

Part One

RECENT ECONOMIC TRENDS AND UNLDC III DEVELOPMENT TARGETS



Recent Economic Trends

Chapter

1

A. Overall growth trends

The real GDP of the LDCs as a group grew by an annual average of 4.5 per cent over the three years from 1997 to 2000. This represents an improvement over the period 1990–1996, when LDCs grew at an annual average of 2.8 per cent, and it compares favourably with the average of 3.3 per cent for other developing countries (table 1). The overall growth rate of the LDCs during the late 1990s is somewhat lower when Bangladesh, which accounts for about a quarter of the economic size of the LDC group, is omitted. But excluding Bangladesh, the increase in the real growth rate between 1990–1996 and 1997–2000 is actually greater — from 2.0 per cent to 4.2 per cent per annum. The improvement in the overall growth rate is particularly marked in African LDCs.¹

This improved growth performance for the LDCs as a whole is encouraging. However, recent growth rates are less adequate when viewed in real per capita terms, as population growth rates are very high in most LDCs. Real GDP per capita in the LDCs grew at 2.1 per cent per annum during 1997–2000. This was higher than the average for other developing countries (1.9 per cent). But excluding Bangladesh, real GDP per capita in the LDCs as a group grew at only 1.6 per cent per annum during 1997–2000. This implies that the gap in per capita incomes between LDCs and other developing countries was not reduced during 1997–2000. Furthermore, real GDP per capita grew at only 1.5 per cent per annum in African LDCs plus Haiti, and at only 0.8 per cent per annum in island LDCs (table 1).

The performance of the LDCs was also very mixed. Focusing on trends in real GDP per capita by country, it is apparent that during 1997–2000, real GDP per capita actually declined in 13 out of 42 LDCs for which data are available (table 2). There are three Pacific small island States in this group, as well as a number of countries that have experienced armed conflict. There are a further 11 LDCs in which growth in real GDP per capita was less than 2 per cent per annum. Eighteen grew at 2 per cent per annum or more during 1997–2000, and 11 of these achieved growth rates of over 3 per cent per annum. Per capita GDP growth is by far the highest in Equatorial Guinea, where it is based on expansion

Real GDP per capita in the LDCs grew at 2.1 per cent per annum during 1997–2000... but the performance of the LDCs was very mixed.

TABLE 1. LDCs' REAL GDP AND PER CAPITA GDP GROWTH RATES, 1990–1996 AND 1997–2000
(Annual average growth rate, percentage)

	Real GDP growth		Real GDP per capita growth	
	1990–1996	1997–2000	1990–1996	1997–2000
Least developed countries	2.8	4.5	0.3	2.1
LDCs (excluding Bangladesh)	2.0	4.2	-0.2	1.6
African LDCs	1.5	4.1	-0.7	1.5
Asian LDCs	4.5	5.0	2.6	3.0
Island LDCs	3.9	3.6	1.9	0.8
Other developing countries	3.5	3.3	2.3	1.9

Source: UNCTAD secretariat estimates based on World Bank, *World Development Indicators 2001*, CD-ROM, and 2002, on-line data.

Note: Real GDP is measured in constant 1995 dollars. No data available for Afghanistan, Democratic Republic of the Congo, Liberia, Myanmar, Somalia, Sudan and Tuvalu.

TABLE 2. REAL GDP AND REAL GDP PER CAPITA GROWTH RATES IN THE LDCs, BY COUNTRY, 1997–2000
(Annual average growth rate, percentage)

	Real GDP growth	Real GDP per capita growth
High-growth economies (11)		
Equatorial Guinea	19.4	16.2
Maldives	8.4	5.7
Mozambique	7.6	5.4
Samoa	5.3	4.7
Rwanda	6.9	4.2
Bhutan	7.0	3.9
Cape Verde	7.0	3.9
Bangladesh	5.2	3.4
Burkina Faso	5.9	3.3
Lao People's Democratic Republic	5.7	3.2
Uganda	6.0	3.1
Moderate-growth economies (7)		
Senegal	5.3	2.4
Yemen	5.2	2.4
Gambia	5.5	2.3
Central African Republic	4.1	2.3
Mali	4.7	2.2
United Republic of Tanzania	4.6	2.1
Benin	4.8	2.1
Slow-growth economies (11)		
Nepal	4.1	1.7
Madagascar	4.5	1.3
Angola	4.1	1.2
Guinea	3.4	1.0
Mauritania	4.3	1.0
Cambodia	3.2	0.9
Malawi	3.0	0.8
Niger	4.2	0.7
Ethiopia	3.1	0.6
Sao Tome and Principe	2.7	0.4
Haiti	2.2	0.1
Regressing economies (13)		
Chad	2.6	-0.2
Djibouti	1.3	-0.6
Burundi	1.3	-0.6
Lesotho	0.8	-0.7
Kiribati	1.9	-0.9
Zambia	1.2	-1.0
Vanuatu	1.8	-1.4
Togo	1.2	-1.8
Comoros	0.6	-1.8
Sierra Leone	-2.1	-4.1
Eritrea	-1.6	-4.3
Guinea-Bissau	-5.6	-7.5
Solomon Islands	-5.2	-8.3

Source: UNCTAD secretariat estimates based on World Bank, *World Development Indicators 2002*, on-line data.

of oil production and exports. There are also three Asian LDCs in the high growth group (Bangladesh, Bhutan and Lao People's Democratic Republic), four African LDCs (Burkina Faso, Mozambique, Rwanda and Uganda), and three island LDCs (Cape Verde, Maldives and Samoa).

A key issue is the sustainability of the recent improvement in economic performance. Economic growth rates in the LDCs have been quite volatile in the past. During the period 1990–2000, the standard deviation of the annual real per capita GDP growth rates of the LDCs for which data are available was, on average, 20 per cent higher than in other developing countries.² Amongst the LDCs, economic growth rates were much more volatile in the African LDCs than in the Asian LDCs. The standard deviation of the annual real per capita growth rates during 1990–2000 in the former group of countries was three times higher than in the latter. Volatility in the island LDCs was also higher, but somewhat lower than in the African group.

The latest data show that GDP declined in real terms in 4 out of 42 LDCs for which data are available, between 1999 and 2000. But this finding, which is based on World Bank on-line data, is very sensitive to the GDP deflator used, and this has been subject to revision in many LDCs during the late 1990s. In nominal terms, GDP declined between 1999 and 2000 in 29 out of 42 LDCs.

While aggregate exports of LDCs are at record levels, more than one third of the LDCs actually experienced a sharp contraction of their trade during 1997–2000.

B. Trends in external trade

External factors remain an important determinant of economic trends in LDCs. Merchandise exports of LDCs as a group were at a record level in 2000. They stood at \$31.3 billion in that year, up from \$23 billion in 1997, an increase of 36 per cent.³ Imports increased as well, but less sharply. They rose from \$36.7 billion in 1997 to \$40 billion in 2000, an increase of 9 per cent (table 3).

However, behind this impressive overall trade performance, there are significant differences amongst the LDCs. In fact, while aggregate exports of LDCs are at record levels, a closer look reveals that more than one third of them actually experienced a sharp contraction of their trade during 1997–2000.

TABLE 3. LDCs'^a MERCHANDISE EXPORTS AND IMPORTS, 1997–2000
(\$ millions)

	1997	1998	1999	2000	Change from 1997 to 2000	
					Value	%
Exports by:						
Total LDCs	23 045	22 183	24 720	31 337	8 291	36.0
Oil exporters	6 432	5 518	8 116	12 400	5 969	92.8
Non-oil commodity exporters	9 915	9 558	9 151	9 169	-746	-7.5
Manufactures and/or services exporters	6 699	7 107	7 453	9 768	3 069	45.8
Imports by:						
Total LDCs	36 667	37 555	38 233	39 954	3 287	9.0
Oil exporters	5 933	6 328	6 168	6 969	1 037	17.5
Non-oil commodity exporters	14 144	14 325	14 221	14 202	58	0.4
Manufactures and/or services exporters	16 590	16 903	17 844	18 783	2 193	13.2

Source: UNCTAD secretariat estimates based on UN COMTRADE data.

a Not including Eritrea and Tuvalu.

For analytical purposes, it is useful to distinguish: (i) oil-exporting LDCs (which at the end of the 1990s comprised Angola, Equatorial Guinea, Sudan and Yemen); (ii) non-oil commodity exporters, which comprise over half of all LDCs (mostly in Africa); and (iii) exporters of manufactures and/or services, which include garment exporters (e.g. Bangladesh).⁴ With this disaggregation, it is apparent that the increase in merchandise exports of the LDC group is concentrated in oil exporters and manufactures and/or services exporters.

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Exports of the LDC oil exporters increased by 92.8 per cent between 1997 and 2000. As a consequence, the four oil-exporting LDCs together accounted for 40 per cent of total LDC exports in 2000. The increase was partly due to the surge in oil prices in 2000, and partly due to increased production capacity related to recent investments in Equatorial Guinea and Sudan. Equatorial Guinea started producing oil at the beginning of the 1990s. Oil exports are estimated to have been \$320 million in 1998 and \$490 million in 1999, and production is estimated to have doubled between 1999 and 2000. Sudan became a net oil-exporting country with the opening of a 1,600 km pipeline in August 1999. Oil exports are estimated to have been \$200 million in 1999 and \$1 billion in 2000 (ITC, 2001).

Merchandise exports from the LDCs that export mainly manufactures and/or services increased by 46 per cent between 1997 and 2000, and by as much as 30 per cent from 1999 to 2000. This continued a positive upward trend which was apparent throughout the 1990s in the LDCs that export textiles and garments. By 2000, exports from this group of countries constituted almost a third of total LDC exports. Asian LDCs are prominent in this group. The growth of manufactured exports in the 1990s in Bangladesh, Cambodia, the Lao People's Democratic Republic, Myanmar and Nepal has been helped by low labour costs and proximity to other East Asian developing countries which have served as both a source of investment and end markets.

In contrast to these groups, the export performance of the primary commodity exporters, located mainly in Africa, was erratic and uncertain. Between 1997 and 2000, the value of merchandise exports for this group dropped by 7.5 per cent (table 3). Overall, exports dropped in 19 of the 26 non-oil commodity exporters between 1997 and 2000.

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The adverse economic consequences of falling world non-fuel primary commodity prices in net oil-importing LDCs was initially offset by low oil prices during the period 1997–1999. Moreover, food prices have been falling along with the general fall in primary commodity prices, which has also helped to cushion the blow of declining prices as many LDCs are net food importers (Herrmann and David, 2001). But after oil prices reached an extreme low in 1999 (approximately \$10 a barrel), they climbed sharply in 2000, averaging over \$30 in the first three quarters of that year. Although oil prices have since fallen back, there has not been a return to the low levels of oil prices that prevailed in the period 1997–1999 and helped underpin economic growth in that period.

TABLE 4. CHANGE IN PRICE INDICES OF SELECTED PRIMARY COMMODITIES OF IMPORTANCE TO THE LDCs, 1997–2001

	1997 <i>Index</i>	1998	1999	2000	2001
All foods	100	87	71	69	69
Cocoa	100	104	71	56	70
Coffee	100	82	64	48	34
Fish meal	100	109	65	68	80
Rice	100	101	82	67	57
Sugar	100	79	55	72	76
Tea	100	104	97	104	83
Wheat	100	79	74	76	80
All agricultural raw materials	100	89	80	82	80
Cotton	100	82	66	74	61
Tobacco	100	94	88	85	85
Minerals, ores and metals	100	84	82	92	83
Copper	100	72	70	83	73
Gold	100	89	84	84	82
<i>Memo item: Crude petroleum</i>	100	68	95	147	127

Source: UNCTAD secretariat estimates based on UNCTAD *Commodity Price Bulletin*.

C. Trends in external finance

1. OVERALL PICTURE

Economic performance in LDCs is also affected by trends in external finance. Trends in the 1990s were dominated by two major tendencies: declining levels of aid and rising levels of private capital inflows, in particular FDI. Previous World Bank estimates indicated a significant decline in total long-term capital inflows into LDCs as a whole during the decade as aid had been falling faster than private capital flows had been rising. But estimates of private capital flows to some LDCs in the late 1990s were revised upwards in the latest version of Global Development Finance statistics.

According to these new estimates, long-term capital flows to the LDCs as a whole in 1999 were \$15 billion. This was the highest level of any year in the 1990s. They fell by 11 per cent in 2000 to \$13.3 billion. But taking the two years together, average annual long-term net capital inflows into the LDCs were higher in nominal terms in 1999–2000 than the average annual inflows in 1989–1993 and in 1994–1998 (table 5).

The driving force for higher capital inflows for the group as a whole has been increasing private capital inflows. Official net resource flows (including both concessional and non-concessional finance) to the LDCs have continued to decline. According to World Bank statistics, they were 22 per cent less in nominal terms in 2000 than during the period 1989–1993. However, private capital inflows in the period 1997–2000 were more than double the levels of the early 1990s, with a particularly strong surge in 1999. As a consequence, private capital flows to the LDCs constituted as much as 35 per cent of aggregate net resource flows to the group as a whole in 1999 and 28 per cent in 2000. Net FDI

Private capital inflows in the period 1997–2000 were more than double the levels of the early 1990s, with a particularly strong surge in 1999.

