Progress in the implementation of the priority areas of the **Istanbul Programme of Action** for the **Least Developed Countries** for the Decade 2011-2020

United Nations
Economic Commission for Africa

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Executive 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 carries additional significance since it coincides with the 2018 triennial review of least developed countries, a process which assesses countries' eligibility for inclusion in or graduation from the list of least developed countries.

A. Performance of African least developed countries in the Istanbul Programme of Action

The performance of African least developed countries on the Istanbul Programme of Action is mixed, as detailed below.

The positive trends include:

Improved access to the internet: 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. Remarkably, no African least developed country has experienced any reversal in its progress in this area.

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

Rising but modest increases in agricultural productivity: Between 2011 and 2014, African least developed countries experienced a 4.2 per cent increase in their agricultural productivity, representing an annual growth of less than 1 per cent. The marginal increases in agricultural productivity are attributable in part to limited access to fertilizer and irrigation infrastructure.

Improvements in the human development index and other social indicators: 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. These positive developments notwithstanding, none of the African least developed countries, except Sao Tome and Principe, met the eligibility criteria on the human assets index in 2018.

More diversified economies: 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.

The negative trends include:

Declining manufacturing value added: 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.

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

Low rates of domestic resource mobilization and heightened dependence on official development assistance: 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. This has adverse implications for growth and development.

Weak governance record: 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 government effectiveness, rule of law, and quality of regulations indicators of 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 African Republic, South Sudan and Somalia).

B. Prospects for graduation

One more African country is poised for graduation from least developed country status: Sao Tome and Principe has met the eligibility criteria for graduation from least developed country status for the second consecutive triennial review and is likely to be the next African country to be recommended for graduation from least developed country status. Unlike Equatorial Guinea and Angola, Sao Tome's graduation eligibility is not based exclusively on gross national income per capita.

the eligibility criteria for graduation, for the first time, in 2021. In particular, Djibouti, Lesotho and Togo are the most likely African countries to be eligible for graduation, for the first time, by the next triennial review in 2021.

C. Recommendations

African least developed countries will need to redouble their efforts to expedite graduation to middle income status. In particular, strategic interventions in human development will be critical, since in 2018 no African country reached the graduation threshold on the human asset index.

Sustaining progress towards meeting the gross national income per capita and economic vulnerability criteria will require building more diversified economies to minimize exposure to commodity price volatility and other external shocks. It will also necessitate enhancing capacities for disaster risk management to strengthen resilience to environmental shocks.

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 in which revenue collection can be boosted.

Improving governance and marketing Africa as an attractive destination for business are