THE LEAST DEVELOPED COUNTRIES
Things to KNOW, Things to DO

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS)
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**What are the LDCs?**

Since 1971, the United Nations has recognized the Least Developed Countries (LDCs) as the “poorest and weakest segment” of the international community. They are highly disadvantaged in their development process as a result of their vulnerability. As such, the LDCs require special support from the international community.

**How many countries are the LDCs?**

Forty-eight countries are presently classified as LDCs by the United Nations. They are geographically distributed as follows:

**Africa:**

**Asia and the Pacific:**
14 countries – Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao Peoples Democratic Republic, Myanmar, Nepal, Samoa, Solomon Islands, Timor-Leste, Tuvalu, Vanuatu, and Yemen.

**Latin America and the Caribbean:**
1 country—Haiti.

What qualifies a country to be an LDC?

The United Nations Committee for Development Policy (CDP) uses the following criteria to identify LDCs:

» Low income, with the threshold for inclusion, based on a three-year average of the level of GNI per capita, which the World Bank defines for identifying low-income countries ($992 in 2012). The graduation threshold is set at a higher level, usually 20 per cent above the inclusion threshold ($1,190 in 2012).

» Weak human resources as measured by indicators of undernourishment, mortality of children aged five years or under, secondary school enrolment and adult literacy rate.

» High economic vulnerability, measured by population size; remoteness; share of population in low-elevated coastal zones; concentration of goods exported, share of agriculture, forestry and fisheries in GDP; instability of agricultural production; instability of exports of goods and services; victims of natural disasters.

A country must satisfy all the three criteria to be added to the list of LDCs. In addition, its population must not exceed 75 million. A country under consideration has to give its consent before its status as an LDC is approved by the United Nations Economic and Social Council (ECOSOC) and the General Assembly.

What is required to graduate from the list of LDCs?

To cease being an LDC, a country must reach the threshold levels for graduation on at least two of the aforementioned three criteria, or its income per capita must exceed twice the threshold level. The likelihood that the level of income per capita is sustainable must be deemed high. A country graduates three years after the GA notes of the recommendations of the CDP. During this time, the country remains on the LDC list and benefits continue receiving special support. A smooth transition strategy is established during this time and implemented after graduation.

What benefits do LDCs receive?

The international support measures associated with LDC status are related to trade preferences, development financing, including Official Development Assistance, debt relief, technical assistance and other forms of support. LDCs that are members of the World Trade Organization (WTO) also benefit from special and differential treatment regarding WTO-related obligations.

Which countries have graduated from the list of LDCs?

Since the establishment of the category in 1971, only three countries have graduated. Botswana graduated in 1994, Cape Verde in 2007 and Maldives graduated in 2011. Samoa is scheduled to graduate in 2014.

What is the Istanbul Programme of Action for LDCs?

Adopted along with the Istanbul Declaration by the Fourth United Nations Conference on the Least Developed Countries, in Istanbul, Turkey, 9-13 May 2011, the overarching goal of the Istanbul Programme of Action (IPoA) for the decade 2011-2020 is to overcome structural challenges faced by LDCs in order to eradicate poverty, achieve internationally agreed development goals and enable graduation for LDCs. The IPoA charts out the international community’s vision and strategy for the sustainable development of LDCs, with a strong focus on developing their productive capacities.
Build productive capacity to make globalization work for LDCs

Things to KNOW
» The productivity gap between workers in OECD countries and the LDCs is on average 22 to 1 in favour of the former
» LDCs have contributed less than 0.2% of manufactured exports and less than 0.01% of world’s high-technology products
» Only 16% of the LDC population is estimated to have had access to electricity in compared with 53% in other developing countries and 99% in OECD countries

Things to DO
» Increase value addition in natural resource-based industries, with special attention to employment generation
» Provide more financial and technical support to boost productive capacities
» Strive to provide 100% access to the internet by 2020
» Aim to ensure access to energy for all by 2030
» Aim for significant increase in rail, road, sea and air networks by 2020
» Diversify local productive and export capability

Actions by LDCs
» Ensure that a productive capacity agenda is mainstreamed into national policies and strategies
» Increase government spending on productive capacity-building
» Upgrade quality assurance and standard of products and services to global standards
» Increase access to financial services especially for SMEs

