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ASSESSMENT OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR LDCs FOR THE DECADE 2001-2010: UNCTAD'S CONTRIBUTION TO THE MID- TERM REVIEW

PROGRESS MADE, RESULTS ACHIEVED AND LESSONS LEARNED

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Abstract

The United Nations General Assembly will hold a comprehensive Mid-term Review (MTR) of progress in implementation of the Programme of Action during its 61st session in September 2006. As part of its contribution to the MTR, UNCTAD designed and implemented a project aimed at providing a qualitative assessment of progress in the implementation of the Programme of Action in selected countries. The work undertaken by UNCTAD, including under this project, reveals considerable variations in the economic performance of LDCs and, progress towards attaining the goals and targets of the PoA. In addition to providing succinct analysis of progress in the implementation of the PoA, the present study draws policy lessons and conclusions from the experiences of the countries covered by the project. It also puts forward recommendations for the strengthened implementation of actions and commitments of the PoA during the remaining five years. Moreover, the study provides a methodological framework for monitoring and evaluation implementation of the PoA that is sufficiently flexible for application in a range of different contexts. It argues that assessing the socio-economic impact of internationally adopted programmes of action such as the PoA for LDCs is complex and daunting, partly due to data limitations and,to complex factors influencing growth and development trajectories in LDCs. What proportion of the change in the socio-economic performance indicator can be attributed to policy intervention and what proportion is due to exogenous influences?

Key words: Mid-term Review, Assessment, Implementation, Progress, Programme of Action (PoA), Goals, Targets, LDCs, UNCTAD

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The task force, consisting of Mussie Delelegn, Pierre Encontre, Gunter Fischer and Jean-Claude Mporamazina implemented the project under the overall supervision of Habib Ouane, Director, Special Programme for Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS). Professor Colin Kirkpatrick of Manchester University provided a methodological framework for monitoring and evaluating progress in implementing the actions and commitments of the PoA. Nazneen Ahmed (Bangladesh), Célestine Bere Lompo (Burkina Faso), Paulo Monteiro (Cap Verde), Teigist Lemma (Ethiopia), Pushkar Bajracharya (Nepal) and Joseph Enyimu (Uganda) prepared case studies on their respective countries which provided the basis for chapter III of the report.

As part of the project, an UNCTAD ad hoc Expert Meeting was convened in Geneva on 29-30 May 2006. The Expert Meeting,--the outcome of which forms Annex I of this report, was jointly chaired by H.E. Ambassador Doris Bertrand (Austria) and Mr. Fredrik Arthur (Norway). Elisabeth Marschang (Austria) was involved in the various stages of the project and contributed to its smooth implementation.

Secretarial and administrative support to the project and, in the final preparation of the report, was provided by Corazon Alvarez, Regina Ogunyinka, Mounia Atiki, Sylvie Guy, Mary McGee, Lacroix Paulette, Veronica Rivera- Cruz and Sivanla Sikounnavong.

Abbreviations

ADP	Annual Development Programme
AGOA	African Growth and Opportunity Act
ART	Anti-Retroviral Treatment
BOT	Built Operate and Transfer
BOOT	Built Operate Own and Transfer
BPOA	Brussels Programme of Action
CCA	Common Country Assessment
CCAF	Common Country Assessment Framework
CDF	Comprehensive Development Programme
CDP	Committee for Development Policy
CIAA	Commission for the Investigation of Abuse of Authority
CMA	Capital Markets Authority
COMESA	Common Market of Eastern and Southern Africa
CSO	Civil Society Organizations
DAC	Development Assistance Committee
DCI	Direct Calorie Intake
EAC	East African Cooperation
ECOSOC	Economic and Social Council
ECOWAS	Economic Community of West African States
EFA	Education for all
ERC	Energy Regulatory Commission
ERP	Economic Recovery Programme
EU	European Union
EVI	Economic Vulnerability Index
FDI	Foreign Direct Investment
FEI	Food Energy Intake
GDP	Gross Domestic Product
GED	General Economic Division
GNP	Gross National Product

GNI	Gross National Income
HAI	Human Asset Index
HIPC initiative	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune deficiency Syndrome
HLM	High-level meeting
HMG	Government
HSDP	Health Sector Development Programme
ICT	Information and Communication Technology
IF/IFTTAP	Integrated Framework for Trade-related Technical Assistance Programme
IDU	Injection Drug Users
IMF	International Monetary Fund
JITAP	Joint Integrated Technical Assistance Programme
LDCs	Least Developed Countries
LGs	Local Governments
LLDCs	Land Locked Developing Countries
LSG	Local Self-Governance Act
MDGs	Millennium Development Goals
MFA	Multifibre Arrangement
MFI	Micro Finance Institutions
MTEF	Medium Term Expenditure Framework
MTMF	Medium Term Macroeconomic Framework
MTR	Mid-term Review
MTS	Multilateral Trading System
NBE	National Bank of Ethiopia
NCBs	Nationalized Commercial Banks
NEAP	National Environment Action Plan
NEB	National Electoral Board
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development
NER	Net Enrolment Ratio

NGOs	Non-Governmental Organizations
NLSSI	Nepal Living Standard Survey 1995-96
NLSSII	Nepal Living Standard Survey 2003-04
ODA	Official Development Assistance
ODCs	Other Developing Countries
OECD	Organization for Economic Cooperation and Development
PASDEP	Programme for Accelerated Sustainable Development to End Poverty
PEAP	Poverty Eradication Action Plan
PMA	Plan for Modernization of Agriculture
PoA	Programme of Action
PPP	Post Monitoring and evaluation of strategic - level programme, policy and plan interventions.
PSR	Poverty Status Report
PRSC	Public Service Review and Re-organization Commission
PRSP	Poverty Reduction Strategy Paper
SDA	Sustainable Development Agenda
SIDs	Small Island Developing States
SLTHP	Second Long-term Health Plan
SMEs	Small and Medium Entreprises
SOEs	State Owned Enterprises
SDPRSP	Sustainable Development Poverty Reduction Strategy Paper
TVET	Technical and Vocational Education Training
UIA	Uganda Investment Authority
UNAIDS	United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNLDC III	Third United Nations Conference on Least Developed Countries
UPPAP	Uganda Participatory Poverty Assessment Project
URA	Uganda Revenue Authority
USE	Uganda Securities Exchange
VAT	Value Added Tax

VGD	Vulnerable Group Development
WAEMU	West African Economic Monetary Union
WTO	World Trade Organization

Foreword

The Third United Nations Conference on Least Developed Countries (UNLDC III), held in Brussels in May 2001, adopted the Programme of Action (PoA) for Least Developed Countries (LDCs) for the decade 2001-2010. The PoA aims to significantly improve the human conditions of more than 600 million people in 50 LDCs during the decade. Its overarching goal is to make substantial progress toward halving the proportion of people living in extreme poverty by 2015 and to promote the sustainable development of the LDCs. The Programme of Action has a number of unique features that differentiate it from its predecessors. It encourages an integrated approach to development policy whereby there is consistency and coherence between the different instruments and institutions for development policies and strategies. It also seeks to achieve a balanced approach to the economic, social and environmental components of sustained economic growth and sustainable development. There is also recognition of the shared responsibilities and commitments of LDCs and their development partners in undertaking the necessary actions for the achievement of the PoA's overarching goal and objectives.

The United Nations General Assembly will hold a comprehensive Mid-- term Review (MTR) of progress in the implementation of the Programme of Action during its 61st session in September 2006. At its fifty-second session, the Trade and Development Board of UNCTAD encouraged the secretariat to actively contribute to the Comprehensive Mid-term Review and its preparatory processes. Accordingly, UNCTAD, under the Special Programme for LDCs, LLDCs and SIDS, designed a project aimed at providing a qualitative assessment of progress in the implementation of the Programme of Action. The project assisted in undertaking case studies[1] on Bangladesh, Burkina Faso, Cap Verde, Ethiopia, Mozambique, Nepal and Uganda. Further country reports from Benin, Rwanda, Samoa and Vanuatu also provided useful insights into the experiences of, and challenges facing these countries in implementing commitments and actions of the PoA. The UNCTAD ad hoc Expert Meeting convened in Geneva on 29-30 May 2006, as part of the project, deliberated on the basis of the country case studies and national reports. The Expert Meeting provided opportunities to: (a) exchange best practices and draw policy lessons; (b) enhance dialogue between LDCs and their development partners; (c) identify key development challenges facing these countries; and (d) put forward policy conclusions and recommendations for the further implementation of actions and commitments of the Programme of Action at national and international levels (see the outcome of the Expert Meeting, Annex I).

The work undertaken by UNCTAD, including under this project, reveals considerable variations in the economic performance of LDCs and, the progress towards attaining the goals and targets of the PoA. In some cases, growth has been favourable (although below the ambitious target of 7 per cent) and, has contributed to a reduction in extreme poverty, particularly in urban areas, while rural areas tend to suffer more poverty. Where progress has been observed, it has

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[1] Case studies on: Bangladesh (UNCTAD/LDC MISC/ 2006/4), Burkina Faso (UNCTAD/LDC MISC/2006/7), Cape Verde (UNCTAD/LDC MISC/2006/6), Ethiopia (UNCTAD/LDC MISC/2006/5), Nepal (UNCTAD/LDC MISC/2006/3) are available at http://www.unctad.org

generally been based on sound economic policies which have improved the business environment and enhanced investor confidence. However, in other LDCs the record has been much less positive, with disappointing economic growth and little improvement in poverty reduction. As with economic performance, progress made towards achieving human development targets of the Programme of Action and the Millennium Development Goals is also mixed. Some LDCs have made concrete progress in some areas, notably in reducing child mortality and improving access to safe water, as well as in introducing universal primary education and promoting adult literacy, although the quality of education remains a concern. There has also been some progress in some LDCs in reducing gender disparities at schools. However, maternal and child malnutrition remains high in LDCs, where the proportion of births attended by skilled health personnel is still far below the 50 per cent target. The high incidence of HIV/AIDS, malaria, tuberculosis and other infectious diseases continues to defeat the goal of human development progress in a number of LDCs. Therefore, the overall socio-economic performance of LDCs during the last five years has been far below the agreed targets and goals of the PoA, pointing to the fact that the challenge of poverty reduction in these countries is immense.

A further policy lesson from the case studies and national reports is the important role played by development partners in recent years, in contributing to progress towards the PoA goals. Investment and budgetary processes in LDC economies are increasingly dominated by external finance rather than domestically generated resources. Some countries covered by the national studies reported that about 80 per cent of their respective public expenditures come from foreign assistance. Where socio-economic progress has been recorded, the case studies also point to the importance of predictable and well-coordinated aid flows linked to an effective national mechanism for monitoring implementation and demonstrating accountability. This confirms the critical role of development partnerships in influencing the growth trajectory of the LDCs.

The purpose of this report is to provide an overview and synthesis of the country case studies and national reports including policy lessons from the experiences of countries covered by the project. Based on the experience and lessons drawn from the country case studies, national reports, the outcome of the Expert Meeting and, the research and policy analysis work of UNCTAD, the report also puts forward policy conclusions and recommendations aimed at assisting the further implementation of actions and commitments of the PoA at the national and international levels. The report will be a further contribution of UNCTAD to the MTR. It is hoped that LDCs and their development partners would give due attention to and, take into account the policy lessons, conclusions and recommendations therein, in their collective efforts to enhance the full and effective implementation of actions and commitments of the PoA in the years ahead. UNCTAD, as a long time development partner of LDCs, would continue to implement actions and commitments of the PoA as they relate to its mandates and competence.

Chapter 1. Progress towards UNLDC III Development Targets[2]

A. Introduction

In May 2001, a new Programme of Action for the Least Developed Countries for the Decade 2001–2010 (PoA) was agreed at the Third United Nations Conference on the Least Developed Countries (UNLDC III). 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: para. 4). 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; and (vii) Mobilizing financial resources.

An important feature of the Programme of Action is that it includes quantified, time-bound development targets. The inclusion of these targets is important as it is now easier to monitor the success of the Programme. This chapter describes the progress which has been made in relation to a number of the quantified development targets of the Programme of Action. Some of these targets overlap with the development targets associated with the Millennium Development Goals (MDGs). The targets considered in the present chapter are the following: (i)Growth and investment targets; (ii) Poverty reduction targets; (iii) Human development targets; (iv) Transport and communications infrastructure development targets; (v) ODA, debt relief and market access targets; and (vi) Progress towards graduation from the LDC category (for which there are defined and quantifiable thresholds).

B. Growth and investment targets

The Programme of Action includes growth and investment targets for the group of LDCs, specifically 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” (United Nations, 2001: para. 6). Since the start of the POA, growth rates and investment ratios have been improving in many LDCs. The year 2004 was an exceptionally positive year for the LDCs in terms of GDP growth. However, in aggregate, the LDC performance with respect to these targets is falling behind.

Between 2001 and 2004, only 6 out of the 46 LDCs for which data are available were able to meet or exceed an average annual growth rate of 7 per cent per annum. These include

2 Because of its direct relevance to the Mid-term Review of the PoA this chapter is reproduced from the Least Developed Countries 2006 Report. It updates and extends earlier assessments of where the LDCs and their development partners stand in relation to the POA targets in UNCTAD (2001), UNCTAD (2002: part I, chapter 2) and UNCTAD (2004: part I, chapter 2, annex 1).

three countries which are (or are becoming) oil exporters — Angola, Chad and Equatorial Guinea — together with Maldives, Mozambique and Sierra Leone. Over the same period, 11 LDCs were on track, growing between 5 and 7 per cent per annum; 8 LDCs were, on average, growing moderately (between 3.5 and 5 per cent per annum) but were under the target rate; 16 LDCs were growing at less than half the target rate, which was barely sufficient to ensure positive GDP per capita growth; and finally, GDP was declining in the remaining 5 countries. With respect to the POA investment target, out of 39 LDCs for which data are available, Bhutan, Chad, Eritrea, Haiti, Lesotho, Maldives, Mozambique, Nepal, Sao Tome and Principe, and Timor-Leste achieved or exceeded an investment/GDP ratio of 25 per cent per annum during the period 2001–2004. Eight LDCs were on track for achieving the target, with average annual gross capital formation rates of between 20 and 25 per cent of GDP; 10 had average annual investment rates of between 17 and 20 per cent; and a last subgroup of 11 LDCs exhibited low levels of gross capital formation [for more details see Annex II].

C. Poverty reduction targets

The Programme of Action states that the "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 the sustainable development of the LDCs" (United Nations, 2001: para. 6). However, identifying the progress which LDCs have made in meeting the poverty reduction goal through household survey3 data is very difficult. This is because of the fact that the data are not sufficient to provide a clear picture of the situation across all LDCs. There are only 30 LDCs for which there are poverty estimates. Drawing any conclusions from the existing data is even more difficult because there is an inconsistency between the trends that appear when the international poverty line is used and those that appear when the national poverty line is used.

The available data suggest that poverty trends within the LDCs are very mixed. The incidence of poverty is declining during those periods for which there are data in 6 out of 14 LDCs using the international poverty line and in 7 out of 10 LDCs using the national poverty line. In the case of seven LDCs where data are available for both poverty lines, the trend in the incidence of poverty is in a different direction (positive or negative) for the international poverty line compared with the national poverty line. In most cases this reflects the fact that the poverty rates are estimated for different periods during the 1990s. However, the inconsistency means that it is impossible to construct a coherent view of poverty trends in the LDCs in the 1990s using these data. (for more details on this see box 2 of Least Developed Countries 2006 Report).

In past LDC Reports UNCTAD has argued that, given the paucity of good household-survey-based estimates of poverty over time in the LDCs, it would be advisable to use national-accounts-based estimates of the incidence of poverty. UNCTAD estimates in the *Least*

[3] The household-survey-based estimates of the proportion of the population living on less than $1 a day in the LDCs using the international poverty line (1993 PPP $), and also the proportion of the population living in poverty according to nationally defined poverty lines reported internationally

Developed Countries Report 2002 suggest that the incidence of poverty did not decline in the 1990s in the LDCs as a group and has remained at 50 per cent of the total population (UNCTAD, 2002: part II, chapter 1). If this past trend continues, the number of people living in poverty in the LDCs will increase from 334 million in 2000 to 471 million in 2010 (UNCTAD, 2004: 222).

National-accounts estimates of poverty such as these have given rise to lively debate, and some reject their validity, arguing that national-accounts household consumption estimates are too flawed and too broadly specified to give an accurate picture of household poverty.[1] However, as stated in the *LDC Report 2002,* national-accounts-based poverty estimates “offer as plausible poverty estimates as purely household-survey-based estimates” (UNCTAD, 2002: 47). On pragmatic grounds, the only way in which it will be possible to monitor poverty trends in the LDCs as a group will be to use national accounts data, used as sensitively as possible and with an awareness of its flaws.

Private consumption per capita is falling in eight of the LDCs and is growing at less than 0.5 per cent per annum in a further three countries[4]. Without data on income distribution changes it is impossible to say definitely that falling private consumption per capita implies increasing poverty. But in the LDCs there is a very close long-term relationship between increases in average private consumption per capita and the incidence of poverty (UNCTAD, 2002: part 2, chapter 3). There is thus a strong probability that the incidence of poverty is increasing in these countries.

In general, private consumption per capita is increasing in LDCs with increasing GDP per capita, and decreasing in LDCs with decreasing GDP per capita. However, this is not always the case. There are a number of countries — Comoros, Malawi, Mali, the United Republic of Tanzania and Zambia — in which positive GDP per capita growth is associated with declining private consumption per capita. In some of these countries, this happens because real gross capital formation per capita has been increasing faster than GDP per capita. This is increasing the capacity to produce goods and reduce poverty in the future. But investment is occurring at the expense of current consumption. This indicates that there can be a short-term trade-off between achieving the UNLDC III investment target and poverty reduction target. This can be attenuated through access to foreign savings, which, have increased significantly in recent years.

D. Human development targets

The Programme of Action includes a large number of human development targets, which for the most part overlap with the MDGs. This section focuses on progress towards achieving the following seven targets:

(i) Halving, between 1990 and 2015, the proportion of people suffering from hunger;
(ii) Ensuring that, by 2015, children everywhere, boys and girls alike, are able to complete a full course of primary schooling;
(iii) Eliminating gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015;
(iv) Reducing, by two thirds, between 1990 and 2015, the under-5 mortality rate;

[4] The least Developed countries 2006 Report, UNCTAD, Chart 7

(v) Halving, by 2015, the proportion of people without access to safe drinking water;
(vi) Halting and beginning to reverse the spread of HIV/AIDS;
(vii) Achieving a 50 per cent improvement in levels of adult literacy by 2015.

Although available data for LDCs are patchy, there is sufficient information on the first five indicators to show trends from 1990 to 2003 for a large number of LDCs (Annex III). The countries are classified into four groups: (i) those that have achieved the target by 2003; (ii) those that are on track to achieve the target by 2015 if the rate of progress between 1990 and 2003 continues; (iii) those that are making progress, but on past rates, are likely to miss the 2015 targets; and (iv) those in which there is a reversal or stagnation. For the sixth indicator, data are available only for 2001 and 2003, and thus it is possible to see whether the HIV prevalence rate is increasing or decreasing only between those years. For the seventh indicator, data on adult literacy rates are available for the period from 1990 to 2002, enabling a projection to be made until 2015.

Even though no LDC has yet managed to *reduce by half the proportion of the population that is undernourished*, of the 34 LDCs for which data are available, approximately one third have made great strides towards reductions since the beginning of the 1990s. The cases of Angola, Chad, Haiti, Malawi and Mozambique are notable. The proportion of undernourished people in those countries fell by between 24 and 17 per cent from 1990 to 2002, having been over 50 per cent in 1990.

Nevertheless, it is a matter of concern that there is very slow progress, stagnation or reversals in 21 other LDCs. In 11 of them, the proportion of undernourished people is increasing. The Democratic Republic of the Congo and Burundi exemplify this situation: the proportion of undernourished people in those countries increased by 40 and 20 per cent respectively between 1990 and 2002. It is unlikely that, at current levels of progress, this set of countries will achieve the hunger target by the 2015 deadline.

With respect to the *primary education target*, with full data available only for 26 LDCs, Cape Verde is the only LDC to have achieved the target. Nine more LDCs were on track to meet the 2015 deadline. Guinea managed to increase net primary enrolment rates by 40 per cent between 1990 and 2003. However, the majority of LDCs have low levels of progress towards meeting the primary education target. Furthermore, any assessment of progress needs to take into account great disparities in initial enrolment rates. Island and, generally, Asian LDCs had initial primary enrolment ratios of above 70 per cent and in some cases above 90 per cent. Although the experience of African LDCs varies, with some countries having initial enrolment rates of as low as 8 per cent and others as high as 79 per cent, the average initial proportion of enrolment in 1990 in African LDCs is much lower than for the other two LDC groupings.

Improvement towards *eliminating gender disparities* in primary education has been relatively good, with 10 LDCs (out of 36 for which data are available) having achieved the target, and 9 others considered to be on track to achieve it by 2015. For example, the ratio between girls' and boys' primary enrolment increased from 35 per cent in 1990 to 69 per cent in 2003 in Yemen, and during the same period from 68 per cent to 98 per cent in Gambia, from 47 per cent to 77 per cent in Guinea and from 60 per cent to 89 per cent in Nepal. However, approximately half of LDCs for which data are available are experiencing low levels of progress.

Progress towards reducing levels of *child mortality* in LDCs is very slow in over 80 per cent of the cases for which data are available, and several LDCs are experiencing setbacks. Only 11 LDCs are on track to meet the target. Impressive reductions have been made by Bhutan, Guinea, Mozambique and the Lao People's Democratic Republic.

The Central African Republic, Myanmar and the United Republic of Tanzania have met the target of decreasing by half the proportion of the population without *sustainable access to water*. Between 1990 and 2002, access in those countries increased from 38 per cent to 73 per cent, from 48 per cent to 80 per cent and from 48 per cent to 75 per cent respectively. Of the remaining LDCs for which data were available, 10 were on track to meet the 2015 deadline, 16 were progressing very slowly and 5 were experiencing stagnation or reversals.

Many of the LDCs have been particularly badly affected by the HIV/AIDS epidemic. According to data from UNAIDS (2004), by the end of 2003:

- 28 per cent of the estimated global population of adults and children in the world and 27 per cent of all the world's adult infected population lived in the LDCs.
- 32 per cent of the world's women with HIV were living in the LDCs.
- 45 per cent of the world's children (aged 0–14) with HIV were living in the LDCs.
- An estimated 34 per cent of AIDS deaths (children and adults) occurred in the LDCs.
- 43 per cent of children orphaned by HIV/AIDS lived in the LDCs.

E. Transport and communications infrastructure development targets

The Programme of Action contains the following six infrastructure-related targets:

(a) Increasing road networks or 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 ports and airports and their ancillary facilities to enhance their capacities by 2010;

(c) 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;

(d) 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;

(e) 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;

(f) Increasing average telephone density to 5 main lines per 100 inhabitants and Internet connections to 10 users per 100 inhabitants by the year 2010" (United Nations, 2001: para. 43).

To assess the LDCs' progress in achieving goals (a) and (f), it has been assumed that these goals specifically aim at bringing, by 2010, the LDCs to the level that other developing countries (ODCs) had in 2001.

The unavailability of data seriously limits the extent of the analysis. Except for goals (a) and (f), there are too few observations to permit comparison. With regard to goal (a) lack of recent data meant that evaluation was based on growth rates in the 1990s to the most recent year, which were then projected to the year 2010. The estimated values, which assume that the growth rates before the Programme of Action will be maintained, are then compared with the corresponding 2001 value in other developing countries. For goal (f), more recent data is available, and evaluation of progress is based on estimating the average annual growth rate experienced by the LDCs over the period 2001-2003 and making projections for the year 2010.

The following conclusions can be drawn:

Island LDCs have better transport and communications infrastructures than the remaining LDCs and seem more likely to achieve the POA goals.

Regarding the transport infrastructure goal, 16 LDCs are on track for achieving by 2010 the same length of roads per capita as ODCs had in 2001, against 17 LDCs that are far behind. When a measure of infrastructure quality, for example paved roads, is taken into account, a different picture emerges: 24 LDCs are far behind, 5 have achieved the goal and only 1 is on track. This shows that it is not sufficient to increase the length of the road network when roads are of poor quality and barely usable.

The digital divide is not likely to be closed before 2010. The majority of the LDCs are far behind as regards the goals of having 5 main telephone lines and 10 Internet users per 100 inhabitants by 2010. It is interesting to note that in the case of the number of Internet users, 21 LDCs are on track for achieving the goal, on the assumption that the growth rate of the period 2001–2004 is maintained until 2010.

F. ODA, debt relief and market access targets for development partners

1. Quantity of aid

Under commitment 7 of the Programme of Action, “Mobilizing financial resources”, it is stated, *inter alia*, 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" (United Nations, 2001: para. 83).

Seven DAC member countries, namely Belgium, Denmark, Ireland, Luxembourg, Netherlands, Norway and Sweden met the POA target of making net ODA disbursements equivalent to 0.20 per cent of their respective GNI in 2003. In 2004, Portugal, Norway, Luxembourg, Denmark, the Netherlands, Sweden and Ireland achieved the target. In 2004, Belgium and France met the 0.15 per cent target (0.18 per cent and 0.15 per cent of GNI respectively). The combined EU member States' contributions, which accounted for 63.6 per cent of total ODA disbursements to LDCs in 2004, decreased slightly from 0.13 to 0.12 as a percentage of GNI between 2003 and 2004, but represent an increase over the 2000–2001 period (0.09 per cent in 2001 and 0.10 per cent in 2002).

Among the DAC member countries, the United States continues to be the leading donor to the LDCs in absolute terms, accounting for 19.2 per cent of total DAC net aid disbursements to LDCs in 2004. Nevertheless, the United States' ODA to LDCs as a share of GNI increased only marginally — to 0.04 per cent in 2003 and 2004, up from 0.03 per cent in 2002. France became the second largest DAC donor to LDCs in absolute terms in 2004.

In terms of volume, net ODA disbursements from DAC member countries to LDCs almost doubled in 2004 in comparison with the 2001 levels (rising from $12,019 million in 2001 to $23,490 million in 2004). The aid effort of all DAC member countries, as measured by the ODA to GNI ratio, stood at 0.08 in both 2003 and 2004, having increased from 0.06 in 2002. Nevertheless, in global terms, the ODA to GNI ratio still remains below the ODA targets for the LDCs in the Programme of Action.

2. The untying of aid

With regard to improving the effectiveness of aid to the LDCs, the Brussels Programme of Action includes a commitment on the part of donor countries to implement the 2001 OECD/DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (DCD/DAC (2001)12/FINAL). This entered into force on 1 January 2002.

The bilateral LDC ODA untying ratio continues to rise. The average bilateral ODA untying ratio to the LDCs for the composite of DAC Members in 2004 surpassed the Members' agreed reference point, 0.60. It is further reported in the 2006 OECD/DAC progress report that, "In 2005, the implementation of the Recommendation continued to proceed well, and most Members have untied their aid beyond the requirements of the Recommendation" (OECD, 2006: 2-3).

Furthermore, according to the 2006 progress report:

All Members had implemented the coverage provisions of the Recommendation. In response to the Paris Declaration and calls from major international conferences to increase the share of aid that is untied, the DAC has discussed "approaches to extend the benefits of untied aid, especially in terms of improved aid effectiveness and greater value for money". (OECD: 2006: 7). One of the actions adopted includes: the elimination of coverage thresholds in order to improve effort sharing among donors; these provisions are expected to enter into force on 1 July 2006.

Although technical cooperation is excluded from the coverage of the Recommendations, a further step taken involves "studying the possibilities for untying procurement related technical cooperation" (OECD, 2006:8). Notwithstanding, in 2004, Australia adopted a policy of untying technical cooperation to the LDCs.

In 2005, the European Community adopted two new regulations on access to EC external assistance, in which all aid to the LDCs will be untied. With the new adopted regulation "all expertise, e.g. technical cooperation, will be untied and based on the dual criteria of quality and price" (OECD, 2006: 3), and food aid will additionally be untied.
In sum, the process of untying aid towards LDCs has been evolving at a rapid pace, and there seems to be consensus that further untying would further contribute to the aid effectiveness agenda.

