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**Statutory issues**

### **Progress in the implementation of the priority areas of the Istanbul Programme of Action for the least Developed Countries for the Decade 2011–2020: summarized report**

#### **Summary**

The present report reviews the performance of African least developed countries in the eight priority areas of the Istanbul Programme of Action and assesses their prospects for graduation from the status of least developed countries. The 2018 report coincides with the 2018 triennial review of least developed countries, a process which assesses country eligibility for inclusion or graduation from the list of least developed countries. The report summarizes the information set out in the full progress report, available as a publication of the Economic Commission for Africa (ECA), to which readers are referred for more details on the issues, including references to background documents.

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## I. Background

1. Africa has 33 least developed countries, accounting for over two thirds of the world's 47 least developed countries, which renders the Istanbul Programme of Action particularly relevant to this continent. As of 2017, almost 654 million<sup>1</sup> people lived in African least developed countries, accounting for over half of the continent's population.

### A. Performance indicators

2. The performance of these countries in the Istanbul Programme of Action remains mixed, however, as detailed below.

#### 1. Improved access to the Internet

3. Internet access in African least developed countries more than doubled, from 5 per cent of the population in 2001 to 12 per cent in 2015. Top performers on this indicator are Sao Tome and Principe, the Sudan and Lesotho. No African least developed country has experienced any reversal in its progress in this regard.

#### 2. Rising share of energy from non-hydro renewable sources

4. On average, those African least developed countries reporting data in this area doubled the share of their energy generated from non-hydro renewable resources. These gains have been concentrated, however, in rural areas.

#### 3. Rising but modest increases in agricultural productivity

5. Between 2011 and 2016, African least developed countries experienced a 4.2 per cent increase in their agricultural productivity, representing an annual growth rate of less than 1 per cent. The marginal increases in agricultural productivity are attributable in part to limited access to fertilizer and irrigation infrastructure.

#### 4. Improvements in the human development index and other social indicators

6. Rising per capita health expenditures have helped to improve access to water and sanitation services and also led to improvements in the human development index ratings of African least developed countries. In 2015, the score for African least developed countries on the human development index improved to 0.461, from 0.449 in 2011. This notwithstanding, only Sao Tome and Principe met the eligibility criteria on the human assets index in 2018.

#### 5. More diversified economies

7. African least developed countries registered improvements in economic diversification, as measured by the Herfindahl-Hirschman index of market concentration, which for these countries edged downward from 0.65 in 2008 to 0.38 in 2016.

#### 6. Declining manufacturing value added

8. The decline in product concentration has not been associated with a growth in the manufacturing base of African least developed countries. Manufacturing value added as a percentage of gross domestic product (GDP) declined in African least developed countries, from 10.7 per cent in 2001 to 7.8 per cent in 2015, but rose slightly for the least developed countries overall.

#### 7. Growth of urban slums

9. Rapid increases in urban populations in African least developed countries have been associated with an increase in the numbers of slum dwellers. In 2014,

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<sup>1</sup> Based on projections using the median variant.

almost 66 per cent of the urban population lived in slums or informal settlements. This has implications for health and exposure to climate-related and other natural disasters.

#### **8. Low rates of domestic resource mobilization and heightened dependence on official development assistance**

10. Domestic resource mobilization remains low, at around 15 per cent of GDP, rendering most African least developed countries highly dependent on official development assistance (ODA). The capacity of such countries to invest is also on the decline, as evidenced by trends in fixed capital formation.

#### **9. Weak governance record**

11. African least developed countries performed poorly on governance indicators and rank at the bottom of the Ibrahim Index of African Governance. They also perform poorly on the World Bank's worldwide governance indicators. Individual country performance varies greatly, from a high of 60 and above out of 100 points (for Rwanda, Sao Tome and Principe and Senegal) to under 30 points (for the Central Africa Republic, South Sudan and Somalia).

### **B. Prospects for graduation**

12. Having met the eligibility criteria in the second consecutive triennial review for graduation from least developed country status, Sao Tome and Principe is now poised to be the next African country to be recommended for graduation from least developed country status. Unlike Angola and Equatorial Guinea, the graduation eligibility of Sao Tome is not based exclusively on its gross national income per capita.