TABLE 5. LONG-TERM NET CAPITAL FLOWS TO LDCs,^a BY TYPE OF FLOW, AND AGGREGATE NET TRANSFERS, 1989–1993, 1994–1998, 1999 AND 2000

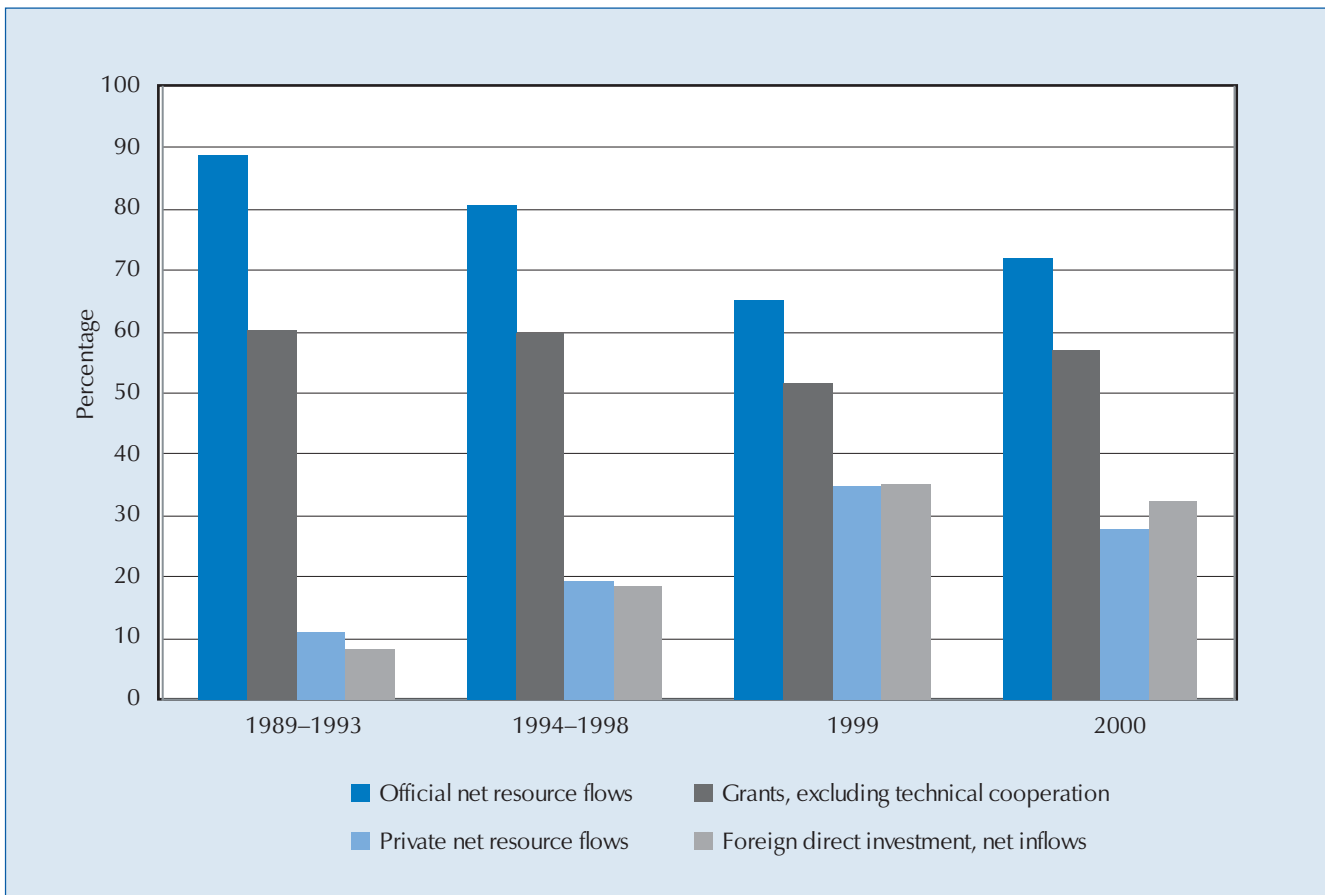
(Current \$ millions, annual average)

	1989–1993	1994–1998	1999	2000
Aggregate net resource flows	13 933	13 308	15 039	13 331
Official net resource flows	12 396	10 719	9 817	9 630
Grants, excluding technical cooperation	8 392	7 958	7 753	7 578
Official debt flows	4 004	2 761	2 064	2 053
Bilateral	1 009	-36	-439	-327
Multilateral	2 995	2 797	2 503	2 379
Private net resource flows	1 538	2 589	5 222	3 701
Foreign direct investment, net inflows	1 132	2 432	5 276	4 315
Portfolio equity flows	0	40	4	3
Private debt flows	406	666	-58	-617
Private, publicly guaranteed	419	686	-78	-598
Private non-guaranteed	-13	-20	20	-19
Aggregate net transfers	12 162	11 396	12 979	11 358
Interest payments on long-term debt	1 110	1 150	1 149	980
Profit remittances on FDI	661	762	910	993
<i>Memo item:</i>				
IMF, net concessional and non-concessional flows	-57	210	-6	-152

Source: UNCTAD secretariat estimates based on World Bank, *Global Development Finance 2002*, on-line data.

a All LDCs, except Afghanistan, Kiribati and Tuvalu, for which no data are available.

CHART 1. COMPOSITION OF LONG-TERM CAPITAL FLOWS TO LDCs, 1989–1993, 1994–1998, 1999 AND 2000
(Percentage of aggregate net resource flows)



Source: Same as for table 5.

Note: Same as for table 5.

is estimated to have comprised 35 per cent of aggregate net resource flows in 1999 and 32 per cent in 2000 (chart 1).

Four qualifications must be made to place this overall picture in perspective. Firstly, in real per capita terms long-term net capital flows to the LDCs continue to decline. Using the index of manufactured exports from industrial countries as a deflator, real long-term capital inflows per capita to LDCs fell by 21 per cent between 1990 and 2000.

Secondly, although they have been receiving more FDI, the LDCs remain excluded from international bank finance and bond issues. Private debt flows to LDCs have been negative for every year since 1995 except 1999, thus indicating that repayments of existing debt to private creditors have been in excess of new loan disbursements.

Thirdly, as with the external trade trends, there are major variations amongst the LDCs, and the increase in capital flows is highly concentrated. If one looks at trends in individual countries, it is apparent that aggregate net resource flows were lower in 1999–2000 than in 1994–1998 in 33 out of 46 countries for which data are available. In only nine LDCs were the levels of capital inflows higher in both 1999 and 2000 than in 1994–1998 — Angola, Bangladesh, Burkina Faso, Equatorial Guinea, Eritrea, Mozambique, Sudan, Uganda and the United Republic of Tanzania. It is also apparent that, in 2000, 47 per cent of net FDI flows to all LDCs went to the four oil-exporting LDCs — Angola, Equatorial Guinea, Sudan and Yemen. It is also worth noting that the major source of the upward revision of private capital flows to the LDC group in 1999 is Angola, where private capital flows are revised upwards in the latest Global Development Finance database by \$2.5 billion from the previous estimates. This statistical adjustment is equivalent to 17 per cent of total capital inflows to the LDCs in 1999.

Fourthly, the LDCs still attract a relatively low share of aggregate net resource flows going to all developing countries. This occurs in spite of high levels of aid. In 2000, they received 28 per cent of the official net resource flows going to all developing countries, but only 1.7 per cent of the private resource flows and 2.6 per cent of the net FDI inflows. Overall, they received 5.2 per cent of aggregate net resource flows to the developing countries (table 6).

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TABLE 6. LDCs' SHARE OF NET RESOURCE FLOWS TO ALL DEVELOPING COUNTRIES, BY TYPE OF FLOW, 1989–1993, 1994–1998, 1999 AND 2000
(Percentage)

	1989–1993	1994–1998	1999	2000
Aggregate net resource flows	10.3	4.6	5.6	5.2
Official net resource flows	23.2	24.0	20.8	27.5
Private net resource flows	1.9	1.1	2.4	1.7
Foreign direct investment, net inflows	2.9	1.8	2.9	2.6

Source: As for table 5.

Note: The sample of LDCs is the same as in table 5.

2. TRENDS IN AID FLOWS

The sharp decline in aid flows to LDCs which began at the start of the 1990s was halted during the period 1998–2000. Indeed net ODA disbursements to LDCs from all donors rose slightly in 2000 to \$12.5 billion.

Nevertheless, in real per capita terms, aid from all donors in 2000 was 30 per cent lower than in 1994.

A more detailed account of aid flows to the LDCs can be obtained from statistics compiled by the OECD's Development Assistance Committee (DAC).⁵ These data show that the sharp decline in aid flows to LDCs which began at the start of the 1990s was halted during the period 1998–2000. Indeed estimates for 2000 show that net ODA disbursements to LDCs from all donors rose slightly in that year to \$12.5 billion. But, nevertheless, in nominal terms, aid to LDCs was 26 per cent lower in 2000 than in 1994. In real per capita terms, aid from all donors in 2000 was 30 per cent lower than in 1994 (table 7).

The main source of aid to LDCs is DAC member countries, which together supplied 98 per cent of net ODA disbursements to the LDCs in 2000. Aid flows from DAC member countries is mainly in the form of bilateral grants (which are estimated to have constituted 66 per cent of net ODA disbursements to LDCs in 2000) and contributions to multilateral organizations. Data on bilateral aid commitments by DAC member countries indicate that the trend away from providing aid for economic infrastructure and services (particularly transport and communications, and energy) and production sectors (agriculture, industry, trade and tourism) on the one hand, and towards social infrastructure and services (particularly education, and government and civil society) on the other, continued in the late 1990s. Indeed, in 1998–2000, bilateral aid commitments for social infrastructure and services constituted one third of total bilateral aid commitments to the LDCs, exceeding the commitments to economic infrastructure and services, production sectors, and multisectoral and cross-cutting initiatives such as gender and environment (table 8), which together received only 23 per cent of total bilateral aid commitments. This is a significant shift from the early 1980s, when only 11 per cent of total bilateral aid commitments were focused on social infrastructure and services, and 45 per

TABLE 7. NET ODA INFLOWS INTO LDCs FROM ALL DONORS, 1994–2000

	1994	1995	1996	1997	1998	1999	2000
Net ODA (current \$, million)	16 825.5	17 241.7	14 084.6	13 035.8	12 806.2	12 325.0	12 477.8
Net ODA per capita (current \$)	29.3	29.3	23.5	21.2	20.4	19.2	19.0
Real net ODA (1999 \$, million)	16 652.3	15 404.7	12 827.9	12 884.8	12 896.2	12 325.0	13 256.4
Real net ODA per capita (1999 \$)	29.0	26.2	21.4	21.0	20.5	19.2	20.2

Source: UNCTAD secretariat estimates based on OECD/DAC Statistical Reporting System, on-line data.

TABLE 8. BILATERAL ODA COMMITMENTS FROM DAC DONORS TO LDCs BY SECTOR AS A PERCENTAGE OF TOTAL BILATERAL ODA COMMITMENT (Percentage)

	1994–1997	1998–2000
Social infrastructure and services	32.1	34.3
Economic infrastructure and services, production sectors and multisectoral/cross-cutting issues	31.4	23.2
Commodity aid/ general programme assistance	12.6	13.9
Action relating to debt	11.7	15.7
Emergency assistance	7.9	9.1
Other	4.3	3.8
Total	100.0	100.0

Source: UNCTAD secretariat estimates based on OECD *International Development Statistics 2002*, CD-ROM.

cent on economic infrastructure, production sectors, and multisectoral and cross-cutting issues.⁶ Emergency assistance and debt relief have also become significant elements of bilateral aid commitments, constituting 25 per cent of total aid commitments by DAC member countries in 1998–2000.

Closer analysis of the pattern of emergency aid and debt relief disbursements in 2000 indicates that 41 LDCs received some form of emergency aid in that year. Moreover, for 10 LDCs, emergency aid exceeded 15 per cent of net ODA from all donors. Those countries were the following: Afghanistan, Angola, Burundi, the Democratic Republic of the Congo, Eritrea, Ethiopia, Mozambique, Sierra Leone, Somalia and Sudan. Net debt forgiveness by DAC member countries in 2000 was equivalent to 15 per cent or more of net ODA disbursements in seven LDCs — Central African Republic, Guinea-Bissau, Mozambique, Myanmar, Togo, the United Republic of Tanzania and Zambia.

Finally, it is worth stressing that technical cooperation remains an important form of aid to the LDCs. Technical cooperation provided by DAC member countries is estimated at \$2.1 billion in 2000.

Emergency assistance and debt relief have become significant elements of bilateral aid, constituting 25 per cent of total aid commitments by DAC member countries in 1998–2000.

3. TRENDS IN FOREIGN DIRECT INVESTMENT

The UNCTAD FDI/TNC database also provides a more detailed picture of FDI inflows. Over the past decade, global FDI flows have been steadily increasing — from \$209 billion in 1990 to more than \$1.3 trillion in 2000. A number of developing countries have participated in this surge. However, according to latest estimates, only 0.5 per cent of global FDI flows have been invested in the 49 LDCs (UNCTAD, 2000; UNCTAD, 2001).

Absolute levels of FDI inflows to the LDCs rose in the 1990s, particularly between 1994 and 1999. However, as noted above, there has been a strong concentration in a small number of countries. The top 10 recipient LDC countries in 1999 were Angola, Bangladesh, Cambodia, Lesotho, Mozambique, Myanmar, Sudan, Uganda, the United Republic of Tanzania and Zambia. Together these countries accounted for over 86 per cent of FDI inflows into all LDCs in the period 1998–2000 (table 9). This is even more concentrated than the pattern in all developing countries, where, for example, in 2000, 73 per cent of all FDI inflows were concentrated in the top 10 recipient developing countries (UNCTAD, 2001). Moreover, the UNCTAD FDI/TNC database indicate that the four oil-exporting LDCs accounted for over 50 per cent of all FDI in LDCs in both 1999 and 2000.

The top 10 LDC recipients of FDI accounted for over 86 per cent of FDI inflows into all LDCs in the period 1998–2000.

TABLE 9. FDI INFLOWS INTO LDCs BY GROUP, 1997–2000
(\$ millions and percentage)

	1997	1998	1999	2000
Total LDCs	2 976.3	3 678.7	5 176.3	4 414.3
Oil-exporting LDCs	391.1	1 242.5	2 633.1	2 046.0
Top ten recipient LDCs ^a	2 115.0	3 165.2	4 495.1	3 764.4
Rest of LDCs	861.3	513.5	681.2	649.8
Share of top ten recipient LDCs (%)	71.1	86.0	86.8	85.3
Share of rest of LDCs (%)	28.9	14.0	13.2	14.7

Source: UNCTAD, FDI/TNC database.

a Based on the top ten recipients in 1999: Angola, Sudan, Uganda, Myanmar, Lesotho, Zambia, United Republic of Tanzania, Bangladesh, Cambodia and Mozambique.

