Growth, Employment, and Decent Work in the Least Developed Countries, 2000-2014

International Labour Organisation

Growth, employment and decent work in the least developed countries, 2000-2014[1]

1. The context and ambit of this follow up note of the ILO's LDC report initially prepared for the Istanbul Conference on Least Developed Countries in 2011

The ILO prepared a report on Growth Employment and Decent Work in the Least Developed Countries, for the Fourth Conference on the Least Developed Countries held in Istanbul on 9-13 May 2011.[2] The report was well received by OHRLLS, UNCTAD, and the Conference.

This update note focuses primarily on the broad pattern of growth, productive employment and decent work in the LDCs, because it is in these areas that some change can be expected and discernible over the two years since the 2011 report. Principally, the crisis has continued to rage in the advanced economies, even leading to a second dip in GDP growth and employment in the Eurozone, and a fluctuating recovery in the U.S. The early crisis years of 2009-10 had a significant impact on the LDCs as the Istanbul report showed. This update note analyses the continuing repercussions of the crisis and other developments on LDCs over 2011-14.

Given these developments in growth and employment in LDCs, the note goes on to focus on four key areas needed to enable decent work, the educational requisites for productive transformation, the role of public investment and employment, the need for social protection, and paths to better work. The note ends with a sobering reflection on the Rana Plaza tragedy in Bangladesh and ILO's commitment to an immediate way forward on Occupational Safety and Health.

As the United Nations prepares a new sustainable development framework for the post 2015 period, the report shows how important it will be to make the goal of decent work for all a key element in strategies for inclusive growth.

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[2] ILO (2011). *Growth, Employment and Decent Work in the Least Developed Countries.* Report of the International Labour Office for the Fourth UN Conference on the Least Developed Countries, 9-13 May 2011 – Turkey. Geneva.

2. The broad pattern of growth, employment and decent work in the LDCs 2000-2012

Forty-eight countries are currently designated by the UN as LDCs. Thirty-one of them fall in the African region, eight fall in Asia and nine are islands. (See Appendix for the list of countries.) As Appendix Table A1 shows, they are quite heterogeneous in terms of their economic performance and structure. This note finds that the broad pattern of GDP growth, and associated indicators of employment and decent work across the LDCs, discerned in the Istanbul report, largely continued to hold over the intervening years covered, 2011-14.

LDCs as a whole had a tremendous acceleration in GDP growth in the 2000s, to 7 per cent per annum, compared to near half that in the previous decade. While GDP growth picked up during the past decade, it was also very volatile. This volatility was traced to the nature of the growth, which was led by commodity exports and their exogenously given prices. The manufacturing sector barely increased its share in GDP.

Significant regional differentials are observed across LDCs, between Africa, Asia, and the Islands. In the decade running up to the crisis, 2000-07, African LDCs had achieved the highest GDP growth rates, verging on 8 per cent per annum. But these were significantly hit by the crisis in the advanced economies, bringing down GDP growth by 2 percentage points per annum. Asian LDCs had a relatively lower GDP growth pre crisis, over 2000-07, of 7 per cent per annum, but were also less hit by the crisis, which brought this growth down by less than 1 percentage points per annum. Island LDCs unfortunately had a secularly driven trajectory of involution over the whole of the decade, with their GDP growth ranging between 2 per cent and 5 per cent per annum.

The higher but more volatile GDP growth in the African LDCs appears to be based on an unbalanced reliance on export of extractives, and hence correlated to exogenously given commodity prices. More worrying was a complementary and marked deindustrialisation in the African LDCs, with their already low share of manufacturing falling from 6.5 per cent of GDP to 5 per cent in the run up to the crisis. In contrast, Asian LDCs with much lower export levels, had a higher and increasing share for manufacturing, rising from 13 per cent to 15 per cent of GDP in the run up to the crisis. Island LDCs also deindustrialised over this period.

Of further consequence has been the finding that employment and decent work outcomes were also correlated to this pattern of GDP growth across the three LDC regions. African LDCs' over-reliance on export of extractives gave them weaker employment and decent work outcomes, compared to Asian LDCs with their relatively greater reliance on manufacturing. In African LDCs, unemployment rates were consistently higher, while reduction in poverty, the working poor, and the vulnerable were lower compared to Asian LDCs.

