

Brief on Graduation of Lao PDR from Least Developed Country status

Least Developed Country (LDC) status is determined by the United Nations Social and Economic Council (ECOSOC) based on three interrelated criteria which evaluate the income of a country as well as its structural handicaps for sustainable development.

- i. **Gross National Income (GNI) per capita:** provides information on the income status of a country. Values reflect an unweighted average of three years
- ii. **Human Assets Index (HAI):** is a composite index of four equally weighted criteria that assess the human capital of a country: Under-five mortality rate; gross secondary school enrollment ration; percentage of population undernourished; and adult literacy rate
- iii. **Economic Vulnerability Index (EVI):** is a composite index that assesses the economic and agricultural vulnerability of a country. It is made up of population; remoteness; merchandise export concentration; share of agriculture, forestry and fishing in GDP; share of population in low elevated coastal zones; instability of exports of goods and services; victims of natural disasters; and instability of agricultural production.

Progress against these criteria is reviewed every three years by the Committee for Development Policy (CDP), which operates under the auspices of the ECOSOC. It is during these triennial reviews that the list of LDCs can be reviewed to either include countries which would meet the inclusion thresholds, or recommend others for graduation. To graduate from LDC status, the graduation threshold must be met for two of the three criteria. Alternatively, per capita GNI should be at least twice the graduation threshold. Eligibility for graduation must be met at two consecutive triennial reviews. Once the country meets the criteria for the second time, it can be recommended to ECOSOC for graduation to take place three years later, six years after first becoming eligible.

While Lao PDR has not passed the criteria at the last review in 2015, **at the CDP Review on 12-16 March 2018 the country passed the thresholds for GNI/capita and HAI,** thus becoming eligible for LDC graduation for the first time. If it sustains progress until the 2021 review, it will be recommended to graduate following a three-year transition period, in 2024.

LDC Graduation Criteria	Graduation Threshold 2015	Lao PDR 2015 CDP Review	Graduation Threshold 2018	Lao PDR 2018 CDP Review
GNI per capita	1,242 or above	1,232	1,230 or above	1,996
HAI	66 or above	60.8	66 or above	72.8
EVI	32 or below	36.2	32 or below	33.7

Eligibility to graduation does not automatically remove the vulnerabilities that made Lao PDR a Least Developed Country. It will therefore be important to accelerate progress related to the graduation indicators for vulnerabilities to be reduced, development to be sustainable and graduation to occur smoothly. Preparation to transition is a long-term effort, which is why the inclusion of LDC graduation as a main objective of the 8th National Socio-Economic Plan of Lao PDR for the period 2016-2020 is important. This allows working towards sustainably and inclusively graduating as a joint national effort in which all development partners take part.

Please refer to UNDP's [5th National Human Development Report](#) for more information on LDC graduation, and recommendations for the way forward.

Please refer to the [UN Department for Economic and Social Affairs Webpage on LDC Graduation](#) for further details.