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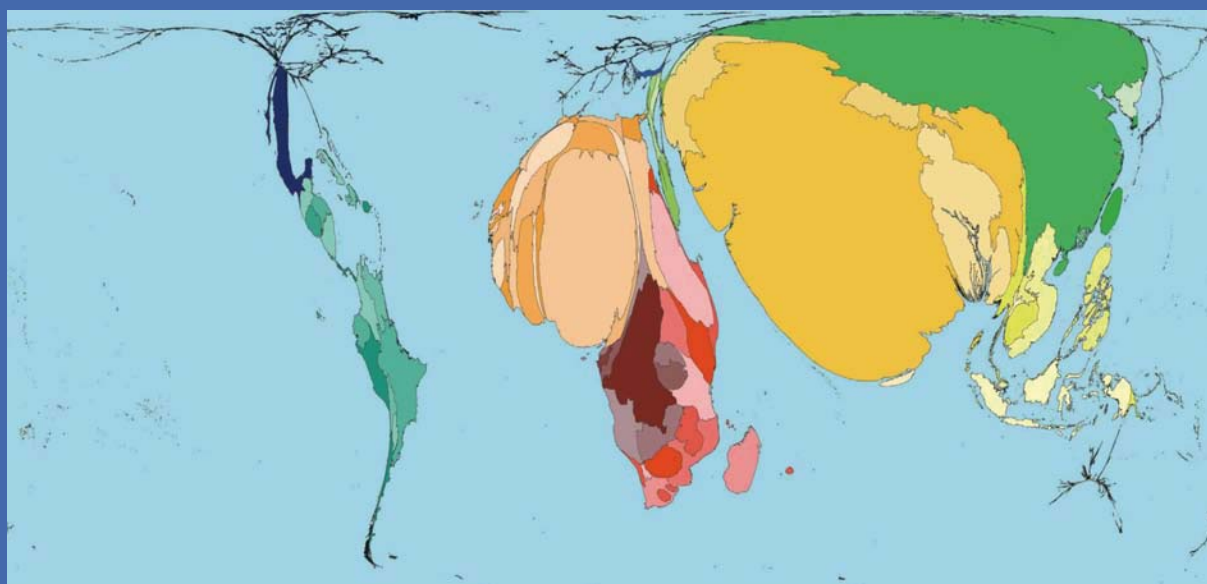
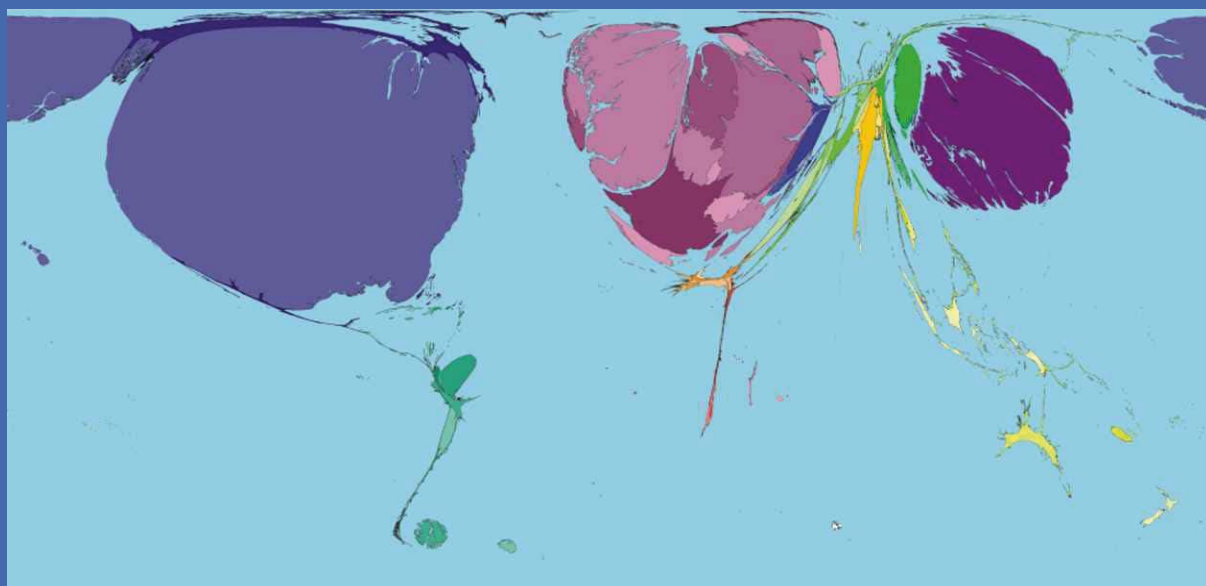
# THE LEAST DEVELOPED COUNTRIES REPORT 2007

