

Considerations by the CDP on the LDC criteria over the years

Over the course of the past 40 years, the United Nations Committee for Development Policy (CDP) has repeatedly reconsidered the criteria used to identify the least developed countries (LDCs), both within its regular work programme as well as in response to specific mandates by the United Nations Economic and Social Council (ECOSOC). Since 2008, there are no periodic reviews of the LDC criteria. However, in view of the CDP, occasional refinements of the criteria “may be required to take into account new insights from research on economic development, updated information regarding the structural impediments to development and ongoing improvements in, and the availability of, reliable and internationally comparable data”.

The following tables present the various indicators that have been discussed by the CDP as possible components of the LDC criteria. The indicators are organized along the three main criteria that have been used over time, i.e. income; human capital; and economic structure, including vulnerability.

Details of the discussions can be obtained from the various CDP reports, available [here](#).

The overview of the evolution of LDC criteria and indicators over time is available [here](#).

Please also see the brief description of the LDC criteria, including the indicators, currently used for identifying LDCs as well as the detailed Handbook on the LDC category.

Income

Indicator	Possible Status	Year	Considerations	Decision
GDP per capita (at official exchange rates)	Measure for income criteria	1971	Comprehensive in terms of capturing major conditions of development; provides rough indication of the productive capacity of an economy, dimension of poverty and overall development. At low levels of GDP per capita, there is a close correlation between income per capita and other development indicators.	Adopted
GDP per capita at purchasing power parity (PPP)	Alternative to GDP per capita at official exchange rates	1991	Official exchange rates exclude non-tradables, imperfect valuation. But PPPs are not available for all countries; methodological concerns.	Not adopted
		1997/98	Not available for all countries. Some of the available data are based on theoretical models and extrapolations from existing data	Not retained
GNP per capita	Alternative to GDP per capita	1991	Better captures countries' ability to save and invest since includes net factor and net payments from abroad. However, it is not readily available and exhibits greater yearly variability.	Not adopted.

		1997/98	GNP and GDP differ significantly. Unclear about which might be better indicator of development capabilities of countries. GDP represents the most widely accepted measure of national income, has some advantages for measuring domestic production capacity. It also has the advantage of continuity with the previous work of the Committee. GNP includes some elements relating to development capacity not included in GDP, but this was not sufficient to outweigh the advantages of GDP.	Not included.
GNI per capita (with World Bank's Atlas Method used to convert national currencies into US Dollars)	Alternative to GDP per capita	2002	WB's low income group is the starting point for determining the list of LDC, consistency considerations favour thus GNI over GDP. Note: Gross national income (GNI) is identical to gross national product (GNP) previously used in national accounts.	Retained as replacement for GDP per capita.
GNI per capita at PPP	Alternative to GNI per capita using World Bank's Atlas Method	2002	Friends of the chair of UN statistical commission encourage the use of PPP. However, PPP methodology is subject to conceptual problems and serious empirical limitations. Also, unavailable for a number of low income countries.	Not retained
		2005	PPP measurement would better reflect a country's standard of living. However, PPP estimates often constructed without direct statistical observations	Not retained
		2008	Provision of a more correct basis for comparison of real income levels across countries. PPP not from direct observations not available on annual basis	Not retained

Income distribution	Additional indicator	1999	Per capita GDP overstates the average income level of a “real average” person when income distribution is highly unequal. Income distribution considered a domestic policy variable. The four indicators comprising APQLI indirectly reflect income distribution. Data availability and comparability are a problem.	Not retained
		2008	Income distribution partially reflected in HAI. Measures of income inequality are not readily available for all developing countries. Estimates often unreliable. Could bias towards countries pursuing policies that result in greater income inequality	Not retained
		2011	Unequal income is already reflected (partially and indirectly) in the HAI. It can bias results towards countries pursuing policies that result in greater income inequality.	Not retained

