



**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA**



UN-OHRLLS

Distr.: GENERAL

ECA/UN-OHRLLS/BPoA/06/02
20 February 2006

Original: ENGLISH

Regional Meeting of African Least Developed Countries for the
Midterm Comprehensive Global Review of the Implementation
of the Programme of Action for the Least Developed Countries for
the Decade 2001-2010

21-23 February 2006
Addis Ababa

CHALLENGES AND OPPORTUNITIES FOR AFRICAN LEAST DEVELOPED COUNTRIES

Progress Report on the Implementation of the Brussels Programme of Action
for African Least Developed Countries,
Mid-Term Review 2001-2005¹

¹ Prepared by the Economic and Social Policy Division, in collaboration with other substantive divisions, of the UN Economic Commission for Africa.

I. Overview

1. The world's least developed countries (LDCs) face amongst other challenges extreme and persistent poverty, weak and volatile economic growth, low capacity, poor infrastructure and inadequate social services.²
2. Although recognized by the United Nations as early as the 1960s and the subject of several international programmes of action and commitments, to date little progress has been witnessed in the development of LDC economies. In Africa, where 34 out of 53 member States are LDCs, various persistent economic and social challenges remain.
3. To address these challenges, the Brussels Declaration and Programme of Action (BPoA) was adopted at the Third United Nations Conference on Least Developed Countries (UNLDCIII) held in Brussels, Belgium, from 14 to 21 May 2001, and subsequently endorsed at the General Assembly in its resolution 55/279 of 12 July 2001. The programme sets out a framework for reducing poverty and improving human development for the decade 2001-2010. For monitoring purposes, thirty goals and sixty-three indicators were specified.
4. The primary goal of the BPoA is to halve the proportion of people living in extreme poverty and suffering from hunger by 2015. In addition, the BPoA consists of seven commitments that outline the key issues to be tackled by LDCs along with development partners: (i) Fostering a people-centred policy framework; (ii) promoting good governance at national and international levels; (iii) building human and institutional capacities; (iv) building productive capacities to make globalization work for LDCs; (v) enhancing the role of trade in development; (vi) reducing vulnerability and protecting the environment; and (vii) mobilizing financial resources. There are also a number of cross-cutting issues such as gender, HIV/AIDS and the environment.
5. The BPoA emphasizes the role of United Nations regional economic commissions in monitoring and reviewing the progress in the implementation of the BPoA. The regional commissions are to ensure that the needs and problems of the LDCs are addressed as part of their ongoing work. In this regard, the United Nations Economic Commission for Africa (ECA) has produced, since 2002, an annual progress report on the implementation of the BPoA in African LDCs, highlighting the achievements and constraints in these countries.
6. Having reached the midpoint of the BPoA (2001-2010), the United Nations is conducting a midterm review involving all stakeholders in 2006. As part of this review process, this report focuses on the progress made since 2001 in the 34 African LDCs.
7. The key findings of this report are:
 - Notwithstanding some progress towards achieving the BPoA, there is considerable diversity among the African LDCs. Economic growth has increased in certain African LDCs, particularly the oil-producers, but growth has been volatile and has

² There are 50 global LDCs including 34 African countries. The African LDCs are: Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, the Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, the Sudan, Tanzania, Togo, Uganda and Zambia.

not yet led to broad-based employment creation, poverty reduction or human development;

- Governance is improving in many African LDCs, but in some cases there are reversals with respect to elections, human rights, rule of law, promotion of women and economic governance. Conflict is also a major cause of poverty in a number of countries;
- In African LDCs, human development remains low, posing further constraints on economic growth.
- Several African LDCs have made substantial progress towards improving gender equality, but much remains to be done;
- Inadequate infrastructure, particularly for landlocked LDCs, continues to be a major barrier to benefiting from trade and to stimulating economic development;
- African LDCs continue to face constraints in mobilizing domestic resources. Debt relief and overseas development assistance can be instrumental in addressing this issue. In this respect, the Organization for Economic Cooperation and Development (OECD) countries have on average failed to meet the goals set by the BPoA;
- As a regional institution, ECA has contributed to the BPoA agenda through its corporate activities and technical advisory services. However, this contribution has not been explicitly executed in relation to the implementation of the BPoA.

8. The report recommends the following:

- Economic growth needs to be accelerated and sustained in order to meet the overriding goal of poverty reduction;
- Job creation is a critical element of poverty reduction. This is not directly addressed by the BPoA and should receive special attention in the second-half of the programme's decade (2006-2010);
- Gender issues should be mainstreamed in policy-making;
- African LDCs, particularly those in post-conflict situations, should strive to build political consensus around development agendas;
- To accelerate human development, governments should increase investment in education and health, especially for vulnerable segments of the society. Important issues to consider are expanding access to secondary schooling, and to preventative and treatment facilities for HIV/AIDS and malaria;
- OECD countries should ensure that African LDCs receive adequate and sustainable debt relief and Official Development Assistance (ODA) flows in order to meet the BPoA commitments;

- ECA and other key regional bodies should intensify their support for African LDCs in meeting the commitments of the BPoA.

II. Trends and progress in the African LDCs since 2001

9. This section reviews trends and progress towards achieving the seven commitments of the Brussels Programme of Action in the 34 African LDCs, subject to the limitations of statistical data. For most of the variables analysed in this report, data was available up to 2002 only. Unless otherwise indicated, data used in the report are from the World Development Indicators (World Bank 2005)

Commitment 1 – Fostering a people-centred policy framework

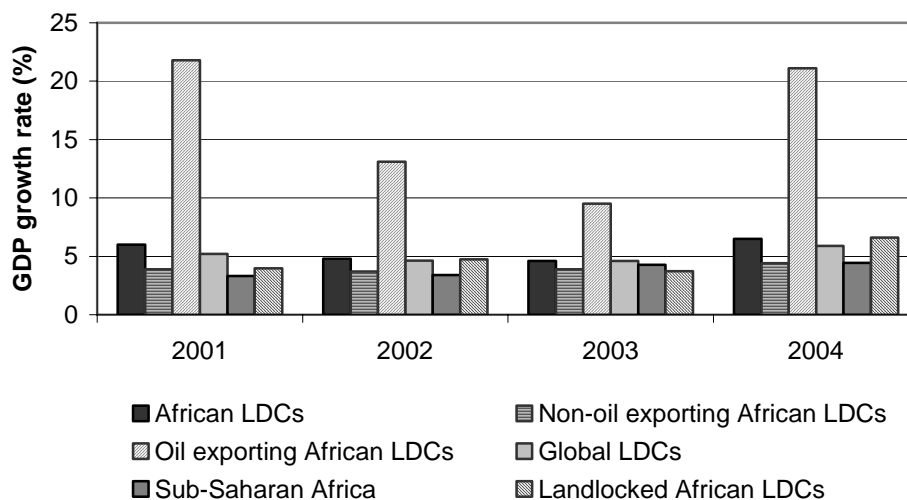
10. Commitment 1 highlights the need to develop a policy framework that creates an overall enabling environment for national and international actions to accelerate and sustain economic growth and development and to eradicate poverty (*para.22 BPoA*). This objective requires a sustained gross domestic product (GDP) growth rate of at least 7 per cent, the threshold growth rate necessary to reduce poverty as identified by ECA (1999), and an increase in the ratio of investment to GDP to 25 per cent.

