

PROGRESS IN THE IMPLEMENTATION
OF THE PRIORITY AREAS OF THE
ISTANBUL PROGRAMME OF ACTION FOR THE LEAST
DEVELOPED COUNTRIES FOR THE DECADE 2011-2020



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Economic Commission for Africa



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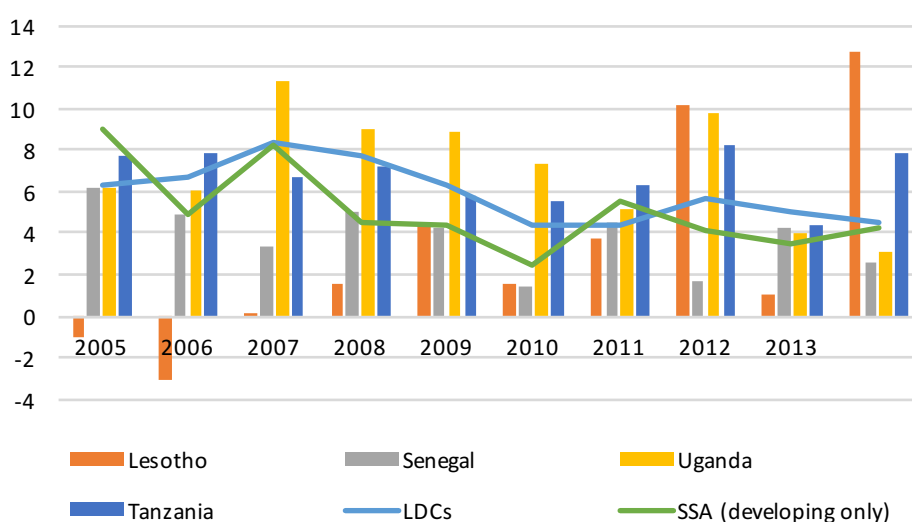
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I. Overview

The growth rates of least developed countries (LDCs) have declined since 2005. The annual growth rate of the gross national incomes of African LDCs in 2014 was less than half the growth rate of 2005. Growth declined precipitously in 2007, recovered in 2010, but is currently at 4.18 per cent and equal to the overall LDC average. Notwithstanding the overall decline in growth, some countries have demonstrated resilience. Since 2011, Lesotho, Uganda and the United Republic of Tanzania have experienced rapid growth in gross national income, exceeding the average for African LDCs and the overall LDC average. Together with Angola, Equatorial Guinea and Sao Tome and Principe, which have met the criteria for graduation at least once, the foregoing analysis reveals that notwithstanding the challenges confronting African LDCs, Lesotho, Senegal, Uganda and the United Republic of Tanzania stand a good chance of meeting the eligibility criteria for graduation in the next triennial review.

Nevertheless, their success will depend in part on their capacity to implement in a coherent manner the newly adopted global and continental initiatives: the 2030 Agenda for Sustainable Development and Agenda 2063 and its first 10-year implementation plan. Agenda 2063 was adopted by African Heads of State and Government in January 2015. It is a continental framework for development that prioritizes inclusive and sustainable transformation of African economies. In September of the same year the General Assembly adopted the 2030 Agenda for Sustainable Development, which is also anchored by the principle of sustainable development and has several elements of commonality with Agenda 2063 including poverty reduction, narrowing inequalities, promoting industrialization and addressing climate change. Going forward, African LDCs will implement the Istanbul Programme of Action in parallel with the two new initiatives. Effective implementation of the three development initiatives will hinge on the capacity of policymakers to leverage the synergies among them.

Figure 1: Gross national income annual growth rate, 2005-2014



Source: World Development Indicators (2016).

II. Progress in the implementation of the Istanbul Programme of Action

A. Infrastructure and energy

Infrastructure development, notably in transport, electricity and information and communication technology (ICT), are essential for LDCs to improve the business environment for their domestic private sector and to attract new investments, both domestic and foreign. The estimated cost of all the projects in the Programme for Infrastructure Development in Africa to address the infrastructure needs through to 2040 is US\$ 360 billion, across energy, transport, information and communication technologies and transboundary water resources (ECA 2016).

Currently transport infrastructure remains a considerable challenge. Data from 2014 indicate that the railway network has stagnated at around 12,500 kilometres since 2009 (see figure 2). On the other hand, the ICT penetration rate is growing fast in Africa.

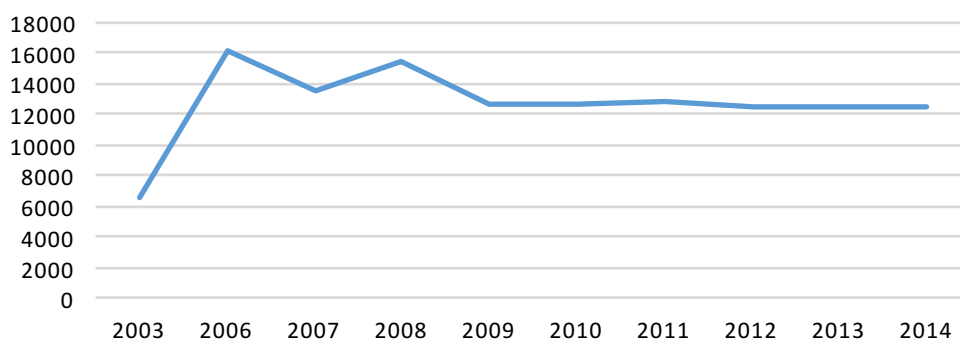
The number of Internet users per 100 inhabitants has grown much faster in Africa than in the world at large, and if the current growth rates are maintained over the coming decades, the continent may equal the global levels (ECA and others, 2015). At current levels, in 2014/2015, the indicator was still relatively low at 19.2 per cent for Africa, excluding North Africa, 8.8 per cent for African LDCs, against 40.7 per cent for the world. These figures represent huge growth from the levels that prevailed in 2006: the indicator grew by over 6 times for Africa, over 7 times for African LDCs while it grew by less than 3 times for the world.¹ The averages hide great disparities: top performers among African LDCs include Angola and Sao Tome and Principe, with values above 20 Internet users per 100 inhabitants, while the figures for other countries are less than 2 users per 100 inhabitants.

¹ Exact growth rates of the indicators between 2006 and now were 519 per cent for Africa, 682 per cent for African LDCs and 131 per cent for the world.

The level of production and access to energy represents a major constraint to industrialization and structural transformation in African LDCs. Access to energy is growing steadily in LDCs, even though it remains low in comparison to other regions. For instance, in 2013, the indicator of energy use² measured by the number of kilograms of oil equivalent per capita averaged 1894.4 for the world, and 351 for all LDCs. Among African LDCs, Angola had the highest value at 655 and Niger the lowest at 114. These 2013 values for Angola and Niger represented an increase of 2.5 per cent and 33 per cent respectively in comparison to the levels prevailing in 2011. For Africa excluding North Africa, the level of the indicator was 670.8 and 670.1 in 2013 and 2011 respectively, invariably reflecting stagnation.

The imperative of following a sustainable development pathway requires greater focus on renewable energy sources. Maintaining low greenhouse gas emissions will require heavy investments in green technology and renewable energy. Ethiopia provides a good example of African LDCs striving to overcome constraints in this area. Through political will, enabling partnerships and policy and regulatory frameworks, the country has been able to mobilize and leverage domestic and foreign investments in transformative low-carbon energy and climate-resilient development. Just like Ethiopia, as late comers in the field of industrialization, all African LDCs should strive to avoid the pitfalls of brown development, including costly environmental fall-outs, by leapfrogging to a green industrial development pathway (ECA, 2016).

² Energy use refers to use of primary energy before transformation to other end-use fuels, which is equal to indigenous production plus imports and stock changes, minus exports and fuels supplied to ships and aircraft. The imperative of following a sustainable development pathway adds even the need to pay attention to the quality of the energy, which has to focus more on renewable sources engaged in international transport (World Bank, 2016).

Figure 2: Railways in African LDCs (kilometres)

Source: World Development Indicators (2016).

B. Agriculture, food security and rural development

Agriculture remains a crucial sector for African LDCs for the eradication of hunger and poverty, and for fostering rural development. The sector still represents a substantial share of GDP. The gross domestic product of most African countries is dominated by services and agriculture, with only a small contribution from manufacturing. That leaves most African economies undiversified and vulnerable to shocks. In this regard, the desired pathway or strategy for the next decades is to foster inclusive structural transformation, underpinned by commodity-based industrialization. This is articulated in Agenda 2063 and echoed in the 2030 Global agenda for sustainable development.

On average agriculture value added as a share of gross domestic product was 26.3 per cent in 2014 for all LDCs, almost unchanged from the level of 26 per cent in 2013. African LDCs are characterized by a much higher dependency on the agriculture sector. The agriculture value added as a share of gross domestic product of five of the 26 African LDCs for which data exists in 2014, exceeds 40 per cent. The countries are Ethiopia (41.9 per cent), Guinea-Bissau (43.9 per cent), Chad (52.6 per cent), Sierra Leone (56.0 per cent) and the Central African Republic (58.2 per cent). In 9 countries the contribution of the agriculture sector to the gross domestic product exceeds 33 per cent (but less than 40 per cent); for 8 countries, the indicator ranges between 20 per

cent and 33 per cent, while for 4 countries³ the level of the indicator is below 20 per cent. By way of comparison, in Brazil and China, two emerging countries, the indicators are 9 per cent and 5 per cent respectively, and for Japan and the United States, two advanced economies, it is less than 2 per cent for both. The good news, however, is that the trends are changing slowing among African LDCs. Indeed, of the 26 countries with recent data, 16⁴ show a decrease in the indicator between 2011 and 2014, against 10⁵ countries where the contribution of the agriculture sector to the gross domestic product grew even further.

1. Agricultural productivity

Boosting productivity, especially among smallholder farmers is one of the areas of focus suggested by the Istanbul Programme of Action. Agriculture value added per worker is a measure of agricultural productivity.⁶ Table 1 which presents the evolution of that indicator for some groups of countries shows that agricultural productivity has been growing steadily in LDCs since 2007, amounting to \$406.1 per worker in 2014.

3 The Congo (4.8 per cent), Lesotho (8 per cent), Zambia (9.6 per cent) and Senegal (15.8 per cent).

4 Benin, Burundi, Chad, Comoros, the Democratic Republic of the Congo, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Mozambique, the Niger, Sao Tome and Principe, Sierra Leone, Zambia.

5 Burkina Faso, the Central African Republic, the Congo, Mali, Malawi, Rwanda, Senegal, the United Republic of Tanzania, Togo, Uganda.

6 Value added in agriculture measures the output of the agricultural sector (ISIC divisions 1-5) less the value of intermediate inputs. Agriculture comprises value added from forestry, hunting, and fishing as well as cultivation of crops and livestock production.

Table 1: Agriculture value added per worker (in constant 2005 United States dollars)

	2007	2008	2009	2010	2011	2012	2013	2014
All LDCs	355.3	365.8	372.2	380.5	386.2	394.7	397.5	406.1
East Asia & Pacific	622.8	645.6	654.4	675.3	682.5	700.7	706	723.5
Sub-Saharan Africa	622.8	655.6	679	705.2	737.5	771.8	803.1	838.7

Source: *World Development Indicators (2016)*.