Human capital

Indicator	Possible Status	Year	Considerations	Decision
Adult literacy rate	Measure for human capital	1971	Indicates the size of the base for enlarging trained and skilled human resources.	Adopted
Combined primary and secondary school enrolment ratio	New indicator within Augmented Physical Quality of Life Index (APQLI)	1991	Proxy (in addition to adult literacy rate) for potential for modernization and adoption of new technologies	Adopted
Gross secondary enrolment rate	Alternative to combined primary and secondary enrolment rate	2002	Gross primary enrolment data have been inflated by repeats and inclusion of older students. Primary schooling is reflected in adult literacy rate	Adopted
Secondary school completion rates	Alternative to secondary enrolment rate	2008	High drop out rates inflate gross secondary school enrolment rate. As per UNESCO, completion rates not available for all developing, in particular for low income countries	Not retained
Tertiary education	Incorporate into indicator on primary and secondary enrolment	1997/98	Tertiary education would add little information and could reduce the accuracy of the measure of basic education as a result of the variety of tertiary education systems in different countries, compared with the more standardized indicators of primary and secondary education.	Not retained

Indicator	Possible Status	Year	Considerations	Decision
	Alternative or complement to secondary enrolment	2011	Better reflects human assets and the capacity to respond to challenges such as climate change. Comparability of data remains problematic, data coverage is limited. Secondary and tertiary gross enrolment rates are strongly correlated	Not retained
Measure of stock of education embodied in labour force	Alternative for adult literacy and school enrolment	1991	Takes into account years and types of schooling of various segments of labour force. Better capture education as an economic asset (preferred indicator). However, not available.	Not retained
Mean years of schooling	Alternative for adult literacy and school enrolment	1997/98	Improved indicator of education. UNESCO considered current data inadequate for the general use of such an indicator	Not retained
		2011	Could be a better indicator for human capital and provide information on resilience to major challenges. Data availability still limited.	Not retained
Per capita calorie supply	New indicator within APQLI	1991	Considered an imperfect indicator. Yet, no other choice is available. No universally applicable measure of adequacy or inadequacy of level of nutrition	Adopted

Indicator	Possible Status	Year	Considerations	Decision
Calorie supply as a % of daily requirements	Alternative to per capita calorie supply	1997/98	Recognized the problems inherent in the data on average calorie supply and the need to take into account country-specific measures of average minimum energy requirement, based on the age and sex structure of the population	Adopted, replacing per capita calorie supply
Calorie consumption per capita as % of daily requirements.	Alternative to calorie supply as % of daily requirements	1999	Estimates available for many countries based on food balances. Distribution data would be useful but not available	Adopted, replacing calorie supply as % of daily requirements
Percentage of population undernourished	Alternative to calorie supply as % of daily requirements	1999	Preferred indicator, but data not available for many countries.	Not adopted
Life expectancy at birth	New indicator within APQLI	1991	In combination with the other APQLI components, life expectancy at birth is an appropriate measure of human resource development	Adopted
	Alternative to under five mortality rate	1999	Not the best indicator of health state of the population due to data quality issues. Also, it reflects changes too slowly. U5MR more reliable.	Not adopted
		2005	To better reflect impact of HIV/AIDS. But indicator not available for majority of low income countries. Only model derived estimates are available	Not adopted

Indicator	Possible Status	Year	Considerations	Decision
Under five mortality rate	Alternative to life expectancy	1997/98	Child mortality is the best available indicator of the general health status of people in the least developed countries. Infant mortality is a good measure of maternal health and child mortality (1-5 years) and a good measure of the availability of general health care.	Adopted, replacing life expectancy at birth
Infant mortality rate	Alternative to life expectancy within APQLI	1991	Reflects conditions of the mother during pregnancy as well as feeding and rearing patterns including health care system. Inadequate reliability on account of how estimates are made in absence of complete registry systems.	Not retained
UNDP's Human Development Index (HDI) without the income component	Alternative to APQLI	1997/98	APQLI has advantages of including indicators for child mortality and combined primary and secondary school enrolment for assessing human resources in LDCs as well as the desirability of including a calorie-supply indicator	Not retained
		1999	Not appropriate for LDC identification purposes. APQLI more comprehensive and more reliable indicators	Not retained
HDI	Alternative to GNI per capita, HAI and EVI	2002	Insufficient to replace the 3 criteria	Not retained