3. Debt relief

The Programme of Action highlights a number of key measures to be taken in relation to debt relief and debt management on the part of the LDCs and their development partners. The cornerstone of action by development partners is the effective implementation of the enhanced HIPC Initiative.

Thirty LDCs are currently identified as potentially eligible to receive debt relief under the enhanced HIPC Initiative. As of August 2005, 22 of those countries had reached decision point and 13 had reached completion point in the HIPC process. Most countries reached decision point in the year 2000. Since May 2001, only four more LDCs have reached decision point. But over this period 12 LDCs have reached completion point, including eight, namely Benin, Ethiopia, Madagascar, Mali, Niger, Rwanda, Senegal and Zambia, since 2003.

In 2004, the "sunset clause" of the enhanced HIPC Initiative was extended until the end of 2006. This will allow additional countries to qualify under the enhanced HIPC Initiative if income and indebtedness criteria are satisfied utilizing end-of-2004 data. On the basis of analysis by the IMF and the IDA, 10 LDCs have estimated debt burden indicators above the enhanced HIPC Initiative thresholds. These include seven LDCs which were already recognized as potential beneficiaries of the Initiative but which had not yet reached decision point — the Central African Republic, Comoros, the Lao People's Democratic Republic, Liberia, Somalia, Sudan and Togo — and also Eritrea, Haiti and Nepal. Two LDCs (Afghanistan and Cape Verde) have ratios below the enhanced HIPC Initiative thresholds, and in the case of three LDCs incomplete data have not allowed a final assessment to be made. These countries are Bangladesh and Bhutan, and also Myanmar, which was already identified as potentially eligible. It is therefore possible that up to 5 more LDCs may be added to the 30 LDCs currently on the list of HIPCs.

In net present value terms, the LDC-HIPCs that have reached completion point have received committed debt relief equivalent to $14.2 billion, 60 per cent of which has been received by Ethiopia, Mozambique, the United Republic of Tanzania and Zambia. The LDC-HIPCs that have reached decision points have received $9.7 billion, 65 per cent of which has been received by the Democratic Republic of the Congo.

A key indicator of the debt burden is the ratio of debt service paid to government revenue. The ratio has changed in those countries between 2000 and 2004, decreasing decreased in 17 out of the 22 LDCs-HIPC that had reached decision point before September 2005. The five exceptions, where debt service paid to government revenue has increased despite debt relief, are Burundi, the Democratic Republic of the Congo, the Gambia, Mozambique and Zambia. In the 22 LDCs that have reached decision point the ratio of debt service paid to government revenue declined from 22.3 per cent in 2000 to 16.6 per cent in 2004. The decrease was even more pronounced in the 13 completion point LDC-HIPCs. But the average ratio of debt service to government revenue was still just over 10 per cent in 2004.

This indicates that although debt relief has led to considerable improvements in the debt situation of those LDCs that have reached completion point, the debt problem has not been completely resolved. In countries struggling to develop infrastructure and meet human development goals, the fiscal burden of debt remains significant. It is in this context that additional measures to cancel bilateral and multilateral debt, which are also identified as desirable in the Programme of Action, become important. In this regard, the debt cancellation decision, for African LDCs that had already reached HIPC completion points, agreed at the G8 Gleneagles Summit in July 2005 and endorsed at the September IMF/World Bank meetings is a positive development.

4. Market access

The Programme of Action recognizes the importance of trade for the LDCs and addresses a number of trade-related policy issues, including the heavy dependence of LDCs on a narrow range of primary commodity exports, the need for improved special and differential treatment, and weaknesses in supply capacities. With regard to market access, there is a specific quantifiable target — duty-free and quota-free market access for all LDCs' products to the markets of developed countries — progress on which can be monitored.

In 2003, the latest year for which data are available, 80.5 per cent of total developed country imports by value (excluding arms) from LDCs were admitted duty-free and quota-free. This represents an increase of three percentage points over 2001. Excluding arms and oil, 72.1 per cent of LDC imports entered duty-free (table 22), an increase of almost two percentage points over 2001 [for more details see table 22 of UNCTAD LDCR 2006].

There have been a number of initiatives[5], since 2001, by the Quad countries (Canada, the European Union, Japan and the United States) to offer quota- and duty-free market access for an increasing range of LDC products. However, if oil and arms are excluded, the proportion of total developed country imports from LDCs that are admitted duty-free actually fell between 1996 and 2003. As table 22 shows, it is developing countries other than LDCs that have in practice seen the greatest increase in the share of their imports into developed country markets that are admitted duty-free. A likely reason for this, given the new market access initiatives in favour of LDCs, is the greater supply capacity of the other developing countries.

At the Sixth WTO Ministerial Conference, held in Hong Kong (China), in December 2005 it was agreed that developed country Members, and developing country Members in a position to do so, should "provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability" and "ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access", and that "Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period" (Hong Kong Declaration, Annex F).

Whether this will enhance effective market access for the LDCs will depend on whether sensitive products such as textiles, rice, dairy products and fish are included. If they are not, the Hong Kong commitment will only guarantee the current level of duty-free and quote-free market access. Also, the effective benefits of market access will depend on simple and transparent rules of origin, as well as efforts to increase export supply capacity.

G. Progress towards graduation from LDC status

The Programme of Action for the Least Developed Countries for the Decade 2001–2010 considers graduation from LDC status to be one of the criteria for judging the success of its implementation. The principle of graduation was adopted in 1991 by the Committee for Development Planning (now the Committee for Development Policy), a group of independent experts appointed by the Economic and Social Council (ECOSOC) and responsible, inter alia, for the triennial review of the list of LDCs.

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[5] Just before UNLDC III, the EU introduced the Everything But Arms Initiative to benefit LDCs. Other developed countries followed this lead. Canada and Japan have expanded the market access preferences that they provide to the LDCs, and the United States has, through the African Growth and Opportunity Act, expanded market access preferences that it provides to a number of African countries, including LDCs. LDCs in the Asia-Pacific region continue to benefit from preferential market access to the United States under the Generalized System of Preferences, and Haiti, the only LDC in the Latin American and Caribbean region, continues to benefit from preferential market access to the United States under the Caribbean Basin Initiative. In addition, there are other developed countries and advanced developing countries that provide market access preferences for LDCs. For a discussion of the different initiatives, see UNCTAD (2003, 2004, 2005).

The graduation criteria are conceptually similar to the criteria for placing countries on the list: a low-income criterion, a human capital weakness criterion and an economic vulnerability criterion. The graduation methodology is based on specific quantitative thresholds for the aggregate or composite indicators relevant to those criteria: gross national income per capita, the Human Assets Index (HAI) and the Economic Vulnerability Index (EVI) respectively.

The 2003 review of the list led the Committee for Development Policy to recommend the graduation of Cape Verde and Maldives, two countries that were meeting graduation thresholds under the low-income and human capital weakness criteria while remaining economically vulnerable. The General Assembly’s decision that these two countries would eventually be removed from the list was adopted in 2004, a few days before Maldives was struck by the tsunami of 26 December. The major economic setback suffered by Maldives as a result of this natural disaster led the General Assembly, in 2005, to grant it an exceptional three-year moratorium before the regular three-year grace period towards graduation actually began. This now takes to early 2011 the expected date of Maldives’ graduation from LDC status. Meanwhile, Cape Verde would normally graduate from the list in early 2008.

Samoa was deemed to be eligible for graduation in 2003, when the country met two graduation thresholds (those relevant to the low-income and human capital weakness criteria). This eligibility was confirmed at the time of the 2006 review of the list, which led the CDP to recommend Samoa’s graduation. The latter will take place, unless conditions change, in early 2010. Eligibility for graduation in accordance with the graduation rule was noted by the CDP, in 2006, for three other LDCs, namely, Kiribati, Tuvalu and Vanuatu.

Generally, while seven countries are considered to be on the road to graduation between 2008 and 2013, over 70 per cent of all LDCs (36 out of 50) were not meeting any graduation criterion at the time of the 2006 review of the list. Of these 36 countries, 10 had demonstrated no long-term progress towards any of the three graduation thresholds, while 17 had recorded some progress under one criterion, 7 under two criteria and 2 under three criteria.

Seven LDCs met one graduation criterion in 2006 (Bangladesh, Djibouti, Guinea, Myanmar, Sao Tome and Principe, Solomon Islands and the United Republic of Tanzania). Progress towards a second graduation threshold can be expected in only three of those seven countries (Bangladesh, Djibouti and Myanmar).

In short, on current trends, prospects for progress towards graduation in the foreseeable future are very slim in nearly 7 LDCs out of 10, and remain insignificant in nearly 2 out of 10. There is, to a varying extent, scope for eventual graduation in one LDC or two out of 10. Also, a vertical reading of table 23 reveals that over half of all LDCs (27 out of 50) have demonstrated significant progress towards graduation since implementation of the Programme of Action started. Whether or not this is due to implementation of the latter or to other factors requires further research [for more details on graduation, See Anne IV].

H. Conclusion

The most striking feature of progress towards the UNLDC III targets since 2001 is the strong engagement of development partners in meeting commitments with respect to aid, debt relief and market access. In contrast to the 1990s, when aid to LDCs fell sharply and debt relief initiatives were very limited, there has been a significant increase in aid and important progress on debt relief. These efforts to increase development finance for the LDCs have been complemented with new initiatives to improve market access.

Aid inflows have still not reached the levels commensurate with the aid-to-GNI targets in the POA. However, recent trends are a major turnaround from the 1990s. During that decade, many LDCs engaged in significant and far-reaching economic reforms, including extensive trade liberalization, financial liberalization and privatization. But in real per capita terms, aid fell by 45 per cent between 1990 and 1998 (UNCTAD, 2000).

Growth rates and investment ratios in the LDCs have not yet achieved the ambitious targets of the POA. However, the growth and investment performance in the LDC group as a whole was better during the period 2001–2004 than during the 1990s. There are nevertheless certain disturbing features in progress made so far towards the UNLDC III targets.

First, there are growing divergences amongst the LDCs in terms of growth performance. Eighteen out of the 42 LDCs for which data are available have been unable to achieve per capita growth rates of more than 1.0 per cent per annum during the period 2001-2004, which is far too low to have a serious effect on the extreme poverty in which about half the population of LDCs live. Similarly, half of the LDCs are on track to achieve the road infrastructure target, with the length of roads per capita in 2010 equivalent to that in other developing countries in 2001 if past trends continue. But at the same time, the other half of the LDCs are far behind, and even more so if the quality of roads (in terms of the percentage paved) is taken into account. This weak performance has important negative consequences for production and trade, and also for human welfare.

Second, progress towards human development goals is very mixed. Although often slow, more progress is being made in human development dimensions that are directly affected by the quantity and quality of public services (primary education, gender equity in education and access to water) than with regard to those that are the outcome of both public services and levels of household income (hunger and child mortality).

Third, an important feature of the LDCs' situation is their economic vulnerability and, in view of this, it is unclear to what extent the recent improvement will prove to be sustainable. The effects of very high recent oil prices, for example, are not evident given the years for which data are available.

The sustainability of economic and social progress in the LDCs will ultimately depend on building up their productive base so that they can increasingly rely on domestic resource mobilization and private rather than official sources of external finance, and can compete in international markets without special market access preferences. The POA targets wisely have a wider reach than the MDGs, emphasizing the importance of developing productive capacities.

Ultimately, the increased external resources being provided by development partners will not translate into sustained economic and social progress unless development finance for LDCs continues to be scaled up, to be complemented with more effective trade development measures and to be linked to efforts to develop domestic productive capacities. It is this last issue that will be considered in the next part of the Report.

Chapter 2. A framework for monitoring and evaluating the POA

The PoA in section III recognizes that effective mechanisms and arrangements for implementation, follow-up, review and monitoring of these commitments and actions are critical to the success of the Programme. The final section of the PoA provides a general framework and guidelines for the monitoring and evaluation of the Programme. To that effect, at the national level, each LDC, with the support of the international community, should promote the implementation of the actions contained in the PoA by translating them into specific measures within their national development frameworks and poverty eradication strategies, with the involvement of civil society, including the private sector. Regional follow-up should focus on cooperation between LDCs and other countries at the regional and sub-regional levels. The global level follow-up should be primarily concerned with assessing the economic and social performance of LDCs, monitoring the implementation of commitments by LDCs and their partners, reviewing the functioning of implementation and follow-up mechanisms at the country and regional levels and, policy developments at the global level with implications for LDCs.

This shows that there is a strong desire on the part of the LDCs and their development partners for effective and result-oriented monitoring and evaluation of progress in implementing the actions and commitments of the PoA and the results achieved. Therefore, there is a growing support for the use of monitoring and evaluation (M and E) as an integral part of development activities at both the national and international levels. By undertaking a systematic examination of effects of a specific intervention, monitoring and evaluation provides governments in LDCs, international development partners and civil society, with means for learning from past experience, improving future performance and, demonstrating results as part of accountability and transparency in partnership. Traditionally, monitoring and evaluation activities were confined mainly to projects, where the project cycle was designed to link ex- ante project appraisal with ex- post monitoring and evaluation. However, the shift 'from projects to policies' in the 1980s and '90s recognized that the policy environment plays a fundamental role in determining the pattern and pace of development and, focused the attention of decision-makers on issues relating to the design and delivery of 'good' policies. During the mid 1990s the focus shifted again, from 'first generation' policy reforms to 'second generation' institutional reforms including legal, administrative and regulatory functions of governments in the delivery of 'good governance'. This change in focus created the need for ex-post monitoring and evaluation of strategic - level programme, policy and plan (PPP) interventions.

Assessing the impacts of interventions at the strategic level, particularly with regard to internationally adopted programmes of action such as the PoA for LDCs is complex. This is due to several reasons: first, because actions and commitments therein are often part of a 'package' of development interventions. This is particularly the case in recent years with the greater use of sector-wide approaches and general budget support, which makes it difficult to monitor and evaluate the effect of the separate components of a programme. A second challenge concerns the time period for the evaluation and the scope of the assessment. Generally, the effects of an intervention (e.g. through the PoA) take time to emerge, and the evaluation may need to extend well beyond the programme's duration. If the evaluation is carried out during or at the end of the programme, the magnitude and range of the effects that the intervention will have, may be understated. The issue of scale may also arise in terms of the spread of the effects of the programme. The intervention can have significant indirect effects which extend well beyond the immediate targets or objectives of the intervention. If these effects are omitted from the evaluation, the full effect will again be underestimated.

A third challenge is to identify the causal links between the initial intervention and the subsequent changes that can be attributed to the intervention: what proportion of the change in the performance indicator can be attributed to the intervention and, what proportion is due to exogenous influences? Dealing with the issue of attribution includes addressing the counterfactual: what would have happened in the absence of the intervention? A fourth challenge often arises from data constraints. The definition used for the collection and measurement of data may diverge from the ideal definition required for assessment purposes. Some data may be unavailable from secondary sources or, may be difficult to collect from primary sources. Different sources of data relating to the same indicator may be incompatible or difficult to use in combination. It is also important to use both quantitative and qualitative data evaluation. However, this creates additional problems of comparability of performance indicators.

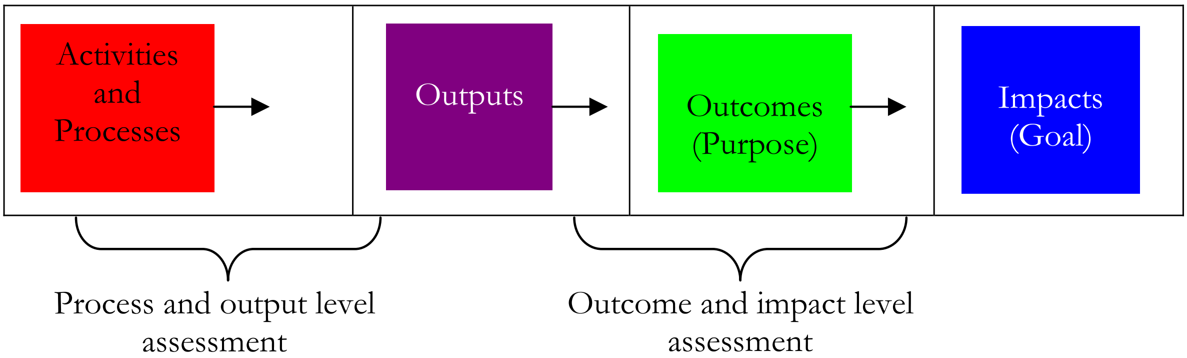
Finally, the evaluation framework needs to be sufficiently flexible for application in a range of different contexts and with varying resource constraints. It also needs to have the capacity to provide clear and timely information to decision makers on the effects and effectiveness of the programme that is being evaluated. Therefore, the findings of any assessment or monitoring and evaluation exercises need to be presented in a concise summary that is comprehensible to non-specialist decision makers, other stakeholders and interested parties. To encourage transparency and civil society participation in the process of policy-making and, in particular their willing participation in consultative processes, it is equally important for the findings to be disseminated to all those who have taken part in the reform process.

If progress is to be made in addressing these difficulties and complexities of monitoring and evaluation at the strategy and policy level, there needs to be a shared understanding on what constitutes a satisfactory framework for carrying out programme evaluation and monitoring exercises. There is no single or ideal tool kit that can be applied to all evaluation assessments; rather, the methodological framework will need to be 'tailor made' to the requirements of the particular assessment and, different methods will be chosen to serve different tasks within the overall methodology. There are three basic tasks to be undertaken in any monitoring and evaluation exercise: a) specification of targets, objectives and goals; b) selection of impact indicators; and c) consultation and stakeholder engagement

A. Specification of Targets, Objectives and Goals

It is important to identify what the programme of action or intervention was intended to achieve, since this will determine the criteria to be used in monitoring and evaluating the impacts. In most cases there will be a hierarchy of objectives, where intermediate targets are a stepping-stone to achieving final goals. An initial policy or programme intervention results in a number of activities or inputs, which result in outputs and outcomes that in turn contribute to programme goals. The Logical Framework (Log-frame) approach can be used to show this hierarchy of stages starting with the activities (inputs) which lead to outputs, which in turn cause outcomes, and finally impacts. These four stages can also be represented as a causal chain of linked stages, as in the figure below:

Figure 1: Assessment Levels



It will become increasingly difficult to demonstrate causality as the causal chain extends from activities through the outputs and outcomes to final impact of the goals of the intervention. Furthermore, in ex-post evaluation, the time required for impacts to occur will also increase as the stage of assessment moves ‘upstream’ and, will often extend well beyond the completion date for the programme or plan intervention. Faced with these difficulties in assessing impact in terms of final goals, most ex-post evaluation work to date has tended to be at the activities/inputs and output stages.

A comprehensive analysis of monitoring and evaluation (M& E) mechanisms should attempt to undertake the evaluation at each of the four stages shown in Figure 1 above, in terms of the intended results. That is:

Evaluation at the *activities* level will assess compliance with processes and procedures (‘What has been done?’ ‘How well has it been done?’).

Assessment of *outputs* looks at results of the activities (‘What changed as a result of the activities or interventions?’).

Assessment of *outcomes* examines the results in terms of the purpose of the intervention (‘Did the changes in outputs have the desired effects in terms of the targets set for the original intervention?’).

Assessment in terms of *impacts* examines the final results in terms of the goals set for the intervention (Did the original intervention contribute to societal development goals?’).

B. Impact Indicators

Impact indicators are used to assess the contribution of an intervention to achieving specified targets or strengthening the process for achieving those targets and goals. When supported by sound data, the indicators provide information for monitoring progress and demonstrating results. Not all indicators will be quantifiable and, a judgement will need to be made as to the significance of the effect that is being recorded. These judgements will be informed by established norms and standards, levels of public concern and, where available, scientific knowledge. The sources from which the evidence on performance indicators is obtained will vary and, are likely to include published statistics, informed expert opinion, and importantly, the results of consultations and stakeholder analysis. Ideally, indicators should be selected for use at each of the four levels of assessment. The number of indicators used should be limited however and, where possible a standard set of 'core' indicators should be used, to allow comparability of different assessment studies.

C. Consultations and Stakeholders' Engagement

Consultation with stakeholders should be an integral part of impact assessment. Consultation contributes to better governance by requiring decision makers to be transparent and accountable for their decisions and choices of policies and strategies. Consultation is also an important source of evidence on impacts, where the stakeholders can provide expert opinion on the results of the policy or programme intervention. Identifying who is affected, and to what extent, is critical to understanding the effects of an intervention. Stakeholder analysis can be used to describe the groups that are affected and, how, why and to what extent they are affected. It can also help in understanding the relations between stakeholders, including any conflict of interest and expectation between different affected parties.

Evidence on the response of those affected by the intervention will in turn inform the assessment of the significance and direction of the impacts.

The purpose of monitoring and evaluation is to provide policy makers with evidence on the actual impacts of a decision to implement a specified programme or policy reform. Therefore, the findings of the evaluation need to be presented in a concise and accurate manner that is comprehensible to non-specialist decision makers, other stakeholders and interested parties. To encourage transparency and civil society participation in the process, in particular their willing participation in future consultative processes, it is important for findings to be disseminated to all those who have taken part in the evaluation process. The results also need to be made available to policy makers in a timely manner, in order to inform the decision making process. At the same time, it is important to have a realistic expectation of what to expect from programme evaluations studies. It should be recognized that the primary objective of undertaking an impact assessment is to facilitate lesson learning and performance improvement. It will not give complete answers but, it should help to develop a strong evidence base for better policy choices, more effective implementation and, improved developmental gains.

Chapter 3. Implications of the above methodological framework for the Mid-term Review of the Brussels Programme of Action for LDCs

Despite the technical difficulties and limitations related to statistical data and causality, the monitoring and evaluation approach described in the preceding section can be applied to the Programme of Action (PoA). This is expected to provide a methodological framework for analysing and synthesizing the implementation experience of countries as contained in the country case studies and national reports. In doing so the following factors should be taken into consideration. First, the commitments and actions of the PoA are not binding but, they constitute a shared conviction and differentiated responsibilities of LDCs and their development partners and, provide a framework for development cooperation. Hence, it is difficult to ascertain compliance by LDCs and their development partners or, to evaluate formal compliance with the individual Actions. Secondly, in addition to follow-up, monitoring and evaluation guidelines, the PoA contains a set of agreed principles which are believed to guide the implementation of the various commitments. Most of these principles and guidelines are qualitative in nature and, it is difficult to measure or assess their progress and their substantive impact on the economies of the countries concerned. Furthermore, the PoA is directly linked to other similar global initiatives, development goals and targets, notably the Millennium Development Goals (MDGs). The combination of these made the task of evaluation of the performance of stakeholders or, measuring the quality of the actions undertaken, complex and difficult. Thirdly, the implementation of the PoA is supposed to be linked with various coordination mechanisms and frameworks such as the Common Country Assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) at the country level. There is no clarity, at this stage, to the extent as to which the PoA has been realigned and made coherent with the various programmes, initiatives and coordination mechanisms at the national level. The UNCTAD ad hoc Expert Meeting 29-30 May) convened in Preparation for the Mid-term Review of the PoA and the country presentations thereon, "highlighted that a major cause of the difficulties in the assessment of progress was the loose conceptual and factual relationship between the socio-economic goals pursued (such as poverty reduction) on the one hand and, the action envisaged under the various commitments in the Programme of Action, on the other hand". There is full recognition of the need to establish in each LDC a result-oriented monitoring mechanism taking into account country-specific circumstances defining causal relationship between the commitments of the PoA and, the overall development objectives and priorities of LDCs.

In applying the monitoring and evaluation framework for the PoA, the first step is to identify the objectives of the PoA and to relate these to the different stages at which the evaluation can be conducted. For instance, the PoA 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, to promote the sustainable development of the LDCs’ (p4). It also states that a sustained increase in *economic growth* is seen as a necessary condition for achieving this goal of poverty reduction and sustainable development: ‘to this end, LDCs, with the support of their development partners, will strive to attain a GDP growth rate of at least 7 per cent per annum. In this regard, civil society, including the private sector, is an important participant’ (p4) in the development process. The achievement of pro-poor sustainable growth will in turn be dependent of a set of accompanying policy interventions, identified in the PoA as *Commitments.* Progress in each of the commitments will depend upon a series of targeted interventions by LDCs and their development partners.

Therefore, the goals, targets, objectives, commitments and actions described in the PoA can be re-expressed in terms of the monitoring and evaluation framework described in the preceding section (section 2), as follows:

- Goal: sustained development and poverty reduction,
- Outcome: promotion of economic growth,
- Output: commitments,
- Activities: actions.

Given the constraints on conducting evaluation studies entirely in terms of impacts measured against final goals, it is proposed that the evaluation of the PoA should focus initially on the activities and output stages of the causal chain evaluation analysis, involving the selection of indicators appropriate to each stage.

a) Activities Evaluation of the PoA

This level of evaluation is concerned with the activities (inputs) that have been made by LDCs in implementing actions by LDCs and their development partners for each of the Commitments. *Compliance tests* evaluate formal compliance with the individual Actions. *Performance tests* go beyond the question of compliance and measure the quality of the actions undertaken.

b) Output Evaluation of the PoA

The aim at this stage is to evaluate the effects of the activities (Actions) on the output (Commitment) targets.

c) Outcome Evaluation of the PoA

As discussed earlier, the challenge of linking cause and effect increases as the evaluation moves from activities and outputs to outcomes and impacts. One way of conducting assessment at the outcome stage of the PoA is to compare the 'before and after' economic growth performance. This approach is seriously flawed however, since the observed change in the indicator is being attributed entirely to the intervention being evaluated. A modification of the 'before – after' approach is to project a 'business as usual' scenario and, attribute the difference between this base scenario and the observed change to the intervention. A third approach is to identify a control group and, attribute the difference in outcome between the control group and the observed group to the intervention.

d) Impact Evaluation of the PoA

The final level at which evaluation can be conducted is impact assessment, where the evaluation is in terms of the impact of the initial interventions on the goal of sustained development and poverty reduction.

Chapter 4. The country case studies: Application of the monitoring and evaluation framework[6]

This section assesses the progress made in a sample of LDCs for which country case studies have been prepared as part of the UNCTAD project[7]. The countries covered by the project are: Bangladesh, Burkina Faso, Cape Verde, Ethiopia, Nepal and Uganda. National reports from Benin, Rwanda, Samoa and Vanuatu also provided further information on the state of progress of the respective countries in implementing the PoA. The country case studies and national reports show considerable variation in socio-economic progress towards the goals and targets of the PoA. The application of monitoring and evaluation frameworks could naturally lead to different conclusions at different levels of the exercise (i.e. at the goal, outcome, output and activities levels). The assessment is in terms of country performance in each of the four levels of the proposed monitoring and evaluation framework. However, a full evaluation cannot be conducted at this stage, since this would require a process of consultation and discussion with stakeholders on the selection of indicators for measuring the size and significance of the progress achieved.

A. Bangladesh

1. Goal-Level Performance: sustained development and poverty reduction

In Bangladesh, there are different estimates of the extent and range of poverty reduction achieved since 2001. Absolute income poverty at national, urban and rural levels has decreased according to both Food Energy Intake (FEI) and Direct Calorie Intake (DCI) methods, although the extent and magnitude of decrease is different under different methods. According to the FEI method, the head count ration of national poverty decreased from 44.7 per cent in 1999 to 42.1 per cent in 2004. Rural poverty is found to have decreased at a lesser extent than urban poverty. According to the DCI method, the head count ratio decreased from 46.2 per cent in 1999 to 40.9 per cent in 2004. The incidence of hardcore poverty also decreased from 25 per cent to 18.7 per cent during the same time period. Although the extent of poverty has decreased in Bangladesh, the income gap between rich and poor has increased. The sources of rising inequality are linked with the uneven spread of economic and social opportunities in different areas, unequal distribution of human and financial capital and, rural – urban disparities. There are also serious regional disparities in the poverty situation. Most of the gains are centred in Dhaka division (capital city) while Rajshahi, Khulna and Chittagong have widespread poverty. The real GDP growth target has been set at 6.5 per cent for FY06, 6.8 per cent for FY07 and 7.0 per cent for FY08 and FY09

[6] This section is based on the country reports prepared by national consultants.
[7] The information in this section is drawn entirely from the country reports prepared for the UNCTAD project.