Table 2: Cereal yields in African LDCs in 2013 (in kilograms per hectare)

500-1000 Kg/hectare	1000-1500 Kg/hectare	1500-2000 Kg/hectare	2000-2500 Kg/hectare	2500-3000 Kg/hectare
Niger (-)	Angola (+)	Benin (+)	Guinea (-)	Djibouti (*)
	DRC (-)	Burkina Faso (-)	Mali (+)	Ethiopia (+)
	Congo (-)	Burundi (+)	Sierra Leone (+)	Madagascar (-)
	Eritrea (-)	Chad (+)		Malawi (-)
	Gambia (+)	Comoros (+)		Rwanda (+)
	Lesotho (+)	Guinea-Bissau (-)		Uganda (+)
	Mozambique (+)	Liberia (-)		Zambia (-)
	Sao Tome & Principe (-)	Senegal (-)		
	Somalia (-)	Tanzania (+)		
		Togo (+)		

Source: *Authors' calculations based on the World Development Indicators (2016)*.

However, it remains far below the averages of both sub-Saharan African countries (\$838.7) and countries of East Asia and the Pacific (\$723.5). By way of comparison, the same indicator is \$6,655 in South Africa, a non-LDC. Restricting the analysis to African LDCs highlights great disparities among countries. Indeed among the 25 countries for which recent data exist for this indicator, 6 have a productivity level above \$800 (Benin, Comoros, the Congo, Mali, Sao Tome & Principe, Sierra Leone) while 8 countries show a productivity level below \$300 per worker (Burundi, the Democratic Republic of the Congo, Ethiopia, Gambia, Guinea, Madagascar, Malawi, Uganda). 11⁷ countries have their indicators ranging between \$300 and \$800 per worker. As regards the progress registered over the period 2013-2014, 19 African LDCs out of the 25 mentioned above saw their agricultural

productivity increase against 6 which experienced a drop in the indicator.

Due to the low productivity notably, cereal yields remain relatively low in African LDCs as compared to other regions and groups of countries, hence contributing to threatening food security and poverty reduction. The average cereal yield in 2013 is 1982.4 kilograms per hectare for all LDCs and 5184.0 kilograms per hectare for East Asia and Pacific countries. Table 2 below is grouping some African LDCs by level of cereal yields in 2013. The signs (+, -, *) in the table indicate whether the country progressed, regressed or remained constant between 2012 and 2013 with respect to the indicator. The table shows that for 9 countries out of 16, the cereal yields stand below 2000 kilograms per hectare; the indicator rose in 8 countries, remained constant in 1 country, and decreased in 8 countries.

7 Burkina Faso, the Central African Republic, Guinea-Bissau, Lesotho, Liberia, Mozambique, Rwanda, Senegal, the United Republic of Tanzania, Togo, Zambia.

2. Malnutrition

In line with improvements in agriculture yields, malnutrition is on a downward trend among African LDCs. Of the 11⁸ African LDCs with recent data covering the period 2006–2014, 10 registered a fall in the indicator of children under 5 who are stunted. Among the countries covered, Ethiopia and Malawi show the highest current levels of malnutrition with 40.4 per cent and 42.4 per cent in 2014, while Senegal has the lowest level at 19.4 per cent.

On the positive side, all of the 15 countries with 2010–2012 data reveal reductions in malnutrition prevalence, compared with the preceding available year. (FAO, 2016)

C. Trade

Among the Istanbul Programme of Action targets is the doubling of the share of LDC exports in global exports by 2020. However, current trends are not very promising. The share of the entire group of LDC exports in global exports in 2014 was 1.09 per cent which actually represented a decline in performance in comparison to the level of 1.12 per cent recorded in 2013. Likewise the share of African LDCs in world trade is low at 0.74 per cent and has also been declining recently (see figure 3). As far as Africa is concerned the figure is not better. The share of Africa's exports in global merchandise exports remains low, at 2.9 per cent in 2014, which represents a decline in comparison to the levels of 3.5 per cent and 3.2 per cent in 2012 and 2013 respectively. These declines are due to a slight decrease in the absolute value of exports, although to a smaller extent among the LDCs than for the continent as a whole. In 2014, the total exports of Africa and African LDCs amounted to about \$555.5 billion and \$140.8 billion respectively; these figures represented a drop of 7.6 per cent and 5.0 per cent respectively in comparison to the levels for 2013 (UNCTAD, 2016).

Despite these negative trends, the 2015 edition of the "Economic Report on Africa" indicates that

African countries are improving their participation in value chains. This is a positive trend since integrating into global and regional value chains is critical for African LDCs to expand their exports and grow their economies (ECA, 2015).

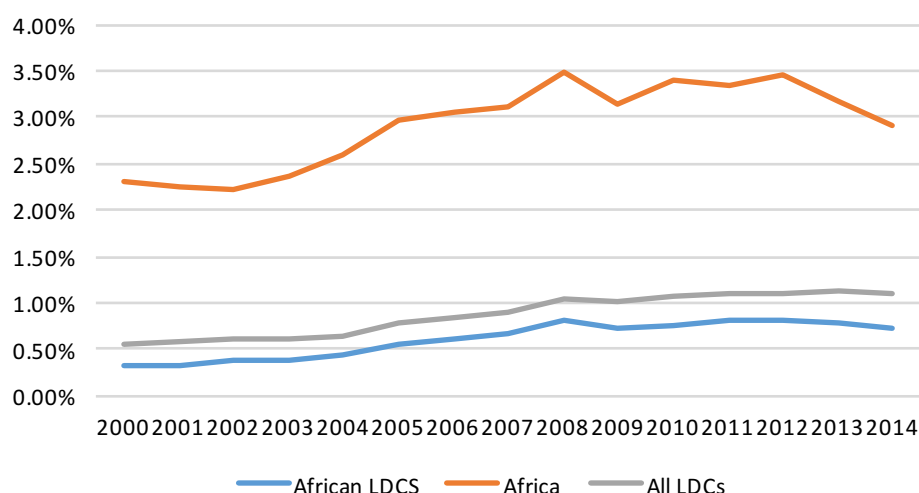
According to the report, the intra-African market displays signs of dynamism and the emergence of regional value chains through trade in manufacturing intermediates. Countries such as Egypt, Ghana, Kenya, Nigeria, South Africa, the United Republic of Tanzania and Zambia have recorded gains in their exports of manufacturing inputs within Africa, building forward linkages with manufacturing firms within the continent. It is to be noted that the last two countries in the list are LDCs.

As far as the global level is concerned it is estimated that roughly 90 per cent of the African countries increased backward integration to global value chains between 1995 and 2011 (ECA, 2015).

While most countries experienced a moderate, mostly positive change in global value chain participation, the United Republic of Tanzania managed to upgrade on a broad sectoral level and achieved the largest increase in backward integration. The driver of this performance included the Sustainable Industrial Development Policy, implemented in 1997, which boosted growth in manufacturing value added; the improvement of competitiveness and business environment through notably reducing the inefficiencies of the Dar es Salaam Port, removing excessive roadblocks; and upscaling research for support to and capacity building of firms to reduce transaction costs and enhancing the quality of products. Belonging to the well-integrated Common Market for Eastern and Southern Africa and the East African Community has also helped in terms of framing the trade policy of the country. Now the challenge for the United Republic of Tanzania is to develop key services for industrialization and structural transformation such as communication and financial services (ECA, 2015).

8 Benin, the Democratic Republic of the Congo, Ethiopia, the Gambia, Guinea-Bissau, Malawi, Lesotho, Liberia, Senegal, Sierra Leone, Togo.

Figure 3: Share of African LDC exports in global exports



Source: Authors' calculations based on the UNCTAD-STAT (2016).

In order to increase their share of global trade, the Istanbul Programme of Action recommends among others that LDCs enhance trade facilitation. More specifically they should improve the efficiency, efficacy and transparency of institutions and processes to better facilitate trade and improve standards and quality control (UN-OHRLLS, 2011).

The existence of long and complicated administrative procedures at the national level restrain access to global markets and trade facilitation. Addressing such constraints increases the volume of trade and reduces such costs (Bilotserkivska, 2016). A case study conducted by the World Bank provides some insights on how

some African LDCs compare to other countries in the area of trade facilitation. The study details the number of procedures that traders have to complete before they can import or export a good or service. The two African LDCs of the study are Benin and Zambia. This combination is interesting for learning purposes because while the two countries are both low income countries, the first is coastal and the second is landlocked. The study finds that it takes 13 to 14 procedures to complete the process in Benin. For landlocked Zambia the number of procedures are much higher at 21 to 23. This is likely to be due to geographical differences (coastal versus landlocked). Indeed the study underscores the fact that landlocked

Table 3: Number of import and export procedures in some African LDCs as compared to other countries

Country	Geography	Income group	Ranking on ease of training across borders in the Ease of Doing Business ranking	Export procedures	Import procedures
Benin	Coastal	Low income	121	13	14
Zambia	Landlocked	Low income	177	23	21
Bangladesh	Coastal	Low income	140	14	13
Republic of Korea	Coastal	High income	3	7	6
China	Coastal	Upper middle Income	98	13	13

Source: Bilotserkivska (2016).

economies, whose traders face additional border procedures, tend to have the most procedures.

Benin compares well to China, for which the number of procedures is 13 for both imports and exports, but still shows room for improvement when compared to the Republic of Korea, which has only 6 procedures for imports and 7 for exports.

In terms of costs, African LDCs still have a long way to go. In the Republic of Korea customs broker fees amount to about 0.1 per cent of gross national income per capita for both exports and imports, while in Zambia they account for 9 per cent of gross national income per capita for exports and 13.5 per cent for imports.