Indicator	Possible Status	Year	Considerations	Decision
E-readiness: personal computers per 100 population; internet users per 100 population, ITU composite digital access index, UNCTAD connectivity index	Additional component in HAI	2005	Some of these elements already incorporated in HAI, highly correlated with HAI; e-readiness indicators do not reflect human capital but material factors that may increase human capital. Changing at fast speed in developing countries. Not structural	Not adopted

Economic diversification and vulnerability

Indicator	Possible Status	Year	Considerations	Decision
Share of Manufacturing in GDP	Measure for economic dimension	1971	Provides information on the extent of the structural transformation of the economy	Adopted
	Component of EDI	1991	Good indicator of economic diversification. Yet, not perfect: inclusion of activities in mining and agriculture without linkages to the rest of economy; it is a relative measure does not indicate absolute progress	Retained
Share of manufacturing and modern services (transport and communication services; finance, insurance and real estate) in GDP	Alternative to share of manufacturing in GDP and share of employment in industry	1997/98	Better measure of development capacity than either manufacturing or services alone since it reflects the possibility of a development path based on development of a modern service sector as an alternative to industrialization, particularly for small countries.	Recommended as replacement for share of manufacturing in GDP and share of employment in industry, pending simulations and sensitivity tests.
		1999		Adopted
Share of agriculture, fisheries and forestry in GDP	Alternative to share of manufacturing and modern services in GDP	2005	Tourism (a component of the share of manufacturing and modern services in GDP) increases rather than diminishes vulnerability. Mining not included, as better management of mineral (including fuel) revenues could reduce vulnerability. Vulnerability due to mining is also strongly featured in the export concentration indicator.	Adopted

Indicator	Possible Status	Year	Considerations	Decision
Share of tourism in GDP	New component	2008	Important role of the tourism industry in regards to shocks. Yet, tourism not defined in the national accounts as separate industry. Severe data limitations apply to the “hotel and restaurant” sector	Not adopted
Share of employment in industry	New component of economic diversification index	1991	Relevant measure of economic diversification	Adopted
Share of labour force in agriculture	New component of economic diversification index	1991	Good indicator of structural transformation. High % = low productivity and no effective support to industrialisation; also indicative of human resource development. Does not seem to add useful dimension to the cluster of economic diversification (as per factor analysis exercise).	Not retained
Exports of petroleum as share of total exports	New component of economic diversification index	1991	Represents structural characteristics affecting the status of and prospects for development; relevant for individual countries only	Not retained, but used as additional information for decisions on inclusion
Official development assistance as percentage of GNP	New component of economic diversification index	1991	Represents structural characteristics affecting the status of and prospects for development; relevant for individual countries only	Not retained, but used as additional information for decisions on inclusion

Indicator	Possible Status	Year	Considerations	Decision
Remittances	New component of EVI	2008	Sustainability of remittances depends on the continuity of emigration and on the propensity to remit overtime. Most stable among private flows, often counter cyclical. Data reliability questionable. Limited availability	Not adopted
Population (in logarithms)	New component of EVI	1999	Small size is associated with persistent structural differences. Brings a dimension not captured by other indicators. Wide differences across countries with special significance for small countries. Logarithm of population retained to better reflect “diminishing returns to population size” with respect to vulnerability.	Adopted
Remoteness	New component of EVI	2005	Need to reflect handicap resulting from high transportation costs and isolation from world markets	Adopted
Export concentration ratio	New component of economic diversification index	1991	A high export concentration is due to structural factors, most meaningful when export to GDP ratio is high. Effective complement to share of manufacturing in GDP	Adopted