*Knowledge, Technological Learning and  
Innovation for Development*



UNITED NATIONS

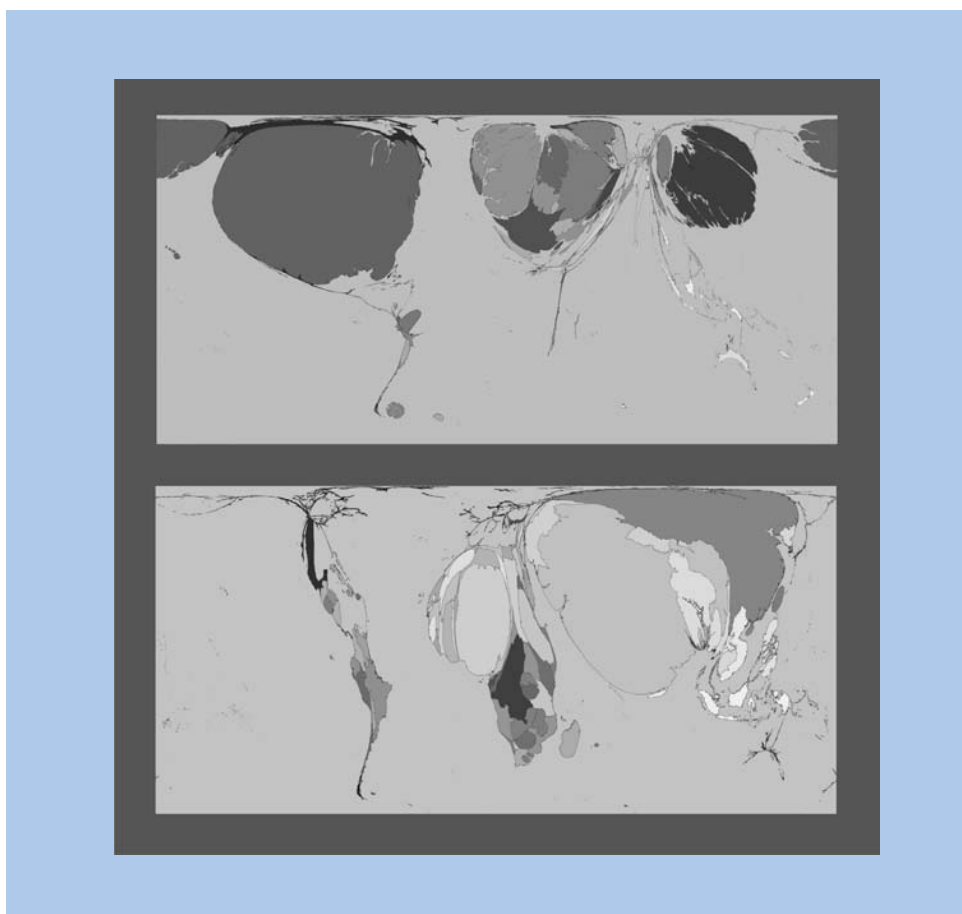
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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
Geneva

# THE LEAST DEVELOPED COUNTRIES REPORT 2007

Prepared by the UNCTAD secretariat



UNITED NATIONS  
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## WHAT ARE THE LEAST DEVELOPED COUNTRIES?

Fifty countries are currently designated by the United Nations as “least developed countries” (LDCs): Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People’s Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sudan, Timor–Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. The list of LDCs is reviewed every three years by the Economic and Social Council (ECOSOC) in the light of recommendations by the Committee for Development Policy (CDP).

The following criteria were used by the CDP in the 2006 review of the list of LDCs:

- (a) A “**low-income**” criterion, based on the *gross national income (GNI) per capita* (a 3-year average, 2002–2004), with thresholds of \$750 for cases of addition to the list, and \$900 for cases of graduation from LDC status;
- (b) A “**human assets**” criterion, involving a composite index (the *Human Assets Index*) based on indicators of (i) nutrition (percentage of the population undernourished); (ii) health (child mortality rate); (iii) school enrolment (gross secondary school enrolment rate); and (iv) literacy (adult literacy rate); and
- (c) An “**economic vulnerability**” criterion, involving a composite index (the *Economic Vulnerability Index*) based on indicators of (i) natural shocks (index of instability of agricultural production; share of population displaced by natural disasters); (ii) trade shocks (index of instability of exports of goods and services); (iii) exposure to shocks (share of agriculture, forestry and fisheries in GDP; merchandise export concentration index); (iv) economic smallness (population in logarithm); and (v) economic remoteness (index of remoteness).

For all three criteria, different thresholds are used for addition to, and graduation from, the list of LDCs. A country will qualify to be added to the list if it meets the three criteria and does not have a population greater than 75 million. A country will qualify for graduation from LDC status if it has met graduation thresholds under at least two of the three criteria in at least two consecutive reviews of the list. After a recommendation to graduate a country has been made by the CDP and endorsed by ECOSOC and the General Assembly, the graduating country will be granted a three-year grace period before actual graduation takes place. In accordance with General Assembly resolution 59/209, this standard grace period is expected to enable the relevant country and its development partners to agree on a “smooth transition” strategy, so that the loss of LDC-specific concessions at the end of the grace period does not disturb the socioeconomic progress of the country.