13. At the same time, disproportionately fewer African least developed countries are eligible for graduation in 2018. Only two of the twelve countries that met the graduation criteria in 2018 are from Africa, namely, Angola and Sao Tome and Principe. There are, however, brighter prospects for graduation in 2021: five African countries are within range of meeting the eligibility criteria for graduation, for the first time, in 2021.

## **II. Progress made in the priority areas**

### **A. Productive capacity**

14. Building productive capacity is the first priority area of the Istanbul Programme of Action. Strong productive capacities are a requirement for accelerated and inclusive growth of African least developed countries underpinned by industrial development and structural transformation.

15. African least developed countries lag behind their least developed country counterparts elsewhere in the world in the area of manufacturing. Manufacturing value added as a percentage of GDP has actually been falling in African least developed countries. By contrast, for the least developed country group as a whole, not only is this figure higher, it has even been rising, albeit marginally, since 2012. This inability to boost manufacturing value added as a percentage of GDP renders such countries vulnerable to shocks and constrains their capacity for job creation.

16. Agricultural productivity is rising very slowly in African least developed countries and only increased marginally over the period 2011–2016. While value added per worker in this sector is higher than the average for the least developed country group as a whole, it is substantially below the sub-Saharan average and there are even a number of African least developed countries where

productivity declined substantially. Discussion of the agricultural sector is continued in section 0 below.

17. Communications technology is continuing to revolutionize the way in which business is conducted across the world and, in African least developed countries, access to the Internet has improved substantially. Thus, in 2011, some 5 per cent of the population in all African least developed countries had access to the Internet, and in 2016 this figure had more than doubled, to 12.8 per cent. Furthermore, on this indicator no African least developed country has experienced a reversal in its progress.

18. Despite this progress, however, these figures are still very low and the target set by the Istanbul Programme of Action of 100 per cent access to the Internet by 2020 remains a long way off, in particular for the poorer performing countries such as the Central African Republic, Eritrea, Guinea-Bissau, Madagascar, the Niger and Somalia, where the proportion of the population with Internet access is still below 5 per cent.

19. The Istanbul Programme of Action includes a goal to increase the total energy supply per person in the least developed countries, but, more specifically, it also sets a goal to increase the share of electricity generation coming from renewable sources. For African least developed countries reporting data in this area, the average percentage of energy generated from non-hydro renewable sources has more than doubled since 2001. The case of Ethiopia is of particular significance in this regard: since 2011 it has increased its generation share of non-hydro renewables from below 1 per cent to about 5 per cent. Since the average is computed from only six countries, this fivefold increase from Ethiopia – and also that from Togo – has a strong influence on the average.

20. While energy access is improving in African least developed countries, the percentage of rural citizens with access to electricity is still far lower than that for the population as a whole. Thus, the proportion of the rural population, as an average for all African least developed countries, with access to energy increased only marginally, from 11.3 per cent in 2011 to 11.5 per cent in 2014. The corresponding figures for the total population in the same years are 24.6 and 27.9 per cent.

## **B. Agriculture, food security and rural development**

21. African least developed countries have experienced marginal increases in agricultural productivity due in part to limited access to fertilizer and irrigation infrastructure. Least developed countries are, generally, less well integrated with global and regional trade and hence rely on their own production of food crops to a greater extent than highly integrated countries. Furthermore, in the least developed countries a high proportion of the population resides in rural areas, and in such areas agriculture is often the primary source of employment.

22. Agricultural value added per worker has not increased substantially over the course of implementation of the Istanbul Programme of Action. From the base of \$696 value added per worker in 2011, the increase has been only 4.2 per cent, to \$725 per worker in 2016. While any increase is beneficial, at this growth rate of 0.8 per cent per year, it would take the least developed countries some 85 years to double their productivity and reach the same average agricultural productivity as the world average in 2001.