Indicator	Possible Status	Year	Considerations	Decision
Export concentration, including goods and services	Alternative to export concentration ratio based on merchandise trade only	1997/98	Extending export concentration ratio as calculated by UNCTAD to services would provide better information than indicator based on goods exports only. An alternative could be the sum of the top three exports of goods and services as a share of total exports of goods and services, possibly multiplied by total exports as a share of GDP.	Recommended as improvement of export concentration index, pending simulations and sensitivity tests. Instability of exports of goods and services seen as alternative. Never applied, as further modified in 1999 review.
		1999	Lack of data on the components of the service sector	Not adopted
		2002	Including services in the export concentration indicator better reflects export dependence on tourism and banking services. Index is not available.	Not adopted
		2005	Index not available. Merchandise export concentration depends on SITC classification and is particularly high for oil and other mineral exporters which facilitates their inclusion and maintenance in the list. More suitable indicator not available.	Not adopted
		2008	Current indicator does not include services, plus issue of mineral and fuel exporters. Existing methodology and data do not allow for changes and the calculation of a new export concentration index	Not adopted

Indicator	Possible Status	Year	Considerations	Decision
		2011	Many countries export of services, notably tourism, reaches significant magnitudes, sometimes surpassing those of merchandise exports.	Not adopted, but UNCTAD requested to explore to feasibility of calculating such indicator and to report on its findings.
Instability of exports of goods and services	Possible alternative to export concentration ratio	1997/98	Better captures economic vulnerability, covers both trade in goods and services	Recommended as one possibility for replacing (merchandise) export concentration, pending simulations and sensitivity test.
	New component	1999		Adopted
Consumption of electricity per capita	New component of economic diversification index	1991	Measure of infrastructure as well as transformation. Limited coverage of energy sources (excludes fuel wood, charcoal, etc); not always represent final consumption	Adopted
Commercial energy consumption (kg oil equivalent per capita)	Alternative to consumption of electricity per capita	1997/09	Broader and better proxy of infrastructure for development.	Recommended as replacement for electricity consumption, pending simulations and sensitivity tests. Never applied, as dropped in 1999 review.

Indicator	Possible Status	Year	Considerations	Decision
Electricity- installed capacity per 1,000	New component of economic diversification index	1991	Potential of power generation for industrial and consumer needs; only indicator of infrastructure with adequate and comprehensive coverage; does not provide information on structural transformation	Not retained
Km/miles of roads	New component of economic diversification index	1991	Measure of infrastructure; Countries rely on different modes of transportation; no meaningful way of aggregation, poor data availability.	Not retained
Paved-road density (km/km ²), Paved roads (km) per capita, World Bank's "normalized road index" paved roads as a percentage of all roads	New component of EDI	1997/98	Measure of transport infrastructure. However, dependent on population density and the nature of a country's terrain, as well as on the level of development	Not adopted
Natural endowment index: Agricultural land per capita, mineral exports as % of total exports, average rainfall and rainfall variability	New component	1991	Lack of development due to faulty policies or socio-political factors affecting the use of agricultural land, mineral and fuel resources. Quality, comparability and adequacy of data are problems.	Not retained, but used as additional information for decisions on inclusion
Instability of agricultural production	New component	1991	Measure of relative vulnerability to natural disasters	Not retained, but used as additional information for decisions on inclusion
		1999	Useful proxy for vulnerability to natural disasters.	Adopted