Hence, the broader policy implication continues to be that the drivers of LDC growth and employment need more balance, particularly so for African and Island LDCs, while noting that Asian LDCs have critical vulnerabilities of their own to overcome, to improve their labour market outcomes.

Given this context of growth, employment and decent work, this note goes on to focus summarily on four areas needed to enable decent work in the LDCs. One is the need for productive transformation of key sectors of the economy, particularly to redress the observed weakness in manufacturing. Examples of successful productive transformation show an empirical regularity, with a cutoff point of 4.5 average years of education enabling a discrete jump up in the share of manufacturing. A half of the LDCs had not managed to achieve this 4.5 average years of schooling. This implies an education and training program targeted towards such a sectoral strategy.

A second enabling area for growth and decent work is noted to be public investment and employment programmes. The huge deficits in infrastructure in the LDCs, on the one hand, and the lack of productive employment and decent work on the other hand, call for a propitious connect between the two. Public investment and employment programs can be designed to produce infrastructure – physical and social, as a number of creative experiences around the world show, like the National Rural Employment Guarantee Scheme in India.

A third and key enabling area for growth and decent work is a social floor to protect workers, the poor and the vulnerable. Less than one tenth of the LDC population has any form of social protection coverage. Yet the impact of social protection is evidenced from the remarkable finding that the three countries to graduate from LDC status, Botswana, Cape Verde and the Maldives, all followed strategies of gradual extension of social protection. Hence a policy to expand social protection coverage becomes a must.

Four, the reliance of LDCs and indeed the developing world in general, on an export driven growth path, raises concerns that increasing competitiveness should not be at the expense of working conditions and decent work. ILO's Better Work Programme in partnership with the IFC, shows that improving working conditions can improve competitiveness in global supply chains, with evidence from the apparel sector in seven developing countries.

This note concludes with an example of ILO's collaboration with its tripartite partners in Bangladesh, to improve Occupational Safety and Health standards, in the wake of two earlier factory fires, and the April Rana Plaza tragedy.

3. GDP growth

Pickup to higher trend GDP growth in the last decade

GDP growth for LDCs over the last two decades, 1990 to 2014, has been volatile but has slowly increased. As Table 1 shows, from an average of 4.1 per cent per annum over 1990-2000, the growth rate in the 2000s before the crisis was remarkably higher at 7.1 per cent per annum.

LDCs' GDP per capita has also increased, from 1991 to 2014, from US$318 (constant 2005 US$) to US$593. Long-run GDP growth and GDP per capita have increased for African and Asian LDCs, but not for Island LDCs where GDP per capita for instance dropped by US$30 to US$536 by 2014 (Appendix Table 2).

Table 1: Annual real GDP growth rates (%)

Annual real GDP growth rates																Average annual growth rates		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	2013p	2014p	1990-2000	2000-2007	2007-2014p
LDCs	**6.0**	**6.3**	**5.4**	**5.9**	**7.8**	**7.9**	**7.7**	**8.6**	**6.8**	**5.0**	**6.0**	**4.8**	**5.7**	**5.7**	**6.2**	**4.1**	**7.1**	**5.7**
African LDCs	5.5	6.9	5.7	5.5	8.9	8.1	8.5	9.6	7.9	4.1	5.8	4.9	5.2	5.5	6.2	3.5	7.6	5.7
Asian LDCs	6.9	5.8	5.4	6.7	6.9	7.8	7.2	7.4	5.3	5.9	6.4	4.3	6.4	5.8	6.1	5.3	6.7	5.8
Island LDCs	1.7	2.5	-1.6	0.3	-1.1	4.7	-0.1	7.2	8.2	7.8	4.0	9.4	6.5	6.5	7.0	0.9	1.7	7.0
WORLD	4.7	2.3	2.8	3.8	5.1	4.7	5.2	5.3	2.7	-0.4	5.2	3.9	3.2	3.0	3.6	3.2	4.2	3.0