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There was a global downturn in FDI inflows in 2000, and LDCs were not immune to this trend. According to UNCTAD statistics, there was a 15 per cent decline in FDI inflows to LDCs, from \$5.2 billion in 1999 to approximately \$4.4 billion in 2000 (ibid.). Different groups of countries were, however, affected differently. FDI inflows to African LDCs declined by 18.4 per cent in 2000, although FDI inflows remained high in the oil-exporting African LDCs — Angola, Equatorial Guinea, and Sudan — in that year. LDCs in South and South-East Asia with export-oriented manufacturing sectors have also continued to attract FDI, although there was a sharp fall after the financial crisis of 1997. Overall, FDI flows to Asia increased by 35.5 per cent in 2000, mainly in textiles and garments and in some services sectors. FDI inflows declined by 56 per cent in Haiti, the only LDC in the Latin American and Caribbean region. In the Pacific, there was a 44 per cent increase in FDI inflows in 2000, associated with increased investment in tourism in some island LDCs (table 10).

D. Trends in external debt

The external debt burden is falling. But at the end of 2000, the LDCs as a group had a total debt stock of \$143.2 billion.

Debt service payments amounted to \$4.6 billion in 2000.

High levels of external debt continue to impede economic performance in many LDCs. As at the end of 2000, the LDCs as a group had a total debt stock of \$143.2 billion. This was a reduction of \$4.4 billion from the beginning-of-year balance, and a reduction of \$9.3 billion (or 6.1 per cent) from the debt stock at the beginning of 1999. Debt stocks fell owing to debt forgiveness grants (which were particularly important in 1999), and changes due to cross-currency valuation (which were particularly important in 2000) which together counterbalanced a small increase in debt owing to new loans. The major source of new debt in the LDCs is official loans, particularly multilateral loans. Excluding IMF credit, multilateral loans were equivalent to 115 per cent of net official debt flows in 2000. Net bilateral debt flows were negative in that year.

The levels of debt stocks are lower in relation to GDP and exports as well as in absolute terms. Total debt stocks for the LDCs as a group were equivalent to 105 per cent of GDP in 1995, but fell to 84 per cent in 1999 and 78 per cent in 2000. There was little change in the level of debt service payments. For all LDCs, they amounted to \$4.7 billion in 1999, and \$4.6 billion in 2000. As a ratio of exports of goods and services, debt service payments were 9.6 per cent in 2000, down from 11.8 per cent in 1999 (see table 11).

Behind these aggregate statistics, there is a much more mixed situation. Between 1999 and 2000, for a sample of 42 LDCs for which data are available,

TABLE 10. FDI INFLOWS INTO LDCs, BY REGION, 1990–2000
(\$ millions)

	1990	1997	1998	1999	2000	Annual average % change	
						1990–2000	1999–2000
Total LDCs	573.5	2 976.3	3 678.7	5 176.3	4 414.3	18.0	-14.7
Africa	482.5	2 170.3	3 206.7	4 773.8	3 893.5	23.2	-18.4
Asia	52.6	717.0	428.5	340.0	460.6	6.3	35.5
West Asia	-130.9	-138.5	-266.1	-328.7	-200.9	..	..
South, East and South-East Asia	183.5	855.5	694.6	668.7	661.5	17.2	-1.1
Latin America and the Caribbean	8.0	4.0	10.8	30.0	13.2	..	-56.0
Pacific	30.5	85.1	32.7	32.5	46.9	0.9	44.2

Source: UNCTAD, FDI/TNC database.

TABLE 11. EXTERNAL DEBT BURDEN INDICATORS FOR THE LDCs, 1995, 1999 AND 2000
(Percentage)

	Total debt stocks/ GDP			Total debt service paid/exports ^a			Total debt stock/ exports ^a			Present value of debt/exports ^b
	1995	1999	2000	1995	1999	2000	1995	1999	2000	1998–2000
Afghanistan	..	..	..	..	..	..	..	..	..	..
Angola	219.4	178.0	114.9	12.0	18.7	15.1	295.4	206.7	127.4	170
Bangladesh	42.0	36.0	33.1	14.2	9.2	9.1	290.1	211.2	180.3	120
Benin	80.3	72.4	73.7	6.8	10.0	12.6	221.0	242.0	263.4	253
Bhutan	34.4	42.1	40.7	10.9	5.1	4.2	117.3	132.6	126.5	111
Burkina Faso	53.8	61.7	60.8	11.2	15.5	17.3	292.1	387.8	421.8	210
Burundi	115.7	158.4	159.7	27.6	45.6	37.2	828.5	1791.9	1910.9	985
Cambodia	69.3	75.1	74.1	0.7	2.9	2.0	205.8	197.9	152.5	158
Cape Verde	43.7	55.7	58.6	5.0	10.0	7.5	112.0	163.5	152.2	128
Central African Republic	84.3	86.5	90.6	7.8	12.1	9.0	471.5	589.4	556.4	356
Chad	62.7	73.0	79.3	4.1	11.0	9.3	235.0	388.8	394.3	222
Comoros	99.5	102.6	114.8	1.6	5.7	5.0	347.5	421.8	428.9	296
Dem. Rep. of the Congo	234.6	..	..	1.4	..	..	747.9	..	..	797
Djibouti	57.4	51.2	47.4	5.5	4.1	5.5	133.0	112.4	106.9	71
Equatorial Guinea	177.9	31.1	18.5	2.2	0.4	0.2	309.7	19.2	10.5	13
Eritrea	6.4	39.0	51.2	0.1	1.6	1.1	12.3	121.8	104.0	75
Ethiopia	178.3	85.5	85.8	19.1	16.4	13.9	1276.3	586.7	548.1	343
Gambia	111.8	107.5	111.7	14.7	8.6	7.0	235.9	185.9	176.2	217
Guinea	87.8	102.7	112.5	25.0	15.6	15.3	454.3	428.6	389.4	286
Guinea-Bissau	353.7	416.2	436.9	51.7	15.7	8.6	3035.8	1608.9	1305.1	1321
Haiti	31.0	29.0	28.9	50.2	8.8	8.0	424.1	209.2	224.4	132
Kiribati	..	..	..	..	..	..	..	..	..	..
Lao People's Dem. Rep.	122.8	174.2	146.2	6.3	7.7	8.1	521.5	527.8	484.1	243
Lesotho	73.7	80.3	79.6	6.1	10.9	12.1	102.4	135.0	131.9	91
Liberia	..	..	..	..	..	..	..	..	..	..
Madagascar	136.8	127.8	121.2	7.6	17.1	7.7	564.9	510.9	388.4	333
Malawi	157.0	152.0	160.1	25.6	12.7	11.7	484.8	506.7	543.3	314
Maldives	57.2	39.1	37.2	3.4	4.0	4.3	48.1	49.4	44.2	32
Mali	119.9	123.8	128.7	13.3	13.7	12.1	455.2	413.6	367.7	209
Mauritania	219.9	263.9	267.4	22.9	28.4	25.9	459.8	681.3	645.1	319
Mozambique	311.8	175.2	190.1	34.5	18.5	11.4	1585.5	1092.1	927.8	187
Myanmar	..	..	..	19.2	6.0	4.7	441.5	371.8	327.6	248
Nepal	55.1	59.0	51.4	7.05	7.9	6.5	200.5	219.4	184.7	113
Niger	84.4	81.3	89.7	16.7	11.2	9.2	475.9	545.7	534.6	345
Rwanda	80.0	66.8	70.8	20.4	25.9	24.7	1040.9	1063.8	896.2	628
Samoa	110.0	80.6	83.6	4.2	5.1	10.8	157.2	151.6	250.8	115
Sao Tome and Principe	539.7	683.1	679.6	23.4	29.1	31.7	2493.8	2168.2	2273.2	1307
Senegal	85.8	78.0	77.1	16.7	14.3	14.4	228.7	224.0	213.4	151
Sierra Leone	136.0	187.3	200.2	61.5	29.5	48.0	912.8	1686.4	1434.7	800
Solomon Islands	48.5	51.6	56.6	3.83	4.82	6.72	75.1	72.9	114.8	53
Somalia	..	..	..	..	..	..	..	..	..	..
Sudan	244.7	160.9	136.7	10.0	6.7	3.2	2551.6	1897.7	829.8	1319
Togo	112.7	107.4	117.6	6.0	8.9	6.1	302.1	302.5	294.7	199
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	62.1	53.9	55.2	20.0	22.1	23.7	523.3	445.1	506.1	138
United Rep. of Tanzania	141.1	95.0	82.5	17.9	16.2	16.2	571.7	658.1	555.7	395
Vanuatu	20.4	30.2	32.4	1.5	1.1	1.4	37.3	36.0	42.3	20
Yemen	165.7	74.1	65.8	3.1	3.9	3.8	203.0	135.3	95.7	99
Zambia	200.3	188.6	196.8	181.6	45.8	18.7	481.3	611.8	578.1	537
LDCs ^c	104.6	83.9	78.4	20.1	11.8	9.6	414.5	332.0	264.9	234

Source: UNCTAD secretariat estimates based on World Bank, *Global Development Finance 2002*, on-line data, and *World Development Indicators 2001*, CD-ROM.

a Exports of goods and services.

b The ratio is based on the net present value of debt in the year 2000 and average annual exports of goods and services during 1998–2000.

c Weighted average based on 43 LDCs. No data are available for Afghanistan, Democratic Republic of the Congo, Kiribati, Liberia, Somalia and Tuvalu.

Twenty-nine LDCs had an unsustainable external debt in 2000.

the ratio of debt stocks to GDP declined in 18. Total arrears on long-term debt declined in only 8 LDCs between 1999 and 2000. Moreover, 29 LDCs had an unsustainable external debt in 2000, if sustainability is measured according to one of the criteria of the enhanced HIPC Initiative, namely a ratio of the net present value of debt stocks to exports of 150.

Most of the debt is owed to official creditors, and multilateral debt remains particularly important. It is for this reason that the Enhanced HIPC Initiative is so important to the LDCs with unsustainable external debts. Some of the improvements in the debt situation of LDCs are related to actions taken in

TABLE 12. RATIO OF DEBT SERVICE PAID TO GOVERNMENT REVENUE AND SOCIAL EXPENDITURE IN SELECTED HIPC-LDCs,^a 1998, 1999 AND 2000
(Percentage)

Country	Date of decision point	Debt service paid/govt. revenue (%)			Debt service paid/social exp. (%)	
		1998 ^b	1999 ^b	2000 ^c	1999 ^b	2000 ^c
Countries reaching decision point in first half of 2000						
Mauritania	Feb. 00	35	30	39	95	100
Mozambique	Apr. 00	23	12	5	23	8
Senegal	Jun. 00	27	18	18	57	63
Utd. Rep. of Tanzania	Apr. 00	29	20	16	67	44
Uganda	May 00 ^d	16	13	13	32	22
<i>Simple average</i>		26	19	18	55	47
Countries reaching decision point in third quarter of 2000						
Benin	Jul. 00	17	17	14	57	50
Burkina Faso	Jul. 00	18	15	17	38	40
Mali	Sep.00	17	20	18	82	65
<i>Simple average</i>		17	17	16	82	65
Countries reaching decision point in end 2000, 2001 and 2002						
Chad	May 01	29	23	29	16	17
Ethiopia	Nov. 01	9	11	10	47	21
Gambia	Dec. 00	12	25	16	83	59
Guinea	Dec. 00	34	35	36	155	167
Guinea-Bissau	Dec. 00	63	15	32	9	15
Madagascar	Dec. 00	42	25	19	68	46
Malawi	Dec. 00	22	21	27	31	49
Niger	Dec. 00	9	11	12	18	20
Rwanda	Dec. 00	7	25	17	63	42
Sao Tome and Principe	Dec. 00	84	21	53	25	63
Sierra Leone	Mar. 02	18	77	44	247	213
Zambia	Dec. 00	24	23	24	76	99
<i>Simple average</i>		29	26	27	70	68

Source: UNCTAD secretariat estimates based on IMF/IDA (2001).

- Notes: a The list includes all HIPC-LDCs which had reached decision point/completion point by the end of September 2001.
b Debt service paid.
c Debt service due after the full use of traditional debt service mechanism and assistance under the Enhanced HIPC Initiative.
d Completion point.

the context of that Initiative. However, the full effects of the Initiative had still not been achieved in the year 2000, even for countries that had reached decision point in that year. Estimates of debt service payments in 2000 for 20 HIPC-LDCs which have reached decision point or completion point show that debt service exceeded 20 per cent of government revenue in 8, and exceeded 20 per cent of social expenditure in 7. Indeed, in 14 of these countries, debt service payments in 2000 were equivalent to 40 per cent or more of government social expenditure (table 12).

E. Conclusion

The economic performance of LDCs as a group was much better in the late 1990s than in the early 1990s. Economic growth for the whole group was higher in 1996–2000 than it was in the period 1990–1997, and exports in 2000 were at a record level. Private capital inflows, though they slumped in 2000, remain at higher levels than the early 1990s.

However, within this positive aggregate picture, economic trends have been very diverse. Divergence is increasing amongst the LDCs, particularly between LDCs which export manufactures and services, and LDCs which export non-fuel primary commodities. The latter have been particularly adversely affected by the recent decline in commodity prices. The level of merchandise exports and of private capital flows to the LDCs as a group in 1999 and 2000 was also highly dependent on the situation of the four LDCs which export oil — Angola, Equatorial Guinea, Sudan and Yemen.

Important concerns must also be expressed regarding the sustainability of recent trends. Growth in the LDCs remains highly dependent on commodity prices and trends in external finance. The year 2001 is likely to have been a difficult year in many LDCs. Global economic conditions deteriorated in the first part of the year and the events of 11 September added much uncertainty to an already weak global economy. World trade, which grew by 12 per cent in volume terms in 2000 slowed down sharply in 2001, some initial estimates suggesting that it grew by only 2 per cent (WTO, 2001). This was due to a major slowdown of demand in Western Europe and stagnation of imports into the United States. The travel and tourism industry, which is important for a number of LDCs, particularly island LDCs, was especially hard hit in the aftermath of the events of 11 September. Preliminary estimates also suggest that FDI inflows to developing countries declined steeply in 2001 (UNCTAD, forthcoming).