2. Outcome- Level Performance: Progress towards the growth target of the PoA

In Bangladesh, GDP grew at a rate of more than 5 per cent during the period 2001–2005. Per capita GDP grew at an annual compound rate of 3.9 per cent compared to 3.1 per cent during the 1990s. In addition to the higher growth rate of overall GDP, this was facilitated by a fall in the rate of growth of population. During the 1980s, population grew at an annual compound rate of 2.2 per cent and, the rate of growth of per capita GDP was recorded at 1.7 per cent per annum. In contrast, the population growth rate came down to 1.7 per cent during the 1990s and then to 1.3 per cent during the period 2001-2005. However, in terms of the absolute level of per capita income, Bangladesh continues to remain at the lower end of the income scale. Per capita income of US$440 in 2004 (US$446 in 2005) compares unfavourably with the South Asian average of US$590 and the low-income country average of US$510. The share of agriculture in GDP declined from 25.6 per cent in FY2000 to 21.9 per cent in FY05. The average annual growth rate of agriculture was 2.13 per cent between FY01 and FY05. The growth of agricultural GDP (without fisheries) was negative (-0.7 per cent) in FY05. Manufacturing GDP grew at an annual average rate of 7.5 per cent during the period FY01 – FY05 compared to a growth rate of 5.5 per cent during the second half of the 1990s.

3. Output-Level Performance: Assessing progress at the commitments level

Bangladesh has made significant progress in terms of the seven Commitments of the PoA. On Commitment 1, ***Fostering a people-centred policy framework***, the medium term development policy framework of the country is based on the core objective of reducing poverty through empowerment of people, sound economic management, better distribution of resources and, an effective monitoring and regulatory system. The promotion of gender equality and the empowerment of women have also received considerable importance. In this connexion, Bangladesh has already achieved success in removing gender disparity in primary and secondary education. Women's participation in the parliament improved in 2005 with an increase in the number of seats reserved for women. To improve the legal and monitoring system, Bangladesh has also initiated policy changes in terms of establishing an independent Anti-corruption Commission, a judicial service commission and, enacting the Money Laundering Prevention Act etc. There has been notable progress in the information base of the economy. Regular publications and reviews of the economy of the country by the Ministry of Finance, expanded statistical information provided by the Bangladesh Bureau of Statistics, on line statistics provided by the Central Bank and the Ministry of Finance, trade related information by the Export Promotion Bureau of Bangladesh- all these efforts have improved the information base of the country and support policy formulation and monitoring processes. This was supplemented by various international agencies such as the UNDP, the World Bank and the Asian Development Bank. The overall agenda towards improving governance concentrates on making public service providers accountable to the targeted beneficiaries and removing system loss. Proper utilization of all these efforts is expected to improve the overall development policy framework of Bangladesh.

With regard to Commitment 2, ***Good governance at national and international levels*** Bangladesh has mainstreamed the agenda of improving governance in its core development policy framework. It has already initiated policies and programmes to improve governance in public procurement, tax administration, financial management, public administration, power and energy, state owned enterprises, education and health services, banking, telecommunication and the social safety net. Moreover, initiatives have been taken for legal and judicial reform and, an independent Anti-corruption Commission has been established. Bangladesh is a poor scorer however, in all six governance indicators for 2004 produced by the World Bank Institute. Governance was measured for six dimensions: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption. Bangladesh's percentile ranking for four of the six indicators was in the lowest quartile, while for two others it was in the second lowest quartile. Bangladesh's performance is poor relative to other low-income countries in political stability, regulatory quality and control of corruption, while it does better than low-income countries in voice and accountability and the rule of law. Thus, Bangladesh has rightly been considering governance as its core development agenda and has achieved some progress already. However, political confrontation, unrest, violation of people's rights, including the rights of workers, widespread corruption in public administration and various service deliveries, are major areas which deserve improved governance. Moreover, local government needs to be strengthened to ensure better service delivery in the rural areas.

Commitment 3, *on* ***Building human and institutional capacities***. Bangladesh's initiatives to improve human condition and institutional capacities present a mixture of both success and failure. Rural development and education are among the two major areas to receive higher amounts of the Annual Development Programme (ADP) support, with 24.4 per cent of ADP spent on social services in FY05. Bangladesh has already achieved targets in reaching gender parity in schooling opportunities and universal primary education. Only in tertiary education, the ratio of females to males stands at 36:64, compared to the target of 50:50 by 2015. The adult literacy rate has also achieved progress and is very close to meeting the target of 55.4 per cent by 2015. Particular success has been achieved in increasing the literacy of women. Considerable progress has been achieved in reducing the child mortality rate. The under –five mortality rate (in every 1000 child) has been reduced from 151 in the base year to 88. However, the child malnutrition rate remains very high. The proportion of births attended by skilled health personnel is still far below the target, thus contributing to the high rate of maternal mortality. Currently 12 per cent of births are attended by skilled health personnel, compared to the target of 50 per cent by 2010. Moreover, maternal malnutrition is a major cause of maternal mortality and, the rate of maternal malnutrition (45 per cent) is way below the target of <20 per cent by 2015. Although malnutrition in Bangladesh is lowest among the South Asian countries, more than half of the children between the ages of 1-3 are underweight. The total fertility rate stands at 2.6 per cent against the target of 2.2 per cent by 2010. Bangladesh's success has also been notable in ensuring access to safe drinking water for 96.3 per cent of the population.

So far, the state of prevalence of HIV/AIDS in Bangladesh remains low. According to official statistics, HIV is found to be positive among 4 per cent of IDUs and 0.2 per cent to 0.7 per cent of female sex workers. However, Bangladesh is at serous risk of spreading HIV/AIDS because the condom use rate among professional sex workers and their clients is very low. Moreover, the rate of needle sharing among IDUs is between 25 per cent and 75 per cent. A sharp rise in the prevalence of HIV in IDUs was observed between 2001 and 2003-04. During this period, the HIV prevalence in Dhaka and surrounding areas increased sharply from 1.7 per cent to 4 per cent. In the case of tuberculosis, Bangladesh has almost achieved its target of curing 85 per cent of detected cases. However, the detection rate is far lower than the target.

According to the Direct Calorie Intake (DCI) method, the head count ratio of poverty in 2004 stood at 40.9 per cent. There are 63 million poor people in Bangladesh,, which is the third largest number of poor people after China and India. However, there has been some success in reducing the proportion of people in extreme poverty. As against the target of 14 per cent by 2015, the proportion of people in extreme poverty now stands at 20 per cent. There has been a narrowing of the gender gap in most MDG social indicators, especially in the education sector but, much remains to be done in the field of the political and economic participation of women. To integrate poor people into development attempts, local government can play an important role and, the poor can be involved increasingly in rural infrastructure and development services. In this connexion, Bangladesh has successful experience in implementing programmes like Vulnerable Group Development (VGD) and Food for Work. In the PRSP, social safety nets, especially for the poor, have received high priority.

Commitment 4, ***Building productive capacities***. The share of agriculture in the GDP has declined over the last five years, while the share of industry has increased. However, the rural economy as a whole contributes 58 per cent of GDP and, agriculture and the rural economy are playing substantial roles in ensuring food security and generating employment. Three-quarters of the country's total population and 85 per cent of the poor live and earn their livelihood in rural areas. Therefore, the Government has identified agriculture and rural development as the topmost priority sector for rapid poverty reduction. Around 16 per cent of ADP and revenue allocation is directed to agriculture and rural development. Food production increased from 24.9 million metric tons in FY2000 to 26.3 metric tons in FY05. The share of the manufacturing sector in GDP is rising continuously and, the main driving force behind this growth is the woven and knitted garment industry. Poor infrastructure, including poor transport and port facilities, inadequate power and telecommunications are considered to be major obstacles for industrialization and export gains. The road network of Bangladesh expanded from 222,593 kilometres in 1998 to 171,335 kilometres in 2005. This progress includes the expansion of village roads from 11,727 kilometres in 1998 to 271,401 kilometres in 2005. Although customs procedures have been simplified, the ports are still not functioning efficiently. The power sector of Bangladesh suffers from poor supply capacity, a huge system loss and inefficient operation. To supervise the energy sector as a whole, including oil, gas, power and coal, progress is being made in operationalizing the Energy Regulatory Commission (ERC). Furthermore, Bangladesh has achieved notable progress in information and communication technology (ICT). The national ICT policy has been approved and contains an integrated approach to help this sector to flourish. All 64 districts have been brought under internet coverage through dial-up connexions

Commitment 5, ***Enhancing the role of trade in development***. The assessment of Bangladesh's progress in this respect is encouraging. Export performance has been robust during last one and a half decades. It has undergone massive liberalization which increased the openness of the economy. Customs procedures have also been simplified to a large extent during the last two years. The major challenge facing Bangladesh is to continue with double-digit growth of exports in the post-MFA era. The future trade performance of the country will depend on the successful diversification of the export basket, improvement of transport and port infrastructure, improvement of power and telecommunication services, compliance with labour and environmental standards, reduction of the cost of doing business induced by corruption and stringent regulations and, improvement of the overall law and order situation in the country. An assessment of progress in Bangladesh with regard to Commitment 6, *reducing vulnerability and protecting the environment*, shows that with some exceptions, minimal attention has been given to environmental issues. Thus, not enough attention is given to the long run impacts of various environmental concerns, especially, impacts on common goods and, on how poor people use them. The main environmental concerns for Bangladesh encompass arsenic contamination of shallow aquifers, air pollution in urban areas, river water pollution near industrial estates and by municipal waste water, solid waste disposal, degradation of agricultural soil as a result of inappropriate use of fertilizers, soil erosion, salinity of soil in coastal areas and deforestation.

In assessing progress made on Commitment 7*: **mobilising financial resources**,* the framework for assessment of progress should look into efforts both at the domestic and the international levels. At the domestic level, Bangladesh has achieved notable progress in recent years in mobilizing domestic resources. In terms of savings, investment, public expenditure financing, social services and development works, the share of domestic resources has increased. Domestic resource mobilization is centred on the revenue efforts of the Government. Currently, 71 per cent of public expenditure (both current and development) is financed by revenue collected from domestic tax and non-tax sources. Almost half of ADP is also financed from domestic sources. However, Bangladesh's tax-GDP ratio is one of the lowest in the world. The ratio stood at 5.9 per cent in 1990-91 and rose to 7.1 per cent in 1999-00. These figures were way below the South Asian average of 12.4 per cent and 17.5 per cent recorded for the LDCs for the comparable period. In FY05, the tax-GDP ratio increased to 10.3 per cent. Two factors extending negative impacts upon domestic resource mobilization are the losses incurred by the State Owned Enterprises (SOEs) and, increases in the level of non-performing loans by the Nationalized Commercial Banks (NCBs). In FY05, 56 per cent of the total deficit was financed from domestic sources. Borrowings from banks (both scheduled banks and the central bank) constitute a large part of this. However, private sector investment has not suffered from a crowding out effect, as the Government prefers concessional foreign borrowing to costly domestic borrowing in financing the deficit. The private sector is playing a dominant role in industry, business, banking, education, health services, rural development and trade. Both private investment and private savings increased considerably between FY01 and FY05. NGOs are playing a vital role in mobilizing domestic resources. The micro – credit programmes of Bangladesh have a long history and, the success in this area is exemplary in the international context. Bangladesh has also improved the regulatory system to attract more foreign funds including FDI. The flow of FDI has increased steadily and, during the last two years, the registration of investment projects has increased substantially. In terms of foreign assistance Bangladesh has decreased its dependence on ODA. It is notable that in recent years more foreign assistance is coming for implementing projects rather than food aid. This has contributed to improving various social indicators.

4. Activities - Level of Performance: Progress in implementing actions of the PoA

During the period 2001 - 2005, Bangladesh made notable progress in each of the seven Commitments and actions therein. This has contributed to improved performance in terms of pro-poor economic growth. The multiple actions that have been implemented to achieve this degree of progress have been initiated as part of a coherent and integrated policy framework for achieving pro-poor growth and meeting the Millennium Development Goals (MDGs). Bangladesh's Poverty Reduction Strategy Paper (PRSP), *"Unlocking the Potential: National Strategy for Accelerated Poverty Reduction"* provides an assessment of the various dimensions and trends in poverty in the country, identifies key factors impacting upon the poverty situation and, provides a consolidated way forward for accelerated poverty reduction and meeting the MDGs. The PRSP recognizes the growing significance of the *meso-level* economy (rural market centres) and thus it promotes greater policy attention to it for growth and employment generation.

The PRSP addresses poverty in a broader sense, which includes human deprivation in income, food security, quality of life and vulnerability. It seeks to address such poverty through a strategically prioritized policy framework that has pro-poor growth, human development and, governance as its central pillars. The priority policy areas pointed out in the PRSP are: (i) macroeconomic stability; (ii) choice of critical sectors for pro-poor growth, including rural, agricultural, informal and small and medium enterprises (SMEs), rural electrification, roads, and telecommunications; (iii) safety-net measures for the poor and the vulnerable, with special attention to women; (iv) human development of the poor for raising their capability; (v) participation and empowerment of the poor; (vi) promoting good governance; (vii) improving delivery of basic services; and (viii) caring for environmental sustainability. With the adoption of the PRSP, Bangladesh is mainstreaming the actions and commitments under the Plan of Action (PoA) into the national development policies and strategies and, thus moving forward to achieve the millennium development goals.

The PRSP contains a Medium Term Macroeconomic Framework (MTMF) within which the poverty reduction strategy is implemented. The reference period of the MTMF covers the period FY06 – FY09. The MTMF lays out the targets and projections for key macroeconomic indicators for these three years and also spells out the broad policy thrust in the area of fiscal, monetary, external sector and macro management, to match the indicated strategy of accelerated poverty reduction. In the light of the growing development spending needs and, the predicted reductions in trade taxes (for greater trade liberalization), strengthening domestic tax mobilization is at the core of the MTMF. A National Poverty Focal Point has been created in the General Economics Division (GED) of the Planning Commission to monitor poverty and track progress in implementing the PRSP. Overall, the commitments and actions of the PoA have been mainstreamed and integrated into the national development policies and strategies of the country

B. Burkina Faso

1. Goal – Level Performance: Sustained development and poverty reduction

Unlike in Bangladesh, poverty affects about half of the population of Burkina Faso and, it has been growing in recent years, both in towns and in rural areas. In 2003, 92.2 per cent of the rural inhabitants lived in poverty while only 19.9 per cent of people living in cities were experiencing poverty. This high level of poverty is both a factor and a consequence of the low level of human resources development in the country. It explains the low level of productivity in the agriculture sector where 80 per cent of the population still finds jobs and income. More women (52 per cent) suffer from poverty than men (48 per cent). However, families headed by men tend to be poorer (46.9 per cent) than those headed by women (36.5 per cent). The explanation is that families headed by women tend to be smaller than those headed by men. Less education for women translates into less participation of women in modern sectors of the economy, including public administration. Burkina Faso has benefited from a substantial amount of foreign aid. Eighty per cent of public investments were financed through external sources. However, the country faces problems of absorption capacity for foreign aid. Long and complex administrative procedures, both inside the country and on the side of donors, have contributed to delays in the launching of many projects. Burkina Faso has developed a sustainable human development strategy and a strategic framework for poverty reduction. Their main goals are to promote human security, to increase the purchasing power for the vulnerable populations and, to create overall conditions for well-being. Burkina has adopted the UN Millennium goals and is a party to NEPAD. Its priorities for poverty reduction include: reducing the social deficit, promoting rural development and food security, improving access to drinking water, fighting HIV/AIDS, protecting the environment, improving well being, promoting SMEs and small mining enterprises, reinforcing public security and, building national capacities, with particular emphasis on promoting ICTs

2. Outcome – Level Performance: Progress towards the growth target of the PoA

After a decade (1991-2002) of continuous structural adjustment programmes, the economy of Burkina Faso has been growing by 5 per cent annually. However, the population grew by 2.4 per cent a year during the same period. The economy of Burkina Faso has remained handicapped by its poor capacity to resist external shocks. Its weaknesses include: i) weak national capacities in terms of human resources, ii) insufficient infrastructure iii) governance problems. Generally, the annual 5 per cent economic growth rate in Burkina did not result in a reduction of poverty, whereas the same level of economic growth in Bangladesh showed a reduction in poverty during the same period. This strengthens the argument that while economic growth is important for the achievement of poverty reduction objectives, it alone is not sufficient to achieve the goal of poverty reduction in LDCs. The quality of growth, notably with regard to employment creation, reduction of inequalities and the preservation of the natural environment, is of paramount importance for broad-based development and poverty reduction objectives.

3. Output–Level Performance: Assessment of progress at the commitments level

Commitment 1, ***Fostering a people-centered policy framework*** is a challenge for Burkina Faso as the country faces intense migration, both internally and externally. Policies have been set to limit the exodus from the countryside to the towns and, to help young people earn their living in rural areas. In 2002 and 2003, 350 000 people were repatriated and, emergency plans had to be devised to help them to resettle in the country. An unprecedented national solidarity movement was necessary to cope with this unusual problem. Other more permanent issues of concern to people include health, nutrition and the provision of drinking water. Some progress is being made in health related areas. Mortality and morbidity rates remain high but, they are declining. For example, the infant mortality rate declined from 105.3 (per thousand) in 1999 to 83 in 2003. In 2002, 250 000 people were infected with HIV/AIDS but, the infection rate had decreased from 7.17 per cent in 1997 to 4.2 per cent in 2002. Use of contraceptive methods reached 28 per cent and 5 per cent of urban and rural women respectively in 2003 compared to 20 per cent and 3 per cent in 1998. However, the plan for 2000 was to reach 32 per cent and 9 per cent. More efforts are therefore needed. Malaria remains endemic and is still the first killer for children under five years old. For tuberculosis, efforts are being made for diagnostic and treatment. There has also been progress in the treatment of other diseases. However, epidemics such as meningitis, cholera and measles still persist.

The state of nutrition for the population is unsatisfactory. The average daily consumption of food is still below the standard minimum of 2500 Kcal. Chronic malnutrition remains a very serious issue in Burkina Faso, especially for young children and young women in rural areas. Children with less weight than normal represented 42.2 per cent in 2003. This indicator had been worsening from 27 per cent in 1990 and 30 per cent in 1998. Drinking water provision has improved but, more still needs to be done, as only 40.4 per cent of the population had access to clean water in 2003 compared to 31 per cent in 1998. The school enrolment ratio at the primary level grew from 47.5 per cent in 2002 to 57.2 per cent in 2004. Despite this steady improvement, the dropout rate is still too high, as only 29.73 per cent of those enrolled completed primary school in 2002. This figure rose slightly to 31.4 per cent in 2004. Huge disparities in the enrolment ratio exist between towns and rural areas, between regions and between genders. On average, 100 per cent of children in towns go to school, while only 34 per cent do so in rural areas. Furthermore, while 50 per cent of boys go to school, only 38 per cent of girls go. Therefore, it is unlikely that Burkina Faso will meet the goal of gender parity in the enrolment ratio by 2015. As the enrolment ratio between boys and girls was 0.75 in 2005, it is estimated that it would take 22 years for the country to achieve parity if the current trend continues. At the secondary school level, the progress being made is real but, insufficient to meet all the 2015 objectives. Gender parity was 0.62 in 2000 and 0.81 in 2005. Nine years would be needed to achieve parity. The secondary school enrolment ratio is still too low (15.6 per cent). It is even worse at the university level where the enrolment ratio is a meagre 2.1 per cent.

As regards Commitment 2, ***ensure good governance at national and international levels***, efforts have been made to put policies and strategies in place. The national Governance Plan (1998-2003) is the framework in which governance policies are clearly defined. Its implementation has contributed to reinforcing democracy, the rule of law and, more transparency in Central Government budget management. Other recent achievements include the adoption of a liberal constitution; a multiparty democracy; regular elections; less insecurity; a stronger civil society; a free press; more decentralization and, more transparency in public matters. . However, these positive developments need complementary measures to reinforce a culture of democracy. A new National Plan for Good Governance was also adopted in 2005 while, with the support of the UNDP and the ADB, a Country Governance Profile has also been made. Other related plans include a UNDP supported plan for parliament development (2004-2014) and the adoption of the African Review Mechanism by the African Union in March 2003. On Commitment 3**, *building human and institutional capacities***, the implementation of the PRSP has revealed poor performance in the management systems of the country. This is because of lack of ownership and low human, technical and institutional capacities. Resolving the issue of lack of capacities is a necessary condition for the success of the poverty reduction strategy. Reinforcing capacities should not limit itself to training. It should be a holistic approach involving training as well as institutional dimensions, such as professional practices and behaviour; motivation and logistics. HIV/AIDS has impacted profoundly and negatively the human resources capacities in Burkina. Hence, the disease is considered not just as a public health issue but, a development issue. There were 350 000 orphans in 2002 and 2000 of those children were infected with HIV. Forty two per cent of families in rural areas and 45 per cent in towns were hosting HIV/AIDS orphans in 2001.

On Commitment 4, ***building productive capacities***, *b*etween 2000 and 2002, the country's road network has improved: 411 km were paved, 261 km rehabilitated and 760 km benefited from regular maintenance. In 2004, road maintenance was ongoing for 12,694 km; roads to the borders with Ghana and Ivory Coast were being paved; several feasibility studies were being carried out and legislation on transport was adopted. However, despite progress in road transport, other modes of transport have been experiencing serious difficulties. Air transport was affected by the bankruptcy of Air Afrique and, rail transport slowed down before being suspended due to the socio-political crisis in the Ivory Coast. This has also resulted in overexploitation of the road network and its accelerated degradation. Participatory development has significantly contributed to the development of the country in recent decades. Since the terrible drought of the 1970s, a strong civil society movement has emerged with 200 NGOs; and 14,000 cooperatives and mutual associations. The Government has responded by setting up a consultative mechanism between the state and Civil Society and, the State and the private sector. An annual day of the peasant brings together peasants and cattle breeders from all over the country and, discussions and ceremonies take place under the direct supervision of the Head of State. The Government has initiated reforms in order to make the electricity and petroleum sectors more efficient and, to speed up the rural areas connexion to the electricity grid. Liberalization of the telecommunication sector has allowed entry to three new mobile operators. More competition resulted in tariff reductions of 33 per cent in long distance calls. However, tele-density remains too low with 3.91 lines per 100 inhabitants. The role and potential of SMEs in the development of the country is recognized. To create more jobs and generate more income, solutions will have to be found for the financing problems they face, as well as for management and market access issues. Plans are under way to set up a specific fund to assist in technological upgrade; better management and training of operators.

Regarding Commitment 5, ***enhancing the role of trade in development***, various actions have been taken to improve competitiveness, including the entry of new marketers, opening new gas stations and, revising legislation to allow more competition and privatization. In 2003, the setting-up of a single window for administrative procedures to establish businesses resulted in a reduction of delays from three months to 15 days and, the number of formalities from 15 to eight. In 2004, the administrative delay in business creation was reduced from 15 days to 24 hours. The implementation of a project to support the private sector has also resulted in the establishment of a Business House (Maison de l'Entreprise) and, a framework for consultation of private business. As a member of the West African Economic and Monetary Union and ECOWAS, the country has a common external tariff system with other members of WAEMU. Since 2004, Burkina Faso has been benefiting from AGOA. It will also benefit from the Partnership Agreement being negotiated between EU Members and ACP countries. In 2004, the country participated in the Joint Integrated Technical Assistance Programme (JITAP), a joint project by ITC, UNCTAD and WTO. Since 2005, it is benefiting from the Integrated Framework on trade related technical assistance, a joint initiative by UNCTAD, ITC, WTO, IMF and the World Bank, to assist LDCs in trade promotion.

On Commitment 6, ***reducing vulnerability and protecting the environment***, sanitary and overall environmental conditions for most people in Burkina Faso remain unsatisfactory. Only 46 per cent of the urban population had electricity in 2003 and only 1 per cent in the rural areas. Waste-water treatment does not exist even in towns. The Government is aware of these problems and, is initiating some projects to improve sanitation in the capital and in Bobo-Dioulasso. HIPC funds will be useful to this end.

The Government has designed specific policies for the protection and sustainable management of forests, wild life and fisheries. It has also a programme to fight desertification and a programme on integrated water management. Burkina Faso is a signatory to the following conventions: the Rio Convention, the Convention on Biological Diversity, the Convention on Climate Change and, the Convention against Desertification. Implementation plans and strategies for these conventions involve grass roots communities as well as NGOs. Despite sustained efforts to protect the environment, the trend in natural resources degradation has not yet been reversed. Deforestation grows at a higher rate than reforestation. This is mainly due to extensive agriculture, wildfire practices and traditional cattle breeding methods. As regards Commitment 7,

Mobilizing Financial Resources, fighting poverty requires a huge amount of resources. Therefore, the Government has associated public and private resources in an attempt to achieve its objectives. In 2000-2002, 1,306.6 billion CFA francs were injected into the economy. Investments have been supported by foreign donors. They totaled 496.8 billion CFA (excluding HIPCs funds). This left a financing gap of 41 billion CFA that was covered through direct budget support by donors for 159.1 billion CFA. However, absorption capacity of foreign aid was inadequate, as only 71 per cent of projects were implemented. HIPCs funds received amounted to 54.3 billion CFA, of which only 64 per cent were spent, another sign of weak absorption capacity. Since the devaluation of the CFA, Burkina Faso received annually an average of US$400 million from about 50 donors supporting 500 projects and programmes. Burkina Faso has benefited from being a pilot country for the implementation of the Copenhagen world social Summit and its 20/20 initiative. In 2000-2002, 16 per cent to 19 per cent of foreign aid was spent on basic social services. More resources are expected from the 2005 G8 initiative to cancel debt owed by 18 HIPCs to the World Bank, IMF and the African Development Bank. Earlier British and Canadian proposals on debt alleviation are also benefiting Burkina Faso. On 30 June 2005, foreign debt represented 1050.96 billion CFA, of which 88.13 per cent was due to multilateral financial institutions such as the World Bank (50.83 per cent), the AfDB Group (19.57 per cent) and the IMF (5.08 per cent). Debt cancellation is estimated to have eliminated 793.27 billion CFA of the above amount due. This would translate into savings of 5 billion CFA for the Government budget each year since 2006. Debt service would be reduced to 27.64 billion CFA from 32.61 billion CFA that were being paid annually.

4. Activities – Level Performance: Progress in implementing actions of the PoA

During the period 2001 - 2005, Burkina Faso made notable progress in implementing actions of the seven Commitments. But results achieved in many areas are far short of expectations and lag behind the goals and targets of the PoA. Continued socio-economic progress will require that the Actions taken should be part of a coherent and integrated policy framework for achieving pro-poor growth and, meeting the Millennium Development Goals (MDGs), as well as those in the PoA.

C. Cape Verde

The case study of Cape Verde exclusively addressed three interrelated issues of critical importance for the country. These are: i) graduation form the LDC category, ii) vulnerability of the economy of Cape Verde to various kinds of shocks -economic, natural and environmental, iii) the need for "smooth graduation", and iv) increased international support measures. Therefore, it is not possible to apply, across the board, the monitoring and evaluation framework in the same manner it is applied to other case studies. However, an attempt is made to assess, to the extent possible, the implementation of the Brussels Programme of Action in the context of the theoretical framework for evaluation and monitoring, discussed in the preceding sections of the present paper.