p = projection

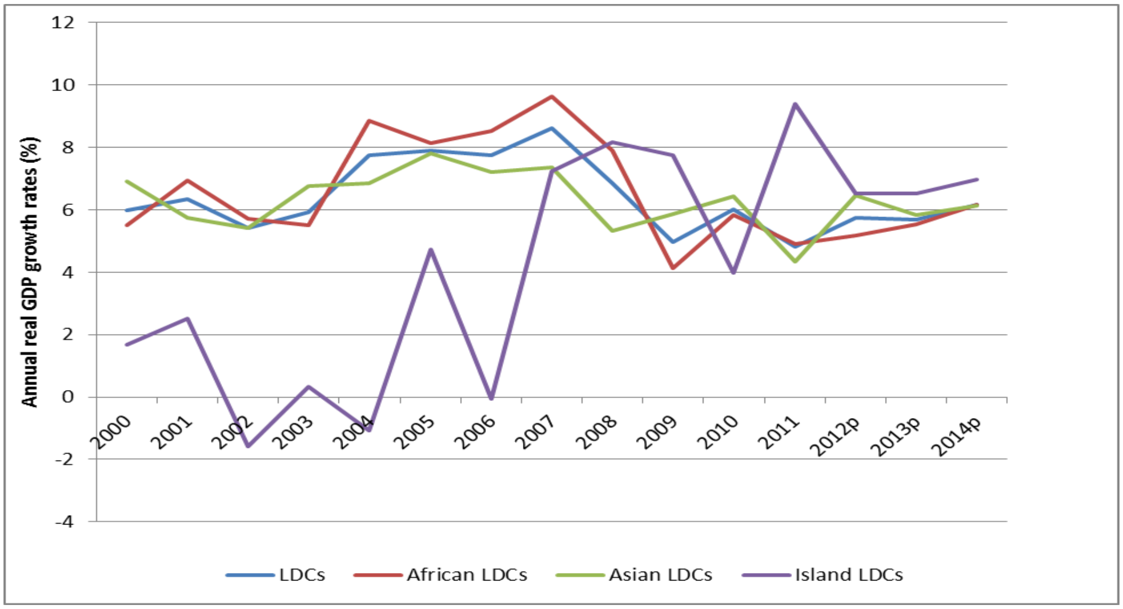
Source: ILO Staff calculations based on the International Monetary Fund, World Economic Outlook Database, April 2014.

GDP growth over 2000-2014 was marked by fluctuations: 2003-07 pre-crisis boom, 2008-09 crisis slump, 2010 initial recovery, and 2011 second dip, with modest signs of recovery in 2012-14

Focusing on the last decade, collectively, GDP growth for the LDCs over 2000-2007, running up to the crisis, had been good at 7.1 per cent per annum, with the global average at only 4.2 per cent per annum, as Table 1 shows. The African LDCs grew the fastest at 7.6 per cent per annum over this period, compared to the Asian LDCs which grew at 6.7 per cent per annum, and the Island LDCs whose GDP growth was virtually stagnant at 1 per cent per annum.

Figure 1 shows that this GDP growth in the last decade has been volatile, with a surge over 2003–07 by about 3 percentage points, and a slump in 2007-09 with the global financial crisis by about 4 percentage points. African LDC growth has been more volatile, with 4 percentage point rises, and 6 percentage point falls, compared to Asian LDC growth which rose and fell by about 1 percentage points. In 2010, LDCs saw an initial bottoming out by one percentage point, but there has been a second dip in 2011 of 1.2 percentage point. 2012 and 2013 estimations show signs of recovery but only in very modest levels of about 1.5 percentage points.

Figure 1: Real GDP Growth in LDCs, 2000-2014p



Source: IMF, World Economic Outlook, April 2014.

The surge and the slump in GDP growth are explained largely by sectoral growth in industry, led by commodities, less so by manufacturing, particularly in Africa

Table 2 shows that GDP growth in LDCs over 2000-07 was led by growth in industry of 9.8 per cent per annum, less so by manufacturing at 7.7 per cent per annum, and least of all by agriculture at 3.5 per cent per annum. The crisis slump was also particularly led by industrial growth falling by almost 5 percentage points, and far less so by manufacturing growth falling by 2 percentage points. This trend was more pronounced for African LDCs than Asian LDCs. In fact, the pre-crisis growth in Asian LDCs over 2000-07 was led by growth in both industry and manufacturing, with little impact of the crisis on both growth rates. Island LDCs followed their trajectory of volatile growth over 2000-2012, with large volatility also in agriculture, industry and manufacturing growth, and services providing the only stability.