Actions by Development Partners
» Provide more financial and technical support to develop productive capacities in line with LDCs’ priorities
» Support development of science and technology to increase agricultural output
» Support LDCs in diversification and value addition by their firms to effectively participate in global value chains

Build productive capacity to make globalization work for LDCs

Nepalese male garment factory workers ironing clothes before shipping out.
**Things to KNOW**

» LDCs have the worst stock of physical infrastructure in the world

» Only 2.1% per 100 persons in LDCs made use of an internet connection as of 2008

» 22% of roads are paved in LDCs compared to 43% in other developing countries and 88% in OECD countries

» A telephone call from Germany to the United States costs about 50 cents for three minutes and import procedures require only a few days. In sub-Saharan Africa, the cost of a three-minute call to the U.S is often over $3.00, and it can take one to two months or more to complete import formalities.

**Things to DO**

» Develop and implement national policies for infrastructure development

» Promote public-private partnerships for the development and maintenance of transport and ICT infrastructure

» Promote bilateral, sub-regional and regional approaches to improve connectivity by removing infrastructure bottlenecks

**Actions by LDCs**

» Allocate an adequate percentage of the budget for infrastructure and maintenance

» Develop modern ICT infrastructure, including in rural and remote areas

» Build and expand broadband connectivity, e-networking and e-connectivity in relevant areas, including education, banking, health and governance

**Actions by Development Partners**

» Support efforts to facilitate the transfer of relevant skills, knowledge and technology for development of infrastructure

» Actively support private sector investment, including through public/private partnerships and grant/loans blending for infrastructure development

» Provide enhanced financial and technical support for infrastructure in line LDCs’ needs

**Energy**

**Things to KNOW**

» Some 91% of people in LDCs lack access to modern energy

» More than 80% of people in LDCs still rely on traditional biomass and coal for cooking and heating

» Over 50% of deaths from pneumonia in children under 5 and chronic lung disease in adults over 30 are due to solid fuel use

**Actions by LDCs**

» Adopt holistic energy security policies to build a strong sector

» Increase capacity for energy generation, especially renewable energy

» Improve efficiency in the sustainable use of energy resources

**Actions by Development Partners**

» Provide financial and technical assistance to LDCs to ensure access to energy for all

» Facilitate transfer of affordable technology under mutually agreed terms for the development of clean and renewable energy technologies
SCIENCE, TECHNOLOGY AND INNOVATION

Things to KNOW
» There are only 94.3 scientific researchers per million people in LDCs, against 3,728 in developed countries
» Annual disbursements for the development of advanced and specific skills and for research during the period 2003-2005 constituted only 3.6% of total aid disbursements to LDCs
» LDC imports of technology through plans, projects, industrial designs and blueprints amounted to $0.07 per inhabitant in 2000-2005, while in developing countries it was 90 times higher ($6.36 per inhabitant)

Things to DO
Joint Actions
» Undertake by 2013, a joint gap and capacity analysis with the aim of establishing a Technology Bank and Science, Technology and Innovation support mechanism

PRIVATE SECTOR DEVELOPMENT

Actions by LDCs
» Ensure science, technology and innovation receive priority in budget allocation
» Build or expand strategic partnerships with a broad range of actors to support innovation
» Ensure that science and technology are mainstreamed into national development and sectoral policies
» Facilitate cooperation between research institutions and the private sector

Actions by Development Partners
» Provide enhanced financial and technical support to research and development, science and technology, including strengthening national and regional institutions
» Consider provision of concessional start-up finance for LDC firms investing in new technologies

Things to KNOW
» Infrastructure and institutional constraints limit LDC private sector growth
» Many LDCs lack positive economic performance due to low levels of economic growth, low export levels and low rates of foreign investment
» Significant disparities still exist between genders in the private sector

Things to DO
Actions by Development Partners
» Help strengthen public/private partnerships with a view to ensuring policies address key constraints
» Promote dialogue between private sector and government
» Make efforts to promote availability of financial services, including banking and insurance

Actions by LDCs
» Continue promoting an environment for private sector development, including for small and medium-sized enterprises through a transparent and rule-based regulatory framework
» Promote women entrepreneurship to make better use of untapped economic potential in LDCs
» Support initiatives to strengthen managerial capacities and the productivity of small and medium-sized enterprises to improve their competitiveness

Actions by Development Partners
» Provide enhanced financial and technical support, and facilitate transfer of technology under mutually agreed terms to remove structural and institutional constraints on private sector
Hunger no more—agriculture is key to poverty reduction in LDCs