Indicator	Possible Status	Year	Considerations	Decision
Frequency of cyclones, droughts and floods	New component	1991	Measure of natural handicap of development; ;relevant for individual countries only	Not retained, but used as additional information for decisions on inclusion
Exposure to natural disasters	New component	1997/98	Could be measured by an index of the frequency of natural disasters, including hurricanes, floods, droughts, tidal waves, tsunamis, earthquakes, volcanic eruptions, locust invasion and perhaps other major natural disasters, weighted by the proportion of the population affected, averaged over a period of at least 10 years. A comparative measure of economic losses due to natural disasters was not currently feasible; however, the significance of economic losses and the importance of their calculation were acknowledged.	Recommended as new component of EDI, pending simulations and sensitivity tests.
		1999	Comparable and reliable data not available for many LDCs and other low income countries. Availability of comparable data on global basis still inadequate.	Not retained
Economic damage caused by natural disasters	New EVI component	2002	More direct measures of the economic impact of natural disasters. Availability of comparable data on global basis still inadequate.	Not retained

Indicator	Possible Status	Year	Considerations	Decision
Homelessness due to natural disasters	New EVI component	2002	More direct measure of the economic impact of natural disasters. Availability of comparable data on global basis still inadequate.	Not adopted, but recommended for future inclusion once data availability and reliability has improved
		2005	Direct measure of risk of natural disasters. Complementary to instability of agricultural production	Adopted as additional indicator
Victims of natural disaster	Alternative to homelessness due to natural disaster	2011	Inclusion of drought and extreme temperatures, while maintaining adequate coverage of disasters such as floods, storms, landslides and earthquakes.	Adopted, replacing homelessness indicator
Drought-specific indicators, based on precipitation patterns	New EVI component	2011	No indicator with sufficient coverage and quality is currently available. The current indicator on the instability of agricultural production reflects impacts of droughts and disturbances in rainfall patterns.	Not retained
Percentage of population living in low elevated coastal zones	New EVI component	2011	Vulnerability to sea level rise, storm surges and other coastal impacts associated with climate change.	Adopted
Percentage of water resources used	New EVI component	2011	To reflect vulnerability to negative developmental impacts arising from increased water scarcity. However, may include scarcity due to poor water management and infrastructure, relevant in most low income countries. Methodological concerns on the definition of the indicator	Not retained

Indicator	Possible Status	Year	Considerations	Decision
Poverty levels	New component	1997/98	Data for comparing poverty levels in all developing countries are currently inadequate. The purpose of the criteria is to reflect the development capacity of a country rather than the outcome of development	Not recommended
Environmental sustainability index	New component	2002	Initiative by the World Economic forum. Set of 22 core indicators, each of which combine 2 to 6 variables for a total of 67 variables. Methodological problems in the structural vulnerability indicators and their weighting. Equal weights given to the numerous variables with no regard to intrinsic relevance. Data unavailable for many developing countries. Index not directly relevant for the identification of LDCs.	Not retained

Indicator	Possible Status	Year	Considerations	Decision
SOPAC-UNEP Index	New component	2008	Natural shock index of the EVI refers to observed (ex-post) vulnerability; does not capture potential vulnerability; does not include dynamic changes in the environment which could have structural impact on future growth. Need to distinguish between economic and environmental/ecological vulnerability. The SOPAC-UNEP index has limited country coverage. Discontinued after 2004. Most indicators are also retrospective; relevance for economic vulnerability questionable, some subcomponents could be considered (low land), additional work needed	Not adopted
Climate change vulnerability	New component	2008	EVI already contains indicators that capture sources of economic vulnerability generated by the natural environment. The addition of climate change challenges could be relevant if reflect structural handicaps to growth. Need to research further whether and how climate change represents an additional structural impediment to growth. Issue kept in the research programme for future considerations.	Not adopted
Civil strife	New component	2008	Role of conflict as major factor of structural vulnerability examined. GNI, HAI and some components of EVI reflect some of impact/factors of conflict/conflict risk.	Not adopted, but post conflict situations to be considered in vulnerability profiles.

Indicator	Possible Status	Year	Considerations	Decision
Conflict-related indicators (occurrence, frequency and social impact)	New component	2011	Strong recurrent pattern, many post-conflict countries relapse into new conflict situation. A conflict trap is an impediment to development. Difficult to determine whether conflict is a strictly exogenous risk.	Not adopted