Demand for primary commodities is not expected to increase substantially in 2002–2003. Moreover, the experience of Yemen, where there was a surge of net FDI inflows in the early 1990s, suggests that there is a danger that aggregate FDI flows to LDCs could fall sharply in future as known oil resources are exploited. The consequences of the current economic and political conjuncture for future aid flows to the LDCs remain unclear. But the most likely trend is towards increased concentration of aid flows amongst the LDCs. If recent commodity price trends persist, and assuming that other things are equal, there is a danger that growth rates in many LDCs in the near future will return to the weak performance of the early 1990s, a period when the commodity terms of trade also fell sharply.

In 14 out of 20 HIPC-LDCs which have reached decision point or completion point, debt service payments in 2000 were equivalent to 40 per cent or more of government social expenditure.

The economic performance of LDCs as a group was much better in the late 1990s than in the early 1990s... But growth in the LDCs remains highly dependent on commodity prices and trends in external finance.

If recent commodity price trends persist, there is a danger that growth rates in many LDCs will return to the weak performance of the early 1990s, a period when the commodity terms of trade also fell sharply.

Notes

1. Throughout this report (unless otherwise specified) African, Asian and island LDCs are as follows: African LDCs: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania and Zambia. Haiti is normally included in the African LDC group unless otherwise stated. Asian LDCs: Afghanistan, Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal and Yemen; island LDCs: Cape Verde, Comoros, Kiribati, Maldives, Samoa, Sao Tome and Principe, Solomon Islands, Tuvalu and Vanuatu.
2. This is based on 43 LDCs using data from IMF World Economic Outlook on-line database, December 2001.
3. These statistics are based on UN COMTRADE data. They diverge slightly from WTO estimates, which indicate the same pattern and trend, but estimate the total merchandise exports of LDCs in 2000 at \$34 billion.
4. The countries classified as exporters of manufactures and/or services are: Bangladesh, Cambodia, Cape Verde, Comoros, Djibouti, Gambia, Haiti, Lao People's Democratic Republic, Lesotho, Madagascar, Maldives, Mozambique, Myanmar, Nepal, Samoa, Senegal, Tuvalu and Vanuatu. For further details on classification, see Part Two, annex to chapter 3.
5. OECD/DAC estimates of aid flows diverge somewhat from World Bank estimates of official resource flows (see UNCTAD, 2000: box 2). Trends are similar, but the OECD/DAC statistics suggest that the decline in aid since the early 1990s has been more marked than the World Bank estimates imply.
6. For discussion of long-term trends, see UNCTAD (2000, table 14).

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The UNLDC III Development Targets

Chapter

2

A. Introduction

A new Programme of Action for the Least Developed Countries for the Decade 2001–2010 was agreed at the Third United Nations Conference on the Least Developed Countries (UNLDC III), held in Brussels in May 2001. The Programme of Action is intended as “a framework for a strong global partnership to accelerate sustained economic growth and sustainable development in LDCs, to end marginalization by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy” (United Nations, 2001). Partnership is founded on mutual commitments by LDCs and their development partners to undertake concrete actions in seven areas:

- (i) Fostering a people-centred policy framework;
- (ii) 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;
- (vii) Mobilizing financial resources.

An important feature of the Programme of Action is that it includes a number of quantified, time-bound development targets. The inclusion of these targets is important as it is now easier to monitor the success of the Programme. Indeed, “results-orientation” is one of the key considerations which LDCs and their partners are meant to be guided by in the implementation of the Programme of Action. The Programme stresses that “the process of identifying, assessing and monitoring progress on process and concrete outcomes will be a key aspect of the implementation of the Programme of Action” (para. 21e).

An important feature of the Programme of Action for the Least Developed Countries for the Decade 2001–2010 is that it includes a number of quantified, time-bound development targets.

This chapter assesses the extent to which it is possible to describe where the LDCs now stand in relation to the quantified, time-bound targets specified in the Programme of Action. The targets considered are:

- (i) Growth and investment targets;
- (ii) Poverty reduction targets;
- (iii) A range of human development targets in relation to population, education and training, and health, nutrition and sanitation;
- (iv) A range of infrastructure development targets in relation to transport and communications;
- (v) Official development assistance (ODA) flows to LDCs equivalent to 0.15 per cent or 0.2 per cent of donor countries’ gross national product (GNP) for most donor countries;
- (vi) Progress towards graduation from the category of LDC, for which there are defined and quantified thresholds.

The description is provided, firstly, in relation to current levels of achievement according to the most recently available international data. These levels indicate shortfalls in relation to the desired goals. It is provided, secondly, in relation to trends during the 1990s. These show the extent to which countries

have been on track towards the achievement of the UNLDC III development goals, and establish the “business-as-usual” trajectory of change, which will generally have to be modified if the desired goals are to be achieved.

In seeking to describe the current situation in relation to the targets quantified in the Programme of Action, various technical and data problems arise. Data are not readily available for some of the targets. For others, it is necessary to specify the precise indicators which would desirably be used to monitor progress. Furthermore, for some of the quantifiable targets there is some degree of ambiguity in their specification, including their time horizon. A pragmatic principle which is used to deal with some of these problems is to build on the work to measure progress towards the achievement of International Development Goals and the Millennium Development Goals.¹ This makes sense, since the Programme of Action is based, *inter alia*, “on the international development targets...and on the values, principles and objectives of the Millennium Declaration” (para. 5), and its success will be judged, *inter alia*, by “its contribution to progress towards achieving international development targets” (para. 21e). However, even with the application of this principle, difficulties remain. The present chapter should thus be regarded as a preliminary description of the baseline from which, over time, the outcomes of the new Programme of Action can be assessed.

The Programme of Action states that “LDCs, with the support of their development partners, will strive to attain a GDP growth rate of at least 7 per cent per annum and increase the ratio of investment to GDP to 25 per cent per annum”. Current levels of achievement fall far short of this goal.

Finally, it must be stressed that the Programme of Action encompasses more objectives than the quantified time-bound targets discussed here. For example, important goals are to reverse the socio-economic marginalization of LDCs in the global economy and to promote good governance. However, these wider objectives have not been specified in the Programme of Action in a way that enables precise and time-bound monitoring to be carried out, and they are thus excluded from consideration here.²

B. Growth and investment targets

The Programme of Action for the LDCs for the Decade of 2001–2010 states that “LDCs, with the support of their development partners, will strive to attain a GDP growth rate of at least 7 per cent per annum and increase the ratio of investment to GDP to 25 per cent per annum” (para. 6).

Current levels of achievement fall far short of this goal. International data on growth rates for the 1990s are available for 43 LDCs. During 1997–1999, only five LDCs — Bhutan, Cape Verde, Equatorial Guinea, Mozambique and Rwanda — achieved the target growth rate. For the period 1990–1999, only Equatorial Guinea and Uganda exceeded the target. Over the same period, the growth rate was less than half the target rate in 23 out of 43 LDCs, and was declining in 7 out of 43.

International data on investment rates are available for the period 1990–1999 in 37 LDCs. Amongst these countries, nine achieved the 25 per cent target during 1997–1999, namely Bhutan, Burkina Faso, Cape Verde, Eritrea, Equatorial Guinea, the Lao People’s Democratic Republic, Lesotho, Mozambique and Sao Tome and Principe. For the 1990s as whole, average annual investment rates exceeded the target in all these countries except Burkina Faso and Mozambique, plus Guinea-Bissau. For 12 out of the 37 LDCs the investment rate was on average under 15 per cent of GDP during the period 1990–1999.

C. Poverty reduction goals

The Programme of Action states that “The overarching goal of the Programme of Action is to make substantial progress toward halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote sustainable development of the LDCs” (para.6). However, identifying where the LDCs stand now, and how they have been performing in the past, in relation to the poverty reduction goal is very difficult.

The proportion of the population living in “extreme poverty” is usually defined as the proportion of the population living on less than a \$1 a day. Descriptions of the distribution of world poverty, as well as projections of future trends, are currently based on the Chen/Ravallion database at the World Bank. However, there are only 20 LDCs in the data set. Only 12 LDCs have poverty estimates in more than one year, which is necessary to track change over time, and only 4 LDCs have poverty estimates in more than two years (table 13).

Another possible source of information on poverty is use of inequality measures in the Deininger/Squire dataset, and focus on the bottom 20 per cent or 40 per cent of the population. However, as in the case of the Chen/Ravallion dataset, there are few LDCs in this data set. It is possible to examine trends in income distribution over time in only five LDCs using this data set (table 13).

Statistical techniques can be used to make aggregate estimates of future levels of poverty in the LDC group as a whole on the basis of the limited available data. Work of this type indicates that whilst developing countries as a whole are on course to reduce the proportion of the people living on less than \$1 a day by 2015, the LDCs are not (Naschold, 2001). According to the available Chen/Ravallion poverty estimates, the incidence of poverty in the LDCs was almost the same in 1998 as in 1990. But in other low-income countries it had fallen by 67 per cent below the 1990 level, and in middle-income countries by 51 per cent. These last two groups of countries are thus well on track to reduce the incidence of poverty by half by 2015 whilst LDCs are not. On the basis of past trends and regional growth forecasts, it has thus been concluded that “the prospects for reducing poverty in the LDCs are bleak. They are far from meeting the poverty Millennium Development Goals under any growth or inequality scenario” (p. 8).

In Part Two of this Report, the nature and dynamics of poverty are analysed on the basis of a new data set of poverty estimates for 39 LDCs, which has been constructed specially for this Report. These new poverty estimates give a much more detailed and differentiated view of levels of poverty in the LDCs, and also a better picture of long-term trends and more reliable forecasts. The new estimates do not give such a bleak picture of future prospects for the LDCs, as they indicate that there is a major opportunity for rapid poverty reduction based on sustained economic growth. They also imply that the methodology on which existing forecasts of the achievement of the poverty reduction targets in the Millennium Development Goals and International Development Targets, which are the same as those in Naschold (2001), may not be fully reliable.³ However, the new poverty estimates also indicate that whilst developing countries as a whole are on track to achieve the goal of reducing the incidence of extreme poverty by half by 2015, the LDCs as a group are not.

“The overarching goal of the Programme of Action is to make substantial progress toward halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote sustainable development of the LDCs”.

Whilst developing countries as a whole are on track to achieve the goal of reducing the incidence of extreme poverty by half by 2015, the LDCs as a group are not.

TABLE 13. AVAILABILITY OF DATA ON POVERTY AND INCOME DISTRIBUTION IN LDCs

Frequency of appearance in:		
	<i>Chen/Ravallion data set^a</i>	<i>Deininger and Squire data set^b</i>
Countries with 3 or more observations	Bangladesh (1984, 1985, 1988, 1992, 1996) Madagascar (1980, 1993, 1997) Mauritania (1988, 1993, 1995) Zambia (1991, 1993, 1996)	Bangladesh (1963, 1967, 1973, 1977, 1978, 1981, 1983, 1986, 1989, 1992) United Republic of Tanzania (1969, 1977, 1993) Zambia (1976, 1991, 1993, 1996)
Countries with 2 observations	Ethiopia (1981, 1995) Lesotho (1986, 1993) Mali (1989, 1994) Nepal (1985, 1995) Niger (1992, 1995) Senegal (1991, 1994) Uganda (1989, 1992) Yemen (1992, 1998)	Mauritania (1988, 1995) Uganda (1989, 1992)
Countries with 1 observations	Burkina Faso (1994) Central African Republic (1993) Gambia (1992) Lao People's Democratic Republic (1992) Mozambique (1996) Rwanda (1984) Sierra Leone (1989) United Republic of Tanzania (1991)	Burkina Faso (1995) Central African Rep. (1992) Djibouti (1996) Ethiopia (1996) Gambia (1992) Guinea (1995) Guinea-Bissau (1991) Lao People's Democratic Republic (1991) Lesotho (1987) Madagascar (1993) Malawi (1993) Mali (1994) Nepal (1984) Niger (1992) Rwanda (1983) Senegal (1991) Sierra Leone (1968) Sudan (1968)
Countries with no observations	Afghanistan Angola Benin Bhutan Burundi Cambodia Cape Verde Chad Comoros Democratic Republic of the Congo Djibouti Equatorial Guinea Eritrea Guinea Guinea-Bissau Haiti Kiribati Liberia Malawi Maldives Myanmar Samoa Sao Tome and Principe Solomon Islands Somalia Sudan Togo Tuvalu Vanuatu	Afghanistan Angola Benin Bhutan Burundi Cambodia Cape Verde Chad Comoros Democratic Republic of the Congo Equatorial Guinea Eritrea Haiti Kiribati Liberia Maldives Mozambique Myanmar Samoa Sao Tome and Principe Solomon Islands Somalia Togo Tuvalu Vanuatu Yemen

Source: UNCTAD secretariat estimates.

a Chen and Ravallion (2000).

b <http://www.worldbank.org/research/growth/dddeisqu.htm>

D. Human development targets⁴

The Programme of Action includes 13 human development targets that are sufficiently specified to be measured in quantitative terms. Box 1 suggests 20 indicators, with associated baseline years, which can be used to monitor these 13 goals. Tables 14, 15 and 16 show current levels of achievement in the LDCs, and progress in the 1990s, in relation to these 13 goals, using the 20 listed indicators. Following the approach to monitoring targets proposed by the UNDP Human Development Report Office, countries are classified, according to their progress in the 1990s, into five categories: “Achieved” (the country has already achieved the target, or 95 per cent of it); “On-track” (the country has attained 95 per cent or more of the rate of progress needed to achieve the target); “Lagging” (the country has achieved 75–94 per cent of the required rate of progress to achieve the target); “Far behind” (the country has achieved 0–74 per cent of the required rate of progress to achieve the target); and “Slipping back” (the country’s level of achievement is at least five percentage points worse in 1999 than in 1990).