Things to KNOW

» Agricultural productivity has remained virtually static since the 1980s, and many LDCs do not grow enough food to feed their own populations

» Agriculture accounts for between 30-60% of GDP in the LDCs

» On average, women make up more than 50% of the agricultural labour force in the LDCs

» Spikes in food and other commodity prices hit the LDCs hardest due to their extreme vulnerability

» 92% of rural households in African LDCs have no electricity, creating greater post harvest losses

Things to DO

» Make substantial progress towards eradicating hunger by 2020

» Substantially increase investment in rural infrastructure

» Ensure access to safe food and emergency food assistance in all LDCs

Joint Actions

» Promote investment in agriculture, taking into account environmental sustainability and well-being of local communities

» Explore feasibility of system of stockholding in dealing with humanitarian food emergencies or as a means to limit price volatility

» Pursue policies to reduce price volatility, improved info systems for stocks and production, greater commodity markets transparency and free movement of food supplies

» Ensure elimination of all forms of agricultural product export subsidies

Actions by LDCs

» Boost small-holder farmer food production, agricultural productivity and sustainable agricultural practices

» Provide safety nets to poor small-holder farmers

» Supply critical inputs such as locally adapted high-yielding seed varieties, fertilizers and other services

» Rehabilitate both rural and agricultural infrastructure

Actions by Development Partners

» Provide enhanced financial and technical support for the development of agricultural sector

» Deliver on commitments to achieve global food security and sustainable agricultural development, and provide adequate and predictable resources through bilateral and multilateral channels, including commitments in the L’Aquila initiative on global food security

» Provide and support, as appropriate, LDCs with high-yielding and climate-resilient crop varieties
Make trade duty-free, quota free and fair for all LDCs

Things to KNOW
» Least developed countries’ collective share in international trade has nearly doubled over the past 10 years, but it remains at just over 1%
» Current structures of trade in LDCs make them vulnerable to external shocks such as global economic crisis of 2008–2009

Things to DO
» Work towards creating favourable market access conditions for all products originating in LDCs
» Move for an early and successful conclusion of the Doha Round of trade negotiations

Joint Actions
» Reduce or eliminate arbitrary or unjustified non-tariff barriers that are not in conformity with WTO rules
» Realize timely implementation of duty-free quota-free market access, on a lasting basis
» Reaffirm provision of special and differential treatment for LDCs in WTO agreements

Actions by LDCs
» Integrate trade and trade capacity-building policies into national development strategies
» Improve diversification of dynamic new products and services
» Improve efficiency, efficacy and transparency of institutions

Actions by Development Partners
» Support LDCs’ efforts to strengthen their human, institutional and regulatory capacities in trade policy and trade negotiations
» Provide financial and technical support aimed at the diversification of LDC economies
» Ensure preferential rules of origin applicable to imports from LDCs are simple, transparent and predictable
» Support LDCs’ efforts to promote sub-regional and regional cooperation
» Enhance the share of Aid for Trade for LDCs as well as support for the Enhanced Integrated Framework

Newly mined iron-ore ready to be transported to the deep-sea-port at Monrovia, Liberia, for export.
Reduce LDCs’ commodity dependence

Things to KNOW
- Most LDCs still rely primarily on agriculture or extraction of few natural resources and primary products for export, keeping them commodity dependent
- Unpredictable swings in commodity prices pose particular challenges for LDCs
- Volatile prices negatively affect the ability of commodity-dependent LDCs to maintain steady income and spending
- Strengthen capacity of LDCs to manage their natural resources

Things to DO
- Broaden least developed countries’ economic base in order to reduce commodity dependence
- Support least developed countries in strengthening their capacity to manage their natural resources

Actions by LDCs
- Establish and strengthen national commodity management strategies to maximize benefits derived from resources
- Adopt and strengthen commodity-specific policies, measures and strategies to enhance productivity and vertical diversification
- Adopt policies to ensure value addition, and increase value retention

Actions by Development Partners
- Assist LDCs to better mitigate and manage risks associated with volatility of commodity prices, without distorting market behaviour
- Support LDCs in strengthening effective marketing systems and support frameworks for small commodity producers
- Enhance corporate transparency and accountability, taking into account the principles of domestic law and voluntary initiatives like the Extractive Industries Transparency Initiative
Human capital is the greatest asset of LDCs

LDCs face serious economic, human and social development challenges. Poverty and hunger pose serious constraints to LDCs’ efforts to make progress in human and social development. LDCs are starkly lagging behind in meeting most of the internationally agreed development goals, including the MDGs.