Economic growth trends

11. Over the period 2001-2005, general macroeconomic conditions have improved in most African LDCs. As displayed in Figure 1 (see also Table 1 in Appendix 1), the economies of these countries grew on average by 6.0 per cent in 2001, 4.8 per cent in 2002, dropping to 4.6 per cent in 2003, before increasing by a large margin to 6.5 per cent in 2004. This rise in economic growth has largely been driven by a strong global recovery, higher commodity prices, improved macroeconomic stability, increased agricultural performance, improved political stability, and debt relief and increases in ODA flows (ECA 2005a). Since 2001 growth rates in the African LDCs have averaged 5.4 per cent, which exceeded the average for sub-Saharan Africa as a whole (3.9 per cent) and the global LDC group (5.1 per cent).

12. The role of higher oil prices is evident in the GDP growth rates for the subset of oil exporting African LDCs (Angola, Chad, Equatorial Guinea and the Sudan) as illustrated in Figure 1. The average rates in these oil exporting countries over the four-year period (2001-2004) range from 6.9 per cent in the Sudan to 33.7 per cent in Equatorial Guinea, with a combined average of 16.4 per cent in comparison with 4 per cent for the non-oil producing African LDCs.

Figure 1 – GDP growth rates in African LDCs in a comparative perspective



Source: ECA (2005a)

13. Of the 34 African LDCs, 10 countries grew at less than 3 per cent over the four-year period 2001-2004, while a majority (20 countries) averaged between 3 and 7 per cent. Only four African countries surpassed the 7 per cent target for this period. Of this group, three are oil exporters: Angola (8.8 per cent); Chad (16.1 per cent); and Equatorial Guinea (33.7 per cent), while Mozambique (10.7 per cent) benefited from a surge in aid flows and foreign direct investment.

14. The subgroup of landlocked African LDCs faces particular challenges in terms of infrastructure and access to markets. As a result of these constraints, economic growth has been in general slower, with the exception of Chad, than in other LDCs.³

Investment

15. Underlying the above growth rates is the role of investment. To monitor this dimension, Goal 2 of the BPoA specifies a target investment/GDP ratio of 25 per cent. Though short of the target, this ratio in African LDCs increased from 18.6 per cent in 2001 to 19.3 per cent in 2004. As of 2004, only Lesotho had surpassed the 25 per cent goal with investment reaching 41.1 per cent of GDP. However, a number of other African LDCs are close to the target: Chad (24.7); the Gambia (23.9); Madagascar (24.4); and Zambia (24.6), while another seven countries had investment/GDP ratios of over 20 per cent in 2004.

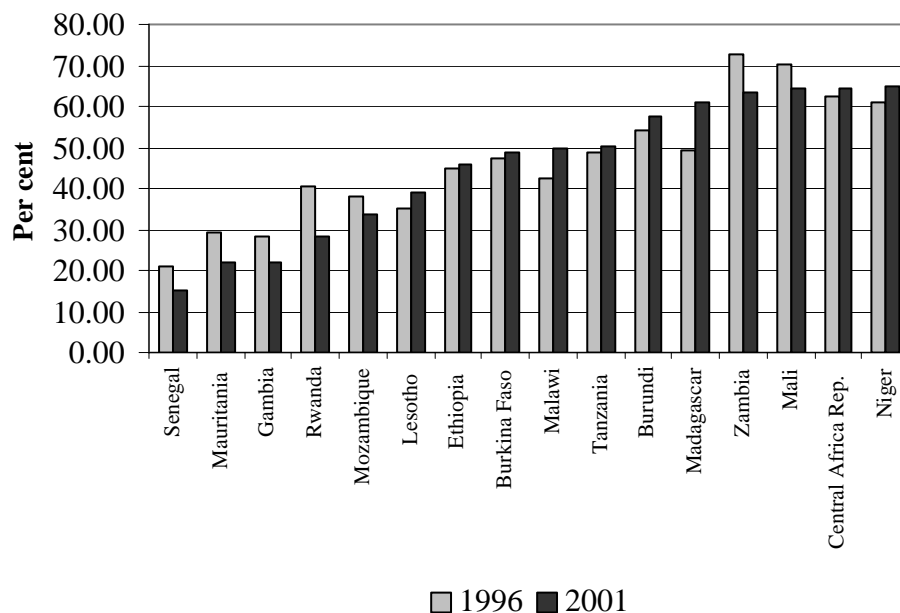
Poverty reduction and human development

16. Poverty reduction is the overriding goal of the BPoA since poverty remains persistent in many African LDCs. As displayed in Figure 2, the proportion of the population in African LDCs living on less than US\$1 per day in 2001 ranges from 15.4 per cent in Senegal to 64.7 per cent in Niger. The average poverty rate in African LDCs of 45.6 per cent in 2001 is similar to the rate for sub-Saharan Africa. Despite the fact that poverty remains entrenched in most African LDCs, there has been improvement in some countries since 1996 as illustrated in Figure 2. Moreover,

³ Chad's higher growth rates have been fuelled by oil.

the current trend in economic growth rates augurs well for poverty reduction over the coming years, if the benefits of economic growth are equitably distributed.

Figure 2 – Poverty rates in selected African LDCs – 1996 & 2001 compared



Source: ECA's computations based on Chen and Ravallion (2004); the poverty rate is the proportion of the population living below \$1US per day.

17. Another important objective of the BPoA is human development. Using UNDP's Human Development Index (HDI), African LDCs averaged 0.439 in 2003, lower than the average for all 50 LDCs (0.518) and for sub-Saharan Africa (0.515). However, the trends exhibited in the HDI are encouraging, with 15 African LDCs (out of 21 where data is available) experiencing an improvement in the index from 2000 to 2003.