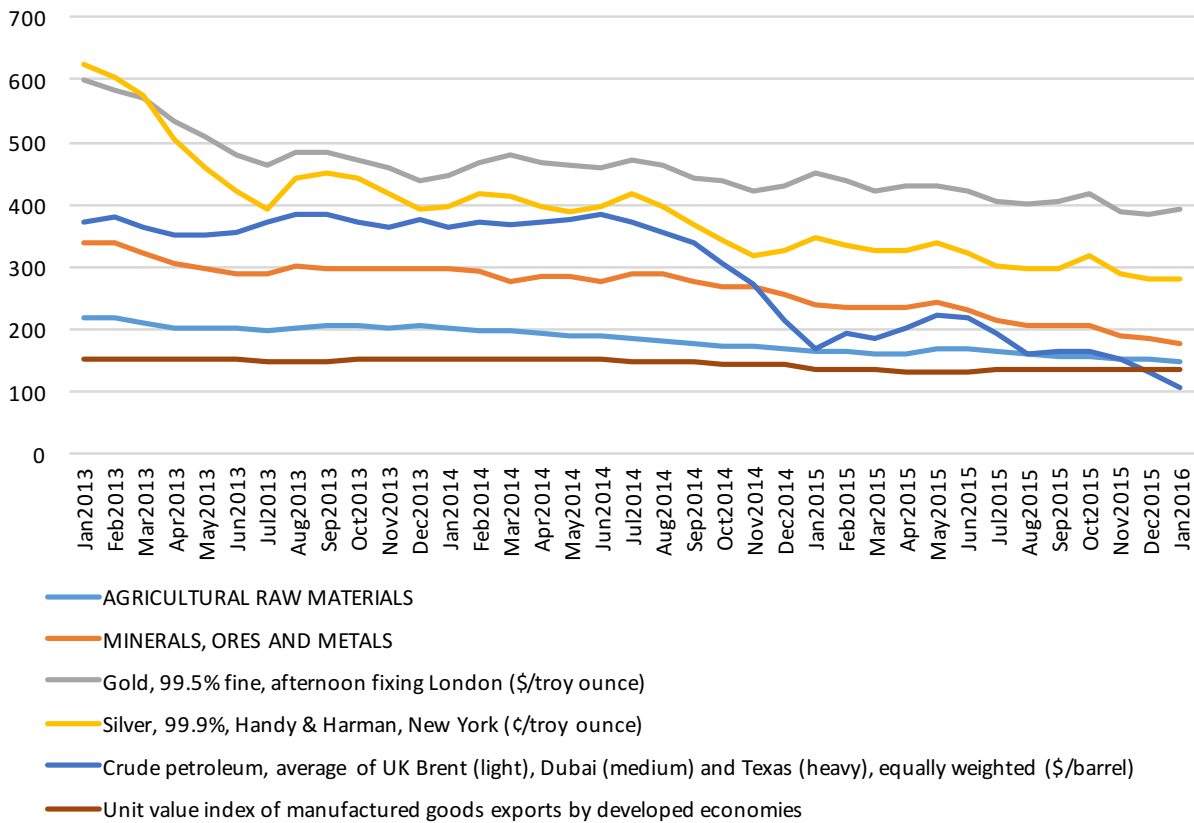
A single window for trade can facilitate communication with port authorities, though its effectiveness depends on its being fully implemented. In November 2011 the government

of Benin launched an electronic single window operated by a company created for that purpose – the Société d’Exploitation du Guichet Unique du Bénin (SEGUB) – and began using the Asycuda ++ system. An electronic payment system also went into operation, enabling traders to pay customs and port fees simultaneously and through the same portal of the single-window system. But even though SEGUB receives electronic confirmation of the payments, traders must still present the document certifying payment (“bordereau de frais unique”) to port authorities in hard copy – an extra procedure. Better connecting and coordinating port and customs operations could maximize the benefits of the single window for traders (Bilotserkivska, 2016).

D. Commodities

Global commodity prices have experienced a significant decline since mid-2014. The global commodity price index of the International Monetary Fund slid from 175 to 131 between

Figure 4: Commodity prices indices, 2013-2016



Source: UNCTAD-STAT (2016).

August and December 2014 and to below 90.5 in December 2015, with crude oil prices dropping to less than \$37 a barrel. Average annual metal prices declined by 17 per cent in 2015 and are expected to continue falling in 2016, mainly driven by the slowdown in China’s construction sector. The agricultural commodity prices also went down 16 per cent in 2015 from 2014. While vegetable oil prices, particularly those of wheat and soybeans, are projected to decline slightly, overall food prices are expected to increase in 2016 (ECA, 2016; UN-DESA 2016b). Figure 4 below illustrates these declines.

According to UN-DESA (2016b) the decline in commodity prices has had a significant impact on the terms of trade for a number of the LDCs in Africa, given their excessive dependence on commodity exports. Many LDCs remain highly dependent on the natural resource sector, with commodity exports representing, on average, 16 per cent of their GDP. Commodity exports are also highly concentrated in one or two products. LDCs that are highly dependent on fuel exports have clearly seen a pronounced decline in their commodity terms of trade limiting their ability to demand goods and services from the rest of the world. The commodity price declines and exchange-rate realignments have also had a significant impact

on their fiscal balances. By contrast, as fuel often constitutes a major import component for several economies, a number of African LDCs may have registered an improvement in their terms of trade.

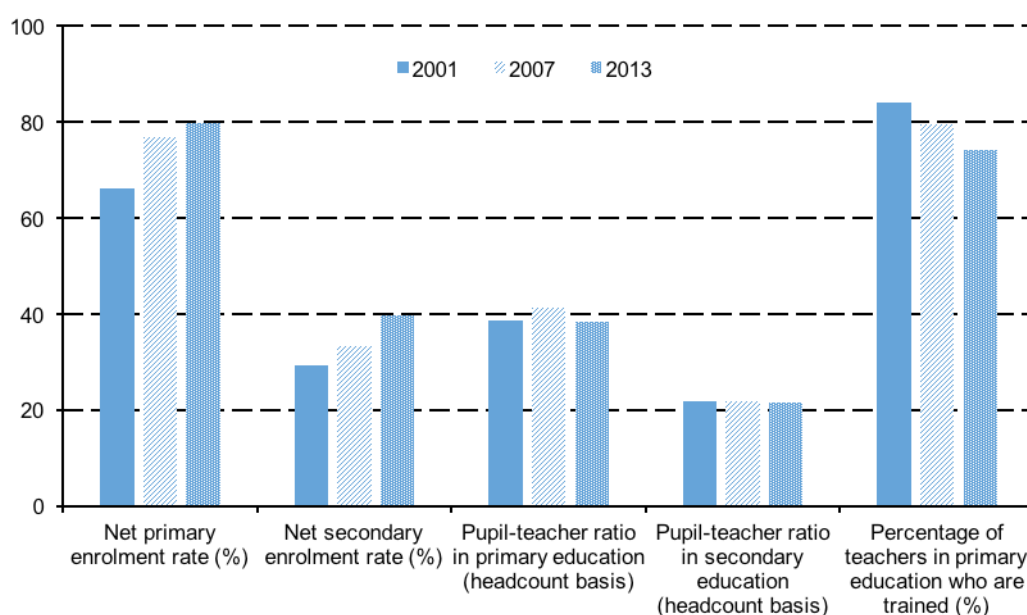
The lack of economic diversification of African LDCs and the high dependency on commodity exports exposes them to external shocks and vulnerabilities stemming from price and demand volatility. In this context, commodity-based industrialization and structural transformation are imperatives for the sustainable development of these countries.

E. Human and social development

1. Education and training

Net primary enrolment rates provide valuable information about accessibility to basic education, which is also an important indicator for skills development. In Africa, net primary enrolment rates were 66.0 per cent in 2001, 76.6 per cent in 2007 and 79.5 per cent in 2013. At country level, 9 African LDCs, including Benin (95.8 per cent), Burundi (95.3 per cent), Malawi (97.4 per cent), Rwanda (98.5 per cent), Sao Tome and Principe (95.0 per cent), Sierra Leone (97.9 per cent), Togo (91.1 per cent), Uganda (93.6 per cent) and Zambia (90.0 per cent) recorded the rates over 90 per cent during 2010-2014.

Figure 5: Indicators on education and training in Africa



Source: Authors’ calculations based on the UNESCO Institute for Statistics (2016).

In terms of net secondary enrolment, the rates have also increased from 29.2 per cent in 2001 to 33.3 per cent in 2007 and to 39.7 per cent in 2013 although the levels of rates are much lower than those of the primary enrolment. Almost all African LDCs exhibited improvement except Eritrea.

Despite better primary and secondary enrolments, the quality of education has not kept such pace. In other words, the number of teacher recruitment did not follow the number of student enrolments in both primary and secondary education; pupil-teacher ratios increased albeit marginally. Furthermore, a limited number of teachers in primary education have been trained as the figure shows that the percentage of a trained teacher for primary education has constantly decreased. Such an unfavourable trend has also been observed in African LDCs (data available for 11 countries) from 87.0 per cent in 2007 to 83.3 per cent in 2013, a 3.6 percentage point decrease.

2. Population and primary health

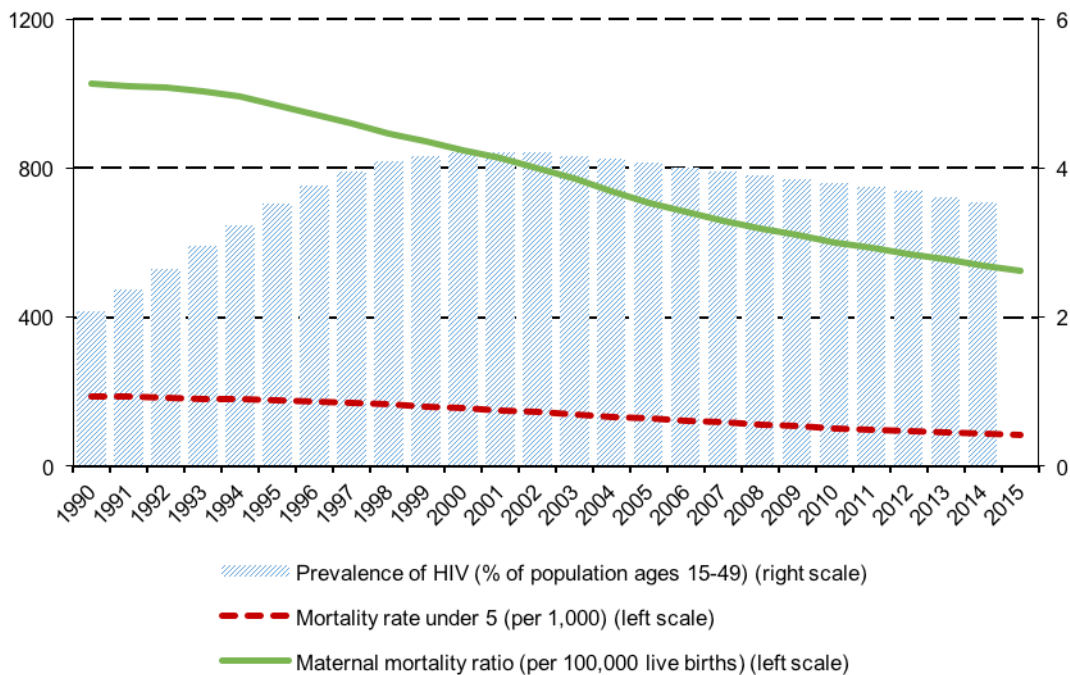
Under-five mortality rates have declined in almost all African LDCs (except Lesotho) over the 15 years. In 1990, the average rate was estimated at 187.9 deaths per 1,000 live births, the 2000 rate was

154.7, the rate in 2010 was 101.6 and finally the rate in 2015 is estimated at 83.4, which translates into a 55 per cent decrease, the reduction level far above the average reduction from any other developing countries.

Furthermore, maternal mortality rates paralleled under-five mortality rates. On average African LDCs made great progress in reducing maternal mortality by 49 per cent over the same period. At disaggregated level, the highest and lowest values between 1990 and 2015 have also fallen, from 2,630 to 1,360 (48.3 per cent) in Sierra Leone and from 330 to 156 (52.7 per cent) in Sao Tome and Principe.