1. Goal – Level Performance: sustained development and poverty reduction

Cape Verde has made significant progress in the last several years, particularly in improving the well-being of its citizens. The 2002 Household Survey shows that absolute poverty declined from 49 per cent in 1988 to 37 per cent in 2002. The Survey also revealed that despite a significant fall in absolute poverty, there was a change in relative poverty[8], which increased from 30 per cent in 1988 to 37 per cent in 2002. The latter is the case and consequence of increasing income inequality that has been observed in Cape Verde over the years. The provision of social services, notably education and health, has also been significantly improved both in terms of access and the quality of the services. For instance, "while public health care has almost eradicated all contagious diseases prevalent in Africa, non communicable diseases have become gradually more important and claim an increasing share of the health budget "[9]. The positive and encouraging progress towards poverty reduction goals and objectives in Cape-Verde is the result of sound development policies and strategies, sustained economic growth and, adequate provision of social services. Unlike in many least developed countries, economic growth in Cape Verde is accompanied by a surge in the size of the labour force which, according to the World Bank, more than doubled over the past two decades. The increase in the labour force also triggered a relocation of labour among the main sectors of the economy, such that employment in the tertiary sector surpassed the primary and secondary sectors of the economy. It is important to note that the above- mentioned progress towards the poverty reduction goals of the PoA and the MDGs has been masked by the vulnerability of the economy of Cape Verde to external shocks - environmental, natural and economic. Hence, long-term sustainability of such an impressive socio-economic progress is challenging and doubtful.

2. Outcome – Level Performance: Progress towards the growth target of the PoA

The economy of Cape Verde recorded an upward trend during the period 2001-2005, with an average annual growth rate of 5.5 per cent. It is forecasted to reach the target growth rate of 7 per cent of the PoA by 2007. Historical and empirical evidence on the economic growth of Cape Verde show that during the decade that followed independence (1975-1985), the growth rate averaged 10 per cent per year and, during the second half of the 1990s it was 8.4 per cent per year on average. Overall, the economic performance of Cape Verde over the last decade almost doubled that of the African countries as a whole [African Development Bank (2003)]. This contributed to a significant improvement in the average standard of living, as shown by an increase in per capita GDP which grew by 3.9 per cent per year between 1992 and 2000.

3. Output–Level Performance: Assessment of progress at the commitments level

Most of the commitments for action at national level that are encapsulated in the Brussels Programme of Action (BPoA) were being pursed in Cape Verde, before the POA was adopted. This contributed to the socio-economic progress the country has demonstrated over the years. Cape Verdian governments, since independence, have consistently promoted "people-centred" policies (Commitment 1), good governance (Commitment 2) and human capacity building (Commitment 3). The obstacles that were met by Cape Verde in these efforts were essentially associated with the country's lack of domestic saving capacity and great dependence on external sources of funding. Most of the progress on vital aims such as health and education has been

8 Relative poverty measures the number of people with income under 60 per cent of the median income in 1988 and 2002, while absolute poverty measures the number of people in 1988 and 2002 whose income was below the 1988 poverty line, indexed for inflation

9 Growth and Poverty strategy Paper (GRSP), revised (September 2004)

explained by the country's sound management of aid and remittances. A hypothetical decline in such resources in the context of graduation could jeopardize the continuation of this progress.

Building productive capacities (Commitment 4) has been a paramount objective of the Government of Cape Verde for decades. The limited progress achieved in this regard --except in the area of tourism-- has been explained by the structural handicaps the country is permanently faced with, essentially the acute economic consequences of smallness and remoteness, as well as chronic drought, which makes agricultural activity non-existent for export purposes and, insufficient for the population's subsistence. Cape Verdians have always been convinced about the essential role of trade (Commitment 5) as the principal engine of development. The scope for viable international trade in goods has been limited for the reasons indicated above and, the country strives to enhance and further develop trade in services as its most promising sphere of economic opportunities.

While protecting the natural environment has been a well understood policy objective in Cape Verde, reducing the country's vulnerability (Commitment 6) to external shocks beyond domestic control remains difficult, considering the obstacles to diversification, which would be the only durable way of spreading the risk of exposure to shocks. Finally, mobilizing financial resources (Commitment 7) has been the single most important aim of the Government since independence. It is now considered a growing concern in the context of graduation from the list of LDCs, as an erroneous signal is given to the international community about the country's assumed structural progress and, ability to pursue its development efforts in an externally less dependent manner.

4. Activities – Level Performance: Progress in implementing actions of the PoA

Over the last several decades Cape Verde has made notable progress in implementing actions of the seven Commitments with success. The progress that Cape Verde has made over the years is the result of policies and strategies implemented by the Government. The goal of the policies and strategies of the Government was to significantly improve the living standard of the people through increased real income levels, a vibrant private sector and, expanded employment opportunities, among others. The successful experience of Cape Verde led to the decision by the General Assembly to graduate it from least developed countries status. The recent UNCTAD ad hoc Expert Meeting (see Annex I) concluded that *" the concerns of countries that are called to prepare for eventual graduation including Cape Verde should be taken into consideration, in keeping with the principle of "smooth transition" as accepted by the General Assembly. This implies a commitment by development partners to do justice to the permanent or long-term needs that a graduating country may continue to be facing, in view of the risk of frequent economic, environmental or natural shocks beyond domestic control. There is also a growing concern about the need to pay greater attention to the economic vulnerability of some LDCs that are expected to graduate in the near future. It is hoped that environmental and disaster-related vulnerabilities will be given due consideration in the discussions concerning graduation, as well as support for "smooth transition".*

D. Ethiopia

1. Goal- Level Performance: Sustained development and poverty reduction

Like Burkina Faso, socio-economic progress in Ethiopia remains slow and fragile. According to the recent estimates of UNCTAD and the World Bank, about 85.4 per cent and 94.7 per cent of the Ethiopian population lives under absolute (1 US$ a day) and extreme (2 US$ a day) poverty lines respectively. Also, according to the African Economic Outlook, Ethiopia is slipping back or far behind the MDGs set for 2015, except for access to improved and safe water, which has shown significant improvement over the years.[10] The structurally weak and vulnerable economy of the country characterized by over-dependence on traditional agriculture, a stagnant industrial sector, excessive commodity and market concentration for export earnings, a low human and institutional development status, political instability, successive natural disasters such as drought and a lack of investible financial and technical resources, are the major factors for the prevalence of an alarmingly high incidence of extreme poverty. To address the complex development challenges facing the country, the Government of Ethiopia has been making efforts to integrate and implement the seven commitments of the PoA in the context of its Sustainable Development and Poverty Reduction Strategy Papers (SDPRSP).

2. Outcome – Level Performance: Progress towards growth targets of the PoA

In 2001, when the PoA was adopted, the Ethiopian economy was emerging from a two years war with Eritrea. After the war was politically ended in December 2000 (with tensions still existing due to the delay in border demarcation), the Ethiopian economy observed a further decline in 2002/03. This decline was attributed in particular, to adverse weather conditions. The growth of real GDP averaged 1.7 per cent in 2001-2002 and translated into 1.2 per cent and 6.6 per cent declines in per capita income in 2001/02 and 2002/03, respectively. The per capita income during 2000/01 to 2004/05 observed an average annual increase of 1.8 per cent. Consistent to the trend in per capita income, the GDP has also been fluctuating mainly as a result of the poor performance of agriculture since 2000/01. However, in 2004 the GDP exhibited an average annual growth rate of 6.8 per cent[11] which is 1 per cent below the target set for 2001-2010. It is also estimated to reach 7 per cent, 2006/07. The estimates indicate that the economy can be on track to achieve the planned average GDP growth rate of 7.6 per cent by 2010, higher than the 7 per cent growth target of the Programme of Action, provided that the country will not face external shocks -economic or natural.

3. Output – Level Performance: Assessment of progress at the commitments level

With the view to implementing a commitment on *"Fostering a People Centred Policy Framework"* (Commitment1), Ethiopia has been implementing its Sustainable Development and Poverty Reduction Programme (SDPRP) since 2001. The implementation of SDPRP is part of on-going commitments of the Government and, it is used as a framework that directs

[10] OECD and ADB, 2005. African Economic Outlook, 2004/05, Paris.
[11] This estimate excludes the 2002/03 data where the GDP fell by about 4 per cent due to severe weather conditions that adversely affected the performance of the agriculture sector.

programming and policy formulations. Ethiopia continues to implement the programme by building on the strategy of Agricultural Development Led Industrialization (ADLI), accompanied by civil service and justice system reform, governance, decentralization and empowerment and, capacity building initiatives. Spending on sectors oriented towards poverty reduction objectives increased from 50.3 per cent in 2003/04 to 56.8 per cent of total public spending in 2004/05. The administrative structures were decentralized to the woreda (District) level, although their weak institutional capacities, including lack of financial, technical, and trained human resources remain a challenge. There has been a large increase in public spending on education, health, and agriculture; an average increase of 26, 45 and 66 percent during the period 2000/01 to 2003/04 respectively, while maintaining prudent fiscal management. The National Food Security Programme has been designed and, the Government was able to maintain macroeconomic stability with low inflation and a stable exchange rate. The focus of SDPRP on expanding education, strengthening health and HIV/AIDS, capacity-building and decentralization and, the food security programmes is believed to contribute to improving the country's physical, social and human development capacities. In the context of the SDPRP, the Plan for Accelerated Sustainable Development to End Poverty (PASDEP) by 2015 (a ten year plan)has been completed. The planning process involved two rounds of consultations with civil society, non-government actors and, development partners. The Government of Ethiopia and the donor community have also established various technical and advisory groups to discuss progress made as well as problems encountered in implementing development programmes. There is recognition of the important role of cooperatives in the delivery of social services and, in building institutional capacities in rural areas. These newly formed and viable cooperatives and unions now represent about 4.2 million members.

The Government has also been able to create a favourable environment for the development of the private sector through privatization and, by undertaking institutional, legal, land use and tax reforms. Although the process started in 1994, the privatization of government-owned enterprises has not been completed. About 221 enterprises were privatized and 146 remain in the hands of the Government. The privatization of the remaining enterprises is expected to continue in the coming years. In an effort to enhance the role of the financial sector, the Government has allowed the opening of private banks, Micro Finance Institutions (MFIs) and financial cooperatives. Although the three state-owned banks account for about 70 per cent of the market, the growth of the private banks is encouraging. Some private banks have up to about 30 branches. Unlike the public banks that require collateral and provide credit service to relatively large enterprises, the private banks have played an important role in the provision of credit to small and medium enterprises, as well as cooperatives involved in external trade. The Bank of Abyssinia for instance, was the first bank to provide loans to cooperatives through loan guarantee schemes. The establishment of the private banks, as well as the micro finance institutions, has enabled emerging entrepreneurs to access credit to set-up their businesses. The Government has started to involve and encourage the participation of the private sector in the policy dialogue and, have set-up a Public-Private Consultative Forum with the Chambers of Commerce and other relevant sector associations.

On Commitment 2, ***good governance at national and international levels***, the Government has started to strengthen the justice system through the provision of training to judges and prosecutors and, by enhancing the institutional capacities to manage legal cases. The dissemination of information on the legal and civil rights of women has been aired through the national radio in collaboration with NGOs. In terms of enforcement, the institutional capacities to provide efficient and effective legal services has not yet been realised, as most cases take a long period (months and years) prior to judiciary decisions. The Government has also established the National Electoral Board (NEB), that oversaw the preparation, as well as implementation, of the May 2005 election. The preparation for the election held in 2005 was very effective in informing the general public about the procedures of the election and, the exercise of the vote. As a result, the May election was the first of its kind where the large majority of Ethiopians elected and/or voted for their representatives. However, the opposition contested the results and there were civil riots. Genuine efforts to promote open and constructive dialogue among the concerned parties, as well as enhancing the effectiveness of justice, law and order, is indispensable to restore democracy and sustainable peace in the country. The Government has been able to establish a human rights Commission and Ombudsmen's office and, also appointed a Commissioner and Ombudsmen. However, international observers and human rights institutions have raised doubts and concerns about the commitment and the promise of the Government to democracy and the rule of law, following the election. The Government has also set up an Ethics and Anti-corruption Commission. The commission attempted to reform the procurement systems and, is developing a Public Servants' Code of Conduct. The actions taken by the Commission on cases that have been reported however, have not been adequately made public to enlighten the general population. Despite these efforts, Ethiopia scores 2.3 out of 10 in the rating of the index for perception of corruption by Transparency International. Ethiopia needs to do more to fight corruption to attain at least the average score.

As regards Commitment 3, ***building human and institutional capacities***, Ethiopia ranked 170th out of 177 countries and, the HDI showed a slight improvement from 0.29 in 1985 to 0.37 in 2003. Some social indicators show modest progress, especially on health and education. However, the low ranking of HDI is expected to reflect the continued social subordination of Ethiopian women and, the cultural and religious customs that favour men. The Human Development Report for 2005 ranked Ethiopia 134 out of 140 countries in terms of the gender-related development index (GDI). Female-earned-income amounts to only 52 per cent of male-earned-income. The representation of women in the parliament has increased from about 7 per cent prior to the last election held in May 2005, to about 20 per cent of parliament (which constitutes about 500 members). Even though the Government launched a National Action Plan for Gender in 2004/05, it is necessary to involve the development partners and engage proactively in the coming years to address gender concerns at all levels and sectors. On education, the overall achievement of the education policy of the country has been significant, although quality remains a challenge for this sector. In 2003/04, primary school enrolment was 68.4 per cent, compared to about 61 per cent in 2001/02. Girls' enrolment increased from 41 per cent in 2001/02 to 59.1 per cent in 2003/04. The gross enrolment of girls at the high school level remains relatively low at 27 per cent, as the number of dropouts is large. Encouraging signs were observed in terms of the participation of girls in both secondary (47.5 per cent) and higher education (23 per cent) in 2004. However, the literacy rate of the population remains low, at about 36 per cent. The number of technical and vocational education training (TVET) institutions has substantially increased (from about 20 in 1995 to 159 by 2004) and, their intake reached 102,649 in 2003/04. In addition to improving the quality of education, some of the major challenges facing the sector are: diversifying the fields of specializations in TVET, increasing the supply of qualified teachers and, reducing the high teacher-student-ratio, that was about 64 students per teacher in primary schools in 2004. The Health Sector Development Programme (HSDP) has also been implemented since 2002, with the second phase completed in 2005. The Government has been able to implement various health sector reforms geared towards improving health management systems, strengthening the health products logistics systems, strengthening of health extension packages and, prevention and control of malaria, tuberculosis and HIV/AIDS. Government expenditure on health increased from 27 per cent in 2000 to 36 per cent in 2004/05. The budgets for health enabled the per capita daily consumption of health services to increase from about US$1.4 per person in 2001/02 to about US$6.0 per person in 2004/05.

Some of the achievements in the health sector relate to an increased coverage of primary health care from 61.3 per cent in 2002/03 to 64 per cent in 2004/05 and, tuberculosis prevention and control from 20 per cent in 2001/02 to 76 per cent in 2004/05. Compared to 2001/02, the programme on immunization expanded from 27 per cent to 60 per cent and, the antenatal coverage from 29 per cent to 41 per cent. The contraceptive prevalence rate increased from 13 per cent to 23 per cent in the same reference period. HIV/AIDS has remained the focus of the health sector initiatives. The adult prevalence rate is 4.4 per cent (as of 2003). A high prevalence rate has been observed in urban areas, where an average of 12-13 per cent has prevailed since the mid-1990s. The HIV/AIDS prevalence rate among pregnant women and in rural areas increased from 1.9 per cent in 2000 to 2.6 per cent in 2003. A policy on Anti- Retroviral Treatment (ART) was introduced but, only less than 10 per cent of the people in need of ART had received treatment as of June 2005. A programme to control mother-to-child transmission of HIV/AIDS and sexually-transmitted diseases, as well as to monitor blood safety, was launched in order to improve the tracking, measurement, and prevention programmes for HIV/AIDS. However, the sector is characterized by a shortage of medical supplies, high spending of the health budget for tertiary curative services, inadequate qualified and efficient medical staff and, an inefficient retention and employment system. The sector also suffers from weak coordination and lack of a common implementation procedure among donors and the Government.

On Commitment 4, ***Building productive capacities***, Ethiopia has been implementing the SDPRP and PASDEP with full recognition of the need for improving infrastructure, mainly in the transportation, telecommunication and energy sectors. This includes the implementation since early 2000 of the Road Sector Development Programme to strengthen the road, air and water transport networks. Consequently, the road network increased from 24,970 km in 1997 to 36,496 km in 2004, with an increase in the density of roads from 24.1 km to 33.2 km per 1000 square km for the same reference period. However, about 70 per cent of the total population lives without access to all weather road networks, while only about 17 per cent of the rural population has access to all weather roads within a two km radius. In addition, the network standard appropriateness has been 6 per cent and, about 65 per cent of roads are in good and fair condition. In addition to the low quality, the density of the roads does not allow the effective and efficient functioning of the road transport services, inhibiting smooth and effective implementation of the various policies designed to promote and expand trade in the country. Similarly, the Ethiopian Telecommunication Authority has undertaken a major expansion programme in both the urban and rural areas. As a result, it increased its coverage from 400,000 people in 2002 to over one million in 2005. In terms of enhancing the linkages among the cities, towns and localities, it was able to connect 300 towns and 3,000 villages by 2005. Increased connectedness of towns and villages has promoted information exchange, trade and business relationships among various regions and communities. The electric power generation of the country heavily relies on hydroelectric generation, accounting for about 98 per cent of the total electricity supply. Although the country has the potential to generate 160,000 GWh of hydropower electricity, the current generation capacity is about 2,000 GWh. In 2001, the electricity consumption per capita for Sub-Saharan Africa was 431.3 KWH, while that of Ethiopia in the same year was 22.1KWH.

The current supply of electricity reaches only about 17 per cent of the population who are mainly living within and in the vicinity of urban areas. Regarding safe water supply, the coverage increased from about 20 million people in 2002 to 26.6 million people in 2005. Although narrowed, the gap still remains high, as about 64 per cent of the population has no access to clean or safe water. Ethiopia is expected to provide 70 per cent of its population with safe and clean water by 2010 and, is far behind meeting the goal set in the BPOA.

On Commitment 5, ***enhancing the role of trade in development***, since 1993, Ethiopia has adopted various legal and regulatory reforms including eliminating quantitative restrictions and adjusting tariff rates. Accordingly, tariff ranges were narrowed from 0-80 in 1995 to 0-32 in 2002 and, tariff rates declined from 28.9 per cent to 17.5 per cent in the same reference period. Implicit import duties also declined from 23 per cent in 1990 to 12 per cent in 2002 and, duties on all exports other than coffee were removed. In addition, Ethiopia was able to reduce the period required to clear customs and shortened the period required to acquire a business licence. Although it has not been fully operational due to administrative reasons, the Government has also adopted measures for its gradual but complete withdrawal from the present state monopoly of the coffee trade, to eliminate mandatory contract approval by the National Bank of Ethiopia and, to allow exporters to retain 10 per cent of their export proceeds. The implementation of the business process reengineering has also been started and, it is expected to significantly reduce the bureaucratic chain as well as solve administrative problems.

With regard to external trade, the export earnings of the country have continued to depend heavily on a handful of primary commodities, namely coffee, pulses and oil seeds. The recent addition of horticulture to the export items of the country and, the export of flowers generated export earnings of Birr 4 million in 2003/04. Exports of goods and services as a share of GDP increased from 13 per cent in 2001/02 to 14 per cent in 2004/05. Merchandise exports were estimated at 8.8 per cent of GDP in 2004/05. In 2003/04 and 2004/05, the total value of exports grew by 25 per cent and 36 per cent, respectively. The balance of payments of Ethiopia has been very responsive to the recent price shocks in the international markets. For instance, the increase in oil prices imposed a sudden shift from a surplus of US$226.5 million in 2003/04, to a deficit of US$101.7 million in 2004/05. Imports of petroleum and petroleum products more than doubled in 2004/05 compared to 2001/02. Imports excluding fuel, aircraft and cereals account for an average of 74 per cent of the total value of imports. As the increase in oil prices affects prices of imports other than fuel and cereals, it severely affected the trade balance of the country. As a result, the trade deficit for the year 2004/05 increased by 41.7 per cent from the previous year. Ethiopia's trade needs to be further reformed in order to reduce its trade deficit. In spite of the price increases in the world market and quarterly price revisions, domestic oil prices remain nearly stable. A 1 per cent increase in oil prices is expected to induce a 62 per cent increase in the price of non-food items, according to estimates of the National Bank of Ethiopia. Although petroleum imports showed an increase of 18.3 per cent from the previous year and, 55 per cent on all oil products, compared to prices in 2004[12], machinery and equipment, chemical products, transport equipment, raw materials and minerals dominate the overall imports of the country. Significant increases in imports of raw materials (89 per cent) and capital goods (125 per cent) were observed in 2004/05, compared to the previous year. It is expected that the expansion in industrial production and, the international price rise for metal products such as iron sheet and steel, are expected to further increase the value of imports into Ethiopia. The import of cereals

[12] NBE, 2005. National Bank of Ethiopia Quarterly Report

was relatively stable while that of aircraft has slightly increased since 2003/04. Ethiopia has made significant reductions in import tariff rates and disparities. The quota system contingency restrictions and seasonal tariffs, which were applied on used clothes and security/safety sensitive items, have been abolished.

In spite of its huge potential, the tourism industry of Ethiopia is underdeveloped. Reports indicate that the number of tourists increased compared to the previous years and this probably was due to the relative peace and stability the country has experienced after the overthrow of the previous regime in 1991. Although the Government managed to construct new airports at the main tourist sites and to restore major cultural and historical assets, the contribution of the sector to the economy continued to be marginal as compared to its potential. The structural problems such as poor accommodation, sanitation and road networks, as well as inadequate policy attention, are among the factors that limit the growth and expansion of the tourism sector. Stereotyped attitudes (or images) in tourist sending countries, the absence of a well-thought and effective tourist targeting strategy and, lack of awareness about tourist sites, are also further constraints that need to be effectively addressed if the sector were to contribute its share to the socio-economic development of the country. Regional and national political stability are also crucial for the development of the tourism sector of the country.

On Commitment 6, ***reducing vulnerability and protecting the environment***, Ethiopia has enacted policies and strategies on protecting the environment. The objectives of these policies and strategies are to improve and enhance the health and quality of life of the population and, to promote sustainable social and economic development of the country. The Government established the Ethiopian Environmental Protection Authority (EPA) and initiated sectoral environmental impact assessment (for agriculture, industry, mining, and roads), social impact assessment and resettlement guidelines. The EPA has the overall responsibility of ensuring the appropriate implementation of the environmental policy and, network with other government and non-government institutions to promote environmental protection issues. The Ethiopian Meteorological Authority is responsible for collating, analysing and disseminating metrological data. A decentralized early warning system has been established to collate information from various sources and to inform the Government of impending and chronic food shortages as well as other natural and man made disasters. The Bio-diversity Institute is another government organization that ensures protection of the natural genetic resources and flora and fauna of the country. The establishment of an information system and reporting and monitoring mechanisms to assess efforts made by the various development institutions to implement policies and strategies at local levels is also necessary. This will assist in the design of appropriate interventions and policy measures to further promote the protection of the environment. Furthermore, the recently adopted land use certification system piloted in four regions has entitled about 4 million farmers to land use rights. This was believed to contribute to the conservation and better use of land and related resources, as security of tenure will enhance landholders' interest to invest for the future. Apart from this, further efforts made by development partners include attempts to address environmental concerns within their respective development programmes. The on-going agricultural extension programmes have been, at least, partially addressing some of the objectives of the environmental concerns contained in the policy, such as soil and biodiversity conservation and, water resource management (smallholders' irrigation).

Regarding Commitment 7, ***mobilizing financial resources***, Ethiopia's economy continued to depend on foreign assistance. The country received Official Development Assistance US$84.3 million in 2004/05, including under the HIPC initiative, which was about 1.14 per cent of the GDP. In addition, the Government received direct budget support that constituted about 10 per cent of the total Government budget, mainly from the World Bank and the EU, until 2004/05. For 2005/06, the World Bank and the EU suspended about US$375 million direct budgetary support due to the political deadlock following the May 2005 election. This is expected to tighten public spending, particularly for the implementation of new, as well as completing, the already started foreign exchange demanding programmes. Since 2001/2002 Ethiopia has also received US$271.2 million from the HIPC debt relief programme. A considerable increase (91.7 per cent) in HPIC debt relief was acquired in 2002/03, which declined to 3.4 per cent in 2004/05. However, Ethiopia may encounter serious limitations to achieve the goals set in the BPOA as well as the MDG, unless it achieves sustainable peace and good governance in the coming years as essential conditions for donor support.

Private transfers have been increasing at an average rate of 32.7 per cent since 2001/02 i.e. from US$349 million in 2001/02 to US$811 million in 2004/05. Compared to previous years, private transfers have increased by 58.8 per cent. As can be observed from the table below, private transfers from NGOs have nearly doubled. The gradual increase in remittances, reaching about 61.6 per cent of total resources flow, has significantly contributed to the reduction of the current account deficit, as it is more than five times the FDI inflows to Ethiopia. According to the NBE, Ethiopians in the Diaspora are making better use of official channels for international money transfers, such as through Western Union and Money Gram in cooperation with domestic commercial Banks. Although not adequately assessed and recorded, unofficial transfers/remittances are still believed to be widely used. In an effort to increase foreign direct investment (FDI), the Government has put in place various policies and strategies. FDI, according to National Bank Ethiopia (NBE), has been growing slowly from US$123 million in 2003/04 to US$150 million in 2004/05. However, the capacity of FDI to finance the deficit of the current account balance has been declining since 2003/04, indicating that the Government needs to improve the policy environment to enhance and promote the role of FDI in the future. FDI inflows between 2003/04 and 2004/05 were slightly more than 6 per cent of gross capital formation (gross domestic expenditure less private and public consumption expenditure). Further efforts are needed to deepen and sustain such positive trends by designing and implementing new investment policies and strategies to assist Ethiopia to attract and benefit from investment.

4. Activities – Level Performance: Progress in implementing actions of the PoA

Ethiopia has been making efforts to implement a series of actions of the PoA which have resulted in notable progress in each of the Commitment areas, including overall access and availability of water supply, road networks, telecommunications services and, expansion of education (increase in the number of schools and children in schools as well as the doubling of the university intake). Even if the economy is highly dependent on external assistance and, rapidly and negatively responds to external shocks, with the support of its international partners, the Government has been able to maintain macro economic stability. By maintaining prudent fiscal management and macroeconomic stability, it has been able to increase spending on sectors oriented towards poverty reduction objectives such as education, health, and agriculture. The contribution of debt relief in enhancing public spending in these sectors was substantial. In addition, Ethiopia has set up decentralized administrative structures. Consultation at the grassroots level and, public participation including CSO, in the design and implementation of development policies and strategies, has shown a remarkable improvement. Consultative and monitoring processes with development partners have been enhanced in planning development programmes and projects. It also managed to reorient and provide support for cooperatives and, provided basic infrastructure to flower growers and exporters. Encouraging signs are being observed in terms of developing linkages with international business promoters and investors. Ethiopia needs to fight corruption so as to improve business confidence. It also needs to improve its political governance, including respect for human rights, the rule of law and, ensuring an independent judiciary. Recent events, resulting from the May 2005 election, raised serious concerns on the commitment of the Government to democracy and good governance, which in turn, negatively affected the relationship of the country with the outside world, notably the donor community.

Due to weak institutions to implement policies and strategies and, structural problems of the economy of the country, Ethiopia will not be in a position to attain all the goals and targets of the MDGS and the PoA, although efforts are underway to meet some of the gaols and targets. For Ethiopia to meet the goals and targets of the MDGS and the PoA, as well as those contained in its SDRSP by 2015, the Government needs to restore peace and security. There is an urgent need for refining and adopting more liberal economic reforms including those related to security of tenure, privatizing government controlled industries and enterprises, the distribution and transport sectors and power and communications, as well as the financial sectors. To that effect, the Government, in collaboration with the private sector, needs to ensure the provision of quality services in education, health and other public services. In addition to the above, the Government needs to align policy directions, including mainstreaming trade and development into national policies and strategies, as a necessary step to eradicate poverty. This requires focusing on building productive capacities, availing private business development services, improving the overall competitiveness of the economy and, ensuring good governance, democracy and the rule of law. Although agriculture remains the major preoccupation of the current policies, the Government needs to give adequate attention to other sectors such as industry, tourism and other sectors of the economy.