18. Landlocked countries in Africa have lower levels of human development than their maritime neighbours. This subset of countries averaged only 0.385 in 2003 on the HDI compared with 0.485 for non-landlocked African LDCs. Moreover, while human development is improving in the latter group, it remains stagnant in African landlocked LDCs.

Gender

19. Another important component of Commitment 1 is the goal of empowering women and redressing gender inequality through the mainstreaming of gender perspectives in policy, legal and institutional frameworks (see *para. 23 of the BPoA*). As a cross-cutting issue in the BPoA, gender is not only relevant to Commitment 1, but also to other commitments discussed below, particularly the education and health aspects of Commitment 3. One indicator of this goal is Indicator 27 (Goal 9) which tracks the proportion of seats occupied by women in national parliament using data collected by the Inter-Parliamentary Union (IPU).⁴ Some African LDCs are making good progress in this dimension.

⁴ See www.ipu.org for more details.

20. For example, with 52 per cent of its population composed of women, who head 34 per cent of households, Rwanda tops the global chart with the proportion of women in the lower house reaching 48.8 per cent followed by Sweden with 45.3 per cent (as of November 30, 2005). The average proportion amongst the 33 African LDCs where data is available is only 15.2 per cent.

Policy frameworks

21. To foster a people-centred policy framework, African LDCs need to integrate the BPoA into their national development strategies. Poverty Reduction Strategy Papers (PRSPs) are in this respect one of the key frameworks. As of January 2006, 20 of the 34 African LDCs had produced a full PRSP with another six having in place an interim PRSP (a step leading to the full PRSP).⁵ While PRSPs encompass a broad range of policies that are also relevant to the commitments of the Brussels Programme of Action, there is actually no explicit mention of the BPoA in any of the PRSPs adopted in the African LDCs mentioned above. In comparison, the Millennium Development Goals (MDGs) are discussed in detail in 11 PRSPs (see Table 2 in Appendix 1 for progress in African LDCs towards meeting the MDGs).

Commitment 2 – Good governance at national and international levels

22. The importance of promoting good governance at both the national and international levels is summarized in Commitment 2 of the programme. ECA's recent governance study, *'Striving for Good Governance in Africa'*, shows that governance has steadily improved in African LDCs in the last 5 years.⁶

23. The major findings of this ECA study (ECA 2005c) are as follows:

- Party registration laws have been relaxed, with liberal registration procedures evident in a number of African LDCs;
- A majority of citizen respondents consider their political system to be competitive in Benin, Burkina Faso, the Gambia, Lesotho, Mali, Mozambique, Senegal, Tanzania, and Uganda, but not in Chad.
- Voter turnout has been remarkably high in African LDCs – comparable with, if not better than other parts of the world. In Ethiopia, Malawi, Senegal, Tanzania, and Uganda voter turnout has been above average since 1999;
- Both the status of women and their participation in the public sphere in African LDCs have improved. Despite these successes, much remains to be done in women's representation in legislatures and especially in decision-making positions;

⁵ The only African LDCs that have not yet developed a PRSP are Angola, Comoros, Equatorial Guinea, Eritrea, Liberia, Somalia and Togo.

⁶ The governance indicators used in this study are expanding voice and accountability, respecting human rights more widely, promoting the rule of law, promoting effective representation and participation of women, and improving economic management.

- Respect for human rights in these countries is generally on the rise, although there is a wide gap between people's perceptions and reality;
- Service delivery in many African LDCs remains poor, but is moderately improving in some. The quality of public services varies widely. In Burkina Faso, 62 per cent of the household respondents considered the quality of public services to be good or very good. In Tanzania, 46 per cent of the respondents considered it to be fair.⁷

24. As of January 2006, 17 African LDCs had acceded to the African Peer Review Mechanism (APRM) a voluntary process designed to improve political, economic and corporate governance, and in socio-economic development in member States.

Commitment 3 – Building human and institutional capacities

25. A vital part of the development agenda for African LDCs is the mobilization of the population and an expansion of their capacities to participate in the economy. This has been recognized by the Brussels Programme of Action in Commitment 3 of the framework, which has the objective of building human and institutional capacities through social infrastructure and services, population measures, education and training, health, nutrition and sanitation. A discussion of some of these subject areas follows.

Education

26. Education is a fundamental requirement for LDCs to compete in an increasingly knowledge- and skills-intensive global economy. Some progress has been made in certain African LDCs including Cape Verde, Rwanda, Sao Tome and Principe, Togo, and Uganda, which are on track to meet the goal of universal primary education by 2015. In other African LDCs, overall levels of education remain low in terms of primary enrolment and completion rates, access to secondary schooling, literacy and gender parity.

27. The average net primary enrolment rate for all African LDCs stood at 65.0 per cent in 2002, up from 63.3 per cent in 2001. This compares with 68.1 per cent for the global LDC group and 63.7 per cent for sub-Saharan Africa (figures for 2002). However, to sustain education-linked progress, LDCs not only need to increase enrolment rates, but they also need to ensure that children remain in school. The indicator that best reflects this aspect is primary school completion rates (Goal 7, Indicators 15-17). This rate reached 68.7 per cent in 2001, 68.9 and 67.1 per cent for boys and girls, respectively.

28. Though gains have been made in access and to some extent in the completion of primary education, there remain considerable challenges in expanding access to secondary schooling in African LDCs. The gross enrolment ratio in secondary schooling averaged only 24.9 per cent in 2002, though this is an increase of 4.3 percentage points from the 2000 level. The 2002 figures for sub-Saharan Africa and the global LDCs group were 31.8 and 31.0 per cent, respectively. Across African LDCs, the secondary school enrolment ratio ranged from 7.0 per cent in Niger to 69.7 per cent in Cape Verde.

⁷ Data from the ECA governance survey of households.

29. Average adult literacy for the African LDCs reached 54.8 per cent in 2002, slightly higher than the average for all 50 LDCs (54.2 per cent) and lower than the average for sub-Saharan Africa (59.3 per cent). Current progress in educational outcomes is more accurately reflected by the youth literacy rate, which significantly improved in African LDCs to 70.0 per cent in 2002, an increase of 12.8 percentage points from the rate in 1990.

30. Goal 9 of the Brussels Programme of Action sets out to eliminate gender disparities in primary and secondary education by 2005 and to achieve gender equality in education by 2015. The indicators for this goal illustrate that significant disparities remain: the average ratio of girls to boys in primary and secondary education was 82.4 per cent in 2002 (Indicators 24-25), while the ratio of literate female to male youth in the same year was 80.3 per cent (Indicator 26).