EDUCATION AND TRAINING

Things to KNOW

» 25 million primary school-aged children do not attend school in the LDCs today
» LDCs will need to recruit at least 1.9 million new teachers to achieve universal primary education by 2015
» Girls represent 54% of the total number of out-of-school children in the LDCs

Things to DO

» Ensure universal access to free primary education in LDCs by increasing the enrolment and retention rates
» Broaden access to secondary, tertiary and vocational education and skill development training
» Eliminate gender disparities in education and training
» Increase the quality of education and training at all levels

Actions by LDCs

» Strengthen and implement strategies and programmes for national education, technical and vocational education and training
» Strengthen national education systems, including through better curricula, financing, teacher development and deployment
» Ensure access to quality education, with priority to progression through education system, especially for women and girls
» Ensure formal and informal education systems provide skills training required by the labour market

Actions by Development Partners

» Provide financial/technical support for LDCs to implement their national education plans and programmes
» Support efforts to train and retain teachers and trainers, particularly in rural and underserved areas
» Support measure to provide school meals and ensuring that schools have separate sanitation facilities for boys and girls
» Help LDCs go beyond MDG education targets, especially in increased enrolment and decreased drop-out rates
POPULATION AND PRIMARY HEALTH

Things to KNOW

» High poverty, unemployment and population growth rates, plus poor health and nutrition continue to hamper human development in LDCs

» A chronic shortage of trained health workers is one of the most fundamental constraints to achieving the MDGs in LDCs

» Average life expectancy in LDCs is just 57 years of age; largely a result of malnutrition, HIV/AIDS and poor health care.

Things to DO

» Achieve targets under MDG 4 and 5 by 2015 and significantly reduce infant and maternal mortality rates and child under-nutrition by 2020

» Provide universal access to reproductive health by 2015

» Achieve targets under MDG 6 by 2015 and reverse the spread of HIV/AIDS, and the incidence of malaria and other major diseases

Joint Action

» Reaffirm WTO provisions to promote access to medicines for all and encourage provision of assistance

Actions by LDCs

» Strengthen the capacity of national health systems, including through the development of medical professionals and health-care workers

» Address country-specific high-burden health problems and maintain programmes to reduce vulnerability to HIV/AIDS, malaria and other communicable diseases

Actions by Development Partners

» Provide financial and technical support for least developed countries to strengthen their national health systems

» Work with LDCs to improve access to medicines, encourage the development and transfer of technology under mutually agreed terms and conditions

» Support LDCs to develop capacity to systematically collect and analyse demographic data to be used for designing appropriate national policies

YOUTH DEVELOPMENT

Things to KNOW

» LDCs have the largest and most rapidly growing youth population because of their high fertility and high population growth

» About 60% of the population in LDCs is under the age of 25

» The number of young people in these countries will increase by more than 60% between 2010 and 2050

» The group of young people between 10 and 24 years continues to grow the fastest in the LDCs

Things to DO

» Build the educational and skills capacity of youth and achieve full and productive employment and decent work

» Enhance youth participation in the economy through improving access to vocational education, volunteering and employment

Actions by LDCs

» Develop policies and programmes for supporting youth access to secondary and higher education, vocational training and productive employment, and health-care services

» Foster youth entrepreneurship, including training and assistance initiatives, with a focus on the youth in post conflict situations

» Develop and pursue strategies for the effective participation of youth in economic, social and political life

» Support post-primary skills development, volunteering, internship and apprenticeship programmes in consultation with private sector and training institutions

Actions by Development Partners

» Provide financial and technical assistance to support LDCs’ policies and programmes that provide economic opportunities and productive employment to youth

» Support formal and non-formal education systems for capacity-building and skills development through financial and technical assistance

» Promote youth exchange programmes, including through virtual campuses and other networking mechanisms
Things to KNOW

» 78% of the urban population in the LDCs lives in slums and informal settlements, the majority of whom also live on less than one dollar a day.