23. Access to fertilizers and irrigation are key constraints on agricultural productivity in Africa. Sub-Saharan Africa uses significantly less fertilizer per hectare of arable land compared to the world average. The average for African least developed countries is even lower, at approximately three quarters of that

for sub-Saharan Africa. The value for least developed countries as a whole is substantially higher. The use of fertilizers per hectare of arable land in African least developed countries has risen, however, since the commencement of the Istanbul Programme of Action, and has doubled since 2001.

24. Where irrigation is concerned, on its Information System on Water and Agriculture (AQUASTAT), the Food and Agriculture Organization of the United Nations (FAO) estimates that sub-Saharan Africa only irrigates 3 per cent of its cultivated land, in contrast to the world average of 21 per cent. As climate variability continues to cause concerns for agricultural producers across the world, appropriate irrigation systems that allow farmers to be somewhat less dependent on natural rainfall cycles will become increasingly important.

## C. Trade

25. Trade is one pathway through which developing countries can enhance their wealth, both through gaining access to products and technologies that are unable to be produced at home and by exporting those products in which they have some comparative advantage.

26. The Istanbul Programme of Action specifically targets a doubling of the share of least developed countries in international trade, setting as the benchmark the approximately 1 per cent share in 2010. The Programme also stresses the need to expand the export base of least developed countries, a matter which will also be discussed in the following section of this report, on commodities. Over the course of the Istanbul Programme of Action, the share of least developed country exports in world exports has actually fallen, after remaining fairly level from 2010 to 2013. As reported by the United Nations Conference on Trade and Development (UNCTAD) on its statistical platform UNCTADstat, the share of African least developed countries in world exports declined substantially, from 0.79 per cent in 2013 to 0.52 per cent in 2016, driven largely by the decline in commodity prices that resulted from the slowdown in the growth of the Chinese economy.

27. One of the primary advantages extended to the least developed countries by the international community is that of trade preferences. Various bilateral or multilateral institutions, such as the African Growth and Opportunity Act put in place by the United States of America, or the Everything but Arms initiative of the European Union, allow extensive market access for the products of least developed countries. Nevertheless, many African countries have found it difficult to scale up their participation in the global trading system, and this difficulty is tied to the challenges of industrialization in less affluent countries and their commodity dependency.

28. Export costs constitute a barrier to trade and tend to be higher for landlocked countries. Although, taken as a whole, African least developed countries do not appear to incur significantly higher costs for the export of their containers, landlocked sub-Saharan African countries, such as Chad, the Central African Republic, South Sudan and Zambia, do experience remarkably high costs. Africa is home to 16 landlocked developing countries, and the costs for these countries of engaging in trade can be substantially higher than for coastal countries.

29. Unfortunately, the simple fact of the distance from these countries to the nearest ports is not something that can be changed, hence they must look to innovative policy, infrastructural and institutional changes to surmount this difficulty. Such changes may be effected in the areas of customs policies, bilateral trade agreements, road and rail investments and the targeting of products and services for which export costs are naturally low.

## **D. Commodities**

30. The economies of African least developed countries are becoming more diversified. Many African least developed countries are primarily exporters of raw materials. For example, the reliance by Zambia on copper, by Angola on oil and by Malawi on tobacco render these economies particularly susceptible to the price fluctuations of a single commodity. The Istanbul Programme of Action aims to diversify the economies of least developed countries in order to reduce their commodity dependence.

31. While for all African countries the concentration of exports has been historically high, and even more so for African least developed countries, their concentration index has been falling over time. African countries are cognizant of the needs to diversify their economies and, to this end, frequently include diversification as a key goal in their national development plans. Diversification away from commodities is a difficult goal to attain, however, and can entail shifting focus from the strongest parts of the economy, those which bring in the most revenue from abroad, to sectors which are weak and require substantial development efforts.

## **E. Human and social development**

32. Human development in African least developed countries is improving, albeit from very low levels and at a slow pace. In 2015, the human development index score for African least developed countries improved to 0.461, from 0.449 in 2011. Over this period, only two countries, the Central African Republic and Sierra Leone, recorded a decline in their scores on the index. African least developed countries in Northern and Southern Africa perform better on the index than those in the other subregions. These positive developments notwithstanding, African least developed countries as a whole still have a lower score on the human development index than other least developed countries.