Health, nutrition and sanitation

31. Commitment 3 also addresses various health, nutrition and sanitation measures (12 associated goals and targets). Infant mortality in African LDCs has decreased marginally from 104.4 per 1,000 live births in 2000 to 101.7 in 2003. The latest figure varies across countries from only 26 in Cape Verde to 166 in Sierra Leone. Immunization is a critical component of decreasing infant mortality. The immunization rate for measles reached only 67.5 per cent in 2003, an increase of over 5 percentage points from the 2001 level. But in Cape Verde, the Gambia, Sao Tome and Principe, Tanzania, and Zambia, immunization coverage is above 85 per cent, indicating they are likely to achieve the infant mortality goal set by the BPoA.

32. One of the most challenging health issues is the devastating social and economic cost of HIV/AIDS, which hampers development particularly in a number of LDCs in Southern Africa. The average prevalence rate at the end of 2003 was 5.9 per cent in the African LDCs, a decrease of only 0.1 of a percentage point from the level witnessed in 2001. Some African LDCs have kept the disease from spreading. Uganda is the only known African LDC that is on track to meet the goal of combating HIV/AIDS by reversing prevalence rates (see also Millennium Development Goal 6). HIV-related tuberculosis (TB) has also spread in African LDCs with high HIV prevalence rates, and tuberculosis is now one of the leading causes of AIDS-related deaths (ECA 2004).

33. Malaria also continues to be a debilitating illness in African LDCs and is responsible for some 20 per cent of under-five deaths in this region. Moreover, the disease has a pernicious effect on the economy – according to some estimates, the disease results in a loss of economic growth in the order of 1.3 per cent per annum. However, in some African LDCs, progress has been made. For example, in Benin and Burkina Faso over 25 per cent of pregnant women sleep under insecticide-treated nets (ITNs). Similarly, the percentage of children under the age of five sleeping under a mosquito net has improved in Eritrea and the Gambia to over 50 per cent (WHO/UNICEF 2005).

34. Malnutrition is a persistent problem in many African LDCs with 36.5 per cent of the population in 2002 having less than the minimum level of dietary energy consumption.⁸

35. Access to potable water and sanitation facilities also continues to be a major challenge for African LDCs. In 2002, only 59.7 and 32.5 per cent of the total population in these countries had access to water and sanitation facilities, respectively. These figures are quite similar to the

⁸ Average based on 27 LDCs in Africa.

averages for all LDCs (57.6 and 34.6 per cent) and for sub-Saharan Africa (58.2 and 36.0 per cent). The levels are significantly lower in rural regions where the proportion with access to sanitation only reaches 22.2 per cent compared with 51.3 per cent in urban areas. Similarly, the proportion of the rural population with access to water is only 50.9 per cent versus 78.7 in urban regions.

Commitment 4 – Building productive capacities

36. The Brussels Programme of Action also seeks to tackle the various structural and supply-side constraints to economic growth and sustainable development. In particular, Commitment 4 of the BPoA focuses on: expansion of physical infrastructure (roads, railways, airports, ports, information technology and communications); technology adoption and transfer; enterprise development; energy; agriculture and agro-industries; manufacturing and mining; rural development and food security; and sustainable tourism.

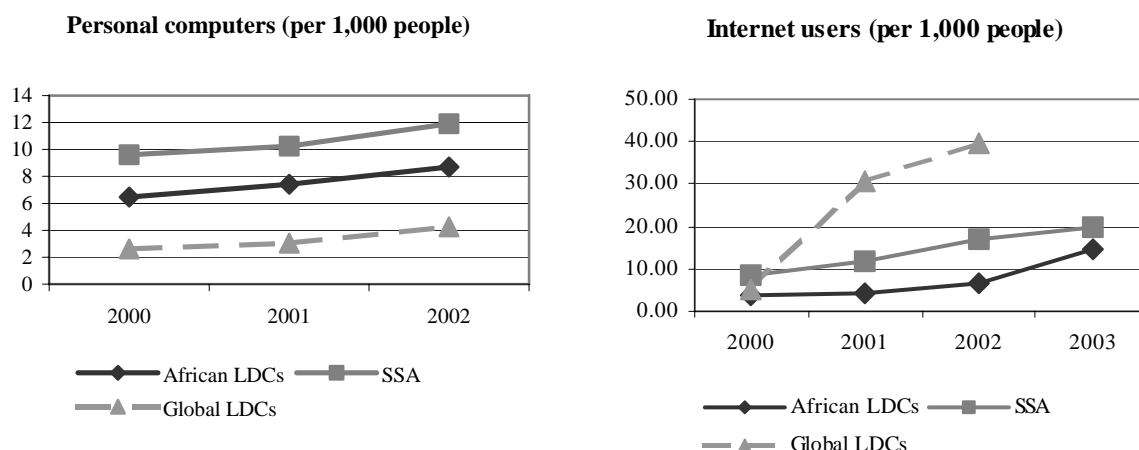
37. Physical infrastructure is essential for increased intra-African trade and integration into the global economy. Two-thirds of all African LDCs lack adequate access to roads, ports and other forms of transport networks. Such inadequacy has implications in particular for landlocked LDCs. For example, exports from landlocked African LDCs face a transport/insurance cost of 32 per cent of trade volume against 13 per cent for all landlocked countries (ECA 2005c).

38. Trends in information and communication technologies (ICTs) – telephone mainlines, mobile phones, personal computers and Internet use – are displayed in Figure 3. These figures illustrate that African LDCs are making some progress in these areas, though in absolute terms adoption remains at very low levels. Of note, fixed-line penetration has stagnated with mobile phones having overtaken by 2002 the older technology. In three dimensions (mobile phones, personal computers and Internet users), African LDCs have generally a lower penetration rate than SSA countries.⁹

Figure 3 – Penetration of ICTs in African LDCs – a comparative perspective 2000-2003



⁹ SSA, however, perform worse than other regions, that is, East Asia and Pacific, Latin America and Caribbean, Middle East and North Africa, and South Asia.



Source: World Development Indicators Online database

39. Personal computer availability in African LDCs is still in its infancy reaching only 8.7 per 1,000 inhabitants in 2002, up from 6.46 per 1,000 in 2000. Correspondingly, the number of Internet users is also limited with an adoption rate in 2002 of 6.52 per 1,000 people. However, as a consequence of the growth in Internet cafes, the number of Internet users has more than doubled from 2002 to 2003.

