

Briefing on Graduation from the LDC category
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Session2: LDC criteria and graduation eligibility

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Indicators of the LDC criteria

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

GNI per capita

Human Asset
Index (HAI)

- Percentage of population undernourished
- Under five mortality rate
- Gross secondary 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

Gross national income

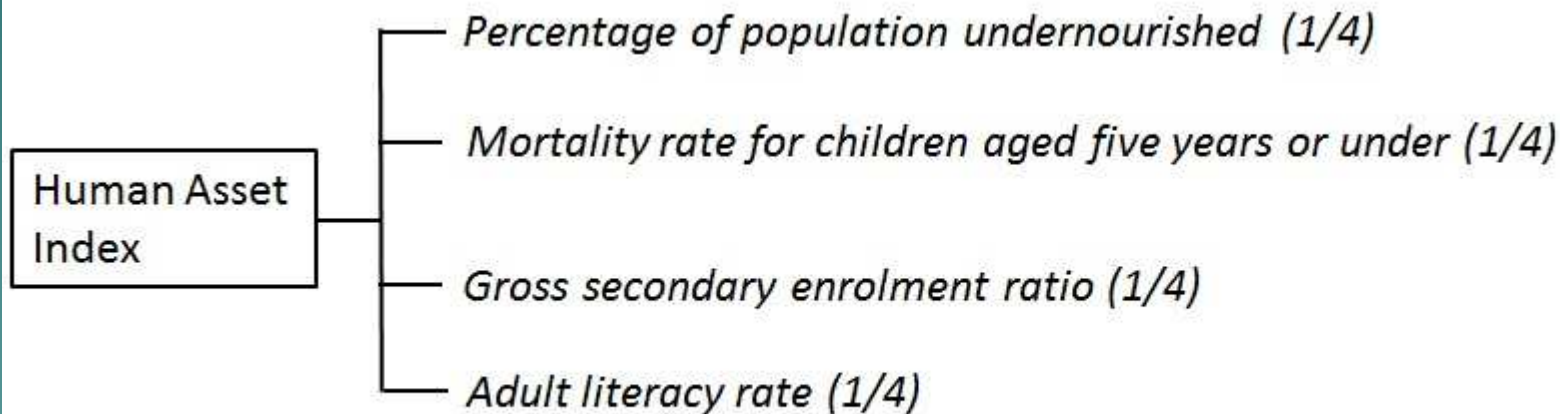
- ◆ Gross national income (GNI) per capita, in \$
 - Measures resources available for consumption and investment
- ◆ World Bank **Atlas method** is used to convert national currencies into US \$
- ◆ CDP uses **three-year averages** to account for short-term fluctuations

HAI and EVI - basics

- ◆ HAI and EVI are composite indices
 - Higher HAI scores are better
 - Lower EVI scores are better
 - Indicators are converted into indices using the 'Max-min procedure'.
 - Max and min values are based on distribution of all developing countries.