33. In Africa, urban populations are growing and, with them, the number of slum dwellings. At the rate of 3.5 per cent per year, Africa as a whole is the fastest urbanizing continent. Urbanization is an important dimension of structural transformation, as the natural population growth rate and migration from rural areas bring more and more people to live in urban areas. African least developed countries are following a similar trend. For the group as a whole, the proportion of people living in urban areas increased from about 33 per cent in 2011 to slightly over 36 per cent in 2016 and, over this period, the 31 African least developed countries reporting data on this area recorded increases in their urban populations.

34. The majority of the population in the urban areas of African least developed countries live in slums, however, with limited access to decent living conditions and basic social services. For the 32 African least developed countries with data for 2014, almost 66 per cent of the urban population lived in slums or informal settlements. In eight countries,<sup>2</sup> the proportion of the urban population living in slums is 80 per cent and above.

35. While access to basic social services is improving, this process remains very slow. The low levels of human development in African least developed countries are further compounded by the limited and unequal access to basic social services, including health care and education services, improved water sources and sanitation. During 2011 and 2015, all African least developed countries (except for Somalia and the Sudan, which reported no data for 2015) recorded improvements in access to improved water sources. Similarly, all

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<sup>2</sup> Central African Republic, Chad, Guinea-Bissau, Mauritania, Mozambique, Sao Tome and Principe, South Sudan and Sudan.

African least developed countries recorded improvements in access to improved sanitation.

36. On the other hand, health outcomes among African least developed countries are improving. Over the period 2011–2016, under-five mortality declined in virtually all African least developed countries. Five countries<sup>3</sup> recorded under-five mortality rates of less than 50 per 1,000 live births. In five countries,<sup>4</sup> however, which are also conflict-affected, the under-five mortality rates exceed 100 per 1,000 live births. Similar trends are noted in the case of maternal mortality: all African least developed countries recorded a decline in the maternal rates over the period 2011–2015. Wide variations exist among these countries: while, by 2015, 11 countries had reduced maternal deaths to under 400 for every 100,000 women, another 11 countries still had rates of over 600 per 100,000 women.

37. Access to antiretroviral therapy is also improving across all African least developed countries. On the average, between 2011 and 2016 access to such therapy almost doubled, rising from 21.3 per cent to 40.7 per cent of people living with HIV, and, in 14 countries, access more than doubled.

38. At the same time, per capita expenditure on health is increasing. The recorded progress in health outcomes are due in part to the sustained increases in health expenditures among African least developed countries. On average, per capita expenditure on health among all such countries more than doubled, rising from \$108 in 2011 to almost \$125 in 2014. While the expenditures on health by African least developed countries are slightly higher than those made by the least developed countries in other continents, they remain well below (by almost half) the average health expenditures for sub-Saharan Africa as a whole. Further examination of the data shows a wide variation in expenditure per country. While at least six countries – Angola, Djibouti, Lesotho, Sao Tome and Principe, the Sudan and Zambia – recorded per capita expenditures on health of more than \$150 during the period 2011–2014, in five countries – Chad, the Democratic Republic of the Congo, Eritrea, Madagascar and the Niger – expenditure remained at about or below \$50 per capita.

## **F. Multiple crises and other emerging challenges**

39. As widely reported by commentators, African least developed countries endure high rates of poverty and inequality, civil strife and political instability. In addition, the widespread prevalence of preventable diseases, such as HIV/AIDS, malaria and others, accentuates the impact of crises, in particular among the most vulnerable populations and groups. The poor management of natural resources occasioned by the use of rudimentary technologies in agriculture, construction, mining and other sectors will continue to have adverse impacts on the natural environment and undermine resilience to climate-related and other disasters. To make matters worse, African least developed countries have difficulty gaining access to global climate funding mechanisms to salvage and rebuild their economies.

