

PROGRESS REPORT ON THE IMPLEMENTATION OF THE IPoA FOR LDCs 2015

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Background

- Istanbul Programme of Action (IPoA) is the fourth global specific programme (2011-2021) for LDCs.
- The IPoA differs substantially from previous programmes through its emphasis on:
 - tackling the structural handicaps of LDCs
 - targeting that at least 50% of the LDCs graduate by 2021



Key Messages

- African LDCs have registered improvement in some of the priority areas of the IPoA, e.g. health, education.
- Sustaining the gains achieved requires strengthened resilience to shocks, strengthened competitiveness, and complementary investments in infrastructure, health and education.
- But African LDCs account for less than 1% of global trade and are dependent on a few primary commodities, which makes them vulnerable to shocks and highly dependent on ODA.
- The Ebola pandemic has exposed the vulnerability of the health systems of African LDCs to shocks.
- Data challenges must be addressed to facilitate proper monitoring and reporting of progress.
- African LDCs should take advantage of the major global events in a way that facilitates their graduation aspirations.

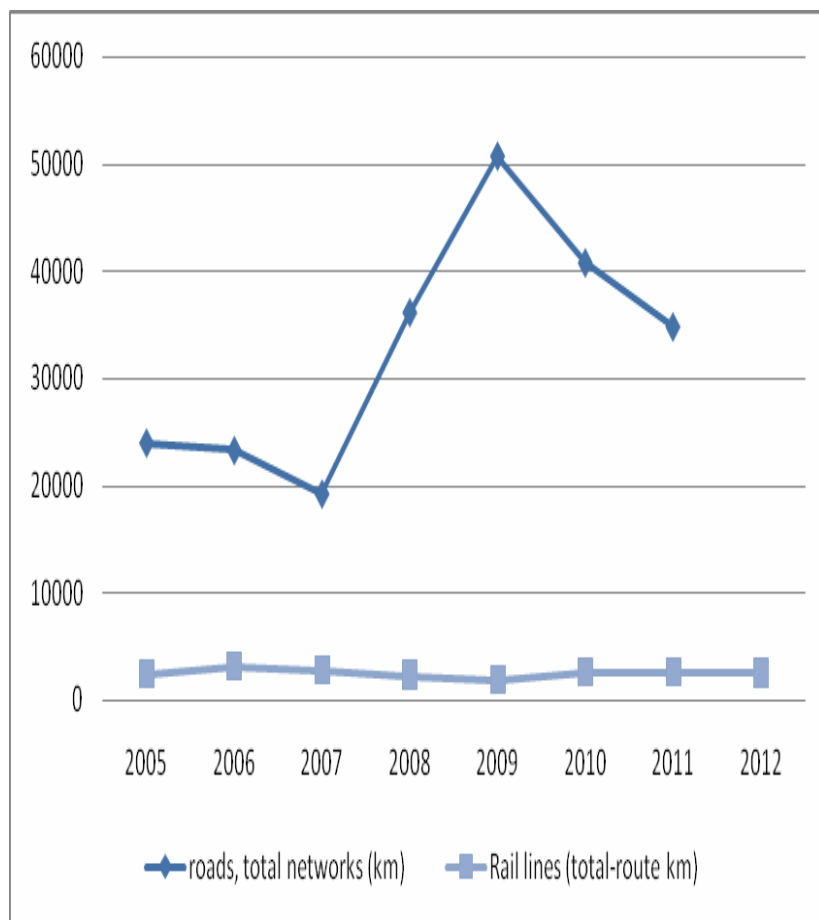


Performance on the IPoA



Productive Capacity and Agriculture

Deteriorating or stagnant infrastructure since 2009



- Deteriorating road infrastructure since 2009, and stagnant rail infrastructure.
- Sharp decline in labour productivity in 2011, but rebound in 2012.
- Employment to population ratio has stagnated at around 71% since 2010
- Average food production index for African LDCs increased from 100 in 2005 to 131 in 2012.
- Limited data on agriculture, but Zambia is among the top ten countries in the world on government expenditure on agriculture.



Trade and Commodities

	African LDCs	Asia-Pacif. LDCs
Share of global trade (merchandise exports and services)	0.79%	0.3%
Share of primary commodities in exports	93.9%)	40.4%

- African LDC exports admitted duty free into developed countries have remained relatively flat, changing by less than 1% between 2010 and 2011.
- The pace of diversification continues to be slow in African LDCs. Export concentration index declined from 0.5 in 2005 to 0.46 in 2013.
- More efforts are needed to improve economic diversification.



Human and social development

- Progress in Under five, Infant and Maternal mortality rates, but levels in African LDCs are still very high from a global perspective.