Three major observations may be made from these tables: Firstly, it is apparent that recent levels of human development in most LDCs are extremely low. Over one quarter of the children are undernourished in 33 out of 43 LDCs for which data are available. Nineteen out of 33 African LDCs have maternal mortality rates above 1 per 100 live births. The chance of a child dying under the age of 5 is more than 1 in 10 in 38 out of 49 LDCs. On average, under 50 per cent of the adult female population is literate in LDCs. For 22 LDCs for which data on net primary school enrolment are available from UNESCO statistics, less than half the children are in school in 10 of them.

Secondly, only a minority of the LDCs are on track to achieve any of the UNLDC III human development targets.

- For undernutrition, only 13 of the 34 LDCs with data are on track to achieve the goal of halving malnourishment by 2015. Over 64 per cent of the LDC population are living in countries which are regressing or are far behind in accomplishing the target of reducing hunger.
- For infant mortality and under-5 mortality, 10 countries representing 27 per cent of the LDC population are on track, 30 countries (65 per cent of the LDC population) are far behind and 3 countries are actually slipping back. Over 75 per cent of the LDC population are living in countries which are either regressing or are far behind in accomplishing the target of reducing the infant and under-5 child mortality rate.
- In terms of access to safe drinking water, 11 countries, representing one third of the LDC population, are on track, while 13 (a further third) are lagging or are far behind.
- For primary school enrolment, only one third of the countries are on track. Over 40 per cent of the LDC population are living in countries which are regressing or are far behind in accomplishing the target of increasing primary school enrolment.
- Notifications for tuberculosis and malaria are increasing, as well as for HIV/AIDS, particularly female infection rates.

The main area of progress is in terms of female literacy goals.

Thirdly, it is clear that, as with the poverty reduction target, data availability is a critical problem in monitoring human development targets in the LDCs. There is an urgent need for greater coverage, and more high-quality data, and particularly more timely data, on key issues of human development. For 11 of

Over one quarter of the children are undernourished in 33 out of 43 LDCs for which data are available. Nineteen out of 33 African LDCs have maternal mortality rates above 1 per 100 live births. The chance of a child dying under the age of 5 is more than 1 in 10 in 38 out of 49 LDCs. On average, under 50 per cent of the adult female population is literate in LDCs.

BOX 1. SUGGESTED INDICATORS FOR MONITORING OF UNLDC III HUMAN DEVELOPMENT GOALS

1. Education

- a. *Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to a complete, free and compulsory primary education of good quality (para. 36a)*

Key indicators are: (i) net primary school enrolment ratio (the ratio of the number of children of official school age, as defined by the national education system, who are enrolled in school to the population of the corresponding official school age); and (ii) percentage share of the children enrolled in primary school who eventually reach Grade 5.

- b. *Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults (para. 36b)*

This is assumed to be a 50 per cent improvement over 1999 levels. Literacy is defined, according to UNESCO norms, as the ability of a person to understand, read, and write a short statement on their everyday life, and key indicators are: (i) total adult literacy; (ii) male adult literacy; and (iii) female adult literacy. The baseline year for the target is 1999.

- c. *Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality (para. 36c)*

Key indicators are: (i) ratio of girls to boys in primary school; (ii) ratio of girls to boys in secondary school; and (iii) ratio of young (15–24) literate females.

2. Population and health

- a. *Making accessible, through the primary health care system, reproductive health to all individuals of appropriate ages as soon as possible and no later than the year 2015 (para. 34a)*

This is measured in the International Development Goals by: (i) the contraceptive prevalence rate, the percentage of women (usually married women aged 15–49) who are practising, or whose sexual partners are practising, any form of contraception; and (ii) the percentage of females aged 15–24 infected with HIV.

- b. *Reducing the infant mortality rate to below 35 per 1,000 live births by 2015 (para. 38a)*

Although this diverges from the International Development Goal, which is to reduce the infant mortality rate by two thirds of the 1990 level by 2015, it can be measured in the same way as the number of infants dying before reaching 1 year of age per 1,000 births in a given year.

- c. *Reducing the under-5 mortality rate to below 45 per 1,000 live births by 2015 (para. 38b)*

This similarly diverges from the International Development Goal, which is to reduce the under-5 mortality rate by two thirds of the 1990 level by 2015. But it can be measured in the same way as the probability that a newborn baby will die before reaching the age of 5, if subject to current age-specific mortality rates. The probability is expressed as a rate per 1,000.

- d. *Reducing the maternal mortality rate by three quarters of the current rate by 2015 (para. 38c)*

The key indicator is the number of women who die during pregnancy and childbirth, per 1,000 live births.

- e. *Increasing the percentage of women receiving maternal and prenatal care by 60 per cent (para. 38g)*

The key indicator is the percentage of deliveries attended by skilled health staff.

- f. *Reducing HIV infection rates in persons 15–24 years of age by 2005 in all countries and by 25 per cent in the most affected countries (para. 38f)*

This is assumed to be a reduction from current levels and is measured as the total infection rate (men and women).

- g. *Substantially reducing infection rates from malaria, tuberculosis and other killer diseases in LDCs by the end of the decade; reducing TB deaths and prevalence of the disease by 50 per cent by 2010; and reducing the burden of disease associated with malaria by 50 per cent by 2010 (para. 38i)*

This is assumed to be a reduction from 1990 levels as suggested by WHO, and can be measured in terms of (i) TB cases notified, and (ii) malaria cases notified.

3. Nutrition

- a. *Reducing the number of undernourished people by half by 2015 (para. 38d)*

This is assumed to be a reduction from the 1996 level, as specified at the 1996 World Food Summit. The key indicator is the percentage of population undernourished as estimated by the FAO method.

- b. *Halving malnutrition among pregnant women and among pre-school children in LDCs by 2015 (para. 38h)*

Box 1 (contd.)

There do not appear to be any specific data on pregnant women. A key indicator for the second part of this goal is the percentage of children under 5 whose weight for age is less than minus two standard deviations from the median for the international reference population, ages 0–59 months. The time frame for this, which is also used as an indicator for monitoring the International Development Goals, is assumed to be 1990 to 2015.

4. Sanitation

a. *Reducing by half by 2015 the proportion of people who are unable to reach or afford safe drinking water (para. 38e)*

The time frame for this goal, which is also an International Development Goal, is assumed to be from 1990 to 2015. The key indicator for this is the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Reasonable access is defined as the availability of at least 20 litres per person per day from a source within one kilometre of the dwelling (see WHO, UNICEF and WSSCC, 2000).

the 20 indicators, progress in the 1990s cannot be monitored in over 25 per cent of the LDCs. Data on malaria and tuberculosis prevalence are based on reported cases, and are thus not ideal. Some question the accuracy of the data on undernutrition (Svedberg, 1999).

E. Transport and communications infrastructure development targets

The Programme of Action (para. 43) includes five quantifiable goals regarding improvement of the physical infrastructure in the area of transport and communications. These are:

- (a) Increasing road networks and connections in LDCs to the current level of other developing countries and urban road capacities, including sewerage and other related facilities, by 2010;
- (b) Modernizing and expanding railway connections and facilities, increasing their capacities to the level of those in other developing countries by the end of the decade;
- (c) Increasing LDCs' communication networks, including telecommunication and postal services, and improving access of the poor to such services in urban and rural areas to reach the current levels in other developing countries;
- (d) Increasing computer literacy among students in higher institutions and universities by 50 per cent and in junior and high schools by 25 per cent by 2015;
- (e) Increasing average telephone density to 5 main lines per 100 inhabitants and Internet connections to ten users per 100 inhabitants by the year 2010.

For 11 of the 20 human development indicators, progress in the 1990s cannot be monitored in over 25 per cent of the LDCs.

For the last of these goals, data are available for 36 LDCs and estimation is relatively straightforward. The data suggest that the current situation is far from satisfactory. Only 10 have more than one telephone mainline per 100 inhabitants. Cape Verde and Maldives have achieved the target, and the only other LDC which is on track is Kiribati. Information is readily available on road and railway connections, but it is necessary to develop ways to standardize this information so as to make any comparisons meaningful. For example, it would be unreasonable to expect sparsely populated countries to have the same road density as densely populated countries. Moreover, for monitoring purposes, it is necessary to clarify whether the precise target for these goals is to aim by 2010 to bring LDCs up to the level of other developing countries in 2001 or to their level in 2010. Data on Internet users are not widely available and information on computer literacy is similarly lacking.

TABLE 14. UNLDC III HUMAN DEVELOPMENT GOALS: WHERE DO LDCs STAND?

	Education								Nutrition	
	Universal enrolment and completion of primary education (of school age population)		Adult literacy rate (% of total population)			Gender inequality in education (female rate as % of male rate)			Under-nourished people	Mal-nourished children
	Net primary enrolment rate	Children reaching Grade 5	Total	Female	Male	Primary enrolment (by 2005)	Secondary enrolment (by 2005)	Youth literacy		
	1994–1998	1995–1997	1999	1999	1999	1995–1997	1995–1997	1999	1996–1998	1995
Afghanistan	..	..	36	20	50	50	38	57	70	48
Angola	34	..	..	..	..	92 ^a	..	..	43	42
Bangladesh	..	..	41	29	52	86 ^a	52 ^a	65	38	56
Benin	64	55 ^a	39	24	55	58	42	48	14	29
Bhutan	..	..	..	..	..	..	..	..	..	38 ^b
Burkina Faso	33	70 ^a	23	13	33	65	56 ^a	50	32	36
Burundi	29	..	47	39	56	84	57 ^a	93	68	37 ^b
Cambodia	100	49	39	21	59	85	55	55	33	52
Cape Verde	..	..	74	65	85	98	104	93	..	14 ^b
Central African Republic	..	..	45	33	59	64 ^a	41 ^a	76	41	27
Chad	52	59	41	32	50	51	27	80	38	39
Comoros	..	..	59	52	66	72 ^a	79	84	..	26
Dem. Rep. of the Congo	61	55 ^a	60	49	72	74 ^a	..	83	61	34
Djibouti	32	79	63	53	75	75	71	89	..	18
Equatorial Guinea	..	..	82	73	92	..	..	97	..	..
Eritrea	30	70	53	39	67	81	71	76	65	44
Ethiopia	35	51	37	32	43	55	71	96	49	47
Gambia	65	..	36	29	43	77	63	74	16	26
Guinea	42	59 ^a	..	..	..	60	35	..	29	..
Guinea-Bissau	..	..	38	18	58	..	..	40	..	23 ^b
Haiti	56	..	49	47	51	94 ^a	95 ^a	100	62	28
Kiribati	..	95	..	..	..	..	..	..	..	13 ^b
Lao People's Dem. Rep.	76	55	47	32	63	82	68	69	29	40 ^b
Lesotho	66	71 ^a	83	93	72	112	144	120	29	16
Liberia	..	..	53	37	69	..	..	64	46	..
Madagascar	61	22 ^a	66	59	73	99	100	91	40	40
Malawi	..	64 ^a	59	45	74	91	57	74	32	30
Maldives	..	..	96	96	96	98	106	101	..	43
Mali	31	84	40	33	47	69	47	82	32	40
Mauritania	61	64	42	31	52	89	52	67	13	23
Mozambique	40	33 ^a	43	28	59	71	56	60	58	26
Myanmar	..	..	84	80	89	97 ^a	100 ^a	99	7	39
Nepal	..	..	40	23	58	74	65	54	28	47
Niger	25	73	15	8	23	64	56	42	46	50
Rwanda	..	60 ^a	66	59	73	99 ^a	78 ^a	95	39	27
Samoa	96	85	80	79	81	99	112	101	..	..
Sao Tome and Principe	..	..	..	..	..	..	..	..	..	16
Senegal	60	87	36	27	46	83	60	69	23	22
Sierra Leone	..	..	..	..	..	68 ^a	59 ^a	..	43	29 ^b
Solomon Islands	..	85 ^a	..	..	..	86 ^a	65 ^a	..	..	21 ^b
Somalia	..	..	..	..	..	..	..	..	75	26
Sudan	..	94 ^a	57	45	69	85	87	85	18	34 ^b
Togo	83	..	56	40	74	71	35	66	18	25
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	66	56	77	84	60	84	30	26
United Rep. of Tanzania	48	81	75	66	84	99	83	94	41	27
Vanuatu	..	..	..	..	..	96 ^a	74 ^a	..	..	20 ^b
Yemen	..	..	45	24	67	40	26	53	35	46
Zambia	75	..	77	70	85	95	..	94	45	24

Table 14 (contd.)