E. Nepal

1. Goal – Level Performance: Sustained development and poverty reduction.

According to the Nepal Living Standard Survey 2003-04 (NLSS II), poverty was estimated at 30.8 per cent as against 42.0 per cent in 1996, as estimated by the Nepal Living Standard Survey 1995-96 (NLSS I). Even if compared with the estimated poverty level of 37.7 per cent in 2000-01, this decline would indicate that despite difficult situations, Nepal is undergoing the prospect of making substantial progress towards halving the proportion of people living in extreme poverty by 2015 as defined by the Millennium Development Goals (MDGs). However, the decrease in poverty was relatively higher in urban areas. The continued prevalence of higher poverty in the poorer and deprived areas, particularly the mid-western and far-western development regions, means that the efforts have failed to reach the most needy areas, populace and sectors. The first effort to measure poverty was done in 1978 and, the NPC reports indicated that a third of the total population was living below the poverty line. The Multi-purpose Household Budget Survey 1984-85, showed the poverty level at 41.4 per cent or, a significant rise over the 1978 figure. The 1992 survey by the Nepal Rastra Bank showed a further rise in poverty to a level of 45 per cent. Thus, poverty in Nepal had been rising up to 1992 and then declined to 42 per cent in 1996 and to 30.8 per cent in 2003. The reduction in the poverty level has not helped to improve income concentration and the Gini-coefficient. The Gini-coefficient worsened from 0.34 in 1995-96 to 0.41 in 2003/04, indicating increasing income inequality. Increasing concentration of wealth is also indicated by the share of the poorest quintile in national consumption, which declined to 6.2 per cent in 2003, compared to 7.6 per cent in 1996.

2. Outcome – Level Performance: Progress towards growth targets of the PoA

The Nepalese economy showed a relatively strong performance in 1999/2000 and 2000/01, when it grew by 6.4 per cent and 4.7 per cent, respectively. The targets for the first decade of the new millennium were set high and, were postulated to grow at 7 per cent in 2004/05 and by 7.5 per cent in 2009/10. During the last five years the economy grew on average by 2.25 per cent per annum only, which is almost equal to the population growth rate, meaning that there was no per capita income growth in real terms during the period 2000-2005. This poor scenario can be attributed to a number of reasons, which include among others, the heightened insurgency, growing political instability and, uncertain weather conditions, leading to fluctuating agricultural activities. Although the Asian Development Bank had estimated Nepal's economy to grow by 2.3 per cent in2004/5, the economy is estimated actually to shrink in 2005/06 due to the aforementioned reasons. Thus, economic performance has been far from satisfactory during the first half of the 2001-10 decade. Due to mounting difficulties, it is also not expected to improve in the near future. However, remittances have contributed to GNP growth, which is estimated at around 12 per cent of GDP.

3. Output – Level Performance: Assessment of progress at the commitments level

Nepal has been implementing Commitment 1, ***fostering a People Centred Policy Framework***, in the context of its Ninth Five-Year Plan (1997-2002) and the Tenth Five-Year Plan (2002-2007). The two plans identified poverty alleviation as the single most important objective and, as such are considered as Poverty Reduction Strategy Papers (PRSP) for Nepal. However, this has not yielded the desired effects in terms of poverty reduction, due to the lack of a focused approach and a clear strategy. The situation has been further aggravated by political instability, the growing insurgency and regressive tendencies in some aspects of governance. The Five-Year Plan, or the PRSP, is based on four strategic pillars: (i) high, sustainable and broad-based economic growth; (ii) social sector development (iii) target programmes and local development and, (iv) good governance. In implementing the four-pillar strategy, the Plan also stresses strategic cross-cutting approaches with regard to: (i) redefining the role of state more as a facilitator; (ii) promoting private sector development; (iii) supporting greater social diversity in the structure of governance at all levels and, (iv) accelerating the decentralization process. To implement the PRSP, the Government has been preparing annually, a three-year Medium Term Expenditure Framework (MTEF), with detailed actions and project specific allocations, prioritizing them in such a way that more effective activities are included, an annual programme for budget implementation and, an immediate action Plan covering priority policy and actions to be addressed, with high emphasis on the annual programme. The PRSP also advocates participatory and inclusive development including social inclusion, focussing on socially disadvantaged and excluded groups, including women. Positive discrimination in public sector opportunities, scholarships for the poor, girls and scheduled castes, priority to conflict-affected people in supplying labour to foreign markets, loans to the poor to join foreign labour markets, the involvement of women in consumer committees and, in development works, are some examples to promote social inclusion and reduce undesired but persisting gaps. It also incorporates a macroeconomic framework, which puts emphasis on (i) maintaining fiscal discipline, (ii) ensuring the efficient use of public resources and, (iii) sustaining monetary and external stability. HMG has implemented further financial reforms, improved public expenditure management, strengthened anti-corruption institutions and, improved the financial sector regulatory framework. Financial sector reform has been undertaken to improve the performance of loss making public financial institutions.

Commitment 2, ***good governance at national and international levels***, forms the fourth pillar of the PRSP of Nepal. Various efforts have been made to uphold the rule of law, improve service delivery and, efficiently utilize limited resources. The fundamental goal is to make the government sector accountable, efficient and inclusive. The proposed activities include civil service reform, decentralization (including fiscal devolution) and, corruption control. The basic purpose is to strengthen the institutions. Actions for rightsizing bureaucracy, devolution to local bodies and, strengthening institutional capacity to combat corruption, are being initiated. A positive discrimination policy has been adopted to increase the representation of women, disadvantaged groups, *Janajatis* (indigenous people) and, disabled populations in the civil service and political, economic and social spheres. Nepal has made significant efforts in the area of decentralization with the enactment of the Local Self-Governance Act 1999 (LSG) and, its Regulations 2000. A full-scale devolution policy has been designed compatible with the Act. Devolution in key sectors such as agriculture and livestock extension, primary health care, basic education and, infrastructure development has already been started in all 75 districts. Accordingly, management responsibility for a number of village agriculture extension activities, sub-health posts and, primary schools are being handed over to local communities. On the basic of this experience, the Government has piloted from 2005/6, “full” devolution at 14 districts. Under this, all the district level activities and district development offices of the Government, including resources, are being handed over to district public offices –DDCs. The country has a legal framework to combat corruption with a set of anti-corruption acts (Corruption Prevention Act 2002, Commission for the Investigation of Abuse of Authority (CIAA) Act Second Amendment 2002, Impeachment Act 2002, Act to regulate financing of political party, 2002) in place. But, enforcement and compliance with the laws still remains weak due to inadequate institutional and technical strength and, the will to implement.

With the objective of implementing Commitment 3, ***building human and institutional capacities***, Nepal adopted a National Health Policy in 1991. A 20 year (1997 - 2017) Second Long Term Health Plan (SLTHP) is also being implemented. The Nepal Health Sector Programme is being implemented emphasising (i) providing safety nets to the poor, under-privileged and socially excluded, (ii) developing alternative health financing schemes and, (iii) providing quality health care services. The activities initiated so far included handing over of health institutions, including one district hospital, to the community. Many campaigns are also launched to take awareness and preventive cures to the doors of the people. Various efforts are being initiated to improve the health status and the results are also visible in the improved indicators. With respect to providing reproductive health services, the rate of progress is satisfactory but, the present level of service is still very low. Both of the indicators in this respect, the percentage of births attended by health personnel and, the percentage of women reporting four or more antenatal visits, showed almost doubling of the service availability. The percentage of births attended by skilled health personnel went up to 22 per cent in 2004/05, from 11 per cent in 2003/04. Similarly, antenatal visits were up by 28.3 per cent compared to 14.3 per cent in 2001/02. But the rate of 2004/05, is still at a very low level and, indicates the poor access to services. Substantial improvement alone will help to near the target of service availability to all by 2015. The contraceptive prevalence rate marginally improved to 41.7 per cent in 2004/05 from 38.9 per cent in 2001/02. This is still much below what is required to contribute to reducing the persisting high population growth rate of around 2.25 per cent per annum. One of the reasons for the low rate of contraceptive prevalence is non-accessibility of the services in all areas where there is demand. The condom use rate of 3.2 per cent in 2001/02 was still low and, even the high risk group does not seem to be all covered, indicating the persistence of high risk.

One of the important goals in the health sector is to reduce child mortality. There has been greater improvement in the mortality rate of the under fives compared to infant mortality. The infant mortality rate was estimated at 61 in 2004/05, against the target of 44 in 2010 and 35 or lower in 2015. There has definitely been a significant improvement in the area but, still a lot more has to be done and, at the present rate of progress the target of 44 by 2010 may be difficult to attain. Immunization rates have shown significant improvement and should help to reduce the overall mortality rates. Access to improved sources of water is increasing continuously and, reached 81 per cent in 2004/05, not only in difficult situations but, also in difficult physical terrain. However, the quality of water is still suspect and in many cases the water is reported to be unsafe. Similarly, adequacy of water supply is a serious problem, even in the most accessible areas like Kathmandu. Quantitatively the target may be achieved but, the issue of access to safe drinking water, as well as adequate water supply, will remain a big issue for some time to come. During the period, the HIV prevalence rate almost doubled from 0.29 per cent in 2000/02 to 0.5 per cent in 2004/05. This shows the persisting high risk in this area. Many awareness drives are on but, the condom use rate indicates that knowledge may not have been adequately translated into behaviour.

The goal of reducing malnutrition among pregnant women and pre-school children to half by 2015 may not be easy to attain but, it is expected that sound progress will be made, although recent figures are not available. The status of malnutrition among women is not known. With respect to the goal to reduce mortality and morbidity from some major killer diseases, achievements are mixed. The prevalence rate associated with TB has declined to some extent but, the prevalence rate associated with malaria has increased. The proportion of the population in malaria risk areas using effective malaria prevention measures has almost doubled but, the proportion was very small at 11.4 per cent in 2004/05. In case detection and curing under DOTs, indicators have changed only marginally, implying that more such efforts are warranted to combat these killer diseases. Improvement in sanitation is notable but, like many other indicators, much more needs to be done. Sanitation access had reached 39 per cent of the population in 2001/02. The achievement itself shows that a lot more needs to be improved. A widespread promotional campaign has helped to some extent but, greater attainment is required in encouraging more breastfeeding. Education strategies include: (i) promotion of universal primary education and emphasis on pre-primary and primary enrolments. (ii) increased literacy by expanding non-formal education, (iii) emphasizing public participation in the overall management of schools in line with decentralization, iv) increased technical and skilled human resources, (v) increased secondary level access to those completing primary school, (vi) enhancing the quality of education at all levels, (vii) adopting the principle of cost recovery in higher education, (viii) conducting additional programmes for the enhanced access of education to *Dalit* (oppressed people) and backward communities and, (ix) mobilizing youth in community development.

On education, Nepal is making further efforts to provide access to primary education for all 5-9 year old children under its "Education for All" (EFA) programme (2001-15). Universal primary education is aimed to be achieved through decentralized planning, the management of school education and, other innovative measures. Various efforts have been initiated to enhance the access to education by the disadvantaged groups of population including female children. Scholarships are provided to girls and children from deprived communities. The Government has recently launched an enrolment campaign (School Welcome Programme) targeting out-of-school children, focusing on the poor and disadvantaged, as a means to extend the coverage of primary education. A policy of recruiting female teachers and the introduction of nutrition programmes has also supported the enrolment increase, as well as promoting equality in the education sector.

Moreover, the Government has increased investment in the social sector in successive annual budgets. The available data, despite the absence of gender-disaggregated data, show that the Net Enrolment ratio (NER) went up to 89 per cent in 2004/05 compared to 81 in 2001/02 and, is expected to reach nearly 100 per cent well before 2015, the MDG target. However, the PoA target of reaching 100 per cent by 2010 may not be attained. Gross enrolment reached 100 per cent some years ago. There has also been an improvement in the percentage of pupils starting grade 1 and reaching grade 5. It improved to 76 per cent in 2004/05 from 63 per cent in 2001/02, indicating that the drop-out rate, one of the chronic problems of Nepal, is declining at a fast pace, raising the prospect of children completing primary education nearing 100 per cent by 2015. Adult literacy is improving continuously and, reached 48 per cent in 2004/05. It can be expected that the MDG target of a 50 per cent improvement in adult literacy by 2015 may be attained. The adult literacy rate for girls has been improving at a very fast pace, recording a 74.2 per cent improvement within seven years, reaching 33.8 per cent in 2003, against 19.4 per cent in 1996. However, a lot of catching up is necessary to reduce the gender gap, as adult literacy rates for boys reached a level of 64.5 per cent in 2003. The literacy rate for the 15-24 age group has improved to 73 per cent. The ratio of girls to boys in primary education has reached 0.86 from 0.79. At the secondary level the ratio has reached 0.82 from .70, indicating that the gender gap is reducing at school level and, the indicator is improving significantly. The literacy ratio of girls to boys in the age group 15-24 reached 0.73 in 2004-05. The data in the education sector shows some notable achievements but, it also indicates the backward stage of the country's education sector. A lot more still needs to be done in the area in order to develop Nepalese human resources and utilize them in a meaningful way.

In the context of Commitment 4, ***building productive capacities***, Nepal is making efforts to modernize its transport and communications sector. HMG policies include constructing and expanding road networks for improving connectivity by promoting also public/private partnerships. HMG adopted a participatory approach in the selection, preparation and implementation of the development projects in rural infrastructure. Private sector involvement is also encouraged with the provision of Build Operate and Transfer (BOT) and Build Operate Own and Transfer (BOOT). Likewise, private sector involvement is promoted also in the maintenance of national and local road networks. In the information and communication sector, enhancing the participation of the private sector, effective development of broadcasting services and flow of information and, the capacity enhancement of postal services, are some major policies of the Government. IT policy 2000 has been revised with focus on cyber regulation, e-governance and e-commerce. The telecommunications Policy 2004 of HMG has been made more forward-looking. Three private sector organizations have entered the business and mobile service has also expanded by more than 200 thousand within the period.

Road transport is the most important means of transport in the mountainous country of Nepal. Road access has improved notably during the past decade. When compared to 2001/02, the road length has increased by 8.2 per cent during the last three years. There are now 5,000 km. of paved roads. The road transport linkage is still limited and about 12 districts out of the total 75 have still no access. The present road access of 0.1 km per sq. km is low by any means. However, from almost non-existent level some 50 years ago, the progress is noteworthy. Air transport is another mode, which reaches even such areas where there is no other form of access. About 38 domestic airports are linked with air transport. Similarly, more than fifteen regional and international centres are interconnected. The air transport sector made great strides with the opening up of the economy. Consequently, air passengers grew by 36.3 per cent within three years of the launching of the PoA. Communication is another area recording fast growth in recent times. Similarly, the number of telephone/cellular lines per 100 persons increased almost four fold within three years, while estimated internet users have increased three fold reaching about 120 thousand. The increase, despite being impressive, is still very small when considered in relation to the penetration ratio of about 0.5 per 100 persons.

In implementing Commitment 5, ***enhancing the role of trade in development***, Nepal made efforts to create and maintain a conducive policy framework. Hence, macro economic indicators of the country have been at a satisfactory level despite difficult situations and, this could be construed as a major achievement. The fiscal deficit has remained under control consistently and, has remained well under 6 per cent of GPD. It is expected to remain so even in the present year, 2005/06, supposed to be one of the worst years in the annals of the economic history of the country. Similarly, domestic borrowing has remained under 2 per cent of GDP and, although I t is expected to exceed 2 per cent in the present ongoing fiscal year, is still well within control. Inflation is one macro-economic indicator which has worsened this year. The average inflation rate was around 4.5 per cent per annum during the period 2001 to 2004/05 but, this year it is expected to reach 8.1 per cent. It may further rise in 2005/06 due to a large number of factors, including external causes such as rising oil prices and, internal reasons including disturbances and political instability, besides the economic factors. The current account remained positive during the first half of the present decade, albeit with foreign grants. In view of the current account remaining negative for the eighties and nineties, except for 1998-99, this must be considered as a significant improvement. It may be further recalled that the current account has been positive despite a galloping trade deficit. The trade deficit of Nepal exceeded 16 per cent of the GDP or, Rs.100 billion, as against 14 per cent between 1999 and 2000. On the other hand, the current account was positive, with the balance estimated at around 4.6 per cent of GDP. Obviously, remittances have contributed towards this situation. The balance of payments has remained positive throughout and, the foreign exchange balance has remained enough to cover ten months of imports. However, the rosier macro-economic indicators have not been able to be translated into growth. This shows that macro-economic stability is a necessary, but not a sufficient condition, to development and poverty reduction. A sluggish economy in the first half of the decade does not inspire much confidence for the remaining half of the PoA decade. Hence, it may be concluded that the PoA goals have not been achieved and, will also be difficult to achieve in the coming years.

Nepal has been implementing Commitment 6: ***Reducing vulnerability and protecting the environment***, as part of its 15-year Sustainable Development Agenda (SDA) adopted in 2003. SDA aims to guide and influence national level planning and policies up to 2017. In Nepal, the area of effective forest has decreased to 29 per cent and there is more than 10 per cent land as bush land, which was once forest. The Government has emphasized community and leasehold forestry under APP as one of its strategies. There has been substantial progress in community forestry, and partial progress in leasehold forestry. This is expected to ameliorate the process of deforestation and also help to alleviate poverty. The Government has developed different policies in the area of environment. Chief among them include the preparation of the National Environmental Policy and, the implementation of environmental impact assessment guidelines. In the field of disaster, a National Strategy for Disaster Management is also being prepared and, disaster preparedness and mitigation programmes are being implemented. Likewise, water induced disaster management has been given priority in the National Water Plan (2002-27). However, for the last decade the problem of flooding and inundation has been increasing in the Tarai districts of the country due to deforestation in the porous Bhabar Zone. The problem is further aggravated by river-based projects without adequate mitigation measures.

As regards Commitment 7, ***mobilizing financial resources***, Nepal has adopted various strategies to improve resource mobilization. The domestic saving/GDP ratio and the revenue/GDP ratio of Nepal remained between 12 to 13 per cent in the first three years of the 10^{th} plan. Since it is below 15 per cent Nepal has not qualified to receive debt relief from the World Bank. This indicates that despite an increase, domestic resource mobilization is still low. In recent years, domestic resource mobilization has been further constrained by sluggish growth. Security expenditures are growing unabated leaving less and less for development expenditures. It is estimated that Nepal will have to invest US$16 billion in the decade 2005 – 2015 to attain the MDG but, domestic resources are expected to provide only US$8.4 billion, creating a gap of US$7.6 billion. This can be met only through foreign assistance.

4. Activities – Level Performance: Progress in implementing actions of the PoA

Poverty has been the bane of the Nepalese economy. The widespread persistence of poverty, despite efforts to alleviate it for so long, has been a major setback to national development efforts. It is argued that many of the country's problems, including the insurgency have emanated from this problem. The continued prevalence of higher poverty in the poorer and deprived areas, particularly the mid-western and far-western development regions, means that efforts have failed to reach the most needy areas, populace and sectors. Similar deprivation is noted in disadvantaged communities and groups. This only proves that development efforts are more and more concentrated at accessible and easier areas and, have failed to reach the poorest ones. In the present conflict situation, this will happen more often. The issue is not only to bring down the overall level of poverty but, also to reach the traditionally uncared for and, impoverished population groups and regions. Despite these challenges, the progress achieved on the poverty reduction front is quite encouraging. As shown above, poverty was estimated at 30.8 per cent, as against 42.0 per cent in 1996, according to estimates by the Nepal Living Standard Survey (NLSS I and II).

Armed insurgency and political instability have had a serious detrimental impact on Nepal's capacity to make significant progress with the POA. The growing insurgency, which started in 1996, has impacted many problems directly and indirectly, including: increasing resource diversion from development to security; increasing internal migration causing overflow to urban and semi-urban areas but, reducing the economically active population in the rural areas; investment in productive sectors; costs of business and development and, enhanced risk. In many areas, no development activities have been able to be undertaken. In addition to the insurgency, political instability has seriously eroded economic prospects and activities. The Government has not been able to bring necessary policies or proactive initiatives to the socio-economic front. On the other hand, frequent closures, strikes and agitations have seriously disrupted economic activities. Despite these serious constraints, progress has been made, particularly in the social welfare area. The achievement of the POA targets will require significant acceleration of activities in all areas, underpinned by the establishment of a more stable enabling environment for national and international development partners.

F. Uganda

1. Goal - Level Performance: sustained development and poverty reduction

Since 1992, Uganda has conducted five nationally representative household surveys measuring the living standards of the population. Recent analyses of Poverty Status show a consistent downward trend in income poverty and, suggest that the Government is on track to achieve its target of eradicating poverty. In 2000, 35 per cent of Ugandans were not meeting their basic consumption requirements, a significant reduction from the 1997 level of 44 per cent and, 56 per cent in 1992. However, inequality has risen since 1997. This is partly a result of higher urban income growth than rural and, the decline in living standards in the rural areas of the North, mainly due to insecurity. Between 1997 and 2000, the consumption gains were larger for the top decile (the richest 10 per cent of the population), which saw its real consumption levels increase by 20 per cent. Consumption levels of the poorest decile grew by just 8 per cent during the period, implying an increase in income inequality. However, despite these encouraging trends, poverty remains endemic in Uganda and, the level of per capita income is still very low. While strong economic growth is a major force in reducing poverty, it is not sufficient to ensure that all segments of society benefit fully. For instance, the decline in poverty has been more pronounced in urban than in rural areas where the majority of the poor live and, poverty remains more severe in the northern and eastern regions. Several factors account for the current disparities in the incidence of poverty, including insecurity, climatic variations, HIV/AIDS incidence, type of agricultural activity and, the degree of access to infrastructure and social services. Vulnerability to external shocks is another factor that continues to have a negative impact on economic and social gains.

2. Outcome – Level Performance: Progress towards growth targets of the PoA

Uganda’s economy has more than doubled, growing at an average rate of 6 per cent per annum. Real GDP at market prices has averaged at 6.5 per cent per annum since 1990/91. Recently, concerns have been raised that growth has slowed slightly over the past five years, as the average growth rate between 1998/99 and 2002/03 was 6.1 per cent per annum, as compared to 6.8 per cent between 1990/91 and 1997/98. Table 1 shows trends in growth rates over the period. The determinants of growth in Uganda during the 1990s have been identified as; improved security, the restoration of macroeconomic stability, the removal of economic distortions and, an improvement in the terms of trade, as a result of the mid-nineties coffee price boom. On a sectoral basis, industrial production saw the highest rate of growth, averaging 10.4 per cent per annum between 1990/91 and 2003/4 as a whole, although it slowed slightly to an average of 7.7 per cent per annum over the last five years. Services grew by an average of 7.5 per cent per annum between 1990/91 and 2003/04 and, by 6.9 per cent per annum over the past five years. Agriculture had the slowest rate among the major sectors, averaging 3.8 per cent per annum between 1990/91 and 2003/04, although growth was slightly higher in the last five years, at 4.4 per cent per annum. Overall, the economy expanded at an average rate of 6.0 per cent per annum, 1.0 percentage point lower than the set target. Average annual inflation fell from 24.6 per cent in 1990/91 to –0.2 per cent in 1998/99, and gross reserves rose to cover about five months of imports. This achievement was a result of the effective implementation of the Economic Recovery Programme (ERP) that the Government launched in 1987. The broad policy objectives of the programme included macroeconomic stability, liberalization of the money and foreign exchange markets, removal of trade barriers and, privatization of public enterprises. Enhanced good governance and the strengthening of democratic institutions instilled much greater citizen and investor confidence in government.

3. Output – Level Performance: Assessment of progress at the commitments level

Uganda's has been implementing Commitment 1**, *fostering a People Centred Policy Framework***, of the programme of action as part of its Poverty Eradication Action Plan (PEAP), that provides the framework within which the Government's planning effort is conducted. It establishes the policy framework for the eradication of poverty within the next two decades (1997-2017), drawing heavily on the lessons learned from policy implementation during the past two decades and, recognizing the challenges that need to be addressed. It also provides the basis for Uganda's Comprehensive Development Framework (CDF) process. Since its inception in 1997, the Poverty Eradication Action Plan has proved extremely useful in guiding the formulation of government policy, sectoral allocation of expenditures and, the design of sectoral strategies. It has been revised, through a long consultative process, to incorporate new developments in order to remain valid and relevant to the ongoing policy processes. For the same reason, the PEAP will be updated every three years.

Besides the PEAP, there have been a number of initiatives to strengthen the planning process in recent years. These include major consultative exercises concerning Uganda's long term goals and objectives such as *Vision 2025*, describing national aspirations, consultations with communities on the nature and causes of poverty by the Uganda Participatory Poverty Assessment Project (UPPAP) and, the Medium-Term Competitive Strategy for the Private Sector (1999-2005), which clearly sets out the actions and principles that form the basis for Government and donor intervention in the private sector. In addition, the Poverty Status Report (PSR), which was first published in 1999 and, will be produced bi-annually, assesses the progress and challenges in the implementation of the PEAP. The revised PEAP, whereby a wide cross-section of stakeholders were involved and consulted through participatory processes, aims at transforming Uganda in a way that poor people must be able to participate in economic growth, both by expanding smallholder agriculture and, increasing employment in industry and services; increased access to education and health services for all, as well as effective, participatory and democratic governance, in addition to the development of competitive industries through continued institutional development.

In Uganda, Commitment 2, ***good governance at national and international levels*** of the PoA and national security have been put at the forefront of every development initiative. This shows the fact that it has been increasingly recognized that good governance and security are central to creating an enabling environment for economic growth. In 1997, a National Programme and Action Plan on democratic governance in the context of the PEAP was prepared and is currently being revised. The democratization of Uganda has been pursued in the context of decentralization. Since the late 1980s, regular and contested elections have been introduced at all levels of Government and, many responsibilities have been progressively decentralized from the central Government to local government (LGs). The decentralization process is based on the Local Councils which have political and administrative powers over their areas of jurisdiction. The district is responsible for the recurrent budget but, a substantial proportion of this budget consists of conditional grants from the centre. The institution of conditional grants will continue to play an important role over the next few years but, as the capacity in the districts strengthens and, they are able to prioritize services, it will be possible to move to a less controlled structure.

Several reforms have been undertaken over the years to improve the role of the public sector vis a vis that of the private sector. During the 1970s and 1980s, the public service had become inefficient and unresponsive to national needs mainly as a result of poor corporate governance, over-establishment, extreme laxity, bureaucracy, corruption and nepotism. In the light of this situation, several public service reforms were undertaken, the most important being the establishment of a Public Service Review and Re-organization Commission (PSRC) in 1989. Through wide-ranging consultations with a cross-section of people, the Commission was able to identify the key reasons behind the poor performance of the public sector and subsequently made recommendations, most of which are already being implemented. For instance, in order to deliver the necessary improvements in service delivery, the Government is in the process of implementing the Resulted Oriented Management System and, the salary and remuneration of civil servants is gradually being revised upwards. At the same time, the public service is being right sized through the removal of ghost employees, voluntary retirements and retrenchment.

The Government has continued to divest itself of functions to the private sector, where the latter is perceived to have a comparative advantage. As a result, Government Ministries have registered a substantial reduction from 40 in 1990 to about 21 presently, as various responsibilities, in terms of goods and service provision, are gradually being transferred to the private sector. In recognition of the challenge ahead, the Government has embarked on the third phase of its economic reform programme, with focus on improving service delivery and administration of Government, in order to remove barriers to private sector development. The strategy for improving efficiency in the provision of utilities, is to introduce competition, which requires putting in place the enabling environment to make private investment viable. In order to attract private participation, the Government is in the process of putting in place the necessary legal and regulatory framework that will ensure fair competition and transparency among service providers.