Under five mortality (per 1000 live births)			Infant mortality (per 1000 live births)			Maternal mortality (per 100,000 live births)	
2005	2013	change	2005	2013	change	2005	2013
128	92	-28%	80	62	-18%	676	506

- **Good progress in education indicators since 2008**
 - Gross enrolment in secondary education increased by 23%
 - Gross enrolment in tertiary education increased by 52%
 - Average gross completion rate in primary level is 46 %
 - Average youth (15-24 year olds) literacy rate for 2015 is 70%
 - Average adult (15+ year olds) literacy rate is 60%



Human and social development (2)

- Low progress in shelter and water sanitation over 2005-2012
 - Only four African LDCs provide improved sanitation facilities to half or more of its citizens.
- Positive changes in gender parity index (GPI) in education.
 - GPI secondary level increased from 0.78 to 0.85
 - GPI tertiary level increased from 0.54 to 0.62
 - Impressive female representation in national parliaments
 - 7 African LDCs had 30 % or more female representation in national parliaments in 2014
 - Rwanda, global pioneer with 64% female representation in 2014



Mobilizing financial resources and capacity building

- Improvements in DRM from 2005 to 2012/13:
 - Average gross domestic savings increased from 4.9 % to 9.5 % boosted by very high savings in natural resource rich countries
 - Revenue, excl. grants as % of GDP changed from 16.5 to 18.8 %
- DAC ODA to all recipients grew on average by 4.2 % annually over 2005-2013, by 5.4% to LDCs, but only 2.1% for African LDCs
- Significant improvements in the external debt stock levels
 - Average external debt stock declined from 112 in 2005 to 35 in 2013.
- Net FDI inflows to African LDCs on an upward trend over 2004-2013
 - Have increased by an average of 6% of GDP
 - Have more than doubled in absolute terms from \$7.2 to 17.3 billion
- FDI to African LDCs is concentrated in resource rich countries.



Governance improving somewhat

- Most African LDCs had ratified at least 10 of the 17 international human rights treaties and optional protocols by 2013
- LDCs that have acceded to the APRM have completed their peer reviews or are in the process of being peer reviewed; Only seven had not started the review process as of Jan 2015
- 17 African LDCs have acceded to the Extractives Industries Transparency Initiative. Six have signed up for a pilot on beneficial ownership
- LDCs maintained an average IDA resource allocation index of between 3.21 and 3.24 between 2005 and 2013



The impact of Ebola on LDCs

- High possibility that in 2014 all three graduation criteria deteriorated for the 3 LDCs most affected (Sierra Leone, Liberia and Guinea)
- Beside the huge death toll thousands of people, Ebola crisis adversely affected various sectors and socio-economic activities, with:
 - Fall in economic and social activities, investments, consumption, reduction in employment and in incomes
 - 2014 and 2015 projections for growth were revised downwards by at least 2 percentage points in the three countries
- Therefore, the crisis will likely
 - result in a decline in the GNI due to slower activity and investment
 - Impact EVI through its impact on agricultural and export stability
 - impact HAI because of food insecurity and malnutrition



Graduation from the LDC status



African LDCs eligible for graduation

Africa has 3 countries out of 34 close to graduation

- **Equatorial Guinea** and **Angola** are eligible for graduation. They have met the criteria two times in a row.
- Yet, their eligibility is based on high levels GNI per capita - not scoring well on the other two indices (EVI and HAI).
- Both have high export concentration ratios. These trends raise questions about the sustainability of graduation.
- **Sao tome and Principe** has met the graduation criteria once. It has to sustain the graduation criteria over the next triennial review to be eligible for graduation.



Some policy recommendations

- Strengthening capacities for value addition and diversification is vital to increasing the employment-to-population ratio.
- Structural transformation must be complemented with innovative and effective industrial policy institutions, mechanisms and processes
- African LDCs need to improve on DRM. They need better Tax administrations, Curbed IFFs, improved financial institutions, etc.
- ECA calls for significant debt relief for Ebola-affected countries.
- Commitment to providing duty-free and quota-free market access to exports from LDCs that was reiterated during the Ninth Ministerial Conference of the WTO in 2013 should be pursued.
- Africa's youth can yield a demographic dividend if they are effectively harnessed through investments in their productive capacities. Investments in health and education is needed.
- Addressing Climate change requires sound systems for monitoring emissions and early warning.



Meeting of African LDCs, 5 May 2015 in Algiers

- In preparation for the mid-term review of IPoA, ECA and OHRLLS organized a technical meeting to brainstorm on effective implementation of IPoA.

Key recommendations:

- There is need for in-depth understanding of the drivers of progress towards graduation, the reasons behind the slow progress.
- This calls for improved analysis of LDC issues, followed by concrete proposals to effectively address the identified bottlenecks.
- There is a need to raise awareness on the IPoA among development planners as they are the ones who can reflect it into planning frameworks and get it implemented.
- Networking around IPoA should be expanded.



Ministerial meeting in Milan, 8-10 June 2015

- Ministers and representatives of the least developed countries met to examine issues related to "Structural Transformation, Graduation and the Post-2015 Development Agenda".
- In essence, the meeting helped to update participants on contemporary LDC issues and reaffirmed commitment to IPoA, post-2015 processes and structural transformation.



Conclusions and ways forward

- African LDCs need to institutionalize the review on the implementation of the IPoA and to strategize better to overcome structural challenges
- Three major world events that African LDCs should capitalize upon:
 - Addis Conference on FFD in July 2015
 - UNGA adoption of the Post 2015 agenda in September 2015
 - Paris conference on Climate change end 2015
- Accelerate implementation and prepare thoroughly for the mid-term review of the IPoA in Turkey, June 2016.



Thank you.



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