Human Asset Index

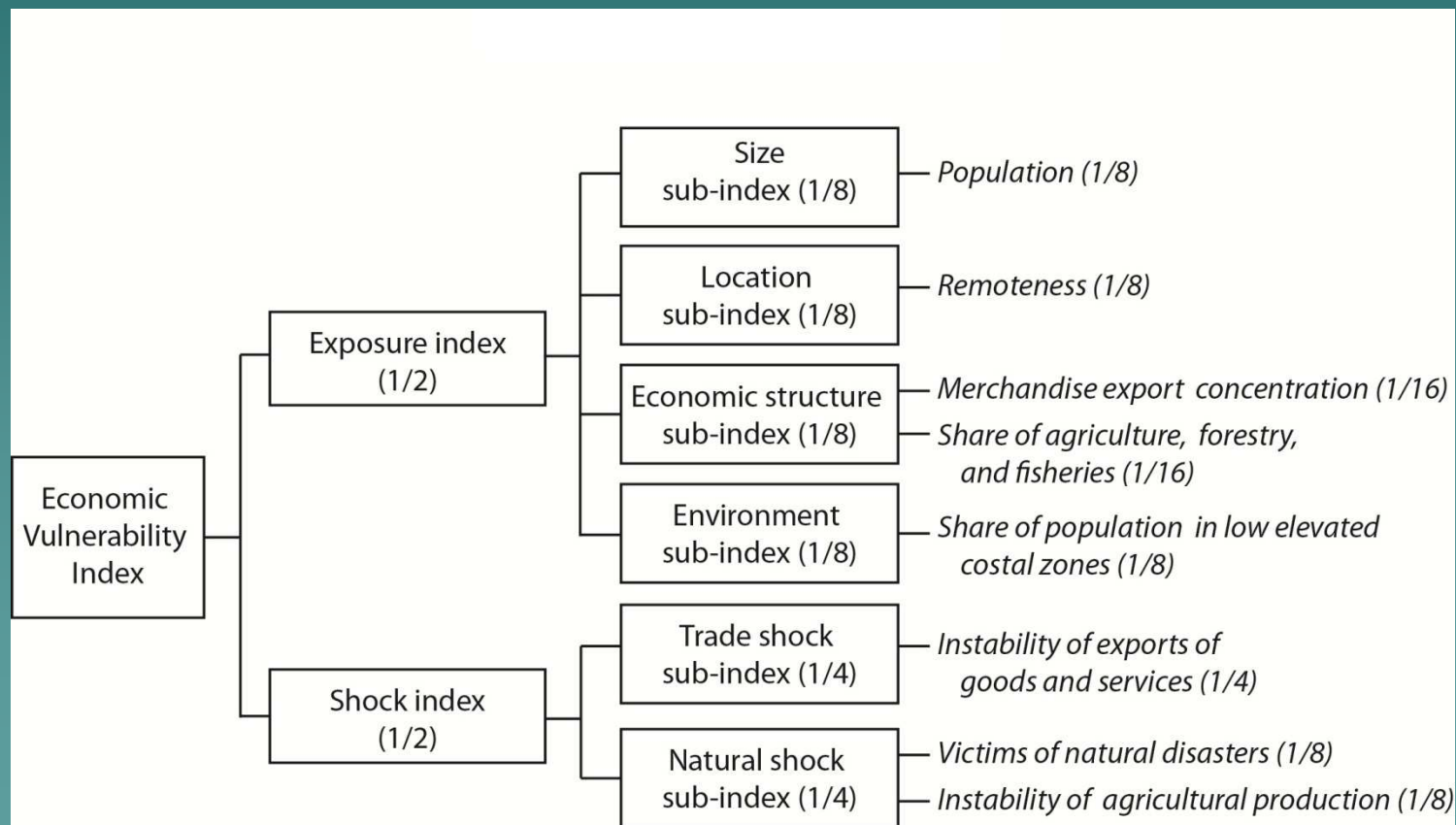
- ◆ Human asset index (HAI) is a measure of human capital available for development



- ◆ In 2018, maternal mortality ratio will be added as new indicator
 - Weights for all health related indicators will be 1/6
 - Weights for education indicators will remain 1/4

Economic Vulnerability Index

- ◆ Economic vulnerability index (EVI) is a measure of structural vulnerabilities to economic and environmental shocks