» Investments in urban infrastructure and services lag way behind the demographic growth and the physical expansion of towns and cities

Things to DO

» Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

» Develop and implement local, national, regional plans and strategies, to promote access to land, housing and basic services

» Seek ways of decongesting existing slums, preventing the growth of new ones and improving remaining slum housing stock

» Strengthen national legislation to improve property rights of slum-dwellers and rural poor

Things to KNOW

» LDCs form the bulk of some 1.1 billion people globally without improved water supply, and the 2.4 billion people lacking proper sanitation

» In Africa, 115 people die every hour from diseases linked to poor sanitation, poor hygiene and contaminated water

» WHO estimates that almost 10% of global diseases could be prevented by improving water, sanitation and hygiene

» 2.7 billion people will still lack basic sanitation and 672 million won’t have safe water by 2015

Actions by Development Partners

» Provide financial and technical support to LDCs’ efforts to improve access to land, housing and basic services

» Support LDCs in developing capabilities and capacities of national and local governments and institutions for the delivery, quality monitoring, financing, and operation and maintenance of housing and basic services

» Take into account the special needs for reconstruction of least developed countries devastated by natural and man-made disasters and conflicts

Things to DO

» Strive to provide sustainable access to safe drinking water and basic sanitation for all by 2020

» Prioritize provision of water and basic sanitation in the country’s national development plans

» Develop, mainstream or strengthen integrated strategies and programmes

Actions by Development Partners

» Provide financial and technical support to LDCs to improve and expand water and sanitation provision, including water pipelines and sewage networks

» Help strengthen capacity of local institutions for service delivery, quality monitoring, financing, operations and maintenance

» Assist LDCs to preserve and develop water sources, manage water sheds and enhance water productivity, including through sub-regional and regional collaborations

» Support partnerships to improve hygiene and basic sanitation, including the Sanitation and Water for All partnership and “sustainable sanitation drive: the five-year drive to 2015”
### GENDER EQUALITY AND EMPOWERMENT OF WOMEN

**Things to KNOW**
- Of the world’s more than 1 billion poorest people, three-fifths are women and girls
- Women make up two thirds of the world’s more than 960 million adults who cannot read

**Things to DO**
- Achieve equal access of women and girls to education, basic services, health care, economic opportunities, and decision-making at all levels
- Take steps to realize the right of women to sexual and reproductive health
- Accelerate efforts to promote women’s rights and gender equality, including women with disabilities

**Joint Actions**
- Support relevant UN agencies with a mandate in gender equality and women empowerment, particularly UN-Women in their efforts to improve coordination and accountability of the UN system in this area

**Actions by LDCs**
- Establish and continue implementing national development plans to take account of the needs of women and girls
- Actively commit to achieve all the MDGs, particularly 3, 4 and 5
- Provide women and girls with full access to education and training, basic services, health care and economic opportunities
- Take strong action against violence, abuse and discrimination to ensure that women and girls have the full enjoyment of all human rights

### SOCIAL PROTECTION

**Things to KNOW**
- In LDCs, less than 10% of the economically active population has access to social protection
- Less than one in 20 elderly people receive an old-age pension in LDCs
- Despite accelerated economic growth of about 7% per year, about half of LDC populations still live on less than $1.25 a day

**Things to DO**
- Enhance social protection systems to improve the resilience of all, including poor and disadvantaged groups
- Take steps to realize the right of women to sexual and reproductive health
- Accelerate efforts to promote women’s rights and gender equality, including women with disabilities

**Joint Actions**
- Facilitate sharing of experiences and best practices between countries

**Actions by LDCs**
- Mainstream social protection into the national development strategies and strive to strengthen country-led social protection policies and programmes
- Ensure allocation of adequate resources, capacity-building and appropriate financial infrastructure for the functioning of social protection systems such as cash transfers

**Actions by Development Partners**
- Provide financial and technical support to LDCs to develop and implement social protection policies and programmes, especially for poor and disadvantaged groups
- Strengthen support to maternal health and increase access to family planning resources for women, men and young people
- Promote effective representation and participation of women in all spheres of decision-making, including the political process at all levels
Resilience towards crises secures sustainable economic growth and development

Things to KNOW
» LDCs remain vulnerable to a variety of shocks, including food, fuel, financial and economic crises, and natural disasters

Things to DO
» Build the resilience of LDCs to withstand economic shocks and to mitigate their adverse effects
» Strengthen LDCs’ ability to withstand and overcome the adverse effects of climate change, enhance sustainable growth and protect biodiversity
» Build their resilience to withstand natural hazards in order to reduce the risk of disasters

ECONOMIC SHOCKS

Joint Actions
» Adopt and implement policies and regulations to guide and make the private sectors responsible players

Actions by LDCs
» Develop and strengthen national risk mitigation strategies to reduce vulnerabilities to economic shocks
» Set up national crisis resilience and mitigation facilities to reduce vulnerabilities to the impact of economic shocks

Actions by Development Partners
» Provide financial and technical support for LDCs’ risk mitigation strategies, such as national facilities for crisis mitigation and resilience
» Continue to support the IMF, World Bank and regional development banks’ schemes and facilities to provide concessional lending and grants to LDCs
### Things to KNOW

- Climate change disproportionately affects the socio-economic development of LDCs, despite their low contribution to it.
- Climate change threatens to reverse some of the development gains that have been achieved to date.

### Things to DO

- Encourage the widest possible cooperation by all countries and their participation in an effective and appropriate international response.
- Enhance understanding, coordination and cooperation with regard to climate change-induced displacement, migration and planned relocation.
- Explore new opportunities for LDCs to enhance sustained economic growth and development regarding industrialization, agriculture, forestry, fisheries etc.
- Strengthen LDCs’ ability to withstand the adverse effects of climate change, enhance sustainable growth and protect biodiversity.

### Actions by Development Partners

- Help LDCs address the challenges of livelihood and food security and health of the people affected by the adverse impact of climate change.
- Implement measures to promote and facilitate clean development mechanism projects to enable LDCs to harness benefits of mitigation of climate change for sustainable development.
- Help LDCs respond to the needs of the people displaced as a result of extreme weather events.
- Assist least developed countries to enhance capacities in clean energy production, trade and distribution, including renewable energy development.
- Facilitate least developed countries’ access to required resources from different environment and climate funds, including the Global Environment Facility.

### CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

- Build and strengthen national capacity to access and efficiently absorb relevant funding mechanisms.
- Strive to ensure that development plans and programmes integrate adaptation considerations, with the aim to minimize the impact of climate change on livelihoods.
- Take measures to mainstream sustainable management of marine biodiversity and ecosystems.

### DISASTER RISK REDUCTION

- Replenish and expedite the disbursement of funds for adaptation to LDCs under UNFCCC.

### Things to KNOW

- The scale and impact of natural disasters has increased over recent decades, threatening hard-won development gains in LDCs.
- Poor technological and socio-economic conditions and competition for scarce resources, are some of the factors that increase LDCs’ vulnerability to natural hazards.
- Given their structural constraints and vulnerabilities, LDCs often face the most daunting reconstruction challenges resulting from disasters.

### Things to DO

- Use effective measures, including public awareness and preparedness, to reduce disaster risk against people, infrastructure and other national assets in line with the Hyogo Framework for Action.
- Develop and strengthen risk mitigation strategies and strengthen social protection policies and programmes that take account of natural disasters.

### Actions by Development Partners

- Provide financial and technical assistance to support LDCs’ disaster risk reduction, emergency preparedness, and post-disaster reconstruction efforts.
- Strengthen sharing of knowledge and expertise as well as transfer of technology under mutually agreed terms to LDCs.
- Support LDCs to strengthen their capacity to reduce vulnerability to natural disasters and benefit from regional and international early warning systems and other information-sharing mechanisms.
More aid, better use of aid

Lack of financial resources is one of the biggest constraints to LDCs achieving sustainable development and progress towards graduation. The impact of the world economic and financial crisis, combined with food and fuel crises, has undermined development efforts of least developed countries.

**DOMESTIC RESOURCE MOBILIZATION**

**Things to KNOW**
- LDCs continue to experience a lack of domestic resources, financial infrastructure and capacities, and appropriate regulatory measures and institutions.
- There is limited scope to meet the multiple development finance requirements of LDCs with their narrow economic bases, widespread poverty and underdeveloped private sector.

**Things to DO**
- Enhance the mobilization of domestic resources, including by raising domestic savings, increasing tax revenue and strengthening institutional capacity.
- Reduce corruption and increase transparency at all levels.
- Continue taking measures to create conditions to attract and sustain investments, while mobilizing public and private domestic savings.
- Promote a dynamic, inclusive, well-functioning and socially responsible private sector to contribute towards generating economic activities.

**Actions by LDCs**
- Implement measures to curtail illicit financial flows at all levels, enhance disclosure practices and promote transparency in financial information.
- Encourage domestic savings and investment and improve access of small businesses and the disadvantaged, particularly women and youth, to financial services.
- Continue undertaking necessary fiscal reforms to build effective, transparent, fair and accountable national tax and financial management systems.

**Actions by Development Partners**
- Support LDCs’ to build capacity in their efforts to raise domestic resources through revenue-generation and financial sector reforms.
- Eliminate safe havens that create incentives for transfer abroad of stolen assets and illicit financial flows.
- Assist in the recovery and return of stolen assets to the countries of origin, consistent with the United Nations Convention against Corruption.
- Support LDCs to develop their capacity to benefit from private sector investments, including public-private partnership and venture capital operations.
**Things to KNOW**

» LDCs’ structural constraints, multiple vulnerabilities and needs are still severe, despite increases in ODA flow from 2001 to 2008

» Sustaining LDC progress depends on the channelling of higher proportions of aid into increased investment in productive sectors and into infrastructure improvements

» LDC economies will remain vulnerable to sudden downturns unless more aid is channelled into building up their productive bases

**Things to DO**

» Ensure the fulfilment of all ODA commitments to LDCs

» Ensure the alignment of aid with LDCs’ national priorities and increase the alignment of aid with their national systems and procedures

**Actions by LDCs**

» Integrate and align ODA within their national plans and priorities

» Use aid to achieve the overall development goals contained in the Programme of Action

**Actions by Development Partners**

» Build synergies among all forms of financing for development to enhance quantity and quality of support for development effectiveness

» Enhance aid transparency and combat corruption by making information on aid quantities, sources and uses publicly available

» Use country systems as the first option for aid programmes in support of activities managed by the public sector and align aid with national priorities

**Actions by Development Partners**

» Provide more than 0.15 or 0.20% of GNP as ODA to LDCs and maximize efforts to further increase ODA to LDCs

» Review ODA commitments in 2015 and consider enhancing the LDC resources

» Explore new innovative finance mechanisms and strengthen and scale up existing ones

» Improve donor coordination and harmonization to avoid fragmentation and duplication

» Continue to make progress on untying aid as encouraged by the 2001 OECD/Development Assistance Committee

**Joint Actions**

» Further ensure provision of debt relief by all countries taking part in the HIPC Initiative, including non-Paris Club creditors, especially in countries where a large proportion of debt is not debt owed to Paris Club creditors

**EXTERNAL DEBT**

**Things to KNOW**

» In spite of international efforts, many LDCs still struggle with a high debt burden

» Debt service takes up a large part of LDCs’ scarce budgetary resources, posing an obstacle for economic growth, poverty eradication and achievement of the MDGs

**Things to DO**

» Achieve sustainable debt levels in all LDCs, bearing in mind their special development needs

» Vigilantly monitor debt situation of LDCs and continue taking effective measures within existing frameworks

» Provide specific debt relief measures for non-HIPC LDCs on a case-by-case basis

**Actions by LDCs**

» Promote and pursue responsible borrowing and public debt management policies in order to avoid an unsustainable debt burden

**Actions by Development Partners**

» Provide full and timely financing for implementation of HIPC Initiative and MDRI

» Ensure that resources provided for debt relief under the HIPC Initiative and MDRI are additional and do not detract from ODA resources intended to be available for least developed countries

» Emphasize the need for coordinated policies aimed at fostering debt financing, debt relief and debt restructuring

» Further explore the use of new and improved debt instruments and innovative mechanisms such as debt swaps

**Actions by Development Partners**

» Provide full and timely financing for implementation of HIPC Initiative and MDRI

» Ensure that resources provided for debt relief under the HIPC Initiative and MDRI are additional and do not detract from ODA resources intended to be available for least developed countries

» Emphasize the need for coordinated policies aimed at fostering debt financing, debt relief and debt restructuring

» Further explore the use of new and improved debt instruments and innovative mechanisms such as debt swaps
**FOROIN DIRECT INVESTMENT**

» Things to KNOW
- LDCs need increased foreign direct investment (FDI) to be fully integrated into global value chains
- Most LDCs face stiff challenges breaking into global value chains, either through direct participation of local firms or by enticing TNCs to use them as production centres
- As long as LDCs remain at the margin of global value chains, it is likely they will stay on the losing-end of economic globalization