	Population and health									Sanitation
	Child mortality		Maternal health		Reproductive health		Disease prevalence			
	Infant mortality rate (POA) (per 1,000 live births)	Under-5 mortality rate (POA) (per 1,000 live births)	Maternal mortality rate (per 100,000 live births)	Births attended by skilled health staff (%)	Contra-ceptive prevalence (%)	Female HIV/AIDS prevalence in age group 15-24 (by 2015) (%)	HIV/AIDS prevalence in age group 15-24 by 2005 (%)	Malaria prevalence (per 100,000 people)	Tuberculosis prevalence (per 100,000 people)		Access to safe water (%)
1999	1999	1995	1995-1999	1992-2000	1999 ^c	1999 ^c	1997	1998	2000	
Afghanistan	165	257	819	9 ^a	..	..	..	1 533 ^h	14	13
Angola	172	295	1 308	17 ^d	..	3	2	1 381 ⁱ	102	38
Bangladesh	58	89	596	14 ^a	54	1	0	53	58	97
Benin	99	156	884	60 ^e	..	2	2	11 561	41	63
Bhutan	80	107	502	16 ^a	..	..	..	470	64	62
Burkina Faso	106	199	1 379	27 ^f	12	6	4	4 878 ⁱ	18	53 ^e
Burundi	106	176	1 881	20 ^e	..	12	9	15 344 ⁱ	101	65 ^e
Cambodia	86	122	590	31 ^a	..	4	3	950	158	30
Cape Verde	54	73	188	..	..	..	..	5	50	74
Central African Rep.	113	172	1 205	46 ^f	..	14	11	2 513 ^j	140	60
Chad	118	198	1 497	11 ^a	..	3	2	4 787	38	27
Comoros	64	86	573	52 ^f	..	..	..	2 472 ^h	22 ^h	96
Dem. Rep. of the Congo	128	207	939	..	..	5	4	29 ^e	120	45
Djibouti	104	149	520	..	..	14	11	747	597	100
Equatorial Guinea	105	160	1 404	..	..	1	0	3 136 ^j	97	43
Eritrea	66	105	1 131	21	..	..	..	2 545 ^j	218	46
Ethiopia	118	176	1 841	10 ^f	8	12	10	666 ^j	116	24
Gambia	61	75	1 071	44 ^a	..	2	2	27 320	114 ^l	62
Guinea	115	181	1 224	35 ^d	6	1	1	10 400	65	48
Guinea-Bissau	128	200	914	..	..	2	2	15 494 ^k	156 ^h	49
Haiti	83	129	1 122	20 ^f	28	3	4	..	124 ^d	46
Kiribati	53	72	..	..	..	..	..	..	333	47
Lao People's Dem. Rep.	93	111	653	..	..	0	0	1 101	42	90
Lesotho	93	134	529	40 ^f	..	26	19	..	272 ^l	91
Liberia	157	235	1 016	..	..	2	1	..	66	..
Madagascar	95	156	583	47 ^d	19	0	0	2 882 ^e	97	47
Malawi	132	211	576	50 ^a	22	15	11	47 855 ^j	220	57
Maldives	60	83	385	55 ^a	..	..	..	4	65	100
Mali	143	235	630	24	7	2	2	3 681	39	65
Mauritania	120	183	874	58 ^g	..	1	0	9 428 ^j	154 ^l	37
Mozambique	127	203	975	44	..	15	11	..	104	60
Myanmar	79	112	165	57 ^a	33	2	1	246	33	68
Nepal	75	104	826	10 ^e	29	0	0	31	106	81
Niger	162	275	923	18 ^d	8	1	1	10 037	34	59
Rwanda	110	180	2 318	22 ^f	..	11	8	21 103	93	41
Samoa	21	26	15	52 ^a	..	..	..	..	13	99
Sao Tome and Principe	59	76	..	..	..	..	..	62 685 ^e	32 ^j	..
Senegal	68	118	1 198	47 ^f	13	2	1	7 577 ⁱ	94	78
Sierra Leone	182	316	2 065	..	..	3	2	..	72	28
Solomon Islands	22	26	59	85 ^e	..	..	..	..	71	71
Somalia	125	211	1 582	..	..	..	..	42 ^k	44	..
Sudan	67	109	1 452	69	8	..	..	5 018	80	75
Togo	80	143	983	51 ^g	24	6	4	8 765 ^j	28	54
Tuvalu	40	56	..	..	..	..	..	..	180	100
Uganda	83	131	1 056	38 ^f	15	8	6	3 285 ^e	142	50
United Rep. of Tanzania	90	141	1 059	35 ^f	24	8	6	3 468	160	54
Vanuatu	37	46	32	70 ^g	..	..	..	..	98	88
Yemen	86	119	850	22 ^d	21	..	..	..	73	69
Zambia	112	202	867	47 ^a	25	18	13	34 000 ^h	482 ^h	64

Sources: UNCTAD secretariat estimates based on UNESCO (2000); FAO (2000); Kenneth, Abou Zahr, Wardlaw (2001); UNICEF (2001); WHO/UNICEF/ WSSCC (2001); World Bank, World Development Indicators, CD-ROM; WHO global database on coverage of maternal care, Department of Productive Health and Research, January 2001; and UNAIDS (www.unaids.org/epidemic_update/report/Final_Table_Eng_Xcel.xls).

Notes: For definition of indicators see box 1. The target fulfilment year for the reduction of HIV/AIDS in young women differs from the target fulfilment year of HIV/AIDS reduction in young persons overall, because the target for young women is part of the reproductive health goal which is set for 2015, whereas the overall target for young persons is a specific health goal that is set for 2005. Values correspond with headline years and periods, unless otherwise specified. If the value does not correspond with the specified year or period, the corresponding year or period is specified with a lower-case letter, where a 1990; b data refers to a year or period other than that specified, differs from the standard definition or refers to only part of the country; c late 1999; d 1992; e 1991; f 1989; g 1988; h 1996; i 1995; j 1994; k 1993; l 1997.

TABLE 15. UNLDC III HUMAN DEVELOPMENT GOALS: PROGRESS IN THE 1990s

	Education								Nutrition	
	Universal enrolment and completion of primary education (of school age population)		Adult literacy rate (of total population)			Gender inequality in education (female rate as % of male rate)			Under-nourished people	Mal-nourished children
	Net primary enrolment rate	Children reaching Grade 5	Total	Female	Male	Primary enrolment (by 2005)	Secondary enrolment (by 2005)	Youth literacy		
<i>Baseline years</i>	1990	1990	1999	1999	1999	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1996	1990
Afghanistan	..	..	Lagging	On track	Lagging	Far behind	..	Lagging	Slipping back	..
Angola	..	..	..	..	..	..	..	..	On track	..
Bangladesh	..	..	Far behind	Lagging	Far behind	..	..	Far behind	Far behind	..
Benin	On track	..	On track	On track	On track	Far behind	Far behind	Far behind	On track	..
Bhutan	..	..	..	..	..	..	..	..	..	..
Burkina Faso	Far behind	..	On track	On track	Lagging	Far behind	..	Far behind	Far behind	..
Burundi	Slipping back	..	Lagging	On track	Far behind	Far behind	..	On track	Slipping back	..
Cambodia	..	..	Lagging	On track	Far behind	..	Far behind	Far behind	On track	..
Cape Verde	..	..	Lagging	Far behind	On track	..	..	On track	..	..
Central African Republic	..	..	On track	On track	Lagging	..	..	On track	On track	..
Chad	Far behind	Far behind	On track	On track	On track	Far behind	Far behind	On track	On track	..
Comoros	..	..	Far behind	Far behind	Far behind	..	On track	Far behind	..	..
Dem. Rep. of the Congo	Lagging	..	Lagging	On track	Lagging	..	..	On track	Slipping back	..
Djibouti	Far behind	Slipping back	Far behind	Lagging	Far behind	Far behind	Far behind	On track	..	..
Equatorial Guinea	..	..	Lagging	Lagging	On track	..	..	Achieved	..	..
Eritrea	Far behind	..	Far behind	On track	Far behind	..	..	On track	..	..
Ethiopia	Far behind	..	Lagging	On track	Far behind	Slipping back	Slipping back	Achieved	..	..
Gambia	On track	..	On track	On track	On track	Lagging	Lagging	Far behind	On track	..
Guinea	Far behind	..	..	..	..	Far behind	Far behind	..	On track	..
Guinea..Bissau	..	..	Lagging	On track	Lagging	..	..	Far behind	..	..
Haiti	On track	..	Lagging	Lagging	Far behind	..	..	Achieved	Far behind	..
Kiribati	..	On track	..	..	..	..	..	..	..	..
Lao People's Dem. Rep.	On track	..	Lagging	On track	Far behind	Far behind	Far behind	On track	Far behind	..
Lesotho	Slipping back	..	Far behind	On track	Far behind	Achieved	Achieved	Achieved	Far behind	..
Liberia	..	..	Lagging	On track	Lagging	..	..	Far behind	Far behind	..
Madagascar	Slipping back	..	Far behind	Far behind	Far behind	Achieved	Achieved	On track	Slipping back	..
Malawi	..	..	Far behind	Lagging	Far behind	On track	Far behind	Far behind	On track	..
Maldives	..	..	Achieved	Achieved	Achieved	..	..	Achieved	..	..
Mali	Far behind	On track	On track	On track	On track	Far behind	Slipping back	On track	Slipping back	..
Mauritania	On track	Slipping back	Far behind	Far behind	Far behind	On track	Far behind	Far behind	On track	..
Mozambique	Slipping back	..	Lagging	On track	Far behind	Far behind	Far behind	Far behind	On track	..
Myanmar	..	..	Far behind	Far behind	Far behind	..	..	Achieved	On track	..
Nepal	..	..	Lagging	On track	Far behind	Lagging	Lagging	Far behind	Slipping back	..
Niger	Far behind	On track	Lagging	On track	Lagging	Far behind	Far behind	Far behind	Far behind	..
Rwanda	..	..	Lagging	Lagging	Far behind	..	..	On track	Far behind	..
Samoa	..	..	Far behind	Far behind	Far behind	Achieved	Achieved	Achieved	..	..
Sao Tome and Principe	..	..	..	..	..	..	..	..	..	..
Senegal	On track	Far behind	Lagging	On track	Far behind	Lagging	Far behind	Far behind	Far behind	..
Sierra Leone	..	..	..	..	..	..	..	..	Far behind	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..
Somalia	..	..	..	..	..	..	..	..	Slipping back	..
Sudan	..	..	Lagging	On track	Far behind	On track	On track	On track	On track	..
Togo	On track	..	Far behind	On track	Far behind	Far behind	Far behind	Far behind	On track	..
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	Far behind	Lagging	Far behind	Far behind	Far behind	Lagging	Slipping back	..
United Rep. of Tanzania	Far behind	Far behind	Lagging	Lagging	Lagging	Achieved	On track	On track	Slipping back	..
Vanuatu	..	..	..	..	..	..	..	..	..	..
Yemen	..	..	On track	On track	Far behind	..	..	Lagging	Far behind	..
Zambia	Slipping back	..	Lagging	Lagging	Lagging	..	..	On track	Slipping back	..

Table 15 (contd.)

	Population and health									Sanitation
	Child mortality		Maternal health		Reproductive health		Disease prevalence			Access to safe water (%)
	Infant mortality rate (POA) (per 1,000 live births)	Under-5 mortality rate (POA) (per 1,000 live births)	Maternal mortality rate (per 100,000 live births)	Births attended by skilled health staff (%)	Contraceptive prevalence (%)	Female HIV/AIDS prevalence in age group 15–24 (by 2015) (%)	HIV/AIDS prevalence in age group 15–24 by 2005 (%)	Malaria prevalence (per 100,000 people)	Tuberculosis prevalence (per 100,000 people)	
Baseline years	1990	1990	1990	1990	n.a.	1990	1990	1990	1990	
Afghanistan	Far behind	Far behind	..	..	..	..	..	On track	Achieved	..
Angola	Far behind	Far behind	..	..	..	..	..	On track	Far behind	..
Bangladesh	On track	On track	..	Far behind	Lagging	..	..	Slipping back	Slipping back	Achieved
Benin	Far behind	Far behind	..	On track	..	..	..	Slipping back	Far behind	..
Bhutan	On track	On track	..	..	..	..	..	Lagging	Far behind	..
Burkina Faso	Far behind	Far behind	..	Far behind	Far behind	..	..	Lagging	Far behind	..
Burundi	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	..
Cambodia	Far behind	Far behind	..	Slipping back	..	..	..	On track	Slipping back	..
Cape Verde	Far behind	Far behind	..	..	..	..	..	Achieved	On track	..
Central African Republic	Far behind	Far behind	..	Slipping back	..	..	..	Achieved	Slipping back	Far behind
Chad	Far behind	Far behind	..	Far behind	..	..	..	Slipping back	Lagging	..
Comoros	On track	On track	..	On track	..	..	..	..	On track	Achieved
Dem. Rep. of the Congo	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Djibouti	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	Achieved
Equatorial Guinea	Far behind	Lagging	..	..	..	..	..	Achieved	Slipping back	..
Eritrea	On track	On track	..	..	..	..	..	..	Slipping back	..
Ethiopia	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	On track	Far behind
Gambia	On track	On track	..	..	..	..	..	Slipping back	..	..
Guinea	Lagging	Lagging	..	Far behind	Far behind	..	..	Slipping back	Slipping back	Far behind
Guinea..Bissau	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	..
Haiti	Lagging	Far behind	..	Slipping back	Far behind	..	..	..	Lagging	Far behind
Kiribati	On track	On track	..	..	..	..	..	..	Slipping back	..
Lao People's Dem. Rep.	Lagging	On track	..	..	..	..	..	Slipping back	Far behind	..
Lesotho	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Liberia	Far behind	Far behind	..	..	..	..	..	..	On track	..
Madagascar	Far behind	Far behind	..	Slipping back	Far behind	..	..	..	Slipping back	Far behind
Malawi	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	Lagging
Maldives	On track	On track	..	..	..	..	..	Achieved	Far behind	Achieved
Mali	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	On track
Mauritania	Far behind	Far behind	..	On track	..	..	..	Slipping back	On track	Far behind
Mozambique	Far behind	Far behind	..	..	..	..	..	..	Far behind	..
Myanmar	Far behind	Far behind	..	On track	Lagging	..	..	On track	Far behind	Far behind
Nepal	On track	On track	..	Far behind	Far behind	..	..	Achieved	Slipping back	On track
Niger	Far behind	Far behind	..	Far behind	Far behind	..	..	Slipping back	Achieved	Far behind
Rwanda	Far behind	Far behind	..	..	..	..	..	Slipping back	Far behind	..
Samoa	Achieved	Achieved	..	..	..	..	..	..	Achieved	Achieved
Sao Tome and Principe	Lagging	Lagging	..	..	..	..	..	..	Slipping back	..
Senegal	On track	Lagging	..	Far behind	Far behind	..	..	Slipping back	Slipping back	On track
Sierra Leone	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Solomon Islands	Achieved	Achieved	..	..	..	..	..	..	On track	..
Somalia	Far behind	Far behind	..	..	..	..	..	Achieved	Slipping back	..
Sudan	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	On track
Togo	Far behind	Far behind	..	Lagging	Far behind	..	..	Achieved	On track	Far behind
Tuvalu	Far behind	Far behind	..	..	..	..	..	..	On track	Achieved
Uganda	Far behind	Lagging	..	Far behind	Far behind	..	..	..	Far behind	Far behind
United Rep. of Tanzania	Far behind	Far behind	..	Slipping back	Far behind	..	..	Achieved	Slipping back	Far behind
Vanuatu	On track	On track	..	..	..	..	..	..	Slipping back	..
Yemen	Far behind	Far behind	..	Far behind	Far behind	..	..	..	..	Far behind
Zambia	Far behind	Far behind	..	Far behind	Far behind	..	..	Slipping back	Slipping back	On track

Source: As for table 14.

Note: See text for definition of "achieved", "on track", "lagging", "far behind" and "slipping back".