## Acknowledgements

*The Least Developed Countries Report 2007* was prepared by a team consisting of Charles Gore (team leader), Lisa Borgatti, Michael Herrmann, Ivanka Hoppenbrouwer-Rodriguez, Zeljka Kozul-Wright, Madasamyraja Rajalingam, Rolf Traeger and Stefanie West. Penélope Pacheco-López worked with the team until 28 February 2007, and Agnès Colardeau-Angleys participated in the final stage of preparation of the Report from 9 May 2007. The work was carried out under the overall supervision of Habib Ouane, Director, Division for Africa, Least Developed Countries and Special Programmes within UNCTAD.

Two ad hoc expert group meetings were organized as part of the preparations for the Report. The first, “New Policy Mechanisms to Enhance the Role of Knowledge in Developing Productive Capacities in the LDCs”, was held in Geneva on 2 and 3 October 2006. It brought together specialists in the fields of innovation and technology for development, knowledge ecology and intellectual property. The participants in the meeting were as follows: Martin Bell, Ermias Biadgleng, Mario Cimoli (ECLAC), Eduardo Escobedo, Dominique Foray, Carlo Pietrobelli, Francisco Sercovich, François Vellas and Larry Westphal, as well as colleagues from other Divisions of UNCTAD — Kiyoshi Adachi, Victor Konde and Simonetta Zarrilli. The second expert group meeting, “Expert Review of the Least Developed Countries Report 2007”, was held in Geneva on 10 March 2007. It brought together the following experts on the same themes: Martin Bell, Dominique Foray, Padmashree Gehl Sampath, Jorge Katz, Richard Nelson, Carlo Pietrobelli, Rajah Rasiah, Francisco Sercovich and Tony Thirlwall. Both meetings discussed background papers prepared by Charles Gore, Zeljka Kozul-Wright and Rolf Traeger.

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## Explanatory Notes

The term “dollars” (\$) refers to United States dollars unless otherwise stated. The term “billion” signifies 1,000 million. Annual rates of growth and changes refer to compound rates. Exports are valued f.o.b. (free on board) and imports c.i.f. (cost, insurance, freight) unless otherwise specified.

Use of a dash (–) between dates representing years, e.g. 1981–1990, signifies the full period involved, including the initial and final years. An oblique stroke (/) between two years, e.g. 1991/92, signifies a fiscal or crop year.

The term “least developed country” (LDC) refers, throughout this report, to a country included in the United Nations list of least developed countries.

### In the tables:

Two dots (..) indicate that the data are not available, or are not separately reported.

One dot (.) indicates that the data are not applicable.

A hyphen (-) indicates that the amount is nil or negligible.

Details and percentages do not necessarily add up to totals, because of rounding.

## Abbreviations

ACP	Africa, Caribbean and Pacific
AfT	Aid for Trade
AGOA	African Growth and Opportunity Act
ALDC	Division for Africa, Least Developed Countries and Special Programmes
API	active pharmaceutical ingredient
ARIPO	African Regional Intellectual Property Organization
ASEAN	Association of Southeast Asian Nations
BIT	bilateral investment treaty
CEO	chief executive officer
CGIAR	Consultative Group for International Agricultural Research
CORFO	Chilean Economic Development Agency
CIPR	Commission for Intellectual Property Rights
DFID	Department for International Development (United Kingdom)
DTIS	Diagnostic Trade Integration Studies
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	Economic and Social Council
EU	European Union
EUCD	European Union Copyright Directive
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FTA	free trade agreement
FTE	full-time equivalent
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GFCF	gross fixed capital formation
GMO	genetically modified organism
GSP	Generalized System of Preferences
GVC	global value chain
ICT	information and communication technology
ICTSD	International Centre for Trade and Sustainable Development
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IOM	International Organization for Migration
IP	intellectual property
IPP	intellectual property protection
IPR	intellectual property right
LDC	least developed country
MFA	Multifibre Arrangement
NARS	national agricultural research system
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
NGO	non-governmental organization
NIS	national innovation system
OAPI	Organisation Africaine de la Propriété Intellectuelle (African Intellectual Property Organization)
ODA	official development assistance

ODC	other developing country
OECD	Organisation for Economic Co-operation and Development
PRSP	poverty reduction strategy paper
R&D	research and development
RMG	ready-made garment
RQAN	Return of Qualified African Nationals
S&T	science and technology
SAP	structural adjustment programme
SITC	Standard International Trade Classification
SMEs	small and medium-sized enterprises
STI	science, technology and innovation
TNC	transnational corporation
TPM	technology protection measure
TRIMs	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNIDO	United Nations Industrial Development Organization
UNU-MERIT	United Nations University – Maastricht Economic and Social Research and Training Centre on Innovation and Technology
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization