

# Update of the regional groupings for the SDG report and database

Note for discussion by UNSD/SSB/DDDS, 31 October 2016

## I. Background

1. The presentation of data according to meaningful regional groupings is a key characteristic of both the previous MDG report and the new SDGs report, as they explicitly and exclusively focus on the description of global and regional progress.
2. The definition of MDG Regional Groupings, which was subject to several revisions between 2005 and 2015, currently distinguishes between countries in developed regions and countries in developing regions. Countries in developing regions are further grouped by geographical region according to (with some modifications) the *Standard country or area codes for statistical use* (M49).<sup>1</sup> However, the MDG Regional Groupings, that have been also used in the very first SDG report, have two major drawbacks or inconsistencies: First, the information on geographical regions is incomplete, as it excludes countries that are historically considered developed (e.g., Australia is not included in the MDG grouping “Oceania”) and included in the MDG grouping “Developed regions”. At the same time, the analysis of developing vs. developed countries is impeded, as some high-income countries such as Singapore are included under the MDG grouping “Developing regions”, while some lower-, middle-, and upper middle-income countries in Europe are included under “Developed regions”.
3. The MDG and SDG reports also include three other groupings, namely: *Least Developed Countries (LDCs)*, *Landlocked developed countries (LLDCs)* and *Small Island Developing States (SIDS)*.

## II. Conceptual considerations

4. A well-formed classification of countries should assign them into exhaustive and mutually exclusive categories that capture real-world characteristics that are of particular interest for analysis. Moreover, to be useful in assessing trends, country classifications should be stable over time.<sup>2</sup> The current MDG Regional Groupings do not fulfil these criteria, as they attempt to integrate, but in fact mix, the dimensions “stage of development” and “geographical location”, which results in the above indicated drawbacks or inconsistencies.
5. The availability of other groupings of countries in addition to the main classification allows a country to be part of multiple groupings, each of which is useful for different analytical purposes.

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<sup>1</sup> See <http://unstats.un.org/unsd/methods/m49/m49.htm>.

<sup>2</sup> See Glossary of Statistical Terms, <https://stats.oecd.org/glossary/detail.asp?ID=350>.

6. A significant number of SDG targets refer to developing countries. However, there is no agreed methodology or established practice to differentiate developed from developing countries. While the M49 classification offers a distinction between developed and developing regions that has been adapted for the current MDG Regional Groupings, it clearly states that there is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system.<sup>3</sup> A second frequently used classification of countries that could be used for the distinction of developed and developing countries is the classification of the World Bank which defines four income-level groups, namely: high-, upper middle-, lower middle- and low-income countries.<sup>4</sup> For example, the OECD uses this classification to derive its identification of countries as potential recipients for Official Development Assistance (ODA). Finally, there is also the Group of 77 at the United Nations, with currently 134 members, which was formed as a coalition of developing countries.<sup>5</sup>

### III. Preliminary proposal

7. The following is suggested for consideration and as a way forward:

- a. Use *geographical location* as the primary classification for the presentation of regional groupings of countries in the SDG report and database. This would allow the formation of exhaustive and mutually exclusive categories of countries that reflect physical realities and remain stable over time, while also being useful for analysis by a wide range of users. M49 offers already an established classification of countries into geographical regions for statistical use that can be reviewed and adapted as needed.
- b. Address the need to identify developing countries by creating multiple "Other groupings".
  - i. Such groupings can be defined at the global level, as it is already the case (see paragraph 3 above), but also within individual regions.
  - ii. One possible criterion for identifying developing countries would be level of income, and the World Bank's classification of high-, upper middle-, lower middle- and low-income countries could be used for at least some indicators (in fact, it is already used for the large number of indicators on ODA).
  - iii. Several additional groupings of developing countries could be formed (for example, by income or other criteria) based on the discussion of the indicators that require the identification of developing countries; the SDG database could contain all those groupings while for the SDG

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<sup>3</sup> See footnote c at <http://unstats.un.org/unsd/methods/m49/m49regin.htm>.

<sup>4</sup> See <http://data.worldbank.org/country>.

<sup>5</sup> See <http://www.g77.org/doc/index.html>.

report probably specific grouping for developing countries would be used throughout.

#### **IV. Practical considerations**

8. The following should be considered:
  - a. The above proposals need to be tested on real data, to verify the relevance of the suggested classification and other groupings for analysis and to evaluate how data availability may impact the calculation of data for those region.
  - b. If feasible, new classifications should be introduced in the 2017 SDG report; otherwise the use of the old MDG Regional Groupings will become established in spite of its well-known deficiencies.
  - c. At least during a transition period of several years, agencies should continue to provide their data to UNSD according to both the MDG Regional Groupings and any new classification and groupings, in order to allow continuity of analysis; the SDG database would allow access to both data according to any old MDG Regional Groupings and the new classification and groupings.
  - d. Countries and users should be informed about the introduction of any new classification and additional other groupings and the reasons for their use should be explained.