Regarding the prevalence of HIV/AIDS for the population aged 15-49, the percentage of population affected by HIV/AIDS doubled from 2.1 per cent to 4.2 per cent over the period 1990-2001, but since 2002, it has declined by 0.7 percentage points from 4.2 per cent to 3.5 per cent as shown in the figure. At country level as of 2014, 5 African LDCs, including Lesotho (23.4 per cent), Zambia (12.4 per cent), Mozambique (10.6 per cent) and Malawi (10 per cent) still record double-digit rates. In these 4 countries, more than 10 people out of

Figure 6: Indicators on primary health in African LDCs



Source: Authors' calculations based on the World Development Indicators (2016).

100 aged 15–49 are still suffering from HIV/AIDS and related diseases.

Although almost all African countries in general experienced some improvements in these measures, their rates are still high from a global perspective. Thus, stronger efforts for the improved national health systems, better nutrition of children, greater access to reproductive health, antiretroviral drugs and therapy and better health infrastructure are still urgently required at both country and international levels.

3. Youth development

According to the United Nations Educational, Scientific and Cultural Organization (2016), marginal improvements have been observed in African youth literacy from 70.1 per cent in 1999 to 73.9 per cent in 2013, partly due to continuous efforts to expand access to primary and secondary education. As of 2015, Equatorial Guinea (98.2 per cent) and Eritrea (93.2 per cent) are the countries that registered rates above 90 per cent while Burkina Faso (45.4 per cent), Guinea (45.2 per cent), South Sudan (44.3 per cent), the Central African Republic (36.3 per cent), and Niger (26.5 per cent) recorded rates below 50 per cent.

The developments are even more encouraging in tertiary education in Africa where enrolment increased by 57.2 per cent over the period 2008–2012. Among African LDCs, 19 countries that have available data during the period 2010 to 2015 recorded an improvement of 35.5 per cent on average. Particularly, Sao Tome and Principe has the greatest record of improvement by 211.7 per cent from 2010 to 2015 while Ethiopia registered negative performance of 14.1 per cent from 2010 to 2014. Overall, the tertiary educational situation of African LDCs is a significant challenge as its level (8.2 per cent) is still substantially low, compared to Africa (12.0 per cent), Asia (28.8 per cent) and South America (51.7 per cent).

4. Shelter and water sanitation

Rapid population growth in most African LDCs has contributed to housing shortages, particularly in urban areas. Concurrently, there has been a growing concern of slums and informal

settlements, which are characterized by the lack of improved drinking water and adequate sanitation. Access to safe drinking water and sanitation and improved dwellings and settlements are crucial for enhancing social development.

According to the United Nations Statistics Division (2016), the proportion of the urban population living in slums in African LDCs has constantly decreased from 81 per cent in 1990 to 66 per cent in 2014. Nevertheless, this positive development is still far above the other developing countries. At country level, more than 9 out of 10 people living in urban areas in South Sudan (95.6 per cent), the Central African Republic (93.3 per cent) and the Sudan (91.6 per cent) still suffer from the lack of basic services and live in slums.

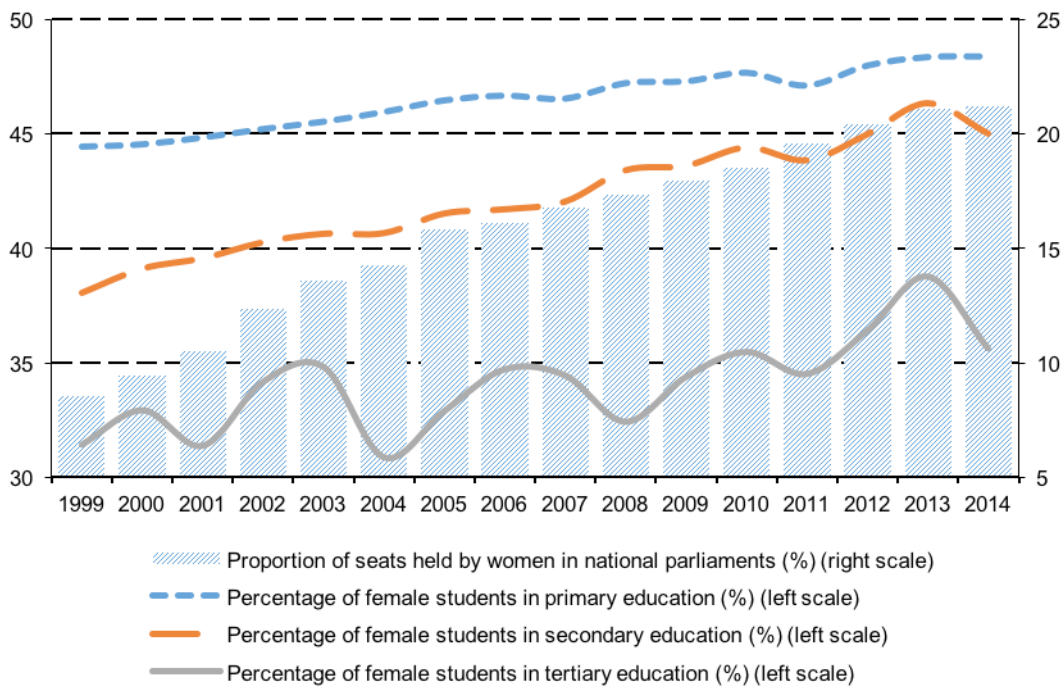
In terms of improved drinking water and sanitation facilities in African LDCs, both indicators have continued to improve steadily but slowly in recent years. The proportion of the population using improved drinking water increased from 49.7 per cent in 1990, 56.8 per cent in 2000, 65.0 per cent in 2010 and 69.6 per cent in 2015. Also, five African LDCs, including Sao Tome and Principe, Comoros, Djibouti, the Gambia and Malawi, have reached above 90 per cent while more than half the population of Angola (49 per cent) and Equatorial Guinea (48 per cent) do not have access to improved drinking water.

Furthermore, the proportion of the population using improved sanitation facilities also recorded a slight improvement from 18.6 per cent in 1990, 24.4 per cent in 2000, 28.4 per cent in 2010 and 29.9 per cent in 2015. Currently, 29 African LDCs are still not able to provide the improved sanitation facilities to their citizens. In other words, only 4 African LDCs, including Equatorial Guinea (75 per cent), Rwanda (62 per cent), the Gambia (59 per cent) and Angola (52 per cent), currently provide improved sanitation facilities to half or more of their citizens.

5. Gender equality and empowerment of women

Most African LDCs have sustained progress in gender equality and empowerment of women. In terms of gender parity in primary schooling,

Figure 7: Indicators on gender equality and women’s empowerment in African LDCs



Source: Authors’ calculations based on the UNESCO Institute for Statistics (2016) and World Development Indicators (2016).

all African LDCs have almost reached the target or even exceeded in the period 2013-2014. Out of African LDCs, 9 countries, including Burundi (50.6 per cent), the Gambia (50.9 per cent), Malawi (50.3 per cent), Mauritania (50.6 per cent), Rwanda (50.7 per cent), Senegal (51.5 per cent), Sierra Leone (50.0 per cent), Uganda (50.1 per cent) and the United Republic of Tanzania (50.6 per cent), are in a position where a slight gender disparity favoured girls.

However, gender parity declines at higher levels of education. In secondary schooling, the percentage of female students has marginally increased from 38.0 per cent in 1999 to 44.9 per cent in 2014 with only 4 countries, including Comoros (50.0 per cent), Lesotho (57.3 per cent), Rwanda (52.1 per cent) and Sao Tome and Principe (52.1 per cent) that reached over 50 per cent. In the case of tertiary education, progress was made by only 4.2 percentage points from 31.4 per cent in 1999 to 35.6 per cent in 2014 and only 3 countries, including Lesotho (58.5 per cent), the Sudan (52.1 per cent) and Sao Tome and Principe (50.4 per cent), favoured girls.

In fact, the problem is that improved parity in education in these countries has not always translated into commensurate gains in paid employment, partly due to inadequate regulations and practices as well as limited demand for the job training available for women. All these factors put women at a disadvantage in labour markets, eventually hindering them from women’s economic empowerment.

On the other hand, the political representation of women in parliaments in African LDCs has continued to increase remarkably. It more than doubled from 8.5 per cent in 1999 to 21.2 per cent in 2014. At country level in 2015, 6 African LDCs, including Angola (36.8 per cent), Mozambique (39.6 per cent), Rwanda (63.8 per cent), Senegal (42.7 per cent), the United Republic of Tanzania (36.0 per cent) and Uganda (35.0 per cent), recorded a third or more of parliamentary seats held by women. Particularly, Rwanda shows exceptional performance in terms of women’s political empowerment in which more than half of parliamentary seats have been held by women politicians since 2008.

6. Social protection

Social protection in Africa can be defined as public actions to provide social assistance and social insurance programmes to reduce poverty and vulnerability. In most African LDCs, social protection schemes cover cash transfers, school feeding programmes, food assistance, subsidies and price control, all of which are designed to focus on social protection frameworks especially for women, youths and vulnerable groups, although such schemes vary by country in their level of development (UNDP, 2014).

In recent years, school-feeding programmes are becoming popular in African LDCs. Nearly all had such programmes and about 360 million from kindergarten to secondary school received food every day. This programme has a number of crucial benefits for African society. Such food may help families to educate their kids and protect their food security in times of crisis. It can also act as a regular and nutritious meal in the case of extremely poor families. Furthermore, in terms of education aspect, this food can be an incentive for poor families to send their kids to school, which is frequently observed in African LDCs.

In addition to the school-feeding programmes, there are various protection schemes at country level but they are mostly fragmented, donor-driven and administered on an ad-hoc basis. Because of this, the importance of institutional reforms in African LDCs has been emphasized for effective provision of social protection schemes. Rwanda and the United Republic of Tanzania finished in designing institutionalized social protection programmes supported by key ministries. Some other countries such as Ethiopia, Guinea, Mali, Mozambique, the Niger and Senegal started to design such effective and flexible safety net systems (UN-OHRLS, 2014).

Despite the wide variation in social protection schemes in African LDCs, there is a growing body of evidence that demonstrates that social protection does not only tackle poverty but also supports broader socioeconomic development such as education and health, which is why more significant efforts should be in place (UNDP, 2014).

F. Multiple crises and ongoing challenges

Lack of capacity for managing external economic shocks has always been an issue in African LDCs. External environment such as international commodity prices variability and exchange rate fluctuation has a significant impact on investment and socioeconomic growth in these countries. This is mainly attributable to the fact that their heavy dependence on primary commodity exports and limited progress in diversifying their economies has stalled efforts at structural transformation.