40. Stronger coordination of international and regional efforts to respond effectively to crises and disasters in Africa is needed. The United Nations Office for Disaster Risk Reduction needs to play a greater role in coordinating the support of organizations such as the World Bank, the African Development Bank and the African Union Commission. Enhanced international cooperation and support to deal with fiscal and financial issues are critical in this regard. The recently restructured Catastrophe Containment and Relief Trust can play

<sup>3</sup> Eritrea, Madagascar, Rwanda, Sao Tome and Principe and Senegal.

<sup>4</sup> Central African Republic, Chad, Mali, Sierra Leone and Somalia.

an important role in mitigating the impacts of risks by providing exceptional assistance in the event of health disasters, such as the Ebola crisis.

## **G. Mobilizing financial resources for development and capacity-building**

41. Mobilizing sufficient resources to meet the investment requirements of most of the least developed countries in Africa is critical for sustained economic growth and poverty reduction. The first area on which these countries should focus is the strengthening of measures to increase domestic resource mobilization as the most assured source of funding for their development.

42. Currently, tax revenue as a share of GDP among African least developed countries averages only 15 per cent. In 2014, only 3<sup>5</sup> of the 32 African least developed countries with data registered ratios of tax revenue to GDP of more than 20 per cent. Although the data are scanty, several African least developed countries are dependent on external grants to finance their budgets: in 2010, 8<sup>6</sup> of the 20 African least developed countries with data had ratios of external grants to GDP which exceeded 5 per cent. Increasing domestic revenue generation will help African countries to expand their resource base and to gain more independence in the use of these resources.

43. Remittance inflows are another major source of foreign exchange earnings and, in some African least developed countries, represent an even more important source of financing than foreign direct investment (FDI). It is therefore imperative for these countries to establish measures such as reducing transaction costs and strategically orienting the funds towards the productive sector and prioritized industries in order to scale up the development impact of the inflows. According to the United Nations Conference on Trade and Development (UNCTAD), 19 out of the 33 African least developed countries with data recorded an upward trend in remittance inflows: from 5.3 per cent of GDP in 2010 to 7.0 per cent of GDP in 2015. Four countries registered rates of over 10 per cent of GDP: Liberia (31.3 per cent), Lesotho (19.6 per cent), the Gambia (19.4 per cent) and Senegal (11.6 per cent).

44. ODA offers another essential channel via which African least developed countries can mitigate their external debt burden. The distribution of ODA to least developed countries is important, because least developed country status indicates that a country is more in need of development assistance than other developing countries.<sup>7</sup>

45. It should be noted, however, that in 2016 only seven members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD)<sup>8</sup> contributed over 0.15 per cent of their gross national income to least developed countries as ODA and sixteen countries contributed a higher percentage of their gross national income to least developed countries as ODA in 2016 than they did in 2015. Overall, 11 out of the 29 countries members of the Development Assistance Committee provided more than 50 per cent of their total ODA to least developed countries and another 11 provided between 30 and 50 per cent.

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<sup>5</sup> Angola, Lesotho and Mozambique.

<sup>6</sup> Burundi, Central African Republic, Democratic Republic of the Congo, Lesotho, Malawi, Mozambique, Sao Tome and Principe and Sierra Leone.

<sup>7</sup> It should be noted in this context that concessional funding from the major partners, including the African Development Fund of the African Development Bank, the Global Alliance for Vaccines and Immunization, the Global Fund, the International Monetary Fund and the World Bank, does not depend on the least developed country category.

<sup>8</sup> Belgium, Denmark, Luxembourg, Netherlands, Norway, Sweden and United Kingdom.



46. African least developed countries require increased FDI to establish modern businesses to promote structural transformation. The total FDI inflows to African least developed countries have increased slowly, from some \$44 billion in 2010 to \$55 billion in 2015 and then declined again slightly to \$52 billion in 2016. As a proportion of GDP, FDI inflows declined from 7.7 per cent in 2011 to 5.1 per cent in 2016. While the mean FDI inflows to African least developed countries measured some \$1 billion over the period 2010–2016, four countries – Angola, the Democratic Republic of the Congo, Ethiopia and Mozambique – received over \$3 billion each during that period.<sup>9</sup>

47. The growth of fixed capital formation, which measures the value for governments, the business sector and households of acquiring new assets or of expanding existing fixed assets, has declined rapidly in African least developed countries since 2012, falling from a high of 13 per cent per annum to 1.8 per cent per annum in 2016. This underscores the need to establish measures to increase value addition among the African least developed countries.