Commitment 5 – Enhancing the role of trade in development

40. Trade is an important vehicle for spurring economic growth in African LDCs. Though representing only a small fraction of global trade flows, LDC economies are nonetheless highly dependent on external trade. This is reflected in the proportion of exports of goods and services as a percentage GDP, which averaged over 26 per cent of GDP in 2004 up from 24.4 per cent in 2001. In comparison, the proportion in 2004 was 22.0 per cent for the global LDC group and 32.6 per cent for sub-Saharan Africa.

41. Even though exports have been increasing, African LDCs remain dependent on one or two primary commodities.¹⁰ Such dependence exposes these economies to export revenue volatility that tends to be growth inhibiting. For example, Angola and the Comoros are over 88 per cent dependent on a single commodity for their export earnings (ECA 2004).

42. Accession to the World Trade Organization (WTO) is also part of the BPoA framework. Of the 34 African LDCs, 25 are already members of the WTO, with another three in the process of WTO accession (Cape Verde, Ethiopia and the Sudan) and two having observer status (Equatorial Guinea, Sao Tome and Principe). Only four African LDCs (Eritrea, the Comoros, Liberia and Somalia) have not yet commenced formal negotiations with the WTO.

Commitment 6 – Reducing vulnerability and protecting the environment

43. Poverty and overpopulation in African LDCs have resulted in environmental degradation and a loss of resources. Deforestation, which indicates the loss of environmental resources, has increased in most African countries. The proportion of land covered by forest in the 34 African

¹⁰ Exports in African LDCs grew from 2003 to 2004 by 10.7 per cent, higher than the growth rates in the global LDC group (8.7 per cent) and in sub-Saharan Africa (8.2 per cent).

resources sector, and as a consequence, this figure is higher than the percentage for sub-Saharan Africa as a whole (2.5 per cent) and the average for the whole LDC group (3.6 per cent).

III. Challenges and constraints

49. The above trends indicate some progress towards the BPoA during the period 2001-2005. In particular, economic growth has been higher than the sub-Saharan average. African LDCs have also exhibited improvements in political and economic governance. In addition, gender equality, infant mortality and primary school enrolment have shown slow but steady progress. However, midway into the Programme, a number of challenges remain for African LDCs. The paramount issues are inadequate and volatile levels of economic growth. Moreover, growth has been non-inclusive, as it has failed to generate employment and reduce poverty (ERA 2005a). Other challenges include conflict, low levels of human development, and inadequate financial resources, both external and domestic.

The slow pace and non-inclusive character of economic growth in African LDCs

50. Faster and sustainable growth is essential, though not sufficient for improving living standards and reducing poverty. Unfortunately, in a number of African LDCs economic growth has been inadequate – 10 countries have averaged less than 3 per cent over 2001-2004. This slow growth can be attributed to low factor accumulation (physical and human capital) and low productivity growth. In addition, economic growth is constrained by poor governance, political instability/conflict, inadequate infrastructure, limited trade and unsustainable environmental practices. Furthermore, high population growth tends to outstrip economic growth rates.

51. Non-inclusive growth is attributable in part to the concentration of economic activity in extractive sectors. For example, in oil exporting African LDCs where growth has been unusually high, the impact on poverty reduction has been limited. As a result of the capital-intensity and the enclave character of the oil industry, there has been little job creation and spillovers to the rest of the economy (2005a).

52. High inequality is a feature of African LDCs and developing countries in general that is not directly addressed by either the BPoA or the MDG frameworks. However, given the low level of per capita income in African LDCs, redistribution alone would not significantly reduce poverty, though more equal growth would have a more substantial impact (Fosu 2002).

53. Another feature of economic growth in African LDCs is its volatility, which is the result of commodity price shocks and dependency on rain-fed agricultural production. Since the beginning of the 1990s, volatility as represented by the average standard deviation of economic growth is more pronounced in African LDCs than in sub-Saharan Africa (see Table 3 in Appendix 1). The volatility is also higher for the subgroup of oil exporting African LDCs.

54. In the long run, African LDCs need to diversify their economies and promote structural change in order to shift economic activity away from primary commodities to more value-added processed agricultural products and manufacturing. This will also require addressing the challenges raised above: supporting the private sector; expanding physical infrastructure; improving public and corporate governance; investing in education and health; and promoting gender equality.

A high incidence of conflict in African LDCs

55. Conflict in African LDCs is an all too common cause of government breakdown and subsequent economic upheaval and volatility. It is estimated that conflict has reduced per capita growth rate by 2.2 percentage points during periods of war and 2.1 percentage points five years following the end of hostilities (Collier and Hoeffler 2000, Fosu and Collier 2005). Conflict and war discourage investment and disrupts trade (Cramer 1999). Agricultural output is also depleted by wars and conflict. In Angola, which was at war for three decades, agricultural output at the end of the 1990s remained well below half of what it would have been in the absence of conflict.

56. Twelve of the African LDCs have recently been or are still in conflict. Furthermore, neighbouring countries are affected through economic and political contagion. For example, the conflict in Côte d'Ivoire (not an LDC) has also affected Burkina Faso and Mali because Côte d'Ivoire is an important transit country for these landlocked LDCs. Moreover, conflict generates flows of internally displaced persons and refugees, which exacerbates poverty as people lose their jobs and livelihoods.

57. Establishing peace and political stability is essential to poverty reduction strategies in African LDCs. This involves building political consensus in post-conflict situations around development agendas and policies that promote sustainable economic growth.

Low levels of human development in African LDCs

58. Human development levels of African LDCs are low in comparison to other LDCs and non-LDC African countries. In many African LDCs, human development is lower than GDP per capita would suggest (measured by the difference between the GDP per capita rank and the HDI rank).

59. Although, economic growth contributes to human development, it is also apparent that improvements in human development can increase economic output. In particular, there is ample evidence showing that as people become healthier, better nourished and educated they are more able to participate in the labour market and hence contribute to economic growth. For example, improved health and nutrition have been shown to directly affect labour productivity, especially among poorer individuals.

60. African LDCs have to continue working towards enhancing human development by improving access to education and health care. Moreover, when economic growth is inclusive, income levels of those in poverty will rise, which in turn will lead to improvements in human development as households can afford higher expenditure on health, nutrition and education (Ramirez et al. 1998).

Inadequate external financing and debt relief

61. In order to achieve higher and more sustained rates of economic growth, African LDCs need to mobilize both domestic and external resources. In this respect, ODA and debt relief can have an important role in freeing up necessary funds to invest in priority sectors such as health, education and infrastructure.

62. At the G-8 Summit in Gleneagles in 2005, agreement was reached to cancel the debt of 14 African countries. This effort should be extended to all African LDCs.