Numbers in brackets denote weights in overall EVI

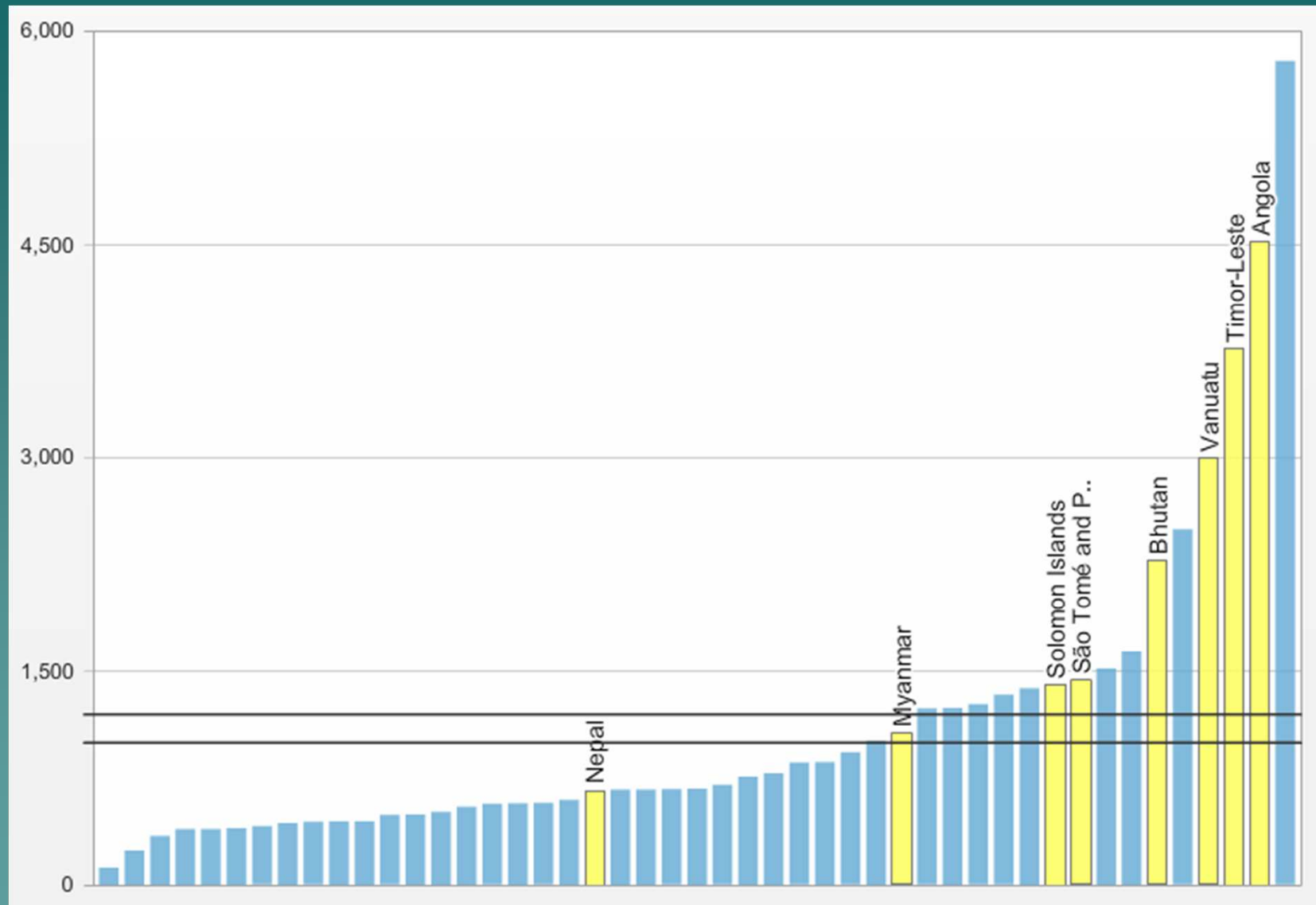
Data issues

- ◆ Data for all indicators are from international organizations
 - United Nations, UNESCO, FAO, ...
 - Ensures data is consistent and can be compared
 - LDCs need to be compared to each other and other developing countries
- ◆ International organizations rely on **national data**, but may make adjustments
- ◆ Missing national data estimated by international organizations

