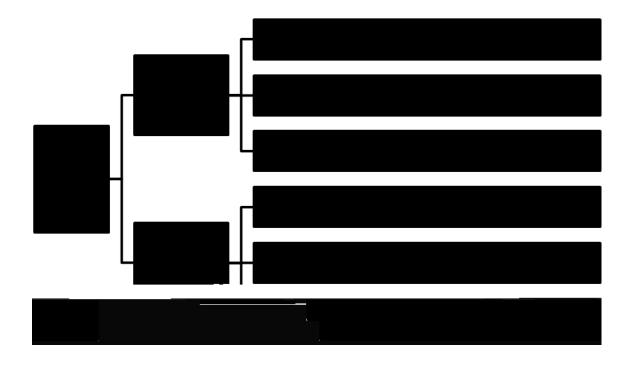
The Committee finalized its multi-year programme on the comprehensive review of the least developed country criteria. While confirming the basic concept of the criteria, it simplified their structure, expanded their coverage of structural impediments to sustainable development and strengthened their individual components. The refined criteria will be applied at the 2021 triennial review of the list of least developed countries, utilizing the established graduation and inclusion rules. The Committee also

strengthened the application of the criteria, including by expanding the additional information it uses before making recommendations for graduation. In the view of the Committee, the outcome of the review will contribute to shifting the graduation debate beyond a country classification exercise towards a discussion of how a country can further its momentum towards sustainable development with the support of the international community.

Every three years, the Committee reviews the list of least developed countries and recommends which countries

The Committee confirmed that the income criterion is measured by the three-year average of gross national income per capita in United States dollars, using conversion factors based on the World Bank Atlas methodology. It views purchasing power parity rates as not (yet) suitable for the identification of least developed countries, as different rounds of the International Comparison Programme determining

purchasing power parity rates can lead to drastic swings in reported gross national income over time. However, the Committee will continue to monitor the work of the Programme and investigate differences between gross national income per capita using Atlas conversion rates and purchasing power parity rates before recommending countries for graduation.



The economic vulnerability index will be renamed the

the current name is misleading. For continuity, the abbreviation EVI will be kept. The refined index will consist of two subindices, one on economic vulnerability and one on environmental vulnerability. Each contains four indicators, keeping the total number of index indicators unchanged. To simplify, all sub-subindices will be eliminated and all indicators will have equal weight. The indicator on population size will be removed, as small size does not directly measure an economic or environmental vulnerability. Specific vulnerabilities associated or compounded by population size are captured in some of the remaining indicators.

For the economic vulnerability subindex, the Committee confirmed the share of agriculture, forestry and fisheries in gross domestic product (GDP) as an important and readily available indicator to reflect a lack of structural transformation that exposes countries to external shocks.

Physical distance from markets continues to be an important source of economic vulnerability. The methodology of the distance-based remoteness indicator reflects the specific challenges of landlocked developing countries in reaching export markets through an adjustment factor. To better reflect this feature, the indicator will be renamed remoteness and landlockedness.

The review further confirmed that the merchandise export concentration index reflects the exposure to shocks in specific product markets, even though it unfortunately excludes services owing to the lack of appropriate data and methodologies.

The review confirmed export instability as an indicator for the vulnerability to trade shocks, as highly variable export earnings typically cause fluctuations in production, employment and foreign exchange availability. For the 2021 triennial review, the methodology will be modified by weighing the volatility of exports in volume terms around their trend with the latest three-year trade dependency (the ratio of exports plus imports to GDP). This revision reflects the fact that export instability is more of an impediment for trade-dependent countries.

Previously, proneness to trade shocks was to some extent captured by the now-eliminated population size indicator in the environmental vulnerability index.

In the environmental vulnerability subindex, the Committee confirmed the share of population living in low-

Figure II Refined economic and environmental vulnerability index

Committee commits to include in its findings an explicit statement as to whether this condition is fulfilled and how the remaining challenges can be addressed.

As an exception, a country whose per capita income is