## H. Good governance at all levels

48. The importance of good governance in the transition of African least developed countries to middle income status cannot be overemphasized. It also leads to peaceful coexistence and security of people and property.

49. The worst performing African countries on the Mo Ibrahim Index of African Governance are all least developed countries. In 2016, African least developed countries recorded a score of 46.7 per cent on the index, a negligible improvement from their score of 46.6 in 2015. Over the period 2015–2016, African least developed countries recorded improvements in their overall governance performance, demonstrated by a positive 2.1 rise in their score on the index. Individual country performance varied greatly, from highs of 60 and more points by Rwanda, Sao Tome and Principe and Senegal to below 30 by the Central African Republic, Somalia and South Sudan. Some 17 African least developed countries registered overall scores below the continental average of 50.

50. African least developed countries perform equally badly on the worldwide governance indicators of the World Bank. Over the period 2010–2016, average performance on the six indicators ranged from 0.79 to -0.63.<sup>10</sup> They perform particularly badly on three indicators: government effectiveness; the rule of law; and the quality of regulations, which are critical for the provision of basic social services and private sector investment.

## III. Graduation from least developed country category

### A. Background and current status

51. The graduation of Equatorial Guinea from the least developed country category in 2017 reduces the number of African least developed countries to 33. Equatorial Guinea finally graduated in 2017, having been initially recommended for graduation by the Committee for Development Policy in 2009 on the basis of its gross national income per capita. At the time that Equatorial Guinea was recommended for graduation, its gross national income per capita was \$12,430 (in nominal United States dollars, converted by the World Bank

<sup>9</sup> This is linked to the overall decline (some 3 per cent in 2016) and uneven flow of FDI to Africa; five countries (Angola, Egypt, Nigeria, Ghana and Ethiopia) account for 57 per cent of the total.

<sup>10</sup> Estimated values provide country scores on each indicator in units of the normal distribution, with a mean of 0 and a standard deviation of 1. Thus, country scores range between roughly -2.5 (at the lower end) and +2.5 (at the upper end).

Atlas method), by 2016 this figure had almost halved to \$6,550. While this figure remains well above the threshold for graduation and well above those of its least developed country peers, clearly, the reduction in the country's gross national income per capita since the graduation recommendation is very troubling.

52. The number of all countries meeting the least developed country graduation criteria is on the rise. As of 2018, 12 of the 47 least developed countries (two more than in 2015) meet the graduation eligibility criteria. Of this number, three meet the criteria for the first time and will be considered for a possible graduation recommendation in 2021 by the Committee for Development Policy. Six countries will be considered for graduation in the 2018 review, while three are already graduating or have been recommended by the Committee for graduation.

53. Disproportionately, few African least developed countries are eligible for graduation. Only 2 of the 12 countries that met the least developed country graduation criteria in 2018 are from Africa: Angola and Sao Tome and Principe. Sao Tome met the criteria for the second time, while Angola, originally recommended for graduation in 2015 and granted an exceptional six-year preparatory period for its exit from the least developed country category, is scheduled for graduation in 2021.

54. Angola and Equatorial Guinea share similar graduation characteristics. Like that of Equatorial Guinea, Angola's economy is strongly linked to the price of oil, its primary export, and, as a result, its gross national income per capita has fluctuated somewhat recently. Furthermore, as with Equatorial Guinea, Angola will graduate solely on the basis of gross national income per capita. The country did not meet the thresholds for the human assets index or the economic vulnerability index at the 2015 triennial review. The continuing reliance of the Angolan economy on oil and the apparent failure of the proceeds from the country's natural wealth to bring broad-based benefits to the Angolan population raise questions about the sustainability of its graduation.

