to address the special problems of SIDS and to promote these countries' sustainable development. A special session of the United Nations General Assembly was held on 27-28 September 1999 to undertake a comprehensive assessment and appraisal of the implementation of the Barbados Program of Action. The special session called for concerted efforts to support the effective implementation of the Barbados Program of Action, focusing on regional and national strategies and programs that are country-driven and taking into account the areas identified for priority action, namely, climate change and sea-level rise, natural disasters, fresh water resources, coastal and marine resources, energy and tourism. Since the lack of adequate resources was identified as one of the constraints to the full implementation of the Barbados Program of Action, the special session reiterated the need for more effective utilization of existing resources and for the mobilization of new and additional resources to support the implementation of the SIDS Program of Action. Globalization and the critical question of donor coordination were also given considerable attention during the special session.