TABLE 16. UNLDC III HUMAN DEVELOPMENT GOALS: SUMMARY OF PROGRESS IN THE 1990s

	Number of LDCs according to progress categories ^a							
	Achieved	On track	Lagging	Far behind	Slipping back	No data		
Education	Net primary enrolment	0 (0)	7 (6)	1 (8)	9 (23)	5 (8)	27 (56)	
	Children reaching Grade 5	0 (0)	3 (3)	0 (0)	3 (8)	2 (0)	41 (88)	
	Adult literacy rate — total	1 (0)	7 (9)	19 (48)	12 (37)	0 (0)	10 (6)	
	Adult literacy rate — female	1 (0)	23 (49)	9 (35)	6 (10)	0 (0)	10 (6)	
	Adult literacy rate — male	1 (0)	6 (4)	9 (22)	23 (68)	0 (0)	10 (6)	
	Gender equality in primary enrolment (by 2005)	4 (8)	3 (7)	3 (5)	13 (20)	1 (9)	25 (50)	
	Gender equality in secondary enrolment (by 2005)	3 (3)	3 (10)	2 (4)	13 (18)	2 (11)	26 (54)	
	Gender equality in youth literacy	7 (18)	14 (29)	3 (9)	15 (38)	0 (0)	10 (6)	
	Nutrition	Undernourished people	0 (0)	13 (25)	0 (0)	11 (33)	10 (31)	15 (11)
		Malnourished children	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	49 (100)
Population and health	Infant mortality rate (POA)	2 (0)	10 (27)	4 (3)	33 (70)	3 (5)	0 (0)	
	Under-5 mortality rate (POA)	2 (0)	10 (26)	5 (6)	32 (68)	4 (7)	0 (0)	
	Maternal mortality rate	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	49 (100)	
	Births attended by skilled health staff	0 (0)	4 (9)	1 (1)	10 (39)	5 (11)	29 (40)	
	Contraceptive prevalence	0 (0)	0 (0)	2 (28)	16 (44)	0 (0)	31 (28)	
	Female HIV/AIDS prevalence in age group 15–24 (by 2015)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	49 (100)	
	HIV/AIDS prevalence in age group 15–24 (by 2005)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	49 (100)	
	Malaria prevalence (per 100,000 people)	8 (11)	4 (14)	2 (2)	0 (0)	18 (50)	17 (22)	
	Tuberculosis prevalence (per 100,000 people)	3 (5)	8 (11)	2 (2)	10 (17)	24 (62)	2 (3)	
	Sanitation	Access to safe water	6 (21)	5 (13)	1 (2)	12 (36)	0 (0)	25 (29)

Source: As for table 14.

a For definition of categories see text. Numbers in brackets represent percentage of LDC population in category.

F. ODA targets for donor countries

Under commitment 7 of the Programme of Action, “Mobilizing financial resources”, it is stated that “Donor countries will implement the following actions that they committed to at the second United Nations Conference on the Least Developed Countries as soon as possible:

- (a) Donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs: continue to do so and increase their efforts;

- (b) Other donor countries which have met the 0.15 target: undertake to reach 0.20 per cent expeditiously;
- (c) All other donor countries which have committed themselves to the 0.15 per cent target: reaffirm their commitment and undertake either to achieve the target within the next five years or to make their best efforts to accelerate their endeavours to reach the target;
- (d) During the period of the Programme of Action, the other donor countries: exercise individual best efforts to increase their ODA to LDCs with the effect that collectively their assistance to LDCs will significantly increase" (para. 83).

One feature of the way in which this target was originally formulated at UNLDC II was that it allows donor countries some flexibility in deciding what they are committed to. However, a problem in ascertaining whether this goal is being met is that it is unclear which countries have committed to what options. For the future monitoring of aid targets, it is important that donor countries clarify where precisely they stand in relation to this goal and also specify, if possible, the time frame for the realization of this goal.

Chart 2 shows net ODA flows to LDCs as a percentage of individual donors' GNI in 1999 and 2000.⁵ The situation in 2000 was such that only five donor countries surpassed the target of making net ODA disbursements more than 0.2 per cent of their GNI. These were: Denmark (0.34 per cent), Norway (0.27 per cent), Luxembourg (0.25 per cent), Sweden (0.24 per cent) and the Netherlands (0.21 per cent). All the other countries were below the 0.15 per cent of GNI target. In absolute terms, Japan and USA remained the largest donors to the LDCs in 2000, with net ODA flows, including imputed flows through multilateral channels, equivalent to \$2.1 billion and \$2.0 billion respectively.

In 2000, only five donor countries surpassed the target of making net ODA disbursements more than 0.2 per cent of their GNP. All the other countries were below the 0.15 per cent of GNP target.

G. Progress towards graduation from LDC status

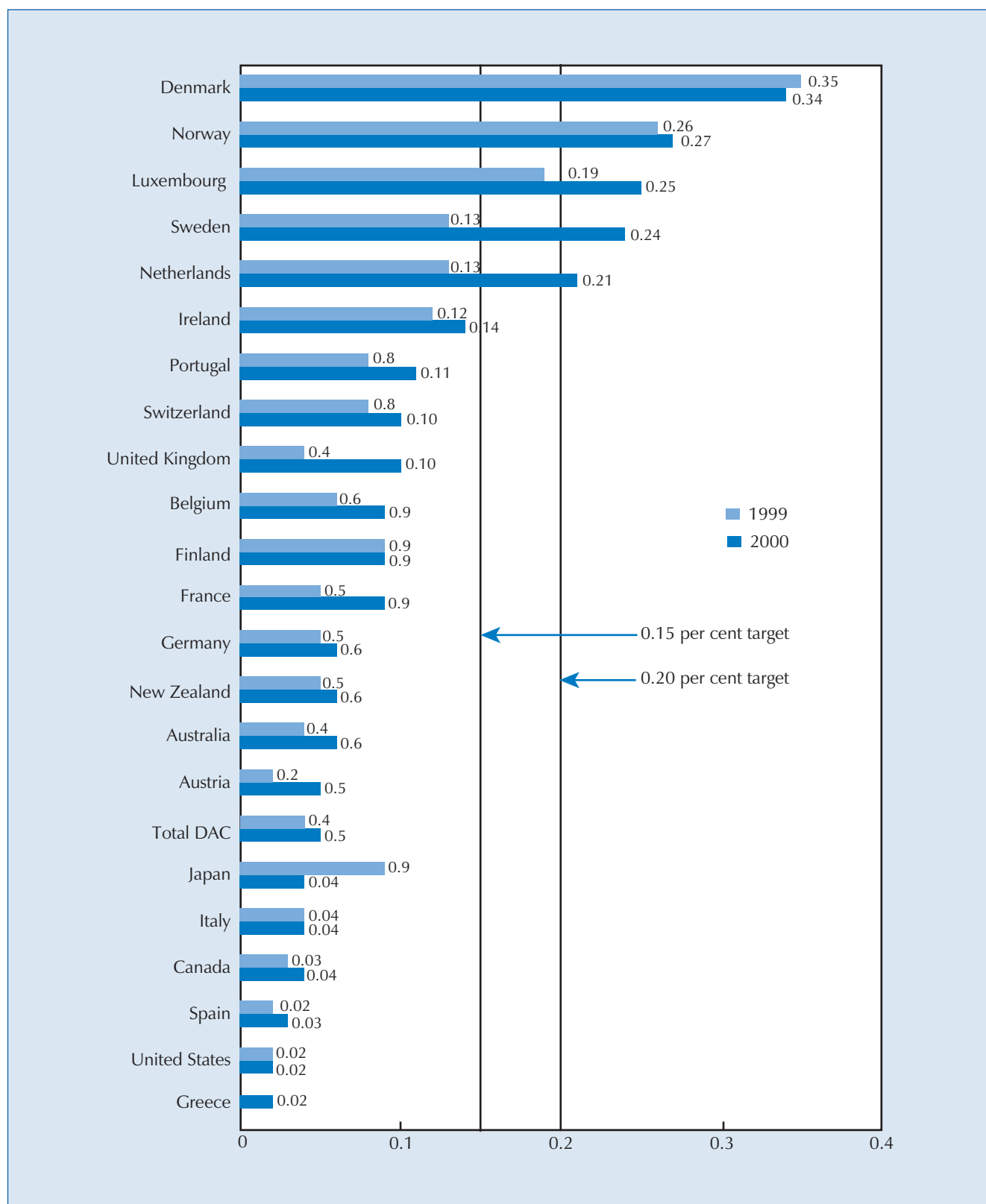
The Programme of Action for the Least Developed Countries for the Decade 2001–2010 states that its success will be judged, *inter alia*, by its contribution to "their graduation from the list of LDCs" (para. 21e). With this in view, assessment of progress towards graduation may provide a useful further way of assessing the results of the Programme of Action.

The Committee for Development Policy (CDP) of the United Nations Economic and Social Council (ECOSOC) is responsible for recommendations about inclusion in and graduation from the list of least developed countries, as well as for establishing appropriate criteria and thresholds. Statistics, produced every three years, provide the basis for a somewhat complex judgement by the CDP on the extent to which particular LDCs have made sufficient and sustainable progress in overcoming structural weaknesses and handicaps such that they should graduate from the list. Tracking progress towards graduation as an aspect of monitoring the Programme of Action should not prejudice these judgements, which are the proper preserve of the CDP, nor judgements about criteria and thresholds, which are also its concern.

In absolute terms, Japan and USA remained the largest donors to the LDCs in 2000.

Box 2 sets out the criteria and thresholds for possible graduation from the list of LDCs as used in the 1990s, as well as the revised methodology used since the year 2000. At the present time, the criteria for inclusion within and graduation from the list of LDCs are the following: the income level, as measured by GDP per capita; the level of human resource development, as measured by the Augmented Physical Quality of Life Index (APQLI); and the level of economic

CHART 2. NET ODA DISBURSEMENTS TO LDCs FROM DAC MEMBER COUNTRIES,^a 1999 AND 2000
(As percentage of donor's GNI)



Source: UNCTAD secretariat estimates based on OECD *Development Co-operation 2001 Report*.

a Including imputed multilateral flows, i.e. making allowance for contributions through multilateral organizations, calculated using the geographical distribution of multilateral disbursements for the year of reference.

BOX 2. CRITERIA AND INDICATORS FOR GRADUATION FROM THE LIST OF THE LDCs

Criteria used in determining the list of LDCs during the 1990s	Revised criteria for determining the list of LDCs since 2000
<p>1. Per capita GDP:</p> <p>Three-year average, converted at each year's official exchange rate. Threshold for graduation: above \$700 (1991), above \$800 (1994), above \$900 (1997)</p> <p>2. Augmented Physical Quality of Life Index (APQLI):</p> <p>calculated as a simple average of four component indices based on the following indicators:</p> <ul style="list-style-type: none"> a. <i>Health: life expectancy at birth</i> b. <i>Nutrition: per capita daily calorie intake as a percentage of daily requirement</i> c. <i>Education: combined primary and secondary school enrolment ratio</i> d. <i>Education: adult literacy rate</i> <p>Threshold for graduation: greater than 52 (1991, 1994 and 1997)</p> <p>3. Economic Diversification Index (EDI):</p> <p>Calculated as a simple average of four component indices based on the following indicators:</p> <ul style="list-style-type: none"> a. <i>Share of manufacturing in GDP</i> b. <i>Share of industry in the labour force</i> c. <i>Annual per capita commercial energy consumption</i> d. <i>UNCTAD's merchandise export concentration index</i> <p>Threshold for graduation: greater than 25 (1991), greater than 29 (1994 and 1997)</p>	<p>1. Per capita GDP:</p> <p>Three-year average, converted at each year's official exchange rate. Threshold for graduation: above \$1,035</p> <p>2. Augmented Physical Quality of Life Index (APQLI):</p> <p>calculated as a simple average of four component indices based on the following indicators:</p> <ul style="list-style-type: none"> a. <i>Health: child mortality rate (under age 5)</i> b. <i>Nutrition: per capita daily calorie intake as a percentage of daily requirement</i> c. <i>Education: combined primary and secondary school enrolment ratio</i> d. <i>Education: adult literacy rate</i> <p>Threshold for graduation: greater than 68</p> <p>3. Economic Vulnerability Index (EVI):</p> <p>Calculated as a simple average of five component indices based on the following indicators:</p> <ul style="list-style-type: none"> a. <i>Share of manufacturing and non-government services in GDP</i> b. <i>UNCTAD's merchandise export concentration index</i> c. <i>An indicator of instability of agricultural production</i> d. <i>An indicator of instability of exports of goods and services</i> e. <i>Population size (in logarithm)</i> <p>Threshold for graduation: less than 31</p> <p>4. Supplementary (qualitative) considerations:</p> <p>If any of the three criteria (per capita income, quality of life, vulnerability) is near its graduation threshold, a vulnerability profile of the country is called for to enable the Committee for Development Policy members to make a sound judgement on graduation out of the list of LDCs.</p>

vulnerability, as measured by the Economic Vulnerability Index (EVI). The current thresholds for graduation from the list of LDCs are the following: per capita GDP greater than \$1,035; an APQLI greater than 68; and an EVI lower than 31. The CDP applies the decision rule that it is necessary for at least two of the three graduation criteria to be met for the relevant country to be found eligible for graduation, and that it must meet at least two criteria in two consecutive reviews.⁶

The data which are internationally available for monitoring the progress towards the quantified and time-bound targets in the Programme of Action are woefully inadequate in terms of their coverage of LDCs, their quality and their timeliness.

Charts 3, 4 and 5 show where the LDCs stood in the second half of the 1990s in terms of their position relative to these graduation thresholds, the estimates being based on the CDP's review of the list for GDP per capita, APQLI and EVI conducted in 2000 (UNCTAD, 2000). It is apparent from the chart that only ten countries met either one or two of the thresholds for graduation. For 40 out of the 49 LDCs, their GDP per capita performance was less than two thirds of the threshold for graduation, while for 33 the APQLI was less than two thirds of the benchmark.