55. Throughout the United Nations system, work is being undertaken to ensure that the graduation of Angola progresses smoothly and without unnecessary disruptions to the country's fulfilment of its development aspirations. Angola must continue to commit itself to policies that allow it to broaden its export base and improve the well-being of its population, given that the country's human assets index rating at the 2015 triennial review remained below that of the average of all African least developed countries. Angola has the potential to enter export industries outside the oil sector. Its size and climate, for example, are conducive to the production of agricultural commodities, and the International Trade Centre has identified both seafood and other agricultural products as commodities the production of which could potentially be increased.

56. Unlike Equatorial Guinea and Angola, the eligibility of Sao Tome and Principe for graduation is not based on the income-only rule. At the 2015 triennial review Sao Tome and Principe met the graduation criteria for the first time, being above both the gross national income per capita threshold and the human assets index threshold. Preliminary indications are that Sao Tome and Principe will meet both these criteria for the second successive triennial review and, hence, will be recommended for graduation in 2018. The country's gross national income per capita and its human assets index rating improved in 2018 relative to the 2015 triennial review and it now has the second highest human assets index score of all least developed countries.

## B. Emerging prospects for graduation in Africa

57. Several African countries are within range of meeting the criteria for graduation in the next three years. None of the three least developed countries that met the graduation criteria for the first time in 2018 is African. The outlook for African least developed countries is not altogether gloomy, however.

58. In 2018, 11 of the 13 countries that met a single graduation threshold were from Africa.<sup>11</sup> It is noteworthy that none of these countries met the human assets index criterion, despite overall improvements on that index. By and large, African least developed countries are performing better on economic vulnerability indices than on indicators of social and human development.

59. In all, 5 of the 11 African countries that met at least one eligibility criterion in 2018 are within 10 points of meeting a second criterion, while three – Djibouti, Lesotho and Togo – are within 5 points of that target. It seems clear, on current trends, that these three countries are the African countries most likely to graduate from least developed country status. Djibouti has met the gross national income criterion and is likely to meet that of economic vulnerability by 2021. Lesotho has also met the gross national income criterion and has a good chance of meeting that of the human assets index. Togo has met the economic vulnerability criterion and is well positioned to meet that of the human assets index by 2021 as well.

60. It is noteworthy that, of the five countries within 10 points of meeting a second criterion, two – Djibouti and the United Republic of Tanzania – were identified in the 2017 ECA least developed country report as countries with the best chances of meeting the graduation criteria by 2018. They all met at least one of the eligibility criteria in 2015: Djibouti, that of per capita gross national income and the United Republic of Tanzania, that of economic vulnerability.

61. Djibouti was predicted to meet both the human asset and economic vulnerability criteria by 2018. Despite improvements, however, the country failed to meet the graduation threshold for both indices. Nevertheless, on current trends it is on track to meet the gross national income per capita and economic vulnerability index graduation thresholds by 2021.

## IV. Conclusions and recommendations

62. The performance of African least developed countries on the Istanbul Programme of Action is mixed. Positive developments include: increased access to the Internet; a doubling of the share of energy generated from non-hydro renewable resources; modest increases in agricultural productivity; overall improvements in the human development index; rising per capita health expenditures, coupled with improved access to water and sanitation services; and increased economic diversification. Furthermore, at least five African countries are within range of meeting the eligibility criteria for graduation in the next three years. In particular, Djibouti, Lesotho and Togo are likely candidates to be eligible for graduation, for the first time, by the next triennial review in 2021.

63. These positive developments notwithstanding, several challenges remain, including rising urban populations, low domestic resource mobilization, high dependence on ODA and weak governance.

64. If progress towards meeting the gross national income per capita and economic vulnerability criteria is to be sustained, more diversified economies will need to be built, institutions of governance improved and resilience to

<sup>11</sup> Comoros, Democratic Republic of the Congo, Djibouti, Guinea, Lesotho, South Sudan, Sudan, Togo, Uganda, United Republic of Tanzania and Zambia.

environmental shocks strengthened. Furthermore, to ensure sustainable financing of their development priorities, African least developed countries must strengthen their capacity and efforts to mobilize both domestic and external resources to meet the large investment requirements in basic social services, energy and infrastructure. Plugging loopholes in tax collection and management, expanding the tax base and streamlining business regulations are some of the ways to expand revenue collection.

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