63. Africa's most indebted countries have benefited from the Highly Indebted Poor Country (HIPC) initiative, which has resulted in some notable achievements:

- Social spending has increased in Decision Point HIPCs by between 20 and 50 per cent;
- Mozambique has introduced a free immunization programme for children;
- User fees for primary education have been abolished in Uganda, Malawi and Tanzania, as have user fees in rural areas of Benin;
- Mali, Mozambique and Senegal are due to increase spending on HIV/AIDS prevention.

64. Without total debt cancellation, the HIPC initiative is unlikely to achieve its broader goals, such as a permanent exit from debt rescheduling, sustainable growth, as well as more spending on social programmes and poverty reduction. Countries that benefited from the HIPC programme find that the debt burden is not sustainable. For example, Uganda, the first country to complete the HIPC programme, still faces unsustainable levels of debts. Four HIPC countries (Mali, Niger, Sierra Leone and Zambia) will have annual debt service payments in 2003-2005 higher than those in 1998-2000. Three other African LDCs (Ethiopia, Guinea-Bissau and Uganda) will be paying almost as much as before HIPC.

65. African post-conflict countries in particular are in need of financing for reconstruction. However, in this situation HIPC debt-relief has been hampered by inadequate funds, a slow pace in releasing resources and inflexibility.

66. Another important source of external financing is ODA. Despite a strong recovery in ODA in recent years, it is still inadequate for finance substantial poverty reduction in African LDCs. Moreover, the increase in ODA flows has largely been due to emergency relief and not necessarily due to flows leading to sustainable poverty reduction. While ODA to social sectors such as health and education has increased, it merely reflects a recovery to the level existing in the early 1990s.

67. In addition to the low rate of ODA, the quality and effectiveness of aid have not been adequately addressed.

- Donor coordination in the packaging and delivery of aid can reduce the costs of aid and improve its effectiveness, as witnessed by the UN-coordinated Joint Emergency Appeals, practiced in many emergency-driven African LDCs;
- Delivery of assistance is often unpredictable, causing budgeting and planning difficulties for recipient countries and the elaboration of medium-term expenditure frameworks;

- Much of the aid does not achieve its full value because it is tied to exports of goods and services from the supplying country. Tied aid reduces the value of aid to the recipient country by 25 to 40 per cent (ERA 2005b). Only a few donors (United Kingdom, Ireland, Norway) have fully untied aid;
- Providing grants instead of loans is particularly important for Africa's least developed countries;
- Aid would be more effective in terms of meeting the commitments of the BPoA if it was better targeted to regions with a high poverty incidence.

68. African LDCs also need to attract more private capital inflows, especially foreign direct investment and workers' remittances. In the case of FDI, governments have to encourage flows to non-extractive sectors, which have better potential for employment generation and linkages with other sectors.

69. Workers' remittances are a major source of financial flows to African LDCs. For example, in 2003, remittances to Lesotho and Cape Verde accounted for 26.5 per cent and 13.6 per cent of GDP respectively (ECA 2004). It is necessary to enhance the impact of remittances on growth and poverty reduction. Addressing the inadequacy of formal banking systems would assist this process. In particular, financial institutions have to develop financial instruments to channel these inflows into productive investments.

IV. ECA's role in the implementation of the BPoA

70. ECA was established in 1958 and was mandated with the formulation, implementation and monitoring of development policies in Africa. In this regard, specific work on the systemic problems and issues found in African LDCs figure in both corporate activities and technical advisory missions that ECA undertakes to assist Member States.

Corporate activities

71. Through its Economic and Social Policy Division (ESPD), ECA has been preparing annual reports on the progress of the African LDCs in the implementation of the BPoA. In addition to this mandated activity, a range of ECA's corporate activities are relevant to the BPoA: economic and social policy; gender; development information and services; development policy and management; trade facilitation and regional integration; and sustainable development.

72. At the request of African Heads of State, ECA collaborated with OECD to produce a report, "Mutual Review of Development Effectiveness", which represents a paradigm shift from conditionality towards mutual accountability in the relationship between donors and recipients for aid effectiveness. In a mutually accountable framework, the focus by donors on quantity and quality of aid must be matched by better human development, capacity-building, and improved political and economic governance in recipient countries.

73. Through its African Centre for Gender and Development (ACGD), ECA played a leading role in addressing the enduring gender gap through the development of new tools and building capacity and by supporting relevant African policy institutions. ACGD trained over 140 senior national policy makers from African LDCs and gender experts from the regional economic

communities (RECs), the African Union and the African Development Bank (AfDB). ECA also organized five subregional meetings on the implementation of the Beijing Platform for Action. Furthermore, through ACGD, ECA assisted gender mainstreaming, promoted human and legal rights of women, and developed entrepreneurial skills for businesswomen in African LDCs.

74. Through its Development Policy and Management Division (DPMD), ECA has also been instrumental in measuring and monitoring governance in Africa. In 2004, ECA organized the African Development Forum (ADF IV), titled “Governance for a Progressing Africa”, in collaboration with the African Development Bank and the African Union. This was followed by the 2005 publication of the study, *Striving for Good Governance in Africa*, with emerging lessons from 23 countries including 15 African LDCs. This report identifies important steps towards improving governance in African LDCs, including participation in the electoral process and improvements in the rule of law. This augurs well for progress towards better governance and the achievement of the Brussels Programme of Action.

75. Equally important is the connection between the work on governance and APRM, the mechanism through which African countries self-assess progress towards better governance in the framework of mutual review. Some 26 African countries have now acceded to the APRM, with ECA providing vital technical support at each of the core stages in the countries undergoing the peer review through the APRM Support Unit in ESPD.

76. ESPD has been instrumental in assisting policy makers in African LDCs in developing national PRSPs, which constitute a powerful policy tool for reducing poverty and channelling resources to priority sectors. Since 2001, ECA has brought together countries working on PRSPs, the majority of which are LDCs, to share experiences and knowledge in a forum known as the PRSP-Learning Group or PRSP-LG. The consensus that emerged from these discussions was that second generation PRSPs must offer stronger potential for growth, address economic transformation and deepen partnerships around country-led approaches.

77. As recognized by the BPoA, the biggest leadership challenge facing Africa today is the HIV/AIDS pandemic. Through ESPD, ECA has played a crucial role in redefining HIV/AIDS as a development challenge, rather than just a health issue. ESPD highlighted this redefinition through its collaboration with the AU, World Health Organization (WHO) and UNAIDS, leading to the publication “Scoring African Leadership for Better Health”. Furthermore, under the United Nations Secretary-General’s leadership, the Commission for HIV/AIDS and Governance in Africa (CHGA) was established in ECA to provide holistic comprehensive policy options to African LDCs and member States both on prevention and on treatment.