Things to DO
- Attract and retain increased FDI in LDCs, especially with the aim of diversifying the production base and enhancing productive capacity
- Enhance initiatives to support investment in LDCs
- Set up and strengthen initiatives to support investment such as insurance, guarantees and preferential financing programmes and private enterprise funds

Joint Actions
- Promote strategic and regulatory frameworks for FDI and other resource flows in this sector that include vital policy areas

**REMITTANCES**

**Things to KNOW**
- The World Bank estimates remittance flows to LDCs at more than USD 24 billion in 2009
- Second only to official development assistance, remittance flows to LDCs superseded foreign direct investment
- Contrary to common perception, South-South migration has become more important than South-North migration. One in five migrant from LDCs move to another LDCs and additionally almost half of all emigrants settle in a developing country.

**Things to DO**
- Reduce the transaction cost of remittance flows and foster the development impact of remittances
- Make efforts to improve access to financial and banking services for easy transaction of remittances

**Actions by LDCs**
- Simplify migration procedures to reduce the cost of outward migration
- Take appropriate measures to better utilize knowledge, skills and earnings of the returning migrants
- Provide necessary information, as available, to workers seeking foreign employment

**Actions by Development Partners**
- Tackle unfair and discriminatory treatment of migrant workers
- Discourage the imposition of unreasonable restrictions on labour migration in order to maximize the benefits of international migration
- Remove unnecessary restrictions on outward remittances and support the lowering of transaction costs
- Consider supporting the least developed countries in establishing the International Migrants Remittance Observatory, on a voluntary basis
Good governance for greater efficiency and better delivery of goods and services

Things to KNOW

» Good governance and rule of law are essential for sustained, inclusive and equitable economic growth, sustainable development and the eradication of poverty and hunger in LDCs

» Sustainable development, as well as progress made in the last decade in LDCs is closely linked to peace and security

» Progress in achieving MDGs on sustained, inclusive and equitable economic growth and sustainable development has been slowest in LDCs affected by conflicts

Things to DO

» Strengthen good governance, rule of law, human rights, gender equality and democratic participation, including enhancing the role of parliaments

» Ensure that resources to LDCs are provided and used in a predictable, transparent and timely manner

» Build durable peace and ensure stability, security and sustainable and inclusive development in LDCs

Actions by LDCs

» Promote and respect all internationally recognized human rights, including the right to development

» Continue efforts to establish or strengthen an effective, fair and stable institutional, legal and regulatory framework in order to strengthen rule of law

» Foster just, transparent and well-functioning government accountable to the people and promote an accessible and independent judicial system

Actions by Development Partners

» Support least developed countries’ efforts to develop their human and institutional capacities for good governance

» Provide least developed country Governments with timely information in a transparent manner on annual commitments and disbursements

» Promote policy coherence and coordination of international financial, trade and development institutions, processes and mechanisms, taking into account the diversified and special development needs and challenges of least developed countries

» Provide continued support for strengthened and effective voice and participation of LDCs in international dialogue and action on development, and in decision and rule making

» Support LDCs to strengthen national statistical capacity to design programmes and policies for sustainable development and effectively monitor the implementation of this Programme of Action
THE WORLD’S 48 LEAST DEVELOPED COUNTRIES

Africa
- Angola
- Benin
- Burkina Faso*
- Burundi*
- Central African Republic*
- Chad*
- Comoros**
- Democratic Republic of the Congo
- Djibouti
- Equatorial Guinea
- Eritrea
- Ethiopia*
- Gambia
- Guinea
- Guinea-Bissau**
- Lesotho*
- Liberia
- Madagascar
- Malawi*
- Mali*
- Mauritania
- Mozambique
- Niger*
- Rwanda*
- São Tomé and Príncipe**
- Senegal
- Sierra Leone
- Somalia
- Sudan
- Togo
- Uganda*
- United Republic of Tanzania
- Zambia*

Asia and the Pacific
- Afghanistan*
- Bangladesh
- Bhutan*
- Cambodia
- Kiribati*
- Lao People Democratic Republic*
- Myanmar
- Nepal*
- Samoa**
- Solomon Islands**
- Timor-Leste**
- Tuvalu**
- Vanuatu**
- Yemen

Latin America and the Caribbean
- Haiti**

* Also Landlocked Developing Countries
** Also Small Island Developing States