Box 1: Special measures for LDCs
- Priority access to development financing and technical assistance for capacity development
- Overall trade preferences, including duty-free and quota-free market access for exports
- Flexibilities in implementation of different international agreements
- Reduced contributions to international institutions, such as the United Nations budgets

The Lao PDR has been designated as a Least Developed Country (LDC) as it meets the criteria set by the United Nations for such designation. The criteria for LDC eligibility and graduation are based on factors such as income, human assets, and economic vulnerability. In the 2012 review, Lao PDR was estimated to have reached 77% of the US $1,190 graduation threshold.

Box 2: Criteria for LDC eligibility and graduation
There are three criteria for identifying LDCs every three years. The triennial exercise amounts to identifying cases of possible addition to the existing list of LDCs, and cases of possible graduation from that list. The three admission thresholds are established at levels distinct from the three graduation thresholds. The three criteria are as follows:

- A low income criterion, based on a three-year average estimate of the gross national income (GNI) per capita. In the 2012 review of the list, Lao PDR was estimated to have reached 77% of the US $1,190 level set as the graduation threshold.
- A human assets weakness criterion, based on indicators of nutrition, health (child mortality), secondary school enrolment, and adult literacy. In 2012, Lao PDR had reached 93% of the graduation threshold.
- An economic vulnerability criterion, based on indicators of natural shocks, trade-related shocks, percentage of population in low-lying areas, economic concentration (production and exports), remoteness, and smallness. In 2012, Lao PDR had reached 86% of the threshold for graduation.

(Source: UNCTAD, 2012)
**NATIONAL POLICIES AND PROGRESS TOWARD GRADUATION**

- In significant-related, the Government had contemplated that the graduation of Lao PDR from LDC status ought to take place by 2020.
- This reflected a determination to undertake the necessary structural and institutional reforms to achieve.

**Achieving Criterion 1: Gross National Income per capita**

- Sustained levels of economic growth, as achieved in recent years, will be necessary to reach the poverty and extreme poverty thresholds.
- High levels of foreign direct investment (FDI), extractive, natural resource-based industries are of critical importance in such growth.
- Government policies to diversify the economy beyond the extractive, natural resource-based sectors, notably through increased promotion of public good-related and technology (as a development “multiplier”), and an essential avenue to address the effects of climate change, and to reinforce resilience through improving public good-related and technology development.

**Achieving Criterion 2: The Human Assets Index**

- This reflected a determination to accelerate rural development.
- Lao PDR has made significant progress in this area, with the poverty eradication rate in 2010.

**NATIONAL STRATEGY FOR PREPARING THE GRADUATION STRATEGY**

- The progress so far achieved is significant.
- The strategy has been developed through collaboration with the United Nations, the Government of Lao PDR, the future national and full integration in the Association of Southeast Asian Nations (ASEAN) by 2015.

**Box 3: Achieving Graduation with Equity and Sustainability**

- Before a potential graduation case is reviewed by the Committee for Development Policy, the United Nations will prepare a vulnerability profile of the country to analyze the significance and quality of the observed progress, including its equity and sustainability.

**The Way Forward**

- Only three countries, Bhutan, Cape Verde, and Maldives, have graduated so far from the LDC list. (as of 2021).
- The United Nations will assess the extent to which the criteria are achieved.

**RESOURCES AND CONTACTS**

- The Ministry of Foreign Affairs designated the National Institute for Planning and Investment (MPI), which has been the focal point for developing the graduation strategy. Full support is being provided by the United Nations, through UNDP in Vientiane and Bangkok, with active cooperation from UNICEF in Geneva, UNDESA in New York, and UNCTAD in Bangkok.