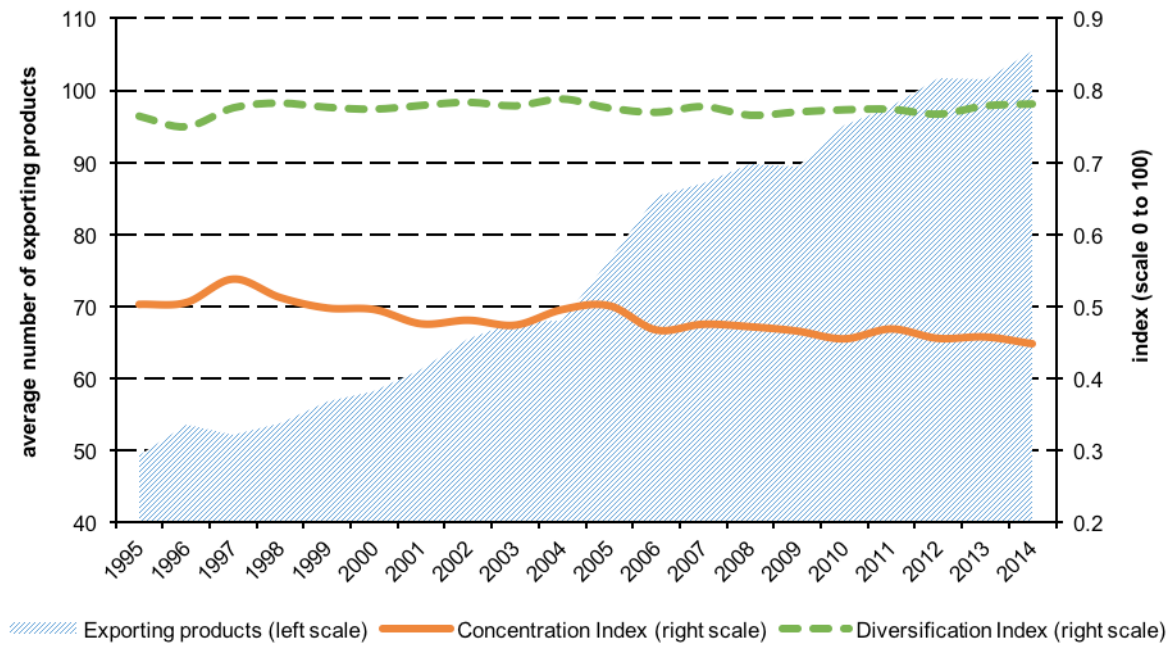
According to the United Nations Conference on Trade and Development (2016), the number of exported products increased substantially by 114 per cent over the period 1995-2014 in African LDCs. The number of exported products, African LDCs, rose on average from 49 in 1995 to 105 in 2014. Although the absolute number of products increased export concentration index has only decreased by 0.05 percentage points over the same period. Particularly, the export diversification index shows no improvement over the period, proving that African LDCs have failed to diversify their economic and trading structure.

In terms of debt sustainability in African LDCs, nearly all countries have benefited from the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative. The Democratic Republic of the Congo has benefited the most from both the Initiatives, receiving cumulatively over \$10 billion in end-2013 net present value terms, followed by the United Republic of Tanzania (\$5.8 billion), Zambia (\$5.7 billion), and Ethiopia (\$5 billion).

Heavily supported by global debt relief initiatives and countries' efforts themselves, African LDCs have constantly reduced the debt-service-to-export-revenue ratio by approximately 12.5 percentage points over the 15 year period. However, recent figures reflect an increase the debt-service-to-export-revenue ratio since 2010. This ratio is likely to rise in light of the fragile global and regional outlook.

The climate change issue is another story for African LDCs. It is true that they are some of the most vulnerable to climate change but

Figure 8: Concentration and diversification indices of exports in African LDCs



Source: Authors' calculations based on the UNCTAD-STAT (2016).

have actually done the least to contribute to greenhouse gas emissions. According to the World Development Indicators (2016), forest area as per cent of total land area has decreased from 32.2 per cent in 1990 to 28.4 per cent in 2013. It is mainly due to the process of industrialization. Although terrestrial and marine protected areas as per cent of total territorial area have slightly increased from 9.6 per cent to 13.1 per cent over the same period, the level of protected areas is still too low meaning that about 87 per cent of territorial area is currently unprotected.

In this regard, significant efforts should be stepped up to not only mitigate the climate effects but also effectively adapt to climate change. It is also needed to design local adaptation mechanisms for monitoring emissions and improve emergency response and early warning systems along with disaster risk reduction efforts, which are also critical areas for African LDCs to reduce the likelihood of major disaster damages to their economies.

G. Mobilizing financial resources for development and capacity-building

1. Domestic resource mobilization

Domestic savings in 26 African LDCs whose data are available have constantly increased and

reached 9.4 per cent of gross domestic product in 2013, significantly up by 3.6 percentage points from the 2000 levels. This progress is somewhat remarkable because they have actually exceeded the average gross domestic savings rate for the whole LDCs since 2005. Such progress can be mainly attributable to very high savings in natural-resource-rich countries such as Equatorial Guinea (76.3 per cent in 2014) and Angola (38 per cent in 2013) although some countries registered in 2014 negative rates, including the Central African Republic (-14.6 per cent), Comoros (-16.9 per cent), Guinea (-11.3 per cent), Guinea-Bissau (-0.1 per cent), Liberia (-50.4 per cent), South Sudan (-3.4 per cent) and Togo (-29.0 per cent).

High government revenue excluding grants as a percentage of gross domestic product reflects better capacity of African LDCs to mobilize domestic resources. The data proved that among 14 African LDCs whose data are available, 12 countries recorded improvement over the period 2002-2012, including Angola (by 10.3 percentage points), Benin (by 0.4 percentage points), Burkina Faso (by 5.8 percentage points), Mali (1.6 percentage points), Sierra Leone (2.3 percentage points) and so forth. Furthermore, a number of countries strongly contributed to this high

ratio, including Angola (36.9 per cent in 2012), Equatorial Guinea (49.0 per cent with latest data in 2009) and Lesotho (65.0 per cent with latest data in 2008).

Although meaningful progress from two indicators are observed, African LDCs should need to unleash their potential in productive sectors and human capabilities in order to intensify domestic resource mobilization further. Domestic resource mobilization can be increased through: a) boosting revenues sources by broadening the tax base and improving tax administration, improving economic and corporate governance of extractive industries in resource-rich countries, addressing the regulatory and tax reform challenges, b) improvement of public financial management that would limit waste and graft and improve the quality of public expenditure as well as strengthen national control mechanisms and capacities and c) redoubling of efforts to reduce illicit financial flows, which could mean substantial retention of resources.

2. Official development assistance (ODA)

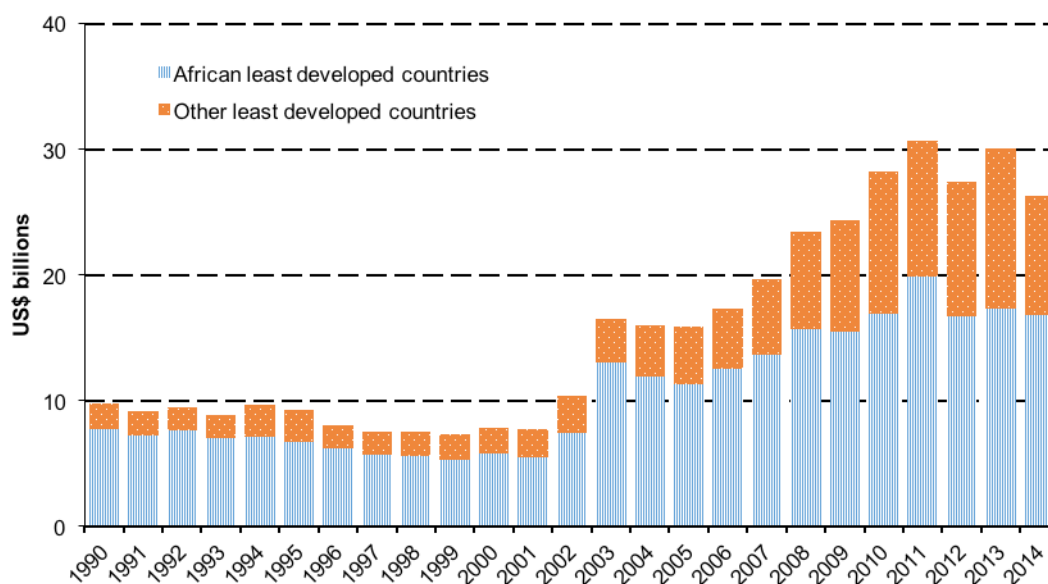
Africa in general continues to be the largest recipient of official development assistance as it covers the majority of the LDCs in the world (34 in Africa out of 48 in total), followed by Asia, America,

Europe and Oceania. The net official development assistance disbursements from member countries of the Development Assistance Committee to all LDCs increased over the period, amounting to approximately \$26.2 billion in 2014, significantly down by \$3.7 billion at current prices.

The 34 African LDCs have also experienced a downward trend in official development assistance disbursements. Furthermore, Africa's share of total official development assistance disbursements to LDCs, declined from 79.5 per cent in 1990 to 63.8 per cent in 2014. Because African LDCs account for 70 per cent of the total number of LDCs, the current ODA share is disproportionate to their representation in the LDC category.

According to preliminary results from the 2015 Development Assistance Committee Survey on Donors' Forward Spending Plans, member countries of the Development Assistance Committee will focus more on LDCs and countries in special situations including Island States and conflict-affected countries. In the Survey, although the overall official development assistance to Africa is likely to remain at the current level over the period 2015-2018, LDCs will benefit most from the future official development assistance,

Figure 9: Net official development assistance disbursements from member countries of the Development Assistance Committee to African LDCs



Source: Authors' calculations based on the OECD International Development Statistics (2016).

which levels are expected to grow by 5.7 per cent in real terms. Particularly, sub-Saharan African countries and Ebola-affected countries, such as Guinea, small-island developing states such as Comoros, Sao Tome and Principe, and populous LDCs such as Ethiopia will see a rise in their official development assistance (OECD, 2015).

3. External debt

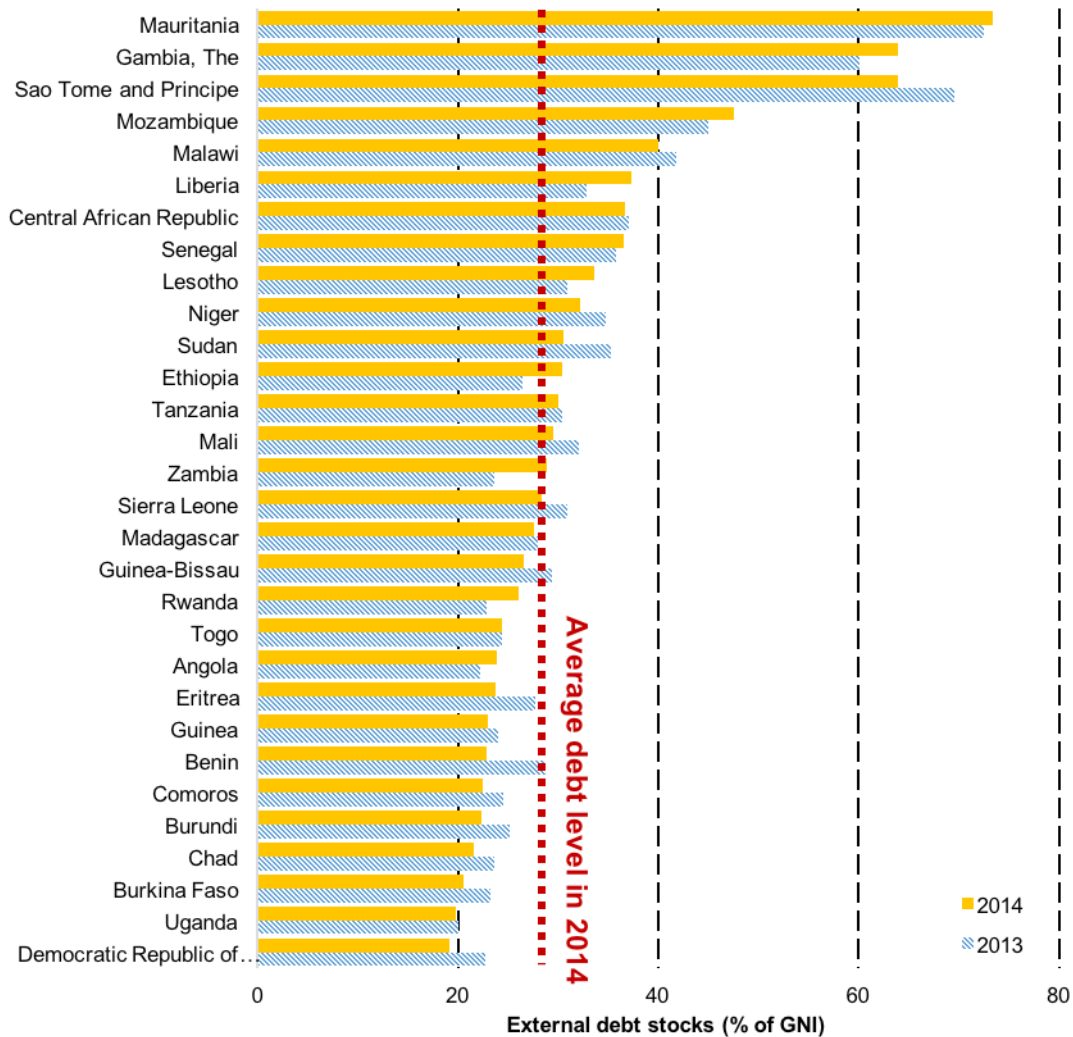
A significant reduction has been observed in external debt stocks of African LDCs over the period 2001-2014. The figure was on average 138.2 per cent of gross national income in 2001 then dropped significantly to 68.2 per cent in 2007 and 32.2 per cent in 2014. At country level in 2014, 11 African LDCs exhibited low levels of external debt below 25 per cent, while 16 exhibited modest external debt levels with the range of 26-50 per

cent and 3 countries, including Mauritania (73.3 per cent), the Gambia (63.9 per cent) and Sao Tome and Principe (63.9 per cent) exhibited very high levels above 50 per cent.

Furthermore, more than half (19 countries) were able to reduce their external debt levels from the previous year. The reduction of debt stocks is mainly attributable to the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative that have benefited nearly all African LDCs as mentioned in the previous chapter.

While they have benefited from the debt relief initiatives, long-term debt sustainability for African LDCs still remains a challenge. The growing concern about debt sustainability raises the more basic issue of how to ensure a fair debt workout

Figure 10: External debt stocks in African LDCs



Source: Authors' calculations based on the World Development Indicators (2016).

mechanism to address future sovereign debt crises (ECA and others, 2015).

4. Foreign direct investment and remittances

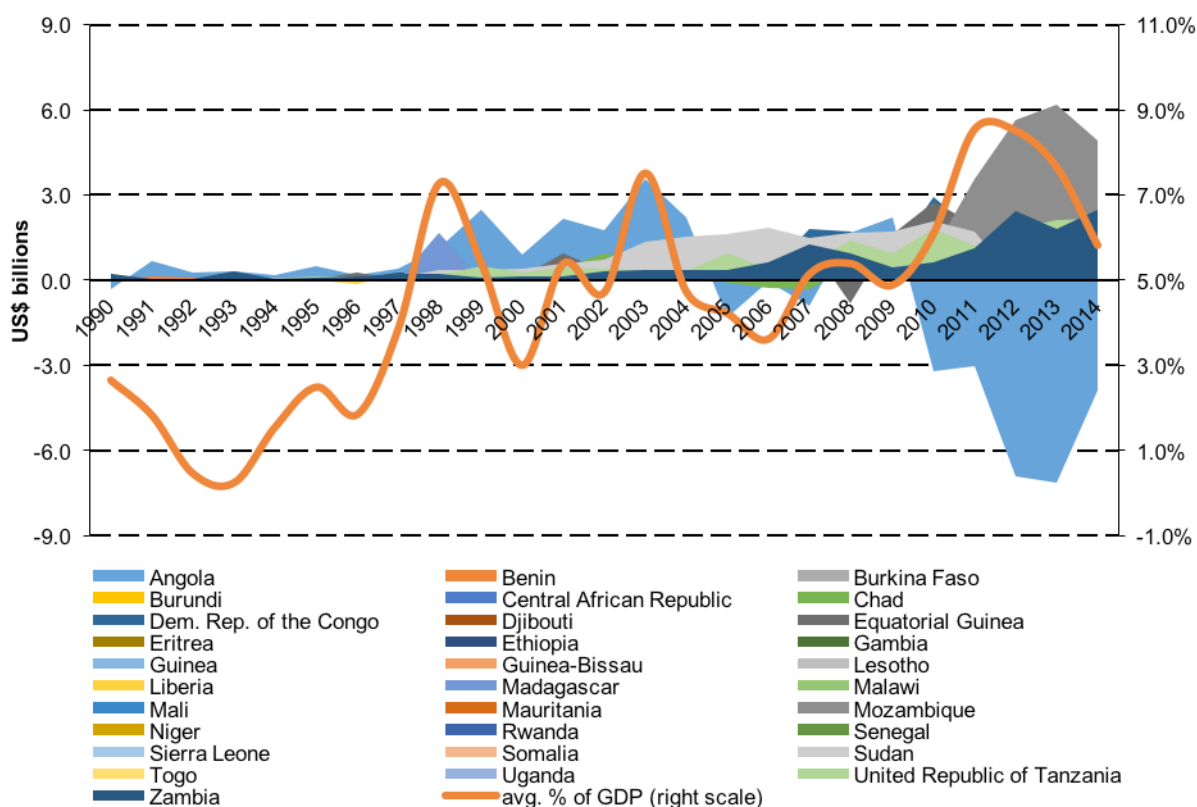
Foreign direct investment inflows to African LDCs have substantially increased over the period 1990-2014 from \$411 million to \$18 billion, which can translate into 4,294 per cent improvement. As of 2014, foreign direct investment worth over \$1 billion were injected into each of 8 countries, including Mozambique (\$4.9 billion), Zambia (\$2.4 billion), the United Republic of Tanzania (\$2.1 billion), the Democratic Republic of the Congo (\$2.0 billion), Equatorial Guinea (\$1.9 billion), the Sudan (\$1.2 billion), Ethiopia (\$1.2 billion) and Uganda (\$1.1 billion). Top destinations for foreign direct investment implies that such investments are heavily concentrated in these natural-resource-rich countries.

In terms of foreign direct investment inflows as a percentage of gross domestic product, the share has also shown an upward trend, although highly volatile. At a disaggregated level and based on a

3-year average, 7 countries have a foreign direct investment to gross domestic product ratio that is above 10 per cent. They include Liberia (42.2 per cent), Mozambique (35.5 per cent), Mauritania (19.3 per cent), Djibouti (12.5 per cent), Niger (10.7 per cent), Equatorial Guinea (10.6 per cent) and Zambia (10.3 per cent). On the other hand, Angola (-5.0 per cent) and South Sudan (-2.7 per cent) registered negative ratios. Especially in the case of Liberia, foreign direct investment accounted for over half of gross domestic product in 2011 (51.0 per cent), 2012 (56.8 per cent) and 2013 (54.5 per cent). However, its ratio dramatically dropped into 15.2 per cent in 2014 due to the Ebola crisis.

Remittance inflows are another major source of foreign exchange earnings and have fuelled consumption for African LDCs. The record stood at \$2.9 billion in 2005, \$5.6 billion in 2010 and \$7.5 billion in 2014. This sustained growth reflected the continued rise in remittances in some of the largest recipient countries, including Senegal (\$1.6 billion), Uganda (\$993.8 million) and Mali (\$923.4 million). This is also the case in Liberia,

Figure 11: Foreign direct investment inflows to African LDCs



Source: Authors' calculations based on the UNCTAD-STAT (2016).

the Gambia, Lesotho and Senegal, where flows represented the equivalent of 26.5 per cent, 22.2 per cent, 21.2 per cent and 10.3 per cent of their gross domestic products in 2014, respectively.

It is also interesting to note that as of 2014, in 9 countries, including Burundi, the Gambia, Guinea-Bissau, Lesotho, Liberia, Madagascar, Mali, Senegal and Togo, remittances have contributed more to the gross domestic product than foreign direct investment has. More so, out of these 9 countries, the difference in the contribution to gross domestic product between remittances and foreign direct investment is huge in the case of the Gambia (22.2 per cent versus 3.3 per cent) and Lesotho (21.2 per cent versus 2.2 per cent).

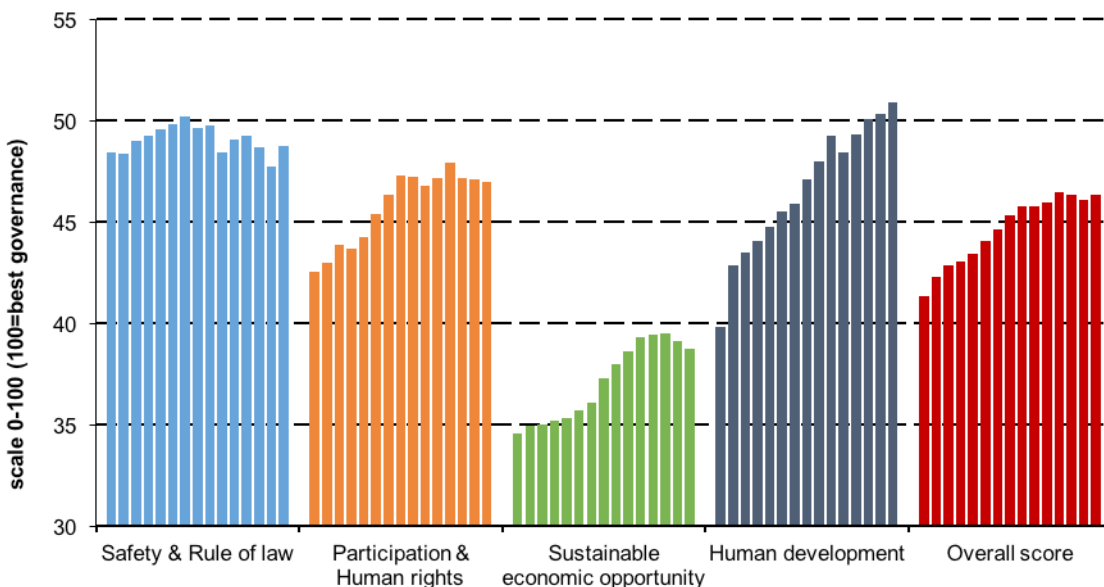
H. Good governance at all levels

There is no doubt that bad governance remains one of Africa’s impediments to attaining inclusive socioeconomic development and structural transformation. For this reason, many international human rights treaties and optional protocols encourage strong commitments from African LDCs. Currently, almost all African LDCs have already ratified at least 10 international treaties and protocols.

At the regional level, the African Peer Review Mechanism has been one of the most effective self-monitoring frameworks for good governance covering 4 thematic aspects, including democracy and good political governance, economic governance and management, socioeconomic development and corporate governance. As of 2015, a majority of African LDCs have acceded to this mechanism, 11 of which have been peer reviewed while the remaining countries either begun the peer review process or are yet to launch the process.

According to the Mo Ibrahim Foundation (2016) that publishes an annual statistical assessment of the quality of governance in every African country, the overall governance score for LDCs has improved by a 4.9 percentage points over the period 2000-2014. At disaggregated level, 3 governance aspects, including participation and human rights, sustainable economic opportunity and human development, improved by an average of 6.5 percentage points; the performance for human development in African LDCs especially is remarkable with an 11.0 percentage point increase. On the other hand, the safety and rule of law does not follow the others’ upward trend. It can be partly due to its initial score in 2000 which was the highest so there was relatively small

Figure 12: Ibrahim Index of African Governance in African LDCs



Source: Authors’ calculations based on the 2015 Ibrahim Index of African Governance Database (2016).

room for improvement. Furthermore, although radical improvement was observed in sustainable economic opportunity, its level is still the lowest at 37.1 per cent on average, which implies that African LDCs' governance system to support their inclusive and sustainable economic growth seems not competitive.

At country level, in 2014 the top 3 countries under the overall governance score were Lesotho (61.1 per cent), Rwanda (60.6 per cent) and Zambia (59.5 per cent) while the bottom 3 were Somalia (8.5 per cent), South Sudan (19.8 per cent) and the Central African Republic (24.8 per cent). Under human development, the top 3 are Rwanda (71.0 per cent), Sao Tome and Principe (66.7 per cent) and the Gambia (65.2 per cent) while the bottom 3 are Somalia (14.0 per cent), the Central African Republic (28.9 per cent), and South Sudan (30.5 per cent). As for participation and human rights, the top 3 and bottom 3 are Lesotho (70.8 per cent), Benin (68.3 per cent), Sao Tome and Principe (67.6 per cent), Somalia (10.4 per cent), South Sudan (20.5 per cent) and Equatorial Guinea (22.0 per cent), respectively. For sustainable economic opportunity, Rwanda (63.5 per cent), Zambia

(50.7 per cent), Lesotho (50.5 per cent), Somalia (4.1 per cent), South Sudan (13.5 per cent) and Eritrea (20.3 per cent) are the top 3 and bottom 3 countries, respectively. Lastly, safety and rule of law recorded the top 3 in Zambia (66.6 per cent), Lesotho (66.6 per cent) and Malawi (64.0 per cent) and the bottom 3 in Somalia (5.4 per cent), the Central African Republic (14.3 per cent) and South Sudan (14.9 per cent).

From the analysis of governance quality, it is interesting to note that Somalia exhibited the poorest quality of governance in all aspects and the Central African Republic also recorded poor quality of governance in all aspects. These two countries are actually the ones whose per capita gross domestic products are the lowest among African LDCs. On the other hand, Zambia and Lesotho recorded higher governance quality in all aspects and at the same time they are also included in the higher group of per capita gross domestic product among African LDCs. Thus, it can be concluded that governance factors are highly correlated to economic growth, which is why they cannot ever be underestimated, especially for African LDCs.

III. Progress towards graduation

As of 2015, ten countries (Angola, Bhutan, Equatorial-Guinea, Kiribati, Nepal, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu) had met the eligibility criteria for graduation from LDC status. Five of the ten (Bhutan, Nepal, Sao Tome and Principe, Solomon Islands and Timor-Leste) met the criteria for the first time and will be considered for possible graduation at the next triennial review in 2018. However, even though 34 of the 48 LDCs are from Africa only three of the ten countries that met the eligibility criteria are from Africa (Angola, Equatorial Guinea, and Sao Tome and Principe).

For a variety of reasons that relate largely to sustainability, countries that meet the eligibility criteria are not necessarily anxious to graduate. For instance, even though Kiribati fulfilled the LDC graduation criteria for the second consecutive time, the Committee for Development Policy deferred its recommendation for graduation to the next triennial review in 2018 when it will also consider the graduation status of Bhutan, Nepal, Sao Tome and Principe, Solomon Islands and Timor-Leste. The decision to defer action on Kiribati's graduation was because of uncertainty about the sustainability of its economy. Kiribati has the highest level of economic vulnerability of all LDC countries based on the Economic Vulnerability Index.

Similar to Kiribati, Tuvalu was recommended in 2012 for graduation by the Committee for Development Policy but the decision was suspended since it did not wish to graduate and due to its perceived vulnerability to shocks. In 2013, the decision was again deferred by the Economic and Social Council. The Committee for Development Policy, however, was not requested to review its decision.

Besides Kiribati, and Tuvalu, the graduation dates for Angola and Equatorial Guinea were also postponed. Angola became an LDC in 1994. In the 2015 triennial review, the Committee for

Development Policy found Angola eligible for graduation for the second consecutive time based on the income-only rule and recommended it for graduation from LDC status. Subsequently, in resolution (A/RES/70/253) on 12 February 2016 the General Assembly decided to grant Angola an additional two years, on an exceptional basis, before the start of the three-year preparatory period leading to graduation.

Equatorial Guinea became an LDC in 1982. In 2009, the Committee recommended Equatorial Guinea for graduation based on the income-only rule, as its gross national income per capita was 13 times above the income graduation threshold. Responding to the findings by the Committee, the Government of Equatorial Guinea argued that despite rapid income growth, the economy remained extremely fragile due to its excessive dependence on the oil sector. In view of this observation, Equatorial Guinea requested a period of transition up to the year 2020 — the year when the implementation of the national development strategy will be finalized before it could be reclassified to a non-LDC.

Following a review, the Economic and Social Council endorsed the recommendation for graduation by the Committee in 2009 (E/RES/2009/35). The General Assembly took note of the recommendation by the Committee for Development Policy in 2013 (A/RES/68/18) and also decided to provide Equatorial Guinea, on an exceptional basis, with an additional preparatory period of six months, before the start of the three-year preparatory period leading to graduation. Therefore, Equatorial Guinea is scheduled to graduate on 4 June 2017.

Zimbabwe is the only country that met the eligibility criteria for inclusion in the LDC category in 2015. However, the country has declined the invitation to be an LDC despite meeting the eligibility criteria in 2006, 2009, 2012 and 2015. Zimbabwe's decision is not unique; Ghana, for

Table 4: Graduating African LDCs

	GNI per capita	HAI1	EVI2
Graduation thresholds	\$1242 (\$2484 income-only rule)	66>	32<
Angola	\$4,518	41.9	39.7
Equatorial Guinea	\$16,089	54.8	39.3

Source: UN-DESA (2016a).

1 Human Asset Index

2 Economic Vulnerability Index.

Table 5: African LDCs that meet the gross national income per capita criteria

	GNI per capita	HAI	EVI
Graduation thresholds	\$1242 (2484 income-only rule)	66>	32<
Equatorial Guinea	16,089	54.8	39.3
Angola	4,518	41.9	39.7
Djibouti	1629	54.6	37.7
Sudan	1511	56.6	49.9
Sao Tome and Principe	1431	77.4	39.2
Lesotho	1374	62.9	42.9
Zambia	1327	40.8	45.6
Mauritania	1261	49.5	41.2

Source: UN-DESA (2016a).

instance, has also declined to be included in the list.

The two African countries that are eligible for graduation achieved this status on the income-only rule. Their economies are largely dependent on crude oil exports whose prices have fallen in recent months. In contrast to their positive performance based on the income criteria, Angola and Equatorial Guinea are characterized by low human capital development, limited diversification of their economies and high susceptibility to economic shocks. This is evidenced by the performance of both countries on the Human Asset Index and the Economic Vulnerability Index.

The gross national income per capita of eight African LDCs exceeds the minimum threshold for graduation. Equatorial Guinea has the highest gross national income per capita of all LDCs. Besides Equatorial Guinea and Angola, six other African LDCs exceed the gross national income

per capita threshold for graduation of \$1242. However, with the exception of Sao Tome and Principe, the rest fail to meet either the Human Asset Index or the Economic Vulnerability Index criteria, hence are not eligible for graduation.

A country must have a Human Asset Index score of 66 or higher to graduate based on this index. African LDCs perform relatively poorly on the Human Asset Index. Only one African LDC (Sao Tome and Principe) met the Human Asset Index threshold for graduation in 2015. Lesotho has the second highest Human Asset Index score among African LDCs; however, it falls below the graduation threshold of 66 or higher.

In contrast to the Human Asset Index African LDCs performed relatively well on the Economic Vulnerability Index indicator in 2015. Six of the eight LDCs that achieved the Economic Vulnerability Index threshold of 32 or less were from Africa. Guinea has the highest Economic Vulnerability Index score of all LDCs. However,

Table 6: Top African LDC performers in the Human Asset Index

	GNI per capita	HAI	EVI
Graduation thresholds	\$1242 (2484 income-only rule)	66>	32<
Sao Tome and Principe	1431	77.4	39.2
Lesotho	1374	62.9	42.9
Gambia	509	62.1	70.7
Togo	491	58.7	33.6
Sudan	1511	56.6	49.9
Senegal	1006	55.9	33.0

Source: UN-DESA (2016a).

Table 7: Top African LDC performers in the Economic Vulnerability Index

	GNI per capita	HAI	EVI
Graduation thresholds	\$1242 (2484 income-only rule)	66>	32<
Guinea	485	38.7	24.9
United Rep. of Tanzania	779	52.0	28.8
Dem. Rep. of the Congo	386	29.9	30.3
Benin	753	50.1	31.2
Uganda	663	53.6	31.8
Ethiopia	395	39.2	31.8

Source: UN-DESA (2016a).

the country also has the ninth lowest score on the Human Asset Index. Its gross national income per capita is also 13 places from the bottom. Since graduation requires that a country meet at least two out of the three eligibility criteria, Guinea must improve on its Human Asset Index score or gross national income per capita if it is to improve its near-term prospects for graduation.

With the exception of Equatorial Guinea and Angola, Sao Tome and Principe is the only other African LDC likely to meet the eligibility criteria by the next triennial meeting of the Committee for Development Policy in 2018. It met two (gross national income per capita and Human Asset Index) of the three graduation criteria for the first time in 2015. Near term growth prospects for Sao Tome and Principe are positive and projected at 5 per cent by the International Monetary Fund. Growth will be driven by a recovery in cocoa production, increased foreign investment in tourism and increased public investment. On

the social front, the country has also performed exceptionally well in placing more students in secondary school; gross enrolment rates have consistently exceeded 100 per cent (World Bank, 2016).