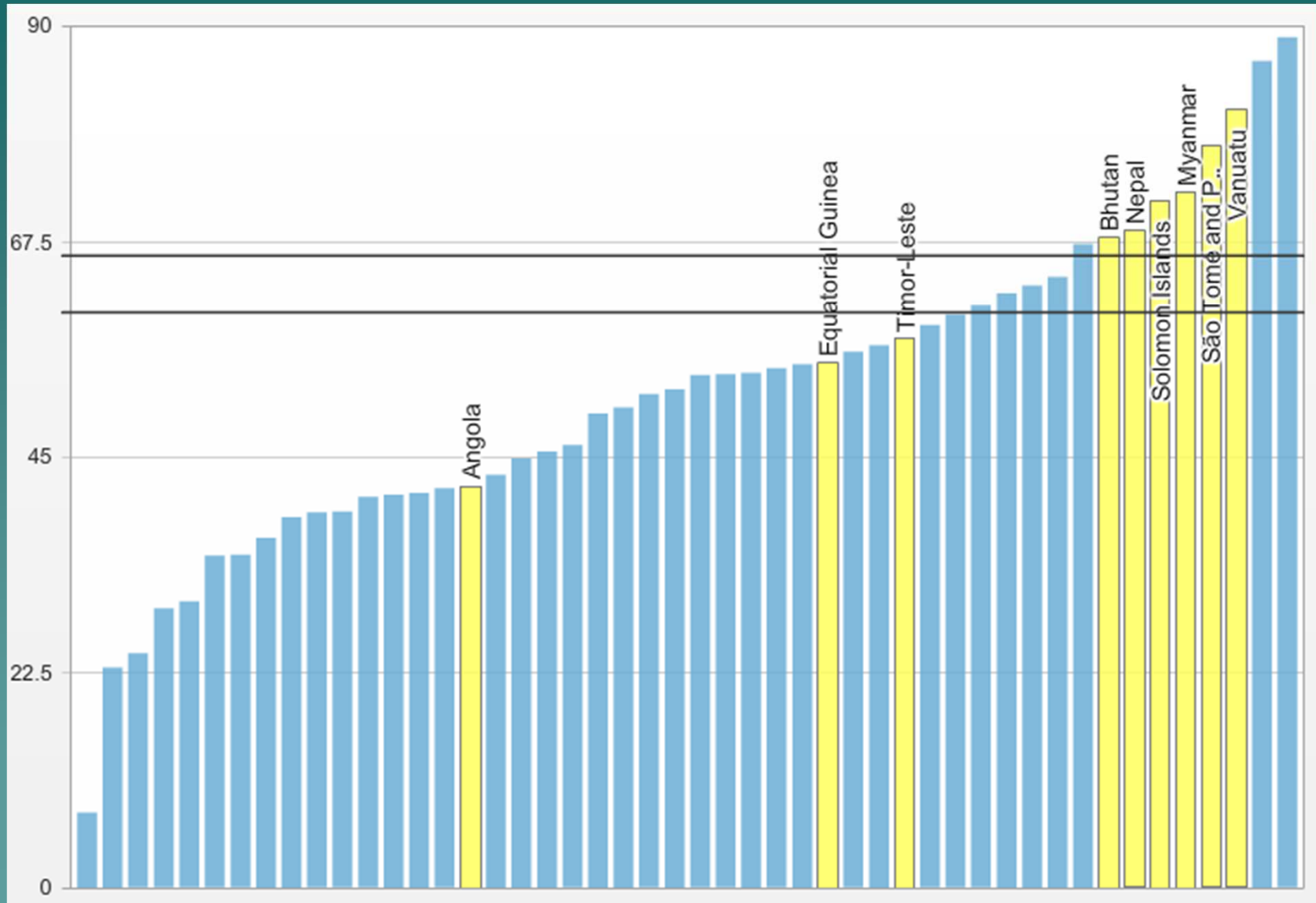
Thresholds

- **GNI per capita** 3-year average of World Bank low income threshold
 - For 2015 triennial review:
 - Inclusion: **\$1,035** and below
 - Graduation: **\$1,242** and above
 - 'Income only' graduation: **\$2,484** and above
- **Human Asset Index**
 - Thresholds for HAI and EVI were **fixed** by the CDP in 2014 at their 2012 levels
 - Inclusion: **60** and below
 - Graduation: **66** and above
- **Economic vulnerability index**
 - Inclusion: **36** and above
 - Graduation: **32** and below