Progress in the 1990s towards eligibility for graduation is examined on a case-by-case basis in UNCTAD (2002). Botswana is the only country that has so far graduated from the LDC category. There have also been three cases of full eligibility for graduation from least developed country status (i.e. eligibility pronounced after relevant criteria were met in two consecutive reviews): Cape Verde and Vanuatu in 1997, and Maldives in 2000. But in practice none of these have yet graduated.⁷ The countries that currently have the greatest potential for graduation in the coming decade are those three, plus Samoa. However, they face major structural handicaps as a result of their geographical situation and also, in the case of Maldives, specific vulnerabilities as regards the prospect of rising sea-levels. Generally, they remain highly vulnerable, although they have made progress under the income and human resource criteria for graduation, largely through tourism development.

If the trends of the 1990s persist, the graduation prospects of most LDCs during the 2001–2010 decade are limited.⁸ The reality may, of course, turn out to be better or worse. Indeed, a prime purpose of the Programme of Action for the LDCs during 2001–2010 is to ensure that this dismal scenario does not occur. It is towards creating this better future that the concrete efforts by LDCs and their development partners in implementing the new Programme of Action should be directed.

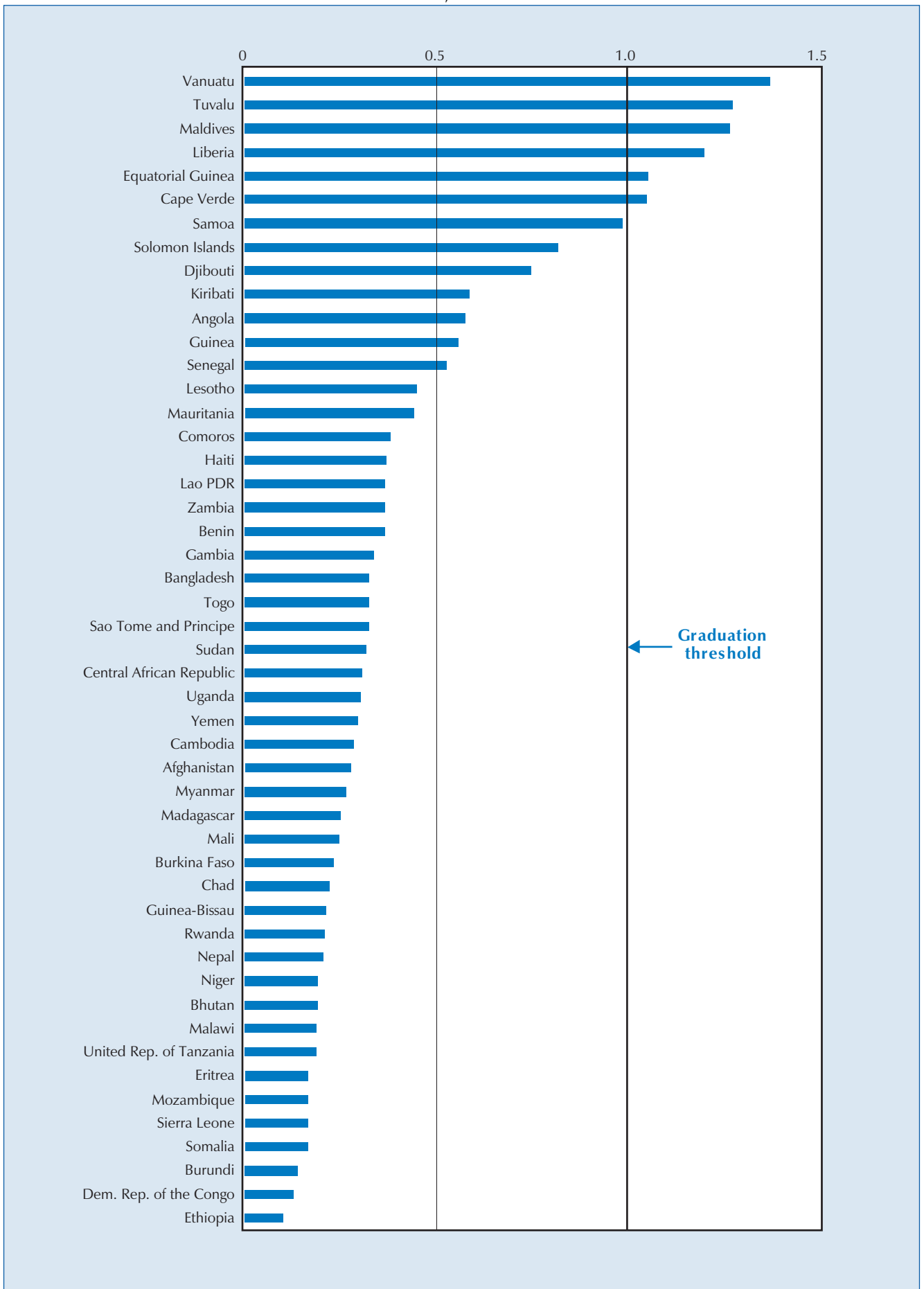
This situation must be speedily rectified if results-oriented progress monitoring is to be a meaningful activity.

H. Conclusion

The data which are internationally available for monitoring the progress towards the quantified and time-bound targets in the Programme of Action for the Least Developed Countries for the Decade 2001–2010 are woefully inadequate in terms of their coverage of LDCs, their quality and their timeliness. It is essential to improve national statistical systems in the LDCs, not simply for the UNLDC III development targets, but also for national accounts and trade statistics.

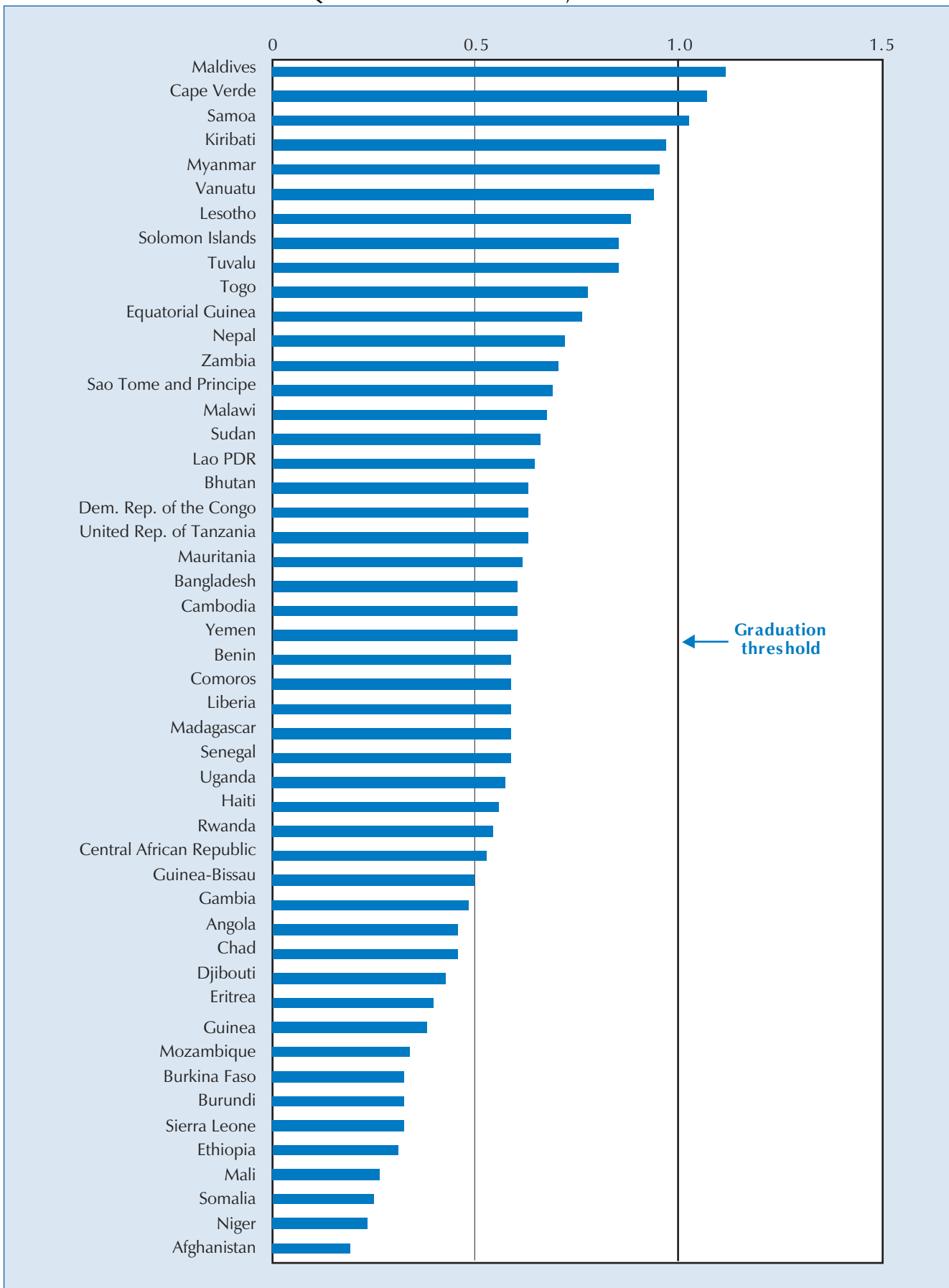
The data problem is particularly acute in relation to the overarching goal of the Programme of Action, which is to make substantial progress towards halving by 2015 the proportion of people living in extreme poverty. It is currently impossible to monitor achievement of this target in most LDCs on the basis of internationally comparable data. This situation must be speedily rectified if results-oriented progress monitoring is to be a meaningful activity.

CHART 3. AVERAGE GDP PER CAPITA IN LDCs, 1995–1997: RATIO TO GRADUATION THRESHOLD



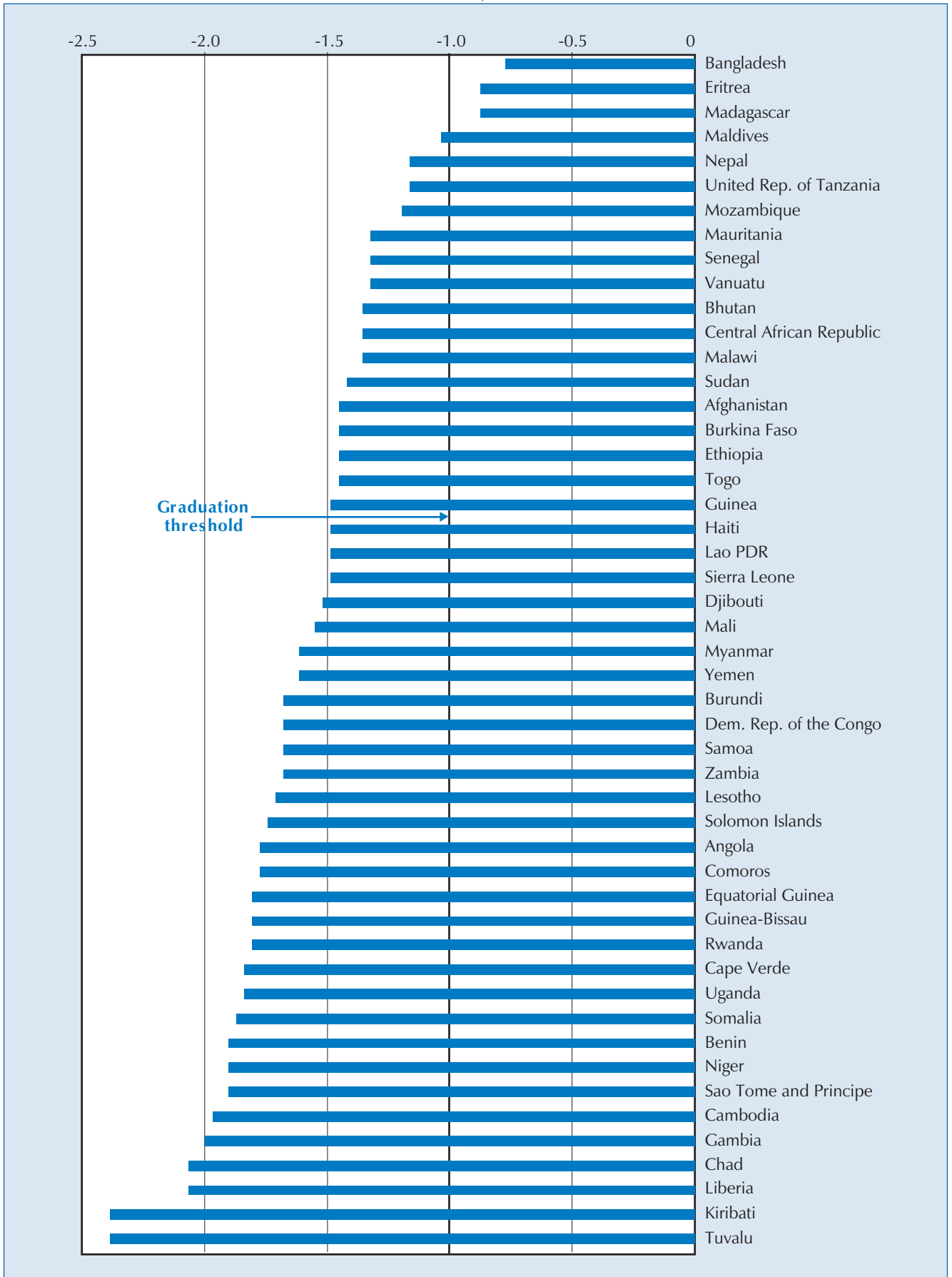
Source: United Nations Committee for Development Policy (2000).

CHART 4. AUGMENTED PHYSICAL QUALITY OF LIFE INDEX IN LDCs, 1997: RATIO TO GRADUATION THRESHOLD



Source: United Nations Committee for Development Policy (2000).

CHART 5. ECONOMIC VULNERABILITY INDEX IN LDCs, 1997–1998: RATIO TO GRADUATION THRESHOLD



Source: United Nations Committee for Development Policy (2000).

Note: All countries with less than -1.0 have economic vulnerability exceeding the graduation threshold. The instability components of the Economic Vulnerability Index are based on data from 1979 to 1997 or to 1998, and the other components on data for 1997 or 1998. See box 2 for components of this index.