78. ECA has strongly advocated debt relief in African LDCs. For instance, through ESPD, ECA co-organized and provided technical backstopping for a forum on debt relief in Dakar in 2003 for experts and policy makers, many of whom came from African LDCs. The outcomes of the forum contributed to the strengthening of African LDCs’ negotiations on debt relief. ECA also collaborated with the African Union in fashioning the African common position on external debt.

79. To promote the role of trade in development, the Trade and Regional Integration Division (TRID) of ECA has assisted in the following three areas:

- Adoption of common trade negotiation positions and strategies by African LDCs;

- Maximization of the outcomes of the ongoing negotiations at the WTO;
- Technical assistance in improving access in regional and international markets.

In this context, the African Trade Policy Centre (ATPC) was established in ECA with the support of the Government of Canada to provide advisory services and technical support to African trade negotiators.

80. TRID also assisted African LDCs in their negotiations with the European Union on the Economic Partnership Agreements (EPAs). This was done through a series of meetings informed by the potential impact of the EPAs in African LDCs at the regional, subregional (in COMESA and ECOWAS) and national levels.

81. ECA, through TRID, has produced a study entitled “*Assessing Regional Integration in Africa*” to assist African LDCs and the RECs in identifying the challenges and opportunities for regional integration.

82. Closely linked to trade is the management of natural resources with which Africa as a whole is richly endowed. To assist in environmental sustainability of African LDCs, ECA through its Sustainable Development Division (SDD) significantly contributed to the publication of the African Water Development Report. To finance the actions embodied in the framework of the African Water Vision, ECA collaborated with partner institutions in setting up the African Water Facility and the African Network on Water to spearhead its engagement with civil society. Moreover, ECA has been instrumental in forging leadership at all levels to propel action towards making water a vital resource for development and regional peace in African LDCs.

83. Through its Development Information Services Division (DISD), ECA has assisted 26 African LDCs in developing national information and communication infrastructure (NICI) policies and plans as well as the collection, management and dissemination of ICT statistics. This builds on the recommendations of the African Information Society Initiative (AISI) and recognizes the role of information technology in the development of African LDCs. In addition, ECA coordinated Africa’s participation at the World Summit on the Information Society (WSIS), recommending mechanisms through which African LDCs can achieve the BPoA using digital opportunities.

84. The effective monitoring of the BPoA is not only important but is based on credible, reliable and comprehensive data. Through ESPD, ECA in collaboration with its partners of the Advisory Board on Statistics in Africa (ABSA) continues to support the dissemination of best practices in statistical development to African LDCs. In addition, ECA remains a key partner in the Forum on African Statistics Development (FASDEV), which is formulating a ten-year Reference Regional Framework for African Statistical Development and capacity-building (RSSF).

Technical assistance

85. ECA has been conducting a number of advisory missions to African LDCs since the start of the Brussels Programme of Action.

- ESPD undertook a mission to the Sudan in 2005 to participate in a workshop on macroeconomic policy framework and poverty reduction. The purpose of the mission was to discuss the findings of the draft report on the macroeconomic policy framework and the Sudan's PRSP. The mission made a number of important contributions and detailed recommendations to assist the national PRSP team;
- At the request of the Government of Mozambique, ECA provided technical assistance in analyzing the impact of HIV/AIDS on industrial output and sustainable livelihoods in the country;
- In 2005, ESPD and DPMD organized five missions to four African LDCs to assist in the formulation and implementation of their APRM;
- ACGD undertook advisory services to six African LDCs on the legal rights of women. ACGD also established two operational subregional centres for Enterprise Development Facility (EDF) for African women entrepreneurs in East and West Africa, both stationed in African LDCs – Togo and Uganda respectively;
- DPMD organized advisory missions to four African LDCs to mainstream political participation by civil society in development;
- TRID conducted LDC country missions to Ethiopia, Mali, and Rwanda on the potential economic effects of trade agreements between the European Union and African LDCs. In the future, this technical assistance will be offered to at least two more African LDCs;
- DISD organized: training courses on networking technology for African women; capacity-building workshops for African policy makers, parliamentarians and the media; undertook advisory services on national ICT frameworks and regulatory mechanisms, as well as on collection, management and dissemination of ICT statistics in 26 African LDCs.

86. The implementation of the Brussels Programme of Action for African LDCs is consistent with ECA's work in support of member States. The Mid-Term Review 2006 has provided an opportunity to take stock of the progress of African LDCs in the implementation of the BPoA, and of ECA's role in this endeavour.

V. The way forward

87. The BPoA is in line with ECA's mandate and the Commission addresses the needs of African LDCs through its programmed activities for member States. Nonetheless, there is a need for ECA to mainstream the BPoA even further and to refocus on specific activities and closely monitor its implementation in the second half of the monitoring period 2006-2010. This renewed effort can be based on three particular strategies: focus, synergies and outreach.

Focus

88. ECA's work has been directly driven by the demands of the African development agenda, which since 2001 has been outlined in the NEPAD framework. There is no doubt that this agenda emphasizes African LDCs' special needs, which are outlined as strategic objectives of the comprehensive development framework of the African Union.

89. The BPoA lies at the heart of Africa's development. Within the overall mandate of ECA, there needs to be special emphasis on the economic and social policy requirements of LDCs, which are embedded in the mandate of ESPD. In addition, there is a need to focus on policy analysis and policy options for African LDCs. An important part of this agenda is assisting with capacity in national statistical offices of African LDCs through the Statistics Team of ESPD.

90. The cross-cutting nature of the seven commitments of the BPoA requires the involvement of all the substantive divisions of ECA. However, it would be necessary for an interdivisional hub such as ESPD to coordinate the outputs and activities of substantive divisions in light of the BPoA.

91. In summary, the future work programme of ECA on LDCs should include:

- An in-depth analysis of selected African LDCs using the BPoA as an analytical framework. For example, an issue of the Economic Report on Africa could concentrate on the BPoA, providing more in-depth analysis of African LDCs;
- ECA's work on poverty reduction strategies should be expanded to incorporate a dimension on African LDCs.

Synergies

92. Efficiency requires ECA to synergize activities and outputs across divisions. For example, ACGD should ensure that the contribution of all divisions is appropriately gender-mainstreamed. Not only should the synergies be interdivisional, they should also be between the ECA headquarters and ECA's subregional offices (SROs). Because SROs serve as vital links between analytical work generated at ECA headquarters and policy advocacy at the subregional level, there is a need to coordinate the activities relating to LDCs in both headquarters and the SROs.