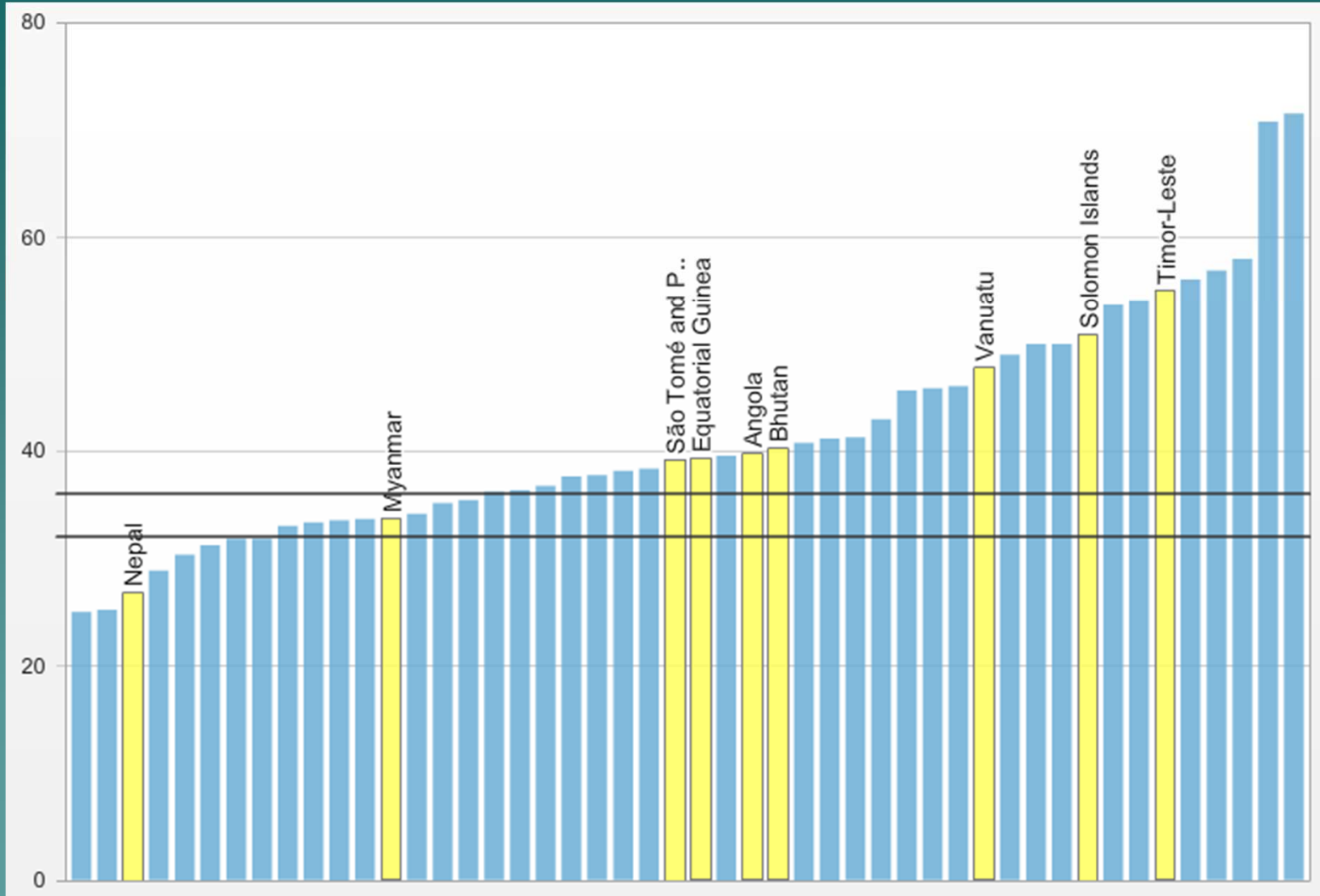
GNI 2015 (LDCs excl. Eq. Guinea)



HAI 2015 (LDCs)



EVI 2015 (LDCs)



Graduation eligibility

- ◆ In order to be eligible for graduation
 - Country passes thresholds of any 2 criteria
 - GNI and HAI
Bhutan, Kiribati, Sao Tome and Principe, Solomon Islands, Tuvalu, Vanuatu
 - OR
 - GNI and EVI
 - OR
 - HAI and EVI
Nepal
- OR
- Income > double income graduation threshold
Angola, Equatorial Guinea, Timor-Leste, Tuvalu, Vanuatu

Thank You

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