While significant economic progress has been made on Commitment 3, ***building human and institutional capacities***, this area has continued to perform rather poorly over the past ten years. In the health sector, life expectancy in Uganda was estimated at 42 years in 1997, having fallen from 50.9 in 1995, which is exceptionally low. Such low figures are attributed to the HIV/AIDS pandemic, both the direct and indirect effects of the insurgency in some parts of the country and, the slow improvement in the country's health delivery systems. Although there were some improvements in the country's mortality levels in the 1990s, they are still high compared to neighbouring countries. Under-five mortality is still high, although it fell significantly from 180 per thousand in 1980 to 162 in 1997. While the infant mortality rate has greatly improved over the past few years, falling from 116 per 1000 live births in 1980 to 99 per 1000 in 1997, it remains significantly higher than that of comparator countries like Kenya, Ghana and Zimbabwe. Fertility rates have shown improvement from 7.1 children per woman in 1987 to 6.7 in 1996. However, this is still on the high side, comparing unfavourably with other countries in Eastern and Southern Africa. Other social indicators such as access to safe water and sanitation and gross primary enrolment rates indicate progress. There has been some improvement in access to safe water in rural areas from 39 per cent in 1997 to 49.8 per cent in 1999/2000. The policy of free primary education for four children in every family (UPE), introduced in 1997, increased enrolment enormously and, the gross enrolment rate, using school-based data, rose to 128 per cent in 1997 and 145 per cent in 1999. However, women have a lower education status, as indicated in the 50 per cent female illiteracy rate compared to 26 per cent for males in 1997, which has implications for poverty reduction.

Recognition by development practitioners that gender permeates all activities, has led to many efforts towards understanding its dimensions and, incorporating it as part of overall development planning and implementation. In terms of the five levels of the Gender Equality and Empowerment Framework, at the welfare level, women in Uganda are still disadvantaged compared to men in terms of their health and relative well-being. At the access level, women still lack access to many significant resources and opportunities compared to men. Important aspects of access include access to employment, services such as health and credit, recreation, information and technology.

The participation of women in community and development activities in general has increased. The 1995 constitution of the Republic of Uganda has many provisions that address the status of women and other disadvantaged groups. The constitution provides for affirmative action to be undertaken in cases where there have been historical and geographical disadvantages adversely affecting the ability of any category of Ugandans from enjoying equal rights and opportunities. The constitution also provides for universal primary education, which has subsequently been implemented by the Government, beginning 1997. It has helped to level the ground through more or less equal access to primary education for boys and girls and special categories, such as persons with disabilities, leading to the reduction of gender inequality in opportunities. Data from the report of the Ministry of Gender, Labour and Social Development, together with the Uganda Bureau of Statistics for the year 2000, indicates that there are over 17,000 persons in strategic decision making positions in Uganda, 39 per cent of whom are women, which is a marked improvement compared to the situation in the early 1980s (the 1988 national Manpower survey showed that women constituted only 6 per cent of decision makers – legislators, managers and other decision makers).

On Commitment 4, ***Building productive capacities***, the decomposition of real GDP growth by sector reveals significant progress registered in most sectors of the economy during the past decade, with the industry and service sectors leading. Agriculture grew by almost 6 per cent per year while non-monetary agriculture grew by only 2 per cent. The growth in the construction sector is mainly attributable to the rehabilitation and renovation of physical infrastructure and the increased demand for housing. Similarly, the manufacturing sector also registered high growth rates attributable mainly to operationalization of the rehabilitated industries and, new entrants into the manufactured goods market. Competitiveness has emerged as a critical element of development in every nation. Uganda has been shown to have a favourable policy environment but a low overall competitiveness ranking. The Africa Competitiveness Report (1998) ranked Uganda below the average at 14th out of 23 countries surveyed in terms of its overall environment for competitiveness. Several factors can explain the observed state of affairs in the country in terms of competitiveness. Apart from the prevailing conducive macroeconomic policy environment, political stability for over ten years has minimized the investment risks and built the confidence of both indigenous and foreign investors.

Poor infrastructure is the single most important constraint to private sector development in Uganda. Frequent power cuts and the poor road network and telecommunications pose serious constraints to private sector growth. Private investors are also impeded by the weakness of the financial system and the commercial justice sector, high taxes, the difficulty of enforcing contracts and, corruption. Many firms, particularly small ones, find it difficult to service and expand their operations in a very competitive environment. Poor infrastructure services create a high risk in terms of delays and extra costs for production, imports and exports.

The Government of Uganda recognizes the need to link the macro and micro economy through state interventions, especially to the private sector to promote expansion and competitiveness. The PEAP clearly entrenches priority strategies that are intended to remove the constraints to private sector development in order to promote economic transformation. These are also clearly articulated in the Private Sector Medium-Term Competitiveness Strategy that sets up the institutional framework necessary for private sector development. The Government has undertaken measures to promote, support and provide rural electrification programmes through public and private sector participation in order to achieve equitable regional distribution access to electricity. The basic approach will be ‘smart subsidies’ to private providers for grid extensions and other infrastructure for electrification. The existing grid has been extended to rural areas and, parts of Northern Uganda are being prepared for the establishment of a mini-grid. In the year 2000, total installed electricity generation capacity increased from 180 MW to 260 MW with the installation of two new generating units, with capacity sufficient to meet the current demand during off-peak hours. The Government is also privatizing the Uganda Electricity Board to increase coverage and efficiency in service provision. The provision of an efficient road network is at the core of the poverty eradication strategy and, the enhancement of rural incomes. Rural feeder roads are particularly critical for agribusiness and for the modernization of agriculture. The Government’s medium term transport sector policy aims to promote efficient and effective transport services as a means to provide effective support to increased agricultural and industrial production, trade, tourism, social and administrative services.

Uganda has made progress in reforming its overall trade policy environment (Commitment 5: ***Enhancing the role of trade in development)***. The numerous reforms implemented over the years, including the reduction of certain bans on imports and import tariffs and, the elimination of licensing requirements, have all contributed positively to the country’s trade competitiveness. However, while reform of the trade policy environment has been significant in recent years, the practical implementation of reform has been slow and, local businesses perceive continued obstacles. The limited availability of reasonably priced export credit and export insurance is a major hindrance to export competitiveness. Lack of uniform standards and weak quality control supervision also affect Ugandan exports. Uganda’s economy is closely linked to international trade and, Government policy has focused on liberalizing the economy by undertaking a comprehensive programme of trade reforms designed to open the economy and increase the country's competitiveness. It has taken measures to expand its market, first by embracing regional integration through the East African Cooperation (EAC) and COMESA and secondly by being a founder and active member of the World Trade Organization (WTO). The treaty establishing the East African Community (Uganda, Kenya and Tanzania) is intended to consolidate a market where producers can have access to the 81 million people in the EAC countries. Uganda is also a signatory to the Lome Convention.

The integration of the Ugandan economy in the multilateral trading system in the wake of the Economic Reform Programme contributed to the improved performance of the economy in the 1990s. To achieve this objective, the Government of Uganda adopted the Integrated Framework for Trade-related Technical Assistance Programme (IFTTAP), its main purpose being to enable Uganda to maximize benefits accruing from the TA support it receives from its development partners. The programme is based on Uganda's Trade-related Needs Assessment on integrated initiatives endorsed at the High-level meeting (HLM) held in Geneva in October 1997. Uganda has also, since the past two and a half years, been implementing the Joint Integrated Technical Assistance Programme (JITAP), a pilot regional programme embracing eight African countries. While some successes have been registered in the area of human capacity building under these programmes, there are still many institutional bottlenecks that limit the country's ability to fully benefit from the opportunities offered by the MTS. Chief among the key impediments to improved supply response are poor infrastructure, unreliable public utilities, low levels of education and skills, a poor technological base, a weak export institutional framework, market access problems, limited access to trade and finance and, cumbersome customs procedure. The Government is committed to providing a stable macro-economic environment and, is in the process of addressing many of these constraints.

With regard to Commitment 6, ***reducing vulnerability and protecting the environment***, natural ecosystems contribute directly to the economy and the livelihood of all Ugandans. The production of bricks, firewood, charcoal, clay pots and baskets, in addition to free ranging livestock, fisheries and tourism are all natural resource based economic activities worth hundreds of millions of US$ a year and, mostly generated by the poor. The Government of Uganda recognizes the importance of natural resource management as a key element in poverty reduction and economic growth and, since the early 1990s, has attempted to address the problem of environmental degradation. Environmental policy and legislation has undergone a number of reforms in the last decade to cope with changes in technological development and population dynamics. The National Environment Action Plan (NEAP) made fundamental recommendations in 1994, aimed at having an integrated national policy framework and legislation for the sustainable management of natural resources. Since then, public actions taken to address environmental issues have included the provision of environmental education and awareness through various means, such as public media and demonstration projects at the local level and, the stimulation of communal initiatives for the conservation and management of common property resources. These have proved to be effective to some extent, although much remains to be done.

The PEAP highlights the environment as a cross-cutting issue that should be considered in all programmes geared towards poverty eradication and as such, specific needs for public expenditure have also been identified. Ensuring that environmental concerns become a cornerstone of every programme that aims to contribute to poverty reduction in the short, medium and long-term, is by no means a simple task. This calls for improvement in the sectoral capacity in all development oriented policies, planning and activities at national, district and local levels, with the participation of the people. Another dimension that requires serious consideration is the need to strengthen intersectoral linkages, coordination and harmonization of programmes and policies at the various levels of implementation. The National Environment Management Authority (NEMA) has prepared an Environment Sector Programme using a project approach but, this needs further development into a sector-wide approach that includes the activities of all the relevant stakeholders, with strategic decisions about the requirements for public service delivery and public expenditure.

The mobilization of domestic resources in Uganda, Commitment 7, ***mobilizing financial resources***, has been below both the desired and predicted levels. The tax revenue to GDP ratio is still lower than 12 per cent as opposed to above 15 per cent that is the average for Sub Saharan Africa. In particular, the performance of non-tax revenue has continued to lag behind at under 1 per cent of GDP, compared to about 3.5 per cent in other countries in the region. This low domestic tax revenue has mainly been attributed to a small tax base and inefficient revenue collection systems. Non-tax revenue, which is not collected by the URA, continues to perform poorly. This is mainly because of inadequate accountability procedures and a lack of financial discipline in various government departments, coupled with severe budgetary constraints. In order to increase tax revenue the Government had earlier set out to identify a series of tax reform measures that would rationalize and simplify the tax regime and yet remain administratively feasible. As a result, the Uganda Revenue Authority (URA) was established as a semi-autonomous body to implement tax policy. Recent tax reforms such as the introduction of value added tax (VAT) and, the enactment of a new Income Tax Act in 1997, are important contributions to the improvement of revenue performance. In spite of all this, fiscal management in 1999/2000 was dominated by large revenue shortfalls, which could only be accommodated by cuts in government expenditure. This trend, partly as a result of internal and external shocks, such as drought and shortfalls in import support grants, can be expected to continue for the next decade unless measures are taken to address it.

Because of the relatively poor performance in savings deposit mobilization in 1998/99, quasi-money's contribution to broad money was limited to only 3 per cent compared to an average of 7 per cent per annum in the previous years. The financial savings to GDP ratio was 2.7 per cent in 1993/94, 3.2 per cent in 1995/96 and, provisionally 4.1 per cent in 1998/99. The banking sector has not fully recovered from the closure of four local banks in 1999. The conversion of savings into investment continues to face severe limitations. These include high lending rates, averaging 21 per cent during the last decade and, the high business risks and default rates. Commercial bank lending over the years has concentrated on short-term trade related activities. Lending to the agricultural sector remains very small at about 2.4 per cent of total lending. The financial system has also lacked an organized market for channeling savings into investments. The government strategy is to increase savings, includes ensuring stable macroeconomic variables, positive real interest rates and, streamlining the banking sector. A number of reforms have been undertaken during the last decade to enhance the financial sector including strengthening the Central Bank, liberalizing interest rates, introducing Treasury Bills and, increasing the capital requirements for commercial banks. The Central Bank is continuing to strengthen the prudent supervision and regulation of the banking industry to ensure safety of deposits that may be jeopardized by mismanagement and fraud. Efforts to develop the financial markets and, more specifically to strengthen the treasury bill market, are to continue. Raising savings and investment levels remains a major challenge for the Government. Capital markets provide a competitive method through which private sector firms can raise capital for investment purposes. They also play a crucial role in the economy by mobilizing savings, especially local savings, allocating capital to areas of greatest value in the economy and, providing alternative long term financing for business ventures. In 1996, the Government inaugurated the Capital Markets Authority (CMA), which was charged with the responsibility of promoting and facilitating the development of an orderly, fair and efficient capital markets industry. In 1998, the CMA licensed the Uganda Securities Exchange (USE), a private sector initiative, to operate as a stock exchange. The process of privatization has provided impetus for the development of a capital market in Uganda. More than 90 enterprises out of 120 companies had been privatized by December 1999.

The strong growth of foreign direct investment (FDI) inflows constituted one of the major factors that contributed to the improved performance of the Ugandan economy in the 1990s. There is evidence that Uganda has gradually become a strong magnet for attracting FDI. Over the period 1997 to 1999, it attracted FDI at an average rate of US$202.35 million per annum. These inflows have largely been associated with the Government's privatization programme. The Government's divestiture, privatization and the increased preference by non-resident Ugandans to remit earnings back home increased FDI inflows. These developments measure the confidence that investors have in the economy. The establishment of the Uganda Investment Authority (UIA) in 1991, with a series of incentive packages enshrined in the Investment Code of 1991; has contributed to investor confidence. The developments in FDI inflows, amongst other factors, have largely influenced the movements in the capital account of the balance of payments. Therefore, there is a need to demonstrate renewed commitments to reforms, particularly institutional and, to ensure consistency of policies in order to reassure investors about the safety and viability of long-term investments in Uganda.

4. Activities – Level Performance: Progress in implementing actions of the PoA

Uganda has made notable progress in each of the seven Commitments, which has contributed to improved performance in terms of pro-poor economic growth. The multiple Actions that have been implemented to achieve this degree of progress have been initiated as part of a coherent and integrated policy framework for achieving pro-poor growth and, meeting the Millennium Development Goals (MDGs). The PEAP policy framework is based on four primary goals:

- Creating a framework for economic growth and structural transformation

This goal emphasizes economic growth and employment generation as necessary conditions for poverty eradication. Economic growth in Uganda requires an enabling environment within which the private sector can expand. Key elements of this strategy include the maintenance of *macroeconomic discipline*, setting appropriate *macroeconomic incentives* such as export promotion and, encouraging labour-intensive investment and, ensuring *equitable and efficient collection and use of public resources*. In order to promote economic transformation, the *constraints to the private sector's performance*, such as poor infrastructure and power shortages, need to be addressed.

- Ensuring good governance and security

Consultations with the poor have indicated insecurity as one their most pressing problems. Therefore, this goal emphasizes *conflict resolution and effective support to conflict-afflicted* areas. *Democratization* is another key element under this strategy and, this has been in the case of Uganda, pursued in the context of decentralization. The process involves the transfer of responsibilities to district level and the restructuring of government ministries. Good governance also involves making *public expenditure transparent and accountable* and, improvement in the *quality of service delivery.* Enforcement of *law and order* and increasing accessibility to *public information* are necessary conditions for good governance.

- Actions which directly increase the ability of the poor to raise their incomes

Most Ugandans are self-employed, mainly in agriculture. Therefore, this gives the Plan for Modernization of Agriculture (PMA) a central role in poverty eradication. The PMA seeks to raise the incomes of the poor by increasing their productivity in existing activities, increasing output prices and, enabling them to enter new productive activities and wage employment. Emphasis has been placed on research and extension, market access, rural financial services, sustainable natural resource utilization and management and, improving the country's rural roads. Other measures aimed at increasing the poor's incomes include the forthcoming implementation of the Land Act that is designed to strengthen the land rights of the poor and the nurturing of appropriate institutions. Employment outside agriculture will be promoted by microfinance, advisory services and vocational training. It is also evident that rural electrification affects poverty mainly through its impact on employment opportunities and market access. The Government is therefore promoting the expansion of the grid and, the development of off-grid electrification.

- Actions which directly enhance the quality of life of the poor

This goal emphasizes the need to increase the poor's access to services that improve the quality of their life. The introduction of free primary education for four children per family has led to a dramatic increase in school enrolment. The priority now is to improve the quality of education while maintaining the increased number of children in school. Adult literacy is an area that features strongly with considerable potential benefits. The provision of sufficient low-cost classrooms, teachers and scholastic materials, as well as ensuring that access to secondary education is more equitable, remain major challenges. Increasing access to proper health care, and improved water supply and sanitation are integral components of this strategy.

- Framework for implementation of the strategic objectives

Implementation of the strategic objectives, as stated in the PEAP and other accompanying policy documents, demands sector-wide programming to determine sector objectives, outputs and outcomes expected from sector expenditures and, the activities which the expenditures will fund in order to achieve the desired outputs and outcomes. The public expenditure priorities articulated in the Plan are implemented through sectoral plans and the Medium Term Expenditure Framework (MTEF) and financed through the annual budget. It is important to note that these elements interact in an ongoing participatory process.

Chapter 5. Policy lessons from the implementation experience of selected countries

Based on the implementation experiences of countries covered by the case studies, national reports and, on the deliberations of the Expert Meeting, several policy lessons could be drawn. These relate to four broad areas: macroeconomic performance and progress towards the goals of the PoA; partnership, policies and strategies for pro-poor growth; vulnerability and graduation from the LDC status and, monitoring and evaluation processes for the PoA. The analysis and synthesis of lessons, together with policy conclusions and recommendations, are expected to contribute to the further implementation of actions and commitments of the PoA at the national and international levels during the remaining five years.

- **Socio-economic performance and progress towards key targets of the PoA including prospects for graduation from LDC status.**

The six country studies and four national reports show considerable variation in their economic performance and progress towards attaining the goals and targets of the PoA. In some cases, growth has been favourable (although below the ambitious target of 7 per cent) and, has contributed to a reduction in extreme poverty particularly in urban areas, while rural areas tend to suffer more poverty. Where progress has been observed, it has generally been based on sound economic policies which have improved the business environment and enhanced investor confidence. However, in other LDCs the record has been much less positive, with disappointing economic growth and little improvement in poverty reduction. Poor economic performance has in turn often been associated with low levels of investment, particularly in infrastructure, which is urgently needed both to support private sector growth and, to deliver basic poverty-reducing services to the poor. This raises serious concern over the form and quality of economic growth in LDCs. Although economic growth is important for the achievement of poverty reduction objectives, the quality of growth that contributes to employment creation, the reduction of inequalities and, the preservation of the natural environment, is a sine qua non for sustained poverty reduction in LDCs.

As with economic performance, progress made towards achieving human development targets of the Programme of Action and the Millennium Development Goals is also mixed. Some LDCs have made concrete progress in some areas, notably in reducing child mortality and improving access to safe water, as well as in introducing universal primary education and promoting adult literacy, although the quality of education remains a concern. There has also been some progress in some LDCs in reducing gender disparities at schools. However, maternal and child malnutrition remains high in LDCs, where the proportion of births attended by skilled health personnel is still far below the 50 per cent target. The high incidence of HIV/AIDS, malaria, tuberculosis and other infectious diseases continues to defeat the goal of human development progress in a number of LDCs.

Therefore, the overall socio-economic performance of LDCs during the last five years has been far below the agreed targets and goals of the PoA, pointing to the fact that the challenge of poverty reduction in these countries is immense. In the current global context, the probability that LDCs will reduce extreme poverty by half by 2015 is low. In fact, if current poverty trends persist, there is a great danger that LDCs will become the major locus of extreme poverty by 2015. In these countries the poverty trap is further exacerbated and reinforced by the confluences of geographical handicaps and complex national and international factors. These include among others: remoteness from the global market, particularly of landlocked developing countries and small island states, HIV/AIDS and other infectious diseases, civil conflict, exposure to natural and environmental hazards, lack of domestic financial resources and skilled human resources, low investment, declining terms of trade and prolonged indebtedness. Their vulnerability to exogenous shocks has made it more difficult for governments to improve the underlying fundamentals for pro-poor growth, such as investment in infrastructure and human resource development, in fiscal and budget management reforms and, improving the domestic growth environment. LDCs in such situations have little or no scope for seizing economic opportunities arising from globalization.

- **Partnerships, policies and strategies for pro-poor growth**

A further policy lesson from the case studies and national reports is the important role played by development partners in contributing to progress towards the PoA goals. Investment and budgetary processes in LDC economies are increasingly dominated by external finance rather than domestically generated resources. Some countries covered by the national studies reported that about 80 per cent of their respective public expenditures or public investment come from foreign assistance. Where socio-economic progress has been recorded, the case studies also point to the importance of predictable and well coordinated aid flows linked to an effective national mechanism for monitoring implementation and demonstrating accountability. But where commitments have been unfulfilled, development progress has been damaged. Some LDCs' PoA intentions have been set back by donors' efforts to cut deficits without paying sufficient attention to long-term growth and productive capacity development. This confirms the critical role of development partnership in general and, development cooperation in particular, in influencing the growth trajectory of the LDCs.

A well managed process of engagement with partners and the global economy through international trade and investment can accelerate and widen the opportunities for pro-poor growth for sustained poverty reduction efforts. But a poorly managed partnership can impact negatively on long-term growth prospects. For instance, in spite of some progress on quantity of aid, improving equally the quality of development aid as well as aid effectiveness remains a challenge. The composition of ODA has also changed markedly since the 1990s with a significant increase in the proportion devoted to social sectors and, an equivalent reduction for economic and productive sectors, especially agriculture. More generally, aid remains poorly coordinated, unpredictable and, is often poorly linked to purposes that will contribute directly to the MDGs. In this context, a significant improvement in the approach to aid policies is highly desirable if LDCs are to achieve greater ownership of public expenditure. This implies adherence to the internationally adopted Declarations of Rome (2003) and Paris (2005) on Aid

Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability, which are increasingly regarded as important factors for the legitimacy of national development plans. Similarly, although recent positive initiatives on external indebtedness adopted in Gleneagles, are steps in the right direction, heavy debt burdens continue to undermine socio-economic progress in LDCs. Generally, debt relief initiatives have not been successful in bringing lasting solutions to the external indebtedness of poor countries which are identified as Heavily Indebted Poor Countries (HIPCs).

With regard to current development policies and strategies in LDCs, it appears that Poverty Reduction Strategy Papers (PRSPs) linked to sound financial management have provided a framework for coordinating national and donor policies for pro-poor growth. A complementary PRSP monitoring process has been shown to be an effective means of strengthening accountability for resource use and for development outcomes. In some cases, especially where a framework for improving the quality of governance is absent or is weak, it often results in uncoordinated and disjointed approaches to policy, with disappointing outcomes. With a growing multiplicity of policies and programmes, it also became apparent that there is policy overload in most LDCs, as governments strive to implement different international frameworks of cooperation in parallel with their national development policies and strategies. The objectives and priorities of the various frameworks, policies and programmes are often viewed as competing with, not complementing, each other. Most LDCs had structural adjustment programmes in the 1980s and the 1990s and, several of these countries are now supported in the light of a Poverty Reduction Strategy Paper (PRSP). There are also frameworks and coordination mechanisms at country level, such as the Common Country Assessment Framework (CCAF), the United Nations Development Assistance Framework (UNDAF), the Integrated Framework for Trade-related Technical Assistance to LDCs (IF) and, the Joint Integrated Technical Assistance Programme for African and Selected Least Developed Countries (JITAP). There is a need to coordinate the different initiatives at country level as well as internationally. This will induce better ownership, within LDCs, of national development policies and strategies.

Empirical and historical evidence also suggests that, despite the complex development challenges and difficulties facing them, LDCs have pursued, for decades now, a wide range of adjustment and economic reform programmes with emphasis on trade liberalization. There is recognition today, that these policies and strategies by themselves have not been successful in reducing extreme poverty, which remains a mass phenomenon in these countries. Hence, trade liberalization *per se* is not the main driver for pro–poor growth as it is unlikely to have a significant impact on long-term sustainable development trajectories. It may be one of several policy mechanisms that under appropriate circumstances, can contribute to growth, provided it is accompanied by other measures that are tailored to the specific requirements of each developing country, which would need to be implemented alongside greater trade liberalization.

Furthermore, greater engagement with the international economy as part of a carefully sequenced process of liberalization, matched by assistance in strengthening the domestic economy's capacity to adjust and respond to new trading opportunities, can make a significant contribution to the process of pro-poor growth in the LDCs. For instance, the current Doha Round of WTO negotiations needs to lead to significant 'Aid for Trade' for the LDCs. There is a broad consensus that the "Aid for Trade Initiative" should include trade related technical assistance to build capacity to formulate a locally owned trade policy, participate in trade negotiations and, implement trade agreements. It should also include assistance to build supply side capacities, including trade related infrastructure. A compensatory mechanism, aimed at mitigating the possible negative impact of preference erosion and, to offset adjustment costs resulting from multilateral trade liberalization, should be part of international support measures in favour of LDCs. Hence, the need for additional aid for trade resources should be seen in the general context of the increased flow of resources to LDCs that are needed if the Millennium Development Goals are to be met. If aid for trade is properly integrated with broader development strategy and planning, its impact will extend beyond the immediate trade area and support efforts to achieve the MDGs by 2015. However, if these accompanying measures are not in place, trade may hamper development in those countries that appear to be particularly vulnerable to liberalization and, are the least prepared for deeper trade integration and globalization. Indeed, premature liberalization of trade and investment, in particular, will bring few gains in the short run and, is likely to delay the potential gains from trade to LDCs. It is essential to improve the quality of foreign direct investment including backward and forward linkages with the local economy.

- **Vulnerability and graduation from LDC Status**

The PoA emphasised that the key aspect of "its implementation and success will be judged by its contribution to progress of LDCs towards achieving international development targets as well as their graduation from the list of LDCs". Since the designation of the Category in 1971 by the GA and the first United Nations Conference on LDCs in 1981(Paris), only one country (Botswana) has managed to graduate from the list of the LDCs. However, the number of countries joining the list of LDCs has more than doubled over the years, reaching 50 in 2005. On the other hand, recently, six LDCs- all of which are small island states (Cape Verde, Kiribati, Maldives, Samoa, Tuvalu and Vanuatu)- were found to be eligible for eventual graduation in accordance with the graduation rule of the General Assembly. Their proposed graduation should be based on the principle of "smooth transition" as accepted by the General Assembly. This is due to the vulnerability of SIDS to the risk of frequent external and environmental shocks beyond domestic control and, the structural disadvantages facing their economies. Their exposure and vulnerability to the vagaries of natural and environmental shocks threaten the durability of the impressive macroeconomic performance that some of these countries have registered recently. This calls for a commitment by development partners to do justice to the permanent or long-term needs that a graduating country may continue to be facing, in view of the risk of frequent economic, environmental or natural shocks beyond domestic control. There is also serious concern about the need to pay greater attention to the economic vulnerability of SIDS that are expected to graduate in the near future. It is hoped that environmental and disaster-related vulnerabilities will be given due consideration in the discussions concerning graduation, as well as support for “smooth transition”.

- **Monitoring and Evaluation Process for the PoA**

The country studies, national reports and the deliberations of the Ad Hoc Expert Meeting have highlighted the difficulties in establishing an effective framework for monitoring progress in implementing the PoA. Information on progress made since the inception of the PoA in 2001 is often incomplete in its coverage or, unavailable. Where the data is available, it can be out of date or, relates to the period before 2001. There are several reasons for these weaknesses in monitoring and evaluation of the PoA. In part, it may reflect a failure to establish clear guidelines on the choice of indicators for monitoring progress on a consistent and comparable basis. The 2002 Least Developed Country Report of UNCTAD pointed out that the data for monitoring the progress towards the targets in the Programme of Action were inadequate in terms of their coverage of the LDCs, their quality and their timeliness. The data problems are particularly acute with respect to the overarching goal of the PoA in terms of halving the proportion of people living in poverty by 2015, where the paucity of internationally comparable data makes it difficult to monitor progress in this goal in the LDCs.

A further difficulty in monitoring progress with the PoA is linked to the issue of causality. The PoA involves a set of ‘Actions’ by LDCs and their development partners, at national and international levels. These policy interventions are made as part of an integrated and comprehensive national strategy for pro-poor growth. Therefore, it is difficult to attribute the progress towards achieving the goal of poverty reduction and sustainable development to any single programme or, set of interventions, such as the POA.

Chapter 6. Policy conclusions and recommendations

Conclusions

The Third Programme of Action for LDCs for the decade 2001-2010 is unique and different from its predecessors in many ways: first, it contains a number of quantified and time-specific development targets. This was believed to enable LDCs and their development partners to assess and monitor the implementation of the Programme of Action. Paragraph 94 underscores that "the goals and targets set out in the programme of Action will be used to review and evaluate performance of LDCs and their development partners in implementing the various commitments". Secondly, it was innovative and forward looking in that it established clearly the key principles and processes for achieving the millennium poverty reduction goals. Thirdly, it emphasised the importance of viewing sustained economic growth and sustainable development as the overarching objective. That is, it recognized that sustained economic growth and sustainable development consist of three pillars. There is (i) an economic; (ii) a social and (iii) an environmental pillar to development. Each of these needs to be effectively managed in an integrated and interlinked way if one is to achieve the ultimate goal of accelerated and sustained poverty reduction. Economic growth alone is not sufficient to achieve sustainable development nor, are social policies aimed specifically at poverty reduction sustainable in the long run. Environmental management and protection on its own, is a necessary, but not sufficient condition for achieving sustainable development.

The fourth important aspect of the PoA was that it recognized that the series of commitments and actions which it listed needed to be implemented as part of an overall programme of development policies and strategies. The PoA was not conceived as an additional add-on programme or plan. It was something which was integrated with, consistent with and, complementary to existing national development policies and strategies and, linked to that, it recognized the importance of national ownership of such policies and strategies. The fifth distinctive feature of the PoA is its emphasis on partnership with the international community, particularly donors. Many of the proposals within the PoA were echoed in the Rome (2003) and Paris (2005) Declarations on aid effectiveness - the importance of the alignment of aid policies with domestic policies and, the need for harmonization of donor policies with national policy. Since the adoption of the Programme of Action in 2001, the engagement of development partners with LDCs has been strengthened, especially with respect to development aid, debt-relief and market access. Consequently, aid inflows to LDCs as a group have doubled in nominal terms since 1999; some progress has been made on debt relief for some LDCs; new initiatives to move towards the objective of duty-free and quota free market access for all LDC products have been put in place; there has been significant progress in the untying of aid for these countries and, private capital inflows including foreign direct investment have improved, although such inflows continue to concentrate heavily in a few countries and few sectors. The challenge is to make this progress in partnership a real turning point in the day-to-day lives of the ordinary people in the poorest countries. This requires, among other things, in the remaining years of the Programme of

Action, a much greater emphasis on the development of productive capacities in the LDCs, coupled with the expansion of productive employment opportunities, reduction of inequalities and, the preservation of the natural environment. This in turn calls for improvement in the quality of aid, its composition and sectoral orientation, as well as transparency, accountability and good governance at the national level. For example, between 1992 –and 1995 and 2000 and 2003, ODA allocation to economic infrastructure and production-oriented sectors declined from 45 per cent to 26 per cent of total aid commitments of all donors to LDCs [UNCTAD: 2002, 2004].

Finally, the PoA was distinctive in its recognition of the importance of the monitoring and evaluation of progress made and results achieved. This is important for at least two reasons. It is important as a way of informing policymakers of what is being achieved and, of what the outcomes are of their policy interventions and initiatives. Secondly, and equally important, it is a form of accountability to stakeholders both national and international. Therefore, it is worth reminding consistently LDCs and their development partners, including civil society actors, of these key principles which were enshrined in the PoA. This is important for the very reason that the agreed principles are being carried forward and need to guide the process of implementation for the remaining five years. However, monitoring and evaluation of the impact of policies and strategies as well as progress made in implementing the PoA at the national level, have been constrained by lack of data and absence of methodology or, a mechanism for the intended exercise. Data which are internationally available are inadequate in terms of their coverage, quality and their timeliness and, there is no established methodology for monitoring progress at the national level. These made systematic and results-oriented monitoring and evaluation of implementation of the PoA at the national level complex and difficult. There is a need to enhance national statistical capacity building in LDCs and, for a common framework for undertaking the task of result-oriented monitoring and evaluation of progress made at country level. This will allow comparative analysis to be extended and undertaken in a more consistent and comprehensive manner than it is currently possible.

As the lessons drawn from and the assessment of country case studies and national reports indicate, overall socio-economic progress achieved so far is mixed. Some countries made significant progress in some areas while they lag in some other areas. Others made no meaningful progress at all in any of the commitment areas. Even in those countries where evidence suggests economic progress, it has not always resulted in poverty reduction and improved human well-being. The sustainability of the modest economic growth is also fragile, due to the excessive vulnerability of LDCs to various shocks-economic or otherwise; exogenous or internal. Therefore, it could be argued that it is premature to be seeking to find evidence of a significant poverty reduction in LDCs at this stage. Against that rather pessimistic conclusion, the work undertaken under this project reveals that there is some evidence of casual correlation, suggesting that poverty reduction is linked to sound, inclusive and broad-based economic growth performance. For instance, in **Bangladesh** there has been a reduction in absolute poverty, particularly in urban areas over the 2001-2005 period of the PoA. At the same time, there has been significant growth performance, something in excess of 5 per cent over the period 2001–2005. So there is at least a positive correlation between poverty reduction and growth. Likewise, we find in the case studies of **Ethiopia and Burkina Faso**, no improvement in poverty reduction and, in some years this was closely associated or correlated with negative growth performance, particularly during the first half of the current decade. In some other cases (**e.g. Nepal**) modest improvements in social and economic indicators achieved in the 1990s were undermined by the recent political problems and civil unrest facing the country.

Therefore, the determinants of growth are complex and varied and, the particular configuration of factors which is needed to achieve a higher growth trajectory, will vary from country to country. There is no single 'one size fits all' set of policies for the LDCs as a group. At the same time, it is possible to identify a number of common areas where well-designed interventions are likely to have a significant impact. Fiscal reform aimed at increasing the level of national savings and investment should be a priority for all LDCs. Second, providing an enabling environment for private sector development will strengthen the growth potential of the economy. Third, attention to improving the quantity and quality of infrastructure not only spurs growth but, also contributes towards the MDGs in the areas of access to water, sanitation, power, transport and accessibility. There is a general consensus that sustained year on year economic growth is a necessary, but not sufficient, condition for poverty reduction.

The messages from the case studies that the challenge of poverty reduction in LDCs is immense and, that LDCs will remain the locus of poverty by 2015, are certainly consistent with the broader global pattern. These were unequivocally noted and recognized as serious concerns in the recent World Bank Global Monitoring Report 2006 and the research and policy analysis work of UNCTAD on LDCs. The findings there are that "the world is still far from achieving the Millennium Development Goals. Many countries, particularly in Africa and South Asia are off-track and, for every success story of rapid growth and job creation in East and South East Asian cities, there are disturbing examples of increased poverty in much of sub-Saharan Africa and among large groups of people in many other parts of the world." This message is particularly serious for the LDCs where most of the poverty is concentrated. As consistently argued in the Least Developed Countries Reports of UNCTAD, sustained structural transformation in the economies of LDCs can take place only if an enabling policy framework is put in place that would bring about the process of capital accumulation, structural change and technological progress. This will require not only the re-evaluation of the current national and international policies but, also the building-up of the necessary institutions, particularly the private enterprise sector, and financial and knowledge systems. This in turn, calls for the need for more development oriented poverty reduction strategies focusing on developing productive capacities in a way which creates productive employment opportunities. Development oriented national polices and strategies will not be effective tools for poverty reduction in LDCs unless otherwise accompanied by concrete, comprehensive, sound and robust international support measures.

The case studies also reveal that after decades of implementation of adjustment and economic reform programmes, exports from LDCs as a group show marked improvement in recent years, although their share in world trade remains marginal. Improvements in recent export performance are largely driven by oil and other mineral exporting LDCs and, by those that managed to increase their exports of manufactures and services. Commodity dependent LDCs face major problems of falling and volatile world primary commodity prices. Although trade is important for economic growth, there is a danger of an excessive emphasis on trade liberalization as a policy instrument for poverty reduction in LDCs. Experience also shows that in LDCs where the majority still earn their living in subsistence-oriented agriculture and, where their economies are characterized by weak productive capacities, trade liberalization has not led to significant poverty reduction. As such, there is a growing recognition today that trade liberalization cannot be a panacea for poverty reduction. Indeed, cases exist where it has been associated with de-industrialization and increased unemployment. The best trade-poverty relationship is found in countries that opened up moderately and sequentially in the 1990s [UNCTAD: 2004].

- **Recommendations for action at national and international levels**

In line with the above conclusions and, taking into account the policy lessons learned from the implementation experiences of countries covered by the project, the following policy recommendations can be put forward for consideration. This is not an exclusive list with any particular order of importance but, it should be linked to the actions and commitments of the Programme of Action.

Efforts should be redoubled to sustain the recent progress in partnership so as to make it an effective means to substantially improve the everyday lives of poor people in LDCs. To that end, LDCs and their development partners should strive to enhance the quality of growth, which should be inclusive, participatory and sustainable. This requires, inter-alia, developing productive capacities which in turn contribute to the creation of productive employment opportunities, to the improvement of LDCs' capacity to produce goods and services and, to help them become internationally competitive. Sustained structural transformation in the economies of LDCs can take place only if an enabling policy framework is put in place that would accelerate the process of capital accumulation, structural change and technological progress. This can be achieved through nationally owned, participative, inclusive and development oriented polices and strategies supplemented by effective and comprehensive international support measures.

It is essential for LDCs and their development partners to ensure strengthened and mutual accountability in development cooperation through effective monitoring and evaluation mechanisms at the national level. While the success of the PoA will depend on the scaling-up of resource flows to the LDCs, ensuring that these resources are used effectively towards reaching the MDGs is vital. A new approach to development aid policies is highly desirable if LDCs are to achieve greater ownership of public expenditure. In this context, development partners should adhere to the internationally adopted Declarations of Rome (2003) and Paris (2005) on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability, which are increasingly regarded as important factors for the legitimacy of national development plans. It is equally important for development partners - that have not done so - to make additional efforts to meet the special ODA targets of 0.15 per cent to 0.2 per cent of their respective GNI to the LDCs. Aid conditionalities must not restrict policy choices in recipient countries. In the current situation, access to aid is sometimes predicated on the pursuit of macroeconomic policies that constrain private sector development and domestic capital accumulation.

On their part, LDCs should demonstrate a commitment to sound development strategies and, to the effective and purposeful use of resources. This should be accompanied by improved political and economic governance, free and fair elections, respect for human rights and freedom of expression and devolution of political power through political or economic decentralization. Some of the country studies highlighted corruption as a serious obstacle to socio-economic progress in LDCs. Therefore, there is an urgent need for good governance at national and international levels as sources of significant benefits for all peoples. LDCs should also put in place effective social policies so as to ensure that improved growth performance is translated into pro-poor growth and, that the benefits from growth are equally redistributed to the poor and vulnerable sections of society. Too often in the past, economic growth has failed to 'trickle down' to the poor in the LDCs. Pro-poor growth also needs to be underpinned by improvements in the quality of governance, through greater transparency and accountability in public policy.

There needs to be a renewed commitment on the part of LDCs and their development partners to the sustained economic growth and sustainable development goals set out in the PoA. To maintain progress towards the goals and targets of the PoA, particularly poverty reduction and growth targets, the LDCs need to reduce vulnerability to exogenous shocks and strengthen the underlying determinants of pro-poor economic growth. This addresses particularly Commitment 6, reducing vulnerability and protecting the environment. There is a full recognition of the interdependence between economic progress, social development and environmental protection. An equal consideration therefore needs to be given, particularly to strategic environmental issues. Perhaps this is being relatively neglected so far in the initiatives with the PoA. Environmental concerns need therefore to be integrated fully on an equal basis with the development planning process. Greater attention should also be paid to the economic vulnerability of some LDCs, notably small island developing states (SIDS) that are expected to graduate in the near future. In this regard, environmental and disaster-related vulnerabilities need to be given due consideration while discussing graduation criteria, as well as support for "smooth transition" for countries that are eligible for eventual graduation.

In the framework of international support measures to LDCs, there should also be a rebalancing of priorities between human development targets and production-related issues, with greater emphasis on the latter. This implies greater efforts, in the context of development aid, aimed at physical infrastructure and technological development, as these two factors are important catalysts of productivity progress and competitiveness. To improve the energy, transport and communication infrastructure of LDCs, public investment remains essential, despite the growing importance of private sector involvement. There is a need for an increased allocation of aid to develop supply capacities, including for commodity diversification and, to increase local capacities for value-added processing. LDCs and their development partners should redouble efforts to improve and orient the composition and sectoral allocation of development aid. Furthermore, sustainable financing of supply-side capacities is still a problem in Highly Indebted Poor Countries which have reached completion point and, whose access to loans is limited. Comprehensive debt-relief including debt cancellation is crucially important for poverty reduction, as external debt burden remains a major problem for most of them, despite various debt relief initiatives. This problem needs to be addressed with the utmost urgency.

For trade liberalization to work for poverty reduction it has to be gradual, linked to the development of supply capacities and, it should not be equated with laissez-faire but, entail a reassessment of the role for the State in domestic policy. In situations of mass poverty prevailing in LDCs, poverty reduction will require development strategies that promote accelerated and sustained economic growth that is socially inclusive and environmentally sustainable. To achieve inclusive development, national development strategies should not simply promote the modernizing core of the economy. They should also include (i) technological change in subsistence activities, (ii) universal social services, and (iii) meaningful employment through the development of non-tradable goods and services, as well as a new approach to rural development based on all possible uses of biomass (e.g. food, medicines, raw materials, etc.). Women should not be left out of employment opportunities. National development strategies need to be tailored to the specific needs of countries and their people. Attention needs to be given to the diversity of initial conditions, resource endowments and export structures amongst LDCs.

The outcome of the current Doha Round of WTO negotiations needs to include significant ‘aid for trade’ for the LDCs. There is a broad consensus that the aid for trade agenda should include trade related technical assistance to build capacity to formulate a locally owned trade policy, participate in trade negotiations and, to implement trade agreements. It should also include assistance to build supply side capacities, including trade related infrastructure and compensatory assistance with adjustment costs resulting from trade policy-induced changes. The need for additional aid for trade resources should also be seen in the general context of the increased flow of resources to LDCs that is needed if the Millennium Development Goals are to be met. If aid for trade is properly integrated with broader development strategy and planning, its impact will extend beyond the immediate trade area and support efforts to achieve the MDGs by 2015. Furthermore, too few LDCs have benefited from the preferential market access schemes of developed and other developing countries. Such trade preferences still have a role to play and should be strengthened through such measures as improvements in rules of origin to reflect existing production structures and, also creating triangular positive relationships between trade preferences, ODA and FDI. Improvement in supply capacities is at the heart of the problem of making trade work more effectively for poverty reduction.

There is an urgent need to ensure coherence and consistency as well as strengthen coordination among the different policies, strategies and initiatives, at country level and internationally. This will avoid duplication of efforts, while inducing better ownership of national development policies and strategies in LDCs. With a growing multiplicity of policies and programmes, it has become apparent that there is policy overload in most LDCs, as governments strive to implement different international frameworks of cooperation in parallel with their respective national development policies and strategies.

For monitoring the progress made in implementing the PoA at the national level, there is a need to strengthen the monitoring and evaluation system. It is clear from the country case studies and national reports that there are major difficulties in providing an effective and timely monitoring process of progress with the PoA. In part, this is due to data limitations. The data either does not exist or, exists with too long a lag to be particularly useful. There are also problems of the lack of a consistent methodology or framework which would allow systematic cross country analysis and comparisons to be made. Systematic and result-oriented monitoring and evaluation can contribute to strengthening mutual accountability, ownership and good governance. At the country level, it demonstrates effective use of resources and a commitment to sound development policies. At the donor level, it demonstrates increased commitments, the improvement in the quality of aid and its effectiveness, with better alignment of aid with national policies and priorities. In view of the serious statistical deficiencies prevalent in most LDCs and, the importance of steady and reliable statistical data for proper monitoring and evaluation of progress in the implementation of the Programme of Action, there is an urgent need for international initiatives aimed at enhancing national capacities in this area.

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Annex I.

Ad Hoc Expert Meeting in preparation for the Mid-term Review of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Chairperson's summary

1. The Ad Hoc Expert Meeting took place in Geneva on 29 and 30 May 2006. Discussions focused on the question of progress, over the last five years, in the implementation of the Programme of Action. There was an extensive exchange of views on the basis of selected country case studies, with presentations by national consultants (from Bangladesh, Burkina Faso, Cape Verde, Ethiopia, Nepal and Uganda) and invited representatives from Benin, Rwanda, Samoa and Vanuatu. In concluding its deliberations, the Expert Meeting unanimously adopted this Chairpersons' summary and requested Benin, in its capacity as a coordinator of the LDCs' group, to transmit the outcome to the Ministerial Meeting of LDCs due to take place in Cotonou, Benin, from 5 to 8 June 2006.

2. The meeting underscored the importance of the shared responsibility of least developed countries (LDCs) and their development partners in the implementation of the Brussels Programme of Action. The country presentations highlighted the difficulties in assessing progress made in the implementation of the Programme of Action. Besides the statistical limitations prevalent in most LDCs, a major cause of the difficulties in the assessment of progress was the loose conceptual and factual relationship between the socio-economic goals pursued (such as poverty reduction) and the action envisaged under the various commitments in the Programme of Action. Ideally, there would be a need to establish in each LDC a quantitative and qualitative monitoring framework based on the country-specific causality between Programme of Action commitments and the development objectives pursued. It is doubtful, from the discussions held, whether LDC Governments will be desirous of developing such a framework since most of them already have to cope with problems of congestion in processes as beneficiaries of various international initiatives. The work undertaken by UNCTAD under this project revealed the lack of awareness, in LDCs, not only of the Programme of Action as a tool for international cooperation, but also of the value and implications of LDC status as a basis for targeted international action.

3. The Ad Hoc Expert Meeting provided an opportunity to (i) reflect on the progress made towards the development objectives of the Programme of Action; and (ii) draw policy-related lessons from the first half-decade of implementation of the Programme of Action, with a view to

delineating the most desirable approach to the continued implementation of the Programme of Action.

- **Assessment of progress toward fulfilling the Programme of Action's goals**

4. Several LDCs have made significant progress over the last five years towards achieving the 7 per cent growth target, but only a few have managed to reduce the proportion of their people living in extreme poverty. The latter progress was observed mainly in urban areas, while rural areas tend to suffer more poverty. Given the vulnerability of most LDCs to the risk of frequent external shocks beyond domestic control, and considering the structural disadvantages with which their economies are faced, the durability of LDCs' growth performance is questionable. Therefore, the challenge of poverty reduction remains immense and will require special efforts by the LDCs and their development partners.

5. The prospects for reducing extreme poverty by half among LDCs by 2015 are poor. In some of these countries, the poverty trap is maintained by the conjunction of geographical handicaps that are major causes of supply constraints, and combined national and international factors such as HIV/AIDS, civil conflict, exposure to natural hazards, lack of domestic financial resources and skilled human resources, lack of investment, declining terms of trade and prolonged indebtedness. LDCs in such situations have little or no scope for seizing the numerous economic opportunities that result from globalization.

6. With regard to human development targets (under the Programme of Action and in the light of the Millennium Development Goals), some LDCs have made concrete progress in some areas, notably in reducing child mortality and improving access to safe water, as well as in introducing universal primary education and promoting adult literacy, although the quality of education remains a concern. There has also been some progress in reducing gender disparities. However, maternal and child malnutrition remains high in LDCs, where the proportion of births attended by skilled health personnel is still far below the 50 per cent target. The high incidence of HIV/AIDS, malaria, tuberculosis and other infectious diseases continues to defeat the goal of human development progress in a number of LDCs.

7. As regards governance, few LDCs have free and fair elections; similarly, few have made improvements in the area of human rights and freedom of expression, few have multiparty politics, and few have carried out political or economic decentralization. Some of the country studies highlighted corruption as a serious obstacle to socio-economic progress. The meeting underlined good governance at national and international levels as sources of significant benefits for all peoples.

8. Most LDCs have pursued wide-ranging economic reforms and adjustment programmes, notably aimed at trade liberalization, over the last two decades. However, their share of world trade remains marginal, accounting for an average of 0.5 per cent of world exports and 0.7 per cent of world imports in 2000–2003. It was generally recognized throughout the discussions that in order to facilitate poverty reduction, trade liberalization has to be gradual and essentially linked to the development of supply capacities. This implies revisiting the role of the State in dealing with domestic economic issues, given the importance of offering private operators a favourable investment climate and a sound macroeconomic environment.

9. Progress has been made towards improving preferential market access conditions for LDCs since the adoption of the Programme of Action. The meeting welcomed the decision on duty-free, quota-free market access for LDCs, contained in the Hong Kong Ministerial Declaration (Hong Kong, China, December 2005), which puts these preferential market access conditions on a more predictable basis for all products. Further improvements regarding rules of origin, as well as a reduction of non-tariff barriers, could allow LDCs to better utilize new trading opportunities.

10. The LDCs are currently attracting greater inflows of foreign direct investment (FDI) than in the past. FDI in those countries, however, was equivalent to less than 2 per cent of world FDI in 2004. Inflows are largely concentrated in natural-resource-rich LDCs: half of the increase in FDI inflows into all LDCs between 2002 and 2004 took place in four oil-exporting LDCs. If the mineral-exporting LDCs were added to the oil-exporting LDCs, the combined set of countries would account for 70 per cent of total FDI inflows into LDCs. Further efforts are required in order to ensure that FDI in LDCs genuinely contributes to economic welfare and development through backward and forward linkages in recipient countries.

11. With regard to international support measures in favour of LDCs, eight OECD/ Development Assistance Committee (DAC) countries met the Programme of Action target of making official development assistance (ODA) disbursements equivalent to 0.20 per cent of gross national income (GNI) in 2003 and 2004. Another country reached 0.18 per cent, and another one the 0.15 per cent target in 2004. It is encouraging to note that net real-term ODA disbursements from DAC members to LDCs almost doubled in 2004 as compared with 2001. Moreover, the untying of aid to LDCs has been proceeding, and there seems to be a consensus that this process has contributed to the effectiveness of aid.

12. Of 30 LDCs that are potentially eligible to receive debt relief under the HIPC Initiative, 22 have reached decision point. However, despite this and other initiatives to alleviate the debt burden of LDCs, external debt remains a major problem for most of these countries. Further debt reduction efforts are deemed essential to the objective of poverty reduction. Financing the development of supply-side capacities remains a problem in highly indebted poor countries (HIPCs) that have reached completion point, as their access to loans is limited. This problem needs to be addressed with urgency.

- **Policy lessons and implications for the further implementation of the Programme of Action**

13. While economic growth is generally considered to be important for the achievement of poverty reduction objectives, the quality of growth, notably with regard to employment creation, reduction of inequalities and preservation of the natural environment, is of paramount importance for a broad-based development process.

14. The case studies revealed an overload in most LDCs, as Governments strive to implement different international frameworks of cooperation in parallel with their national development policies and strategies. The objectives and priorities of the various frameworks are often viewed as competing with, not complementing, each other. Most LDCs had structural adjustment programmes in the 1980s and the 1990s, and several of these countries are now supported in the light of a Poverty Reduction Strategy Paper (PRSP). There are also frameworks and coordination mechanisms at country level, such as the Common Country Assessment Framework (CCAF), the United Nations Development Assistance Framework (UNDAF), the Integrated Framework for Trade-related Technical Assistance to LDCs (IF) and the Joint Integrated Technical Assistance Programme for African and Selected Least Developed Countries (JITAP). Combined with national development policies and sectoral strategies, these have often resulted in institutional bottlenecks, in which the LDC agenda tends to receive relatively low-priority attention. The meeting stressed the urgent necessity to coordinate the different initiatives, at country level as well as internationally. This calls for better ownership, within LDCs, of development policies and strategies.

15. The PRSP process was introduced in the context of the Enhanced HIPC Initiative, with the aim of ensuring that savings from debt relief would be channelled towards poverty reduction programmes. There was a general impression that trade is not sufficiently integrated within PRSPs, although trade issues now occupy a more central place in them. The problem is how trade is dealt with in the PRSPs: strategic goals are only loosely related to public action. Furthermore, the PRSPs do not have a methodology for linking trade with growth and poverty reduction.

16. Alleviating poverty through direct action on social sectors is regarded as important. However, the primacy of enhancing productive capacities as an avenue for durable poverty reduction is increasingly recognized as paramount. This implies maintaining or improving the international competitiveness of traditional economic sectors (notably agriculture, which remains the economic pillar of most LDCs), and promoting durable economic diversification. Diversification not only broadens the scope for employment creation, but also increases a country's economic resilience to external shocks beyond domestic control, thereby making income more stable and predictable. International support measures should therefore put greater emphasis on developing productive capacities in the LDCs.

17. At the national level, development strategies should always place the development of physical infrastructure and human resources at the heart of priorities, in view of the catalytic impact of these two areas of action on the scope for durable diversification. Development partners are invited to enhance their support to LDCs so as to develop agricultural productivity and remove infrastructural bottlenecks in those countries.

18. Given the adverse impact of the recent oil shocks among LDCs, particularly in the light of poverty trends, there should be greater efforts to develop renewable energy sources, including through exchanges of experience and South–South cooperation.

19. It is widely agreed that new economic opportunities exist for LDCs, notably in areas of specialization that rely on valuable assets such as environmental beauty and cultural wealth, including traditional knowledge. Economic specialization in such sectors as organic agriculture, international tourism and cultural industries is often regarded as desirable progress, involving meaningful economic linkages. Such developments call for targeted efforts in the context of which maximum use ought to be made of the range of concessions already available to LDCs.

20. At the international level, the fact that a country is recognized by the United Nations as an LDC should always imply maximum consideration for it within the existing framework of special international measures, whether these measures are granted by virtue of LDC status (special and differential treatment, Integrated Framework, etc.) or under initiatives outside the scope of LDC treatment (e.g. debt relief for HIPCs). Revisiting the nature of rules of origin in relation to trade preferences and increasing the capacity of LDCs to meet international standards that constitute non-tariff barriers stand out as one of the most important lessons from the experience of many LDCs. Making the best possible use of the existing concessions in favour of LDCs in the multilateral trading system and creating a favourable investment climate in those countries are regarded as vitally important, as are efforts to identify new potential economic opportunities in the light of the evolving international demand. Coherence between international obligations and the national constraints faced by LDCs should always be aimed at in the framework of international cooperation.

21. Supply-side strategy based on sound economic specialization may imply preserving or restoring the competitiveness of traditional sectors as well as paving the way for the development of dynamic new sectors of goods or services. To that end, LDCs should make the best possible use of the flexibility of international trade rules, including special measures such as safeguards and other remedial measures.

22. In the framework of international support to LDCs, there should be a rebalancing of priorities between human development targets and production-related issues, with greater emphasis on the latter. This implies greater efforts, in the context of aid, aimed at physical infrastructure and technological development, as these two factors are important catalysts of productivity progress and competitiveness. To improve the transport and communication

infrastructure of LDCs, public investment remains essential, despite the growing importance of private sector involvement.

23. A new approach to aid policies is highly desirable if LDCs are to achieve greater ownership of public expenditure. This implies adherence to the internationally adopted Declarations of Rome (2003) and Paris (2005) on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability, which are increasingly regarded as important factors for the legitimacy of national development plans.

24. In view of the serious statistical deficiencies prevalent in most LDCs and the importance of steady and reliable statistical data for proper monitoring of progress in the implementation of the Programme of Action, there is an urgent need for international initiatives aimed at enhancing national capacities in this area.

25. In the light of the economic importance to a number of LDCs of remittances from nationals living and working abroad, there is a need for greater and coordinated efforts by the international community to promote channels, mechanisms and international policies to reduce the transaction costs that hamper the use of remittances as a source of development financing in relevant countries. Intensifying or redirecting remittances towards productive investment schemes is a desirable policy objective, for which international support to LDCs should be organized.

26. The Integrated Framework for Trade-related Technical Assistance to LDCs (IF) is recognized as a key instrument to strengthen the institutional capacities of LDCs with a view to enhancing their productive potential. The most important lesson learned from the IF process is that strong country ownership is critical to the success of the IF, which is an important part of the broader Aid for Trade initiative in the context of the implementation of the Doha Development Agenda.