93. ECA should collaborate more effectively with the regional economic communities, which are ECA's main clients at the subregional level. Better coordination with these bodies will improve outreach and mainstreaming of the BPoA in subregional frameworks.

94. The BPoA is consistent with the mandates of United Nations Educational, Scientific and Cultural Organization (UNESCO) and United Nations Children's Fund (UNICEF). Synergies in certain thematic areas can be further enhanced through collaborative efforts with such specialized agencies as United Nations Conference on Trade and Development (UNCTAD) and other strategic partners. For instance, the work on the goal of achieving primary education for all in the context of the BPoA could be harmonized between UNESCO and ECA. Likewise, the presence of United Nations specialized agencies in member States should be harnessed for a more focused monitoring and analysis of commitments and indicators at the country-level.

95. As the African Union sets the overall continent-wide political agenda, ECA must proactively engage the AU in its work to meet the goals of the BPoA.

Outreach

96. It is important to link technical services, advisory missions and analytical work, particularly in relation to the BPoA. ECA should, in addition to its current orientation of fulfilling statutory requirements, focus more on LDC policy analysis and advocacy consistent with its mandate.

97. To step up BPoA-related outreach of key outcomes, outputs must be made available in multimedia format; follow-up activities on policy impact should also be enhanced. Increased emphasis must be placed on targeted dissemination and policy dialogue at subregional and country levels.

98. ECA could facilitate, for the benefit of African LDCs, a user-friendly information exchange forum based on relevant policy papers, country data and reports, and links to pertinent policy areas. Furthermore, this knowledge sharing will provide enhanced and user-friendly systems for benchmarking and monitoring the commitments of the BPoA.

Resources

99. The commitments and indicators straddle key areas of ECA's work. Therefore, ECA's 2008-2009 regular work programme needs to underscore the relevance and timeliness of the BPoA. The allocation of resources to an interdivisional hub would facilitate the synergies and the monitoring of the BPoA.

VI. References

- Chen, S. and M. Ravallion (2004) "How have the poor fared since the early 1980s?" *World Bank Policy Research Working Paper*, No. 3341.
- Collier, P. and C. Hoeffler (2000) *On the incidence of Civil War in Africa*, Department for International Development, U.K.
- Cramer, C. (1999) "The economics and political economy of conflict in Sub-Saharan Africa," *Centre for Development Policy and Research Discussion Paper*, No. 1099.
- Fosu, A.K. (2002) "Inequality and the growth-poverty nexus: evidence from Sub-Saharan Africa," Paper presented at the *CSAE Conference on Understanding Poverty and Growth in SSA*, University of Oxford, Oxford, UK.
- Fosu, A.K. and P. Collier (eds.) (2005) *Post-Conflict Economies in Africa*, Palgrave Macmillan, Basingstoke, England.
- Ramirez, A., Ranis, G. and F. Stewart (1998) "Economic growth and human development," *QEH Working Paper Series*, No. 18.
- United Nations Development Programme (UNDP) (2005) *Human Development Report 2005 – International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World*, UNDP, New York.
- United Nations Economic Commission for Africa (ECA) (1999) *The Economic Report on Africa 1999 The Challenges of Poverty Reduction and Sustainability*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) (2004) "Assessing Regional Integration in Africa," *ECA Policy Research Report*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) (2005a) *The Economic Report on Africa 2005 – Meeting the Challenges of Unemployment and Poverty in Africa*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) (2005b) *The Millennium Development Goals in Africa: Progress and Challenges*, ECA, Addis Ababa.
- United Nations Economic Commission for Africa (ECA) (2005c) *Striving for Good Governance in Africa*, ECA, Addis Ababa.
- United Nations Education and Scientific Organisation (UNESCO) (2005) *EFA Global Monitoring Report 2006*, UNESCO, Paris.
- World Bank (2005) *World Development Indicators Online Database*, World Bank.
- World Health Organization (WHO) and United Nations Children's Fund (UNICEF) (2005) *World Malaria Report*, Geneva.

Appendix 1

Table 1 – Real GDP Growth in African LDCs – 2001-2004

	2001	2002	2003	2004	Average
African LDCs	6.0	4.8	4.6	6.5	5.4
- Non oil-producers	3.9	3.7	3.9	4.4	4.0
- Oil producers	21.8	13.1	9.5	21.1	16.4
- Landlocked	3.1	3.5	4.2	2.8	4.4
Global LDCs	5.3	4.6	4.6	5.9	5.1
Sub-Saharan Africa	3.3	3.4	4.3	4.4	3.9

Source: ECA (2005a)

Table 2 – MDGs and African LDCs

<i>Millennium Development Goal</i>	<i>African LDC likely to achieve target by 2015</i>
<i>Goal 1 – Eradicate extreme poverty and hunger</i>	
- Poverty reduction	Burkina Faso, Lesotho, Uganda
- Child malnutrition	Chad, the Gambia, the Sudan
- Overall undernourishment	Angola, Malawi
<i>Goal 2 – Achieve universal primary education</i>	
- Net enrolment and completion rates	Cape Verde, Rwanda, Sao Tome and Principe, Togo, Uganda
<i>Goal 3 – Promote gender equality and empower women</i>	
- Primary and secondary level education	Lesotho, Rwanda
<i>Goal 4 – Reduce child mortality</i>	Cape Verde
<i>Goal 5 – Improve maternal health</i>	Cape Verde, the Gambia
<i>Goal 6 – Combat HIV/AIDS, malaria, and other diseases</i>	
- HIV/AIDS	Uganda
- Malaria	Benin, Central African Republic, the Comoros, the Gambia, Guinea-Bissau, Rwanda
- Tuberculosis	Angola, the Gambia, Madagascar, Zambia
<i>Goal 7 – Ensure environmental sustainability</i>	
- Sustainable development (forest area)	Cape Verde, the Gambia,
- Access to safe drinking water (rural)	Burundi, the Gambia, Malawi, Tanzania
- Access to sanitation (urban)	-

Source: ECA (2005b)

Table 3 – Volatility of economic growth – 1961-2004

Period	African LDCs	African oil exporting LDCs	sub-Saharan Africa
1961-1970	4.78	3.30	5.09
1971-1980	5.83	8.23	6.56
1981-1990	4.77	5.23	4.89
1991-2000	6.84	10.00	5.66
2001-2004	3.76	5.43	3.08

Source: World Bank Development Indicators Online database; volatility is represented by the average standard deviation of GDP growth for the subgroup over the specified period; a higher value reflects higher volatility in economic growth.