With concerted efforts on the Human Asset Index, Lesotho (gross national income per capita - \$1374, Human Asset Index - 62.9) will likely meet the graduation threshold in the next triennial review in 2018 since it already meets the gross national income criteria and is only 3.1 points below the Human Asset Index threshold. Other African prospects for graduation in the near term are the United Republic of Tanzania, Uganda and Senegal.

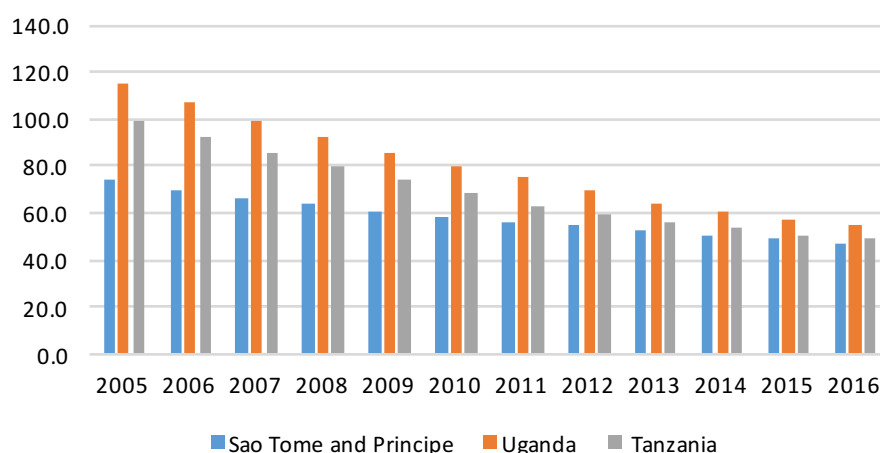
The United Republic of Tanzania and Uganda have already met the Economic Vulnerability Index criteria but both are double digit points below the Human Asset Index threshold of 66. Both countries have experienced a consistent decline in under-five mortality; however, the prevalence

Table 8: Other African countries likely to meet eligibility criteria for the first time

	GNI per capita	HAI	EVI
Graduation thresholds	\$1242 (2484 income-only rule)	66>	32<
Lesotho	1374	62.9	42.9
Senegal	1006	55.9	33.0
United Rep. of Tanzania	779	52.0	28.8
Uganda	663	53.6	31.8

Source: UN-DESA (2016a).

Figure 13: Trends in under-five mortality in selected African LDCs



Source: UNICEF (2016).

of undernourishment remains above the LDC average despite the fact that health expenditures as a per cent of gross domestic product are above the LDC average. Senegal on the other hand is only marginally below the gross national income and Economic Vulnerability Index eligibility thresholds and hence has an even brighter chance for meeting the graduation criteria in the next triennial review. In particular, Senegal is likely to meet the Economic Vulnerability Index threshold if it continues to improve on growing its manufacturing value added as a percentage of gross domestic product which is currently higher than the LDC average.

With the exception of Senegal, health expenditure as a percentage of gross domestic product in the African countries that demonstrate promise in meeting the graduation criteria exceed the LDC average. Health expenditure as a share of gross domestic product was as high as 12 per cent in

Uganda in 2010 and similarly for Lesotho in 2011. Lesotho had the highest health expenditure relative to gross domestic product in 2013. It is remarkable that Uganda's relatively high health expenditure has not translated into equally high scores on the Human Asset Index.

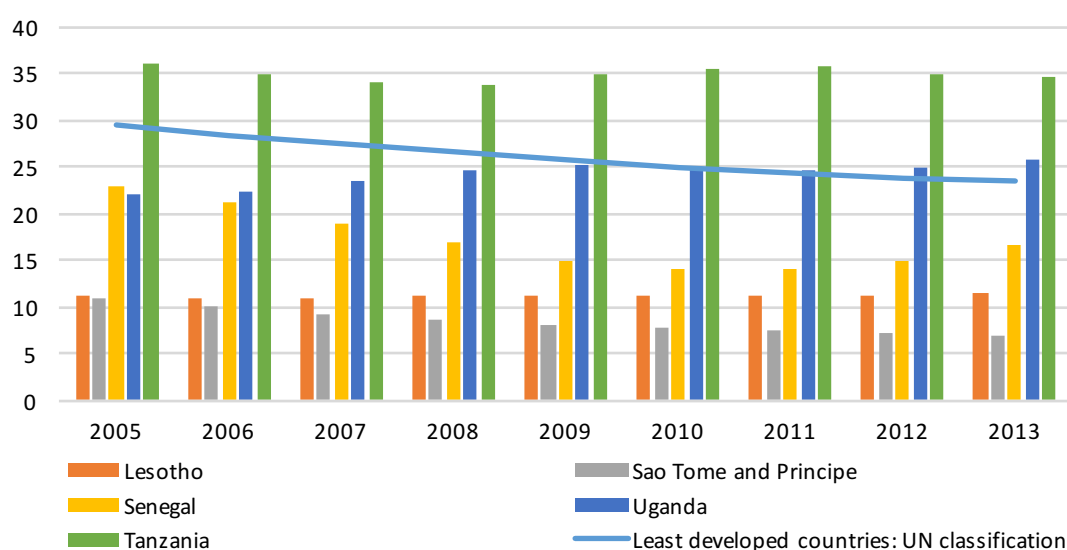
Lesotho has relatively higher government expenditure on secondary education as a percentage of gross domestic product (2.77 per cent) than the other promising African LDCs. Senegal (1.28 per cent), Sao Tome and Principe (1.24 per cent), Uganda (0.69 per cent) and the United Republic of Tanzania (0.59 per cent) follow suit in order of ranking (World Bank, 2016).

In conclusion, 2 African countries out of 10 LDCs have already met the eligibility criteria for graduation from LDC status. Both Angola and Equatorial Guinea have graduated based on the income-only rule. Sao Tome and Principe met the

eligibility criteria for the first time and appears on track for recommendation for graduation in the second triennial review in 2018. Unlike Angola and Equatorial Guinea, Sao Tome and Principe will likely graduate based on a much broader criteria; gross national income per capita and the Human Asset Index. Four other African LDCs show promise for graduation. Lesotho currently exceeds the gross national income per capita threshold and can equal the Human Asset Income threshold with additional investment in human capital. Uganda,

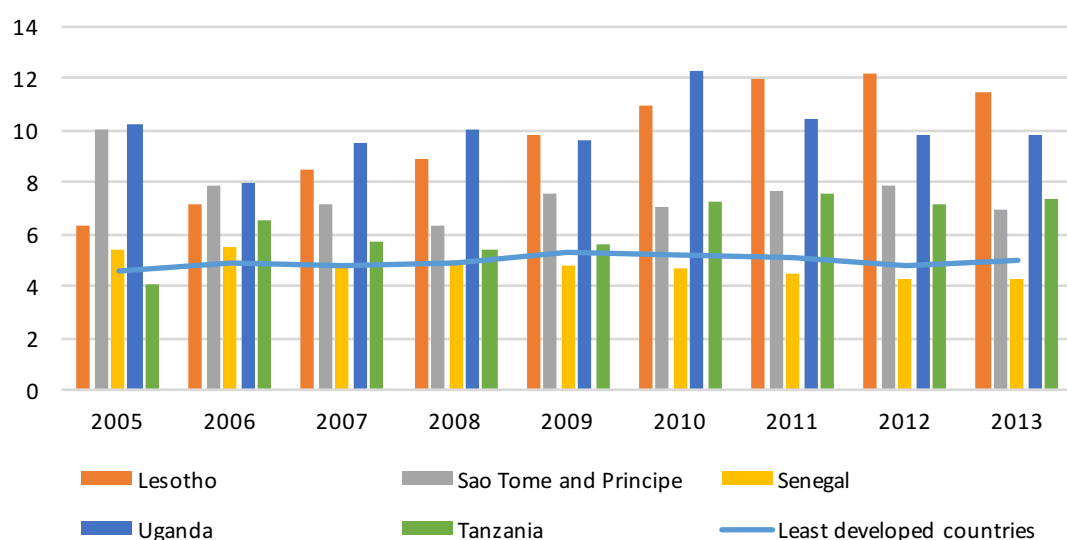
the United Republic of Tanzania and Senegal all have a good chance of meeting the eligibility criteria as well. Uganda and the United Republic of Tanzania have already exceeded the Economic Vulnerability Index threshold and are more likely to reach the Human Asset Index threshold and the gross national income per capita threshold. While Senegal does not currently meet any of the criteria it is close to meeting the gross national income per capita and the Economic Vulnerability Index criteria.

Figure 14: Prevalence of undernourishment as a percentage of the population



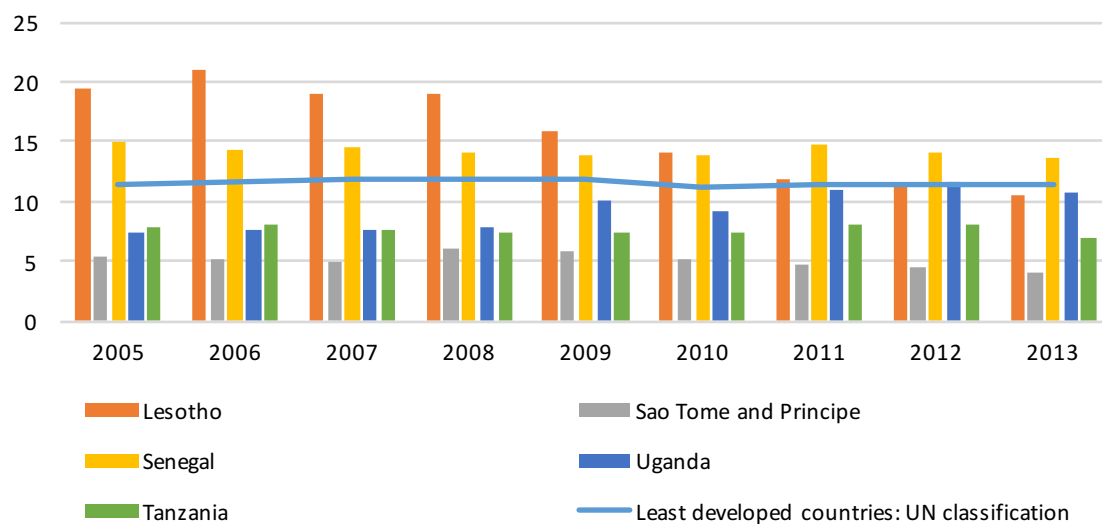
Source: Authors' calculations based on the World Development Indicators (2016).

Figure 15: Health expenditure as a percentage of gross domestic product in selected LDCs



Source: Authors' calculations based on the World Development Indicators (2016).

Figure 16: Manufacturing value added as a percentage of gross domestic product in selected LDCs



Source: Authors' calculations based on the World Development Indicators (2016).

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