27. The concerns of countries that are called to prepare for eventual graduation from LDC status should also be taken into consideration, in keeping with the principle of "smooth transition" as accepted by the General Assembly. This implies a commitment by development partners to do justice to the permanent or long-term needs that a graduating country may continue to be facing, in view of the risk of frequent economic, environmental or natural shocks beyond domestic control. There is also a growing concern about the need to pay greater attention to the economic vulnerability of some LDCs that are expected to graduate in the near future. It is hoped that environmental and disaster-related vulnerabilities will be given due consideration in the discussions concerning graduation, as well as support for “smooth transition”.

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Annex II.

Real GDP and real GDP per capita growth rates of LDCs, by country, 2000–2002, 2003 and 2004 (Annual average, per cent)

	Real GDP growth			Real GDP per capita growth		
	2002–2004	*2003*	*2004*	*2002–2004*	*2003*	*2004*
Group 1 (2004 real GDP growth rate of 6% per cent and above)						
Chad[a]	20.7	11.3	31.0	17.4	8.2	27.4
Ethiopia	4.5	-3.7	13.4	2.4	-5.6	11.2
Angola[a]	7.3	3.4	11.2	4.0	0.4	7.7
Equatorial Guinea[a]	12.3	14.7	10.0	9.6	11.9	7.4
Maldives	8.6	8.4	8.8	6.2	6.0	6.5
Gambia	7.5	6.7	8.3	5.2	4.3	6.2
Mozambique	7.4	7.1	7.8	5.5	5.1	5.9
Sierra Leone	8.3	9.2	7.4	6.3	7.1	5.4
Mauritania	7.4	8.3	6.6	5.2	5.9	4.5
Dem. Rep. of the Congo	5.9	5.6	6.3	2.8	2.5	3.2
United Rep. of Tanzania	6.7	7.1	6.3	4.6	5.0	4.3
Cambodia	5.7	5.3	6.0	3.9	3.5	4.2
Sudan[a]	6.0	6.0	6.0	3.6	3.6	3.5
Lao People's Dem. Republic	5.7	5.3	6.0	3.3	2.9	3.6
Senegal	6.2	6.5	6.0	3.9	4.0	3.8
Group 2 (2004 real GDP growth rate of above 3% but below 6%)						
Uganda	5.2	4.7	5.7	2.5	1.9	3.1
Bangladesh	5.4	5.3	5.5	3.6	3.4	3.7
Burundi	2.1	-1.2	5.5	0.2	-3.1	3.5
Cape Verde	5.2	5.0	5.5	2.7	2.4	2.9
Madagascar	7.5	9.8	5.3	4.7	6.8	2.6
Bhutan	5.8	6.7	4.9	3.1	3.9	2.3
Zambia	4.9	5.1	4.6	3.4	3.5	3.2
Sao Tome and Principe	4.5	4.5	4.5	2.4	2.4	2.4
Guinea-Bissau	2.4	0.6	4.3	-0.5	-2.3	1.3
Burkina Faso	5.2	6.5	3.9	2.8	4.1	1.6
Malawi	4.1	4.4	3.8	2.0	2.3	1.8
Solomon Islands	4.4	5.1	3.8	1.3	2.0	0.7
Nepal	3.4	3.1	3.7	1.2	0.8	1.6
Rwanda	2.3	1.0	3.7	0.8	-1.8	3.5
Samoa	1.1	-1.0	3.2	0.3	-2.0	2.6
Lesotho	3.2	3.3	3.0	2.2	2.4	2.1
Djibouti	3.3	3.5	3.0	1.7	1.8	1.6
Togo	2.8	2.7	3.0	0.7	0.5	0.8
Vanuatu	2.7	2.4	3.0	0.4	0.2	0.7

Group 3 (2004 real GDP growth rate below 3%)						
Yemen[a]	2.9	3.1	2.7	-0.2	0.1	-0.4
Benin	3.3	3.9	2.7	0.7	1.3	0.2
Guinea	1.9	1.2	2.6	-0.2	-0.9	0.5
Mali	4.8	7.4	2.2	2.3	4.9	-0.3
Liberia	-16.1	-31.0	2.0	-18.0	-32.6	-0.2
Comoros	2.0	2.1	1.9	-0.4	-0.3	-0.5
Timor-Leste	-2.3	-6.2	1.8	-7.3	-11.0	-3.5
Kiribati	2.1	2.5	1.8	0.5	0.7	0.3
Eritrea	2.4	3.0	1.8	0.3	0.8	-0.2
Niger	3.1	5.3	0.9	0.2	2.3	-1.9
Central African Republic	-2.3	-5.4	0.9	-3.9	-6.9	-0.8
Haiti	-1.7	0.4	-3.8	-3.5	-1.4	-5.5

Source: UNCTAD secretariat estimates based on World Bank, *World Development Indicators 2005*, online data.
Notes: Real GDP is measured in constant 2000 dollars.
No data were available for Afghanistan, Myanmar, Somalia or Tuvalu.
[a] Oil-exporting LDCs.

Annex III.

Progress towards selected human development targets in LDCs

Target[a]		1990 level	2000 level	2015 target	Required 2000 level	Expected date of achievement [b]
Afghanistan	Hunger	63.0	70.0	31.5	52.5	Reversal
	Primary education	..	..	100.0	..	..
	Gender equality in education	50.0[c]	..	100.0	..	..
	Child mortality	260.0	257.0	86.7	183.7	Stagnation
	Access to safe water	..	13.0	..	..	..
Angola	Hunger	61.0	50.0	30.5	50.8	2015
	Primary education	..	36.9	100.0	..	..
	Gender equality in education	..	84.1[d]	100.0	..	..
	Child mortality	260.0	260.0	86.7	183.7	Stagnation
	Access to safe water	..	38.0	..	..	..
Bangladesh	Hunger	35.0	35.0	17.5	29.2	Stagnation
	Primary education	64.0	88.9	100.0	78.4	2004
	Gender equality in education	72.5	102.8	100.0	Achieved	Achieved
	Child mortality	144.0	77.0	48.0	101.8	2006
	Access to safe water	94.0	97.0	97.0	Achieved	Achieved
Benin	Hunger	19.0	13.0	9.5	15.8	2004
	Primary education	48.8[c]	70.3[d]	100.0	65.2	2010
	Gender equality in education	..	62.2[d]	100.0	..	..
	Child mortality	185.0	158.0	61.7	130.7	2040
	Access to safe water	..	63.0	..	..	..
Bhutan	Hunger	..	..	..	..	..
	Primary education	..	..	100.0	..	..
	Gender equality in education	..	..	100.0	..	..
	Child mortality	166.0	95.0	55.3	117.3	2007
	Access to safe water	..	62.0	..	..	..
Burkina Faso	Hunger	23.0	23.0	11.5	19.2	Stagnation
	Primary education	26.9	35.5	100.0	56.1	After 2040
	Gender equality in education	60.6	69.6	100.0	76.4	2034
	Child mortality	210.0	197.0	70.0	148.4	After 2040
	Access to safe water	..	42.0	..	..	..
Burundi	Hunger	49.0	69.0	24.5	40.8	Reversal
	Primary education	52.0[e]	53.7	100.0	67.4	After 2040

Target[a]		1990 level	2000 level	2015 target	Required 2000 level	Expected date of achievement b
	Gender equality in education	82.0	79.4	100.0	89.2	Reversal
	Child mortality	190.0	190.0	63.3	134.3	Stagnation
	Access to safe water	69.0	78.0	84.5	75.2	2006
Cambodia	Hunger	43.0	36.0	21.5	35.8	2018
	Primary education	..	95.4	100.0	Achieved	Achieved
	Gender equality in education	..	83.2	100.0	..	..
	Child mortality	115.0	138.0	38.3	81.3	Reversal
	Access to safe water	..	30.0	..	..	..
Cape Verde	Hunger	..	..	..	..	..
	Primary education	..	98.8[f]	100.0	Achieved	Achieved
	Gender equality in education	..	..	100.0	..	..
	Child mortality	60.0	38.0	20.0	42.4	2010
	Access to safe water	..	74.0	..	..	..
Central African Rep.	Hunger	49.0	44.0	24.5	40.8	2034
	Primary education	53.1	54.7	100.0	71.9	After 2040
	Gender equality in education	61.4	..	100.0	..	..
	Child mortality	180.0	180.0	60.0	127.2	Stagnation
	Access to safe water	48.0	70.0	74.0	58.4	2001
Chad	Hunger	58.0	32.0	29.0	48.3	2000
	Primary education	..	58.2	100.0	..	..
	Gender equality in education	..	55.5[d]	100.0	..	..
	Child mortality	203.0	200.0	67.7	143.5	Stagnation
	Access to safe water	..	27.0	..	..	..
Comoros	Hunger	..	..	..	..	..
	Primary education	..	56.2	100.0	..	..
	Gender equality in education	..	83.3[d]	100.0	..	..
	Child mortality	120.0	79.0	40.0	84.8	2011
	Access to safe water	88.0	96.0	94.0	Achieved	Achieved
Dem. Rep. of the Congo	Hunger	32.0	73.0	16.0	26.7	Reversal
	Primary education	54.3	32.6[f]	100.0	68.9	Reversal
	Gender equality in education	69.4[c]	79.8[f]	100.0	78.0	2012
	Child mortality	205.0	205.0	68.3	144.9	Stagnation
	Access to safe water	..	45.0	..	..	..
Djibouti	Hunger	..	..	..	..	..
	Primary education	31.6	32.6	100.0	59.0	Stagnation
	Gender equality in education	70.4[c]	85.3[d]	100.0	79.9	2007
	Child mortality	175.0	143.0	58.3	123.7	2030

Target[a]		1990 level	2000 level	2015 target	Required 2000 level	Expected date of achievement *b*
	Access to safe water	..	100.0	..	Achieved	Achieved
Equatorial Guinea	Hunger	..	..	..	..	..
	Primary education	..	71.7	100.0	..	..
	Gender equality in education	..	71.5[d]	100.0	..	..
	Child mortality	206.0	153.0	68.7	145.6	2019
	Access to safe water	..	44.0	..	..	..
Eritrea	Hunger	..	58.0	..	..	..
	Primary education	24.1[c]	41.0	100.0	51.5	2032
	Gender equality in education	81.6[e]	76.7	100.0	87.5	Reversal
	Child mortality	155.0	111.0	51.7	109.5	2016
	Access to safe water	..	46.0	..	..	..
Ethiopia	Hunger	..	44.0	..	..	..
	Primary education	..	46.7	100.0	..	..
	Gender equality in education	68.3	68.0	100.0	81.0	Reversal
	Child mortality	193.0	172.0	64.3	136.4	After 2040
	Access to safe water	25.0	24.0	62.5	40.0	Reversal
Gambia	Hunger	21.0	21.0	10.5	17.5	Stagnation
	Primary education	50.9[c]	68.7	100.0	68.5	2016
	Gender equality in education	64.3	84.6	100.0	78.6	2008
	Child mortality	154.0	126.0	51.3	108.8	2030
	Access to safe water	..	62.0	..	..	..
Guinea	Hunger	40.0	32.0	20.0	33.3	2013
	Primary education	..	47.0	100.0	..	..
	Gender equality in education	43.1	57.3[f]	100.0	61.3	2022
	Child mortality	240.0	169.0	80.0	169.6	2015
	Access to safe water	45.0	48.0	72.5	56.0	After 2040
Guinea-Bissau	Hunger	..	..	..	..	..
	Primary education	..	53.5[d]	100.0	..	..
	Gender equality in education	..	64.9[d]	100.0	..	..
	Child mortality	253.0	211.0	84.3	178.8	2034
	Access to safe water	..	56.0	..	..	..
Haiti	Hunger	64.0	50.0	32.0	53.3	2011
	Primary education	22.1	..	100.0	..	..
	Gender equality in education	..	..	100.0	..	..
	Child mortality	150.0	123.0	50.0	106.0	2031
	Access to safe water	53.0	46.0	76.5	62.4	Reversal
Kiribati	Hunger	..	..	..	..	..
	Primary education	..	..	100.0	..	..
	Gender equality in	97.9	..	100.0	..	..

Target[a]		**1990 level**	**2000 level**	**2015 target**	**Required 2000 level**	**Expected date of achievement** [b]
	education					
	Child mortality	88.0	69.0	29.3	62.2	2024
	Access to safe water	..	48.0	..	..	..
Lao People's Dem. Rep.	Hunger	29.0	24.0	14.5	24.2	2016
	Primary education	61.4[c]	81.4	100.0	75.3	2008
	Gender equality in education	74.8[c]	82.0	100.0	83.8	2023
	Child mortality	163.0	100.0	54.3	115.2	2009
	Access to safe water	..	37.0	..	..	..
Lesotho	Hunger	27.0	26.0	13.5	22.5	2112
	Primary education	72.8	78.4	100.0	83.7	2039
	Gender equality in education	123.8	106.8	100.0	104.6	Achieved
	Child mortality	148.0	132.0	49.3	126.3	After 2040
	Access to safe water	..	78.0	..	..	..
Liberia	Hunger	33.0	39.0	16.5	27.5	Reversal
	Primary education	..	83.4[d]	100.0	..	..
	Gender equality in education	..	69.7[d]	100.0	..	..
	Child mortality	235.0	235.0	78.3	166.1	Stagnation
	Access to safe water	..	..	..	..	..
Madagascar	Hunger	35.0	40.0	17.5	29.2	Reversal
	Primary education	..	67.7	100.0	..	..
	Gender equality in education	..	96.6	100.0[f]	Achieved	Achieved
	Child mortality	168.0	136.0	56.0	118.7	2029
	Access to safe water	44.0	47.0	72.0	55.2	After 2040
Malawi	Hunger	49.0	33.0	24.5	40.8	2004
	Primary education	49.7	100.6	100.0	Achieved	Achieved
	Gender equality in education	78.9	93.9	100.0	87.4	2004
	Child mortality	241.0	183.0	80.3	170.3	2020
	Access to safe water	49.0	57.0	74.5	59.2	2019
Maldives	Hunger	..	..	..	..	..
	Primary education	..	99.0	100.0	Achieved	Achieved
	Gender equality in education	..	101.0	100.0	Achieved	Achieved
	Child mortality	115.0	77.0	38.3	81.3	2012
	Access to safe water	..	100.0	..	Achieved	Achieved
Mali	Hunger	25.0	20.0	12.5	20.8	2013
	Primary education	21.3	43.3[f]	100.0	46.5	2019
	Gender equality in education	57.0	66.3[f]	100.0	70.8	2027
	Child mortality	254.0	231.0	84.7	179.5	After 2040

Target[a]		1990 level	2000 level	2015 target	Required 2000 level	Expected date of achievement *b*
	Access to safe water	55.0	65.0	77.5	64.0	2010
Mauritania	Hunger	14.0	12.0	7.0	11.7	2022
	Primary education	..	64.0	100.0	..	..
	Gender equality in education	67.5	92.5	100.0	80.5	2003
	Child mortality	183.0	183.0	61.0	129.3	Stagnation
	Access to safe water	37.0	37.0	68.5	49.6	Stagnation
Mozambique	Hunger	69.0	55.0	34.5	57.5	2012
	Primary education	46.8	54.4	100.0	68.1	After 2040
	Gender equality in education	73.4	74.6	100.0	84.1	After 2040
	Child mortality	235.0	197.0	78.3	166.1	2035
	Access to safe water	..	57.0	..	..	..
Myanmar	Hunger	10.0	6.0	5.0	8.3	2001
	Primary education	..	83.2	100.0	..	..
	Gender equality in education	94.7	97.8	100.0	96.8	2007
	Child mortality	130.0	109.0	43.3	91.9	2035
	Access to safe water	..	72.0	..	..	..
Nepal	Hunger	19.0	19.0	9.5	15.8	Stagnation
	Primary education	..	72.4	100.0	..	..
	Gender equality in education	52.8	82.1	100.0	71.7	2006
	Child mortality	145.0	91.0	48.3	102.5	2010
	Access to safe water	67.0	88.0	83.5	Achieved	Achieved
Niger	Hunger	42.0	36.0	21.0	35.0	2022
	Primary education	24.9	30.4	100.0	55.0	After 2040
	Gender equality in education	53.8	67.3	100.0	72.3	2024
	Child mortality	320.0	265.0	106.7	226.1	2033
	Access to safe water	53.0	59.0	76.5	62.4	2025
Rwanda	Hunger	34.0	40.0	17.0	28.3	Reversal
	Primary education	65.9	97.3[d]	100.0	78.2	2000
	Gender equality in education	97.6	97.1[d]	100.0	Achieved	Achieved
	Child mortality	178.0	183.0	59.3	125.8	Reversal
	Access to safe water	..	41.0	..	..	..
Samoa	Hunger	..	..	..	..	..
	Primary education	..	96.9	100.0	Achieved	Achieved
	Gender equality in education	99.7	102.0	100.0	Achieved	Achieved
	Child mortality	42.0	25.0	14.0	29.7	2008
	Access to safe water	..	99.0	..	Achieved	Achieved
Sao Tome and Principe	Hunger	..	..	..	..	..
	Primary education	..	..	100.0	..	..

Target[a]		1990 level	2000 level	2015 target	Required 2000 level	Expected date of achievement *b*
	Gender equality in education	..	..	100.0	..	..
	Child mortality	90.0	74.0	30.0	63.6	2031
	Access to safe water	..	..	..	..	..
Senegal	Hunger	23.0	25.0	11.5	19.2	Reversal
	Primary education	48.1[c]	63.1	100.0	66.8	2022
	Gender equality in education	68.7[c]	83.9	100.0	80.0	2010
	Child mortality	148.0	138.0	49.3	104.6	After 2040
	Access to safe water	72.0	78.0	86.0	77.6	2011
Sierra Leone	Hunger	46.0	47.0	23.0	38.3	Reversal
	Primary education	..	..	100.0	..	..
	Gender equality in education	67.4	76.5	100.0	80.4	2026
	Child mortality	323.0	316.0	107.7	228.3	Stagnation
	Access to safe water	..	57.0	..	..	..
Solomon Islands	Hunger	..	..	..	..	..
	Primary education	..	..	100.0	..	..
	Gender equality in education	77.1	..	100.0	..	..
	Child mortality	36.0	24.0	12.0	25.4	2012
	Access to safe water	..	71.0	..	..	..
Somalia	Hunger	67.0	71.0	33.5	55.8	Reversal
	Primary education	..	..	100.0	..	..
	Gender equality in education	..	..	100.0	..	..
	Child mortality	225.0	225.0	75.0	159.0	Stagnation
	Access to safe water	..	..	..	..	..
Sudan	Hunger	31.0	21.0	15.5	25.8	2004
	Primary education	..	46.3[d]	100.0	..	..
	Gender equality in education	75.1	102.4[d]	100.0	Achieved	Achieved
	Child mortality	123.0	107.0	41.0	86.9	After 2040
	Access to safe water	67.0	75.0	83.5	73.6	2009
United Rep. of Tanzania	Hunger	36.0	47.0	18.0	30.0	Reversal
	Primary education	51.4	46.7	100.0	70.9	Reversal
	Gender equality in education	96.8	98.9	100.0	98.1	2005
	Child mortality	163.0	165.0	54.3	115.2	Reversal
	Access to safe water	38.0	68.0	69.0	Achieved	Achieved
Togo	Hunger	28.0	23.0	14.0	23.3	2015
	Primary education	74.7	92.3	100.0	84.8	2004
	Gender equality in education	59.2	70.4	100.0	75.5	2027
	Child mortality	152.0	141.0	50.7	107.4	After 2040

Target[a]		**1990 level**	**2000 level**	**2015 target**	**Required 2000 level**	**Expected date of achievement *b***
	Access to safe water	51.0	54.0	75.5	60.8	After 2040
Tuvalu	Hunger	..	..	..	..	..
	Primary education	..	..	100.0	..	..
	Gender equality in education	..	..	100.0	..	..
	Child mortality	..	..	..	..	..
	Access to safe water	..	..	..	..	..
Uganda	Hunger	23.0	21.0	11.5	19.2	After 2040
	Primary education	..	109.5	100.0	Achieved	Achieved
	Gender equality in education	..	88.9	100.0	..	..
	Child mortality	165.0	124.0	55.0	116.6	2020
	Access to safe water	45.0	52.0	72.5	56.0	2025
Vanuatu	Hunger	..	..	..	..	..
	Primary education	..	95.9	100.0	Achieved	Achieved
	Gender equality in education	85.7[c]	101.9	100.0	Achieved	Achieved
	Child mortality	70.0	42.0	23.3	49.5	2008
	Access to safe water	..	88.0	..	..	..
Yemen	Hunger	36.0	33.0	18.0	30.0	After 2040
	Primary education	..	67.1	100.0	..	..
	Gender equality in education	..	49.9[f]	100.0	..	..
	Child mortality	142.0	107.0	47.3	100.3	2020
	Access to safe water	..	69.0	..	..	..
Zambia	Hunger	45.0	50.0	22.5	37.5	Reversal
	Primary education	..	65.5	100.0	..	..
	Gender equality in education	..	92.4	100.0	Achieved	Achieved
	Child mortality	192.0	202.0	64.0	135.7	Reversal
	Access to safe water	52.0	64.0	76.0	61.6	2008

Source: UNCTAD secretariat compilation, based on UNDP Human Development Report Office: direct communication.

Notes: a The quantitative variables used to monitor the targets on hunger, primary education, gender equality in education, child mortality and access to safe water are under-nourished people as percentage of total population, net primary school enrolment ratio, ratio of girls-to-boys in primary and secondary school, under-five child mortality rate (per 1,000 live births) and percentage of people with sustainable access to improved water sources, respectively.

b This corresponds to the year in which the selected target will be achieved if the current rate of progress continues.

c Refers to the 1991 level. *d* Refers to the 1999 level. *e* Refers to the 1992 level. *f* Refers to the 1998 level.

Annex IV.

Indicators used in determining eligibility for least developed country status: graduation from, and inclusion in, the LDC list

		Population *2002 (millions)*	**Per capita** *GNI ($)*	**HAI**[a]	**EVI**[b]	**EVI** *(modified)*[c]
A. Low-income developing countries						
LDC	Afghanistan	23.3	523	11.6	50.1	49.0
LDC	Angola	13.9	447	25.6	48.5	46.8
LDC	Bangladesh	143.4	363	45.3	22.9	29.5
LDC	Benin	6.6	367	40.2	57.0	56.4
LDC	Bhutan	2.2	600	40.4	40.6	41.0
LDC	Burkina Faso	12.2	217	26.5	49.3	47.0
LDC	Burundi	6.7	110	19.7	53.8	49.6
LDC	Cambodia	13.8	263	44.5	49.7	48.1
	Cameroon	15.5	583	43.8	31.9	31.2
LDC	Cape Verde	0.4	1 323	72.0	55.5	56.7
LDC	Central African Republic	3.8	277	29.9	43.1	42.0
LDC	Chad	8.4	203	26.1	59.2	56.6
LDC	Comoros	0.7	387	38.1	59.1	58.7
	Congo	3.2	610	55.2	50.3	46.8
	Côte d’Ivoire	16.7	687	43.0	25.4	25.9
	Dem. People’s Rep. of Korea	22.6	440	62.9	32.8	29.5
LDC	Dem. Rep. of the Congo	54.3	100	34.3	40.8	42.3
LDC	Djibouti	0.7	873	30.2	48.6	49.5
LDC	Equatorial Guinea	0.5	743	47.2	64.4	55.8
LDC	Eritrea	4.0	190	32.8	51.7	50.2
LDC	Ethiopia	66.0	100	25.2	42.0	40.7
LDC	Gambia	1.4	340	34.0	60.8	56.5
	Ghana	20.2	337	57.9	40.9	41.9
LDC	Guinea	8.4	447	30.3	42.1	40.0
LDC	Guinea-Bissau	1.3	170	31.2	64.6	60.7
LDC	Haiti	8.4	493	35.3	41.7	43.5
	India	1 041.1	450	55.7	13.5	19.6
	Indonesia	217.5	610	73.6	18.1	21.9
	Kenya	31.9	350	49.3	28.4	29.0
LDC	Kiribati	0.1	923	67.5	64.8	60.4
LDC	Lao People’s Dem. Republic	5.5	297	46.4	43.9	43.4
LDC	Lesotho	2.1	573	45.4	44.2	44.5
LDC	Liberia	3.3	285	38.7	63.1	58.3
LDC	Madagascar	16.9	253	37.9	21.6	27.0
LDC	Malawi	11.8	177	39.0	49.0	49.4
LDC	Maldives	0.3	1 983	65.2	33.6	37.5
LDC	Mali	12.0	230	19.9	47.5	45.4

		Population *2002 (millions)*	Per capita *GNI ($)*	HAI[a]	EVI[b]	EVI *(modified)*[c]
LDC	Mauritania	2.8	377	38.2	38.9	37.7
	Mongolia	2.6	393	63.3	50.0	48.9
LDC	Mozambique	19.0	220	20.0	35.6	39.2
LDC	Myanmar	49.0	282	60.0	45.4	45.6
LDC	Nepal	24.2	240	47.1	29.5	31.0
	Nicaragua	5.3	395	60.8	39.4	42.5
LDC	Niger	11.6	180	14.2	54.1	53.1
	Nigeria	120.0	267	52.3	52.8	51.1
	Pakistan	148.7	437	45.5	20.2	26.1
	Papua New Guinea	5.0	673	46.2	36.1	38.6
LDC	Rwanda	8.1	230	34.1	63.3	59.6
LDC	Samoa	0.2	1 447	88.8	40.9	50.8
LDC	Sao Tome and Principe	0.1	280	55.8	41.8	37.0
LDC	Senegal	9.9	490	38.1	38.4	38.8
LDC	Sierra Leone	4.8	130	21.7	45.7	43.3
LDC	Solomon Islands	0.5	657	47.3	46.7	49.1
LDC	Somalia	9.6	177	8.5	55.4	53.1
LDC	Sudan	32.6	333	46.4	45.2	46.5
	Timor-Leste	0.8	478	36.4	..	..
LDC	Togo	4.8	293	48.6	41.5	42.8
LDC	Tuvalu	0.01	1 383	63.7	70.3	67.3
LDC	Uganda	24.8	297	39.8	43.2	41.6
LDC	United Republic of Tanzania	36.8	263	41.1	28.3	30.2
LDC	Vanuatu	0.2	1 083	57.4	44.5	46.4
	Viet Nam	80.2	390	72.7	37.1	39.4
LDC	Yemen	19.9	423	46.8	49.1	49.0
LDC	Zambia	10.9	317	43.4	49.3	47.6
	Zimbabwe	13.1	463	56.5	33.7	30.3
B. Economies in transition						
	Armenia	3.8	523	79.4	30.7	34.0
	Azerbaijan	8.1	607	72.8	38.9	40.6
	Georgia	5.2	647	76.2	47.6	48.2
	Kyrgyzstan	5.0	287	77.6	38.2	39.9
	Republic of Moldova	4.3	397	81.1	39.6	39.1
	Tajikistan	6.2	173	69.5	37.7	39.1
	Turkmenistan	4.9	780	84.5	60.9	53.8
	Ukraine	48.7	723	86.3	23.8	26.1
	Uzbekistan	25.6	607	81.3	40.3	36.3

Source: United Nations (2003b).
Notes: Figures in boldface type indicate a graduation criterion that has been met by a current LDC.

[a] The Human Asset Index (HAI) reflects the following: (a) nutrition, measured by the average calorie consumption per capita as a percentage of the minimum requirement; (b) health, measured by the under-5 child mortality rate; and (c) education, measured by: (i) the adult literacy rate and (ii) the gross secondary school enrolment ratio.

[b] The Economic Vulnerability Index (EVI) is an average of five indicators: (a) merchandise export concentration; (b) instability of export earnings; (c) instability of agricultural production; (d) share of manufacturing and modern services in GDP; and (e) population size.

[c] EVI with a sixth component, i.e. percentage of population displaced by natural disasters, to supplement data on the instability of agricultural production.

CORRIGENDUM
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New York and Geneva

UNCTAD'S CONTRIBUTION TO THE MID-TERM REVIEW OF THE PROGRAMME OF ACTION FOR LDCs FOR THE DECADE 2001-2010

PROGRESS MADE, RESULTS ACHIEVED AND LESSONS LEARNED

Corrigendum

Page xi, paragraph 2, line 8

Please **delete** Mozambique.

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