Table 2: Annual growth rate by sectors, period average

	Agriculture, value added		Industry, value added		Manifacturing, value added		Services, value added	
	2000-2007	2007-2012	2000-2007	2007-2012	2000-2007	2007-2012	2000-2007	2007-2012
LDCs	3.5	5.2	9.8	4.7	7.7	5.9	7.1	4.8
African LDCs	3.7	5.9	11.9	3.8	8.2	4.7	7.9	3.6
Asian LDCs	3.0	4.0	6.2	6.5	7.3	6.9	6.1	6.4
Island LDCs	2.3	-0.4	9.8	4.7	-1.6	8.7	4.3	6.5

Source: World Bank, World Development Indicators 2014.

Note: Calculations of aggregates are based on the countries for which the full data series are available. For African LDCs Chad, Djibouti, Eritrea, Madagascar, Niger, Somalia and South Sudan not included. Mali no manufacturing data between 2008 and 2012. For Asian LDCs Myanmar not included. For Island LDCs Comoros, Guinea Bissau, Haiti, Kiribati, Sao Tome and Principe and Solomon Islands not included.

The volatility in GDP growth comes from the high reliance on exporting commodities rather than manufactures

Table 3 shows that both the surge in GDP growth and its volatility can be explained by the export performance of the LDCs over the decade. In the run up to the crisis, LDC exports grew at almost 6 per cent per annum over 2000-07, which fell to an average of 1 per cent per annum with the crisis, over 2007 and 2012. The LDCs have done well in increasing the value of their exports over the past decade, but a large proportion of this export growth has been based on commodities[3], while the share of manufactures in exports has remained virtually constant. Table 4 shows that fuel, ores and metals accounted for 46 per cent of exports of LDCs in 2000, rose to 54 per cent by 2007, and by 2011 was still high at 43 per cent. The African trajectory has been upwards, with the share of extractives exports going from under one third of exports in 2000, to more than half by 2007, and still at a high of 43 per cent by 2012, while the share of their manufactures in exports has remained constant at about 17 per cent over this period. Conversely, the Asian trajectory for extractives has been downwards, falling from a high of 72 per cent in 2000, to 46 per cent by 2012. Meanwhile their share of manufactured exports rose from 25 per cent to near 48 per cent over this period.

Table 3: Merchandise exports in LDCs, 2000 – 2012

	Merchandise Exports (constant 2005 US$, in millions)			Average growth rate	Growth rate from preceding year					Average growth rate
	2000	2007	2012	2000-2007	2008	2009	2010	2011	2012	2007-2012
LDCs	47,051	69,734	73,890	5.8	11.2	-21.7	19.3	12.6	-9.4	1.2
African LDCs	22,564	43,362	42,862	9.8	16.9	-27.8	19.5	11.5	-12.1	-0.2
Asian LDCs	23,477	25,644	30,109	1.3	2.2	-10.5	19.6	13.5	-5.4	3.3
Island LDCs	1,009	727	918	-4.6	11.2	-21.7	19.3	12.6	-9.4	4.8

Source: ILO calculations based on World Bank, World Development Indicators 2014.
Note: Calculations of aggregates are based on the countries for which the full data series are available. For African LDCs Eritrea, Guinea, Sierra Leone, Somalia, South Sudan not included. For Asian LDCs Afghanistan not included. For Island LDCs Kiribati, Timor-Leste and Tuvalu not included.

Table 4: Structure of merchandise exports in LDCs

	Merchandise Exports (current US$, millions)			% of merchandise exports														
				Agricultural raw materials exports			Food exports			Fuel exports			Manufactures exports			Ores and metals exports		
	2000	2007	2012	2000	2007	2012	2000	2007	2012	2000	2007	2012	2000	2007	2012	2000	2007	2012
LDCs	24,150	127,825	203,683	10.8	7.5	7.8	23.1	18.6	22.3	38.5	37.2	22.1	20.1	20.0	26.6	7.4	16.4	20.4
African LDCs	8,777	94,810	146,649	16.9	10.0	10.5	36.1	23.9	29.4	17.5	30.8	12.5	17.3	12.8	17.7	11.9	22.2	28.7
Asian LDCs	14,877	32,141	55,513	1.0	0.7	1.3	1.9	3.5	4.6	72.3	55.3	45.6	24.7	40.2	48.4	0.1	0.2	0.1
Island LDCs	496	874	1,521	13.3	1.6	2.4	78.9	65.6	85.6	0.0	0.1	0.2	7.3	8.4	8.8	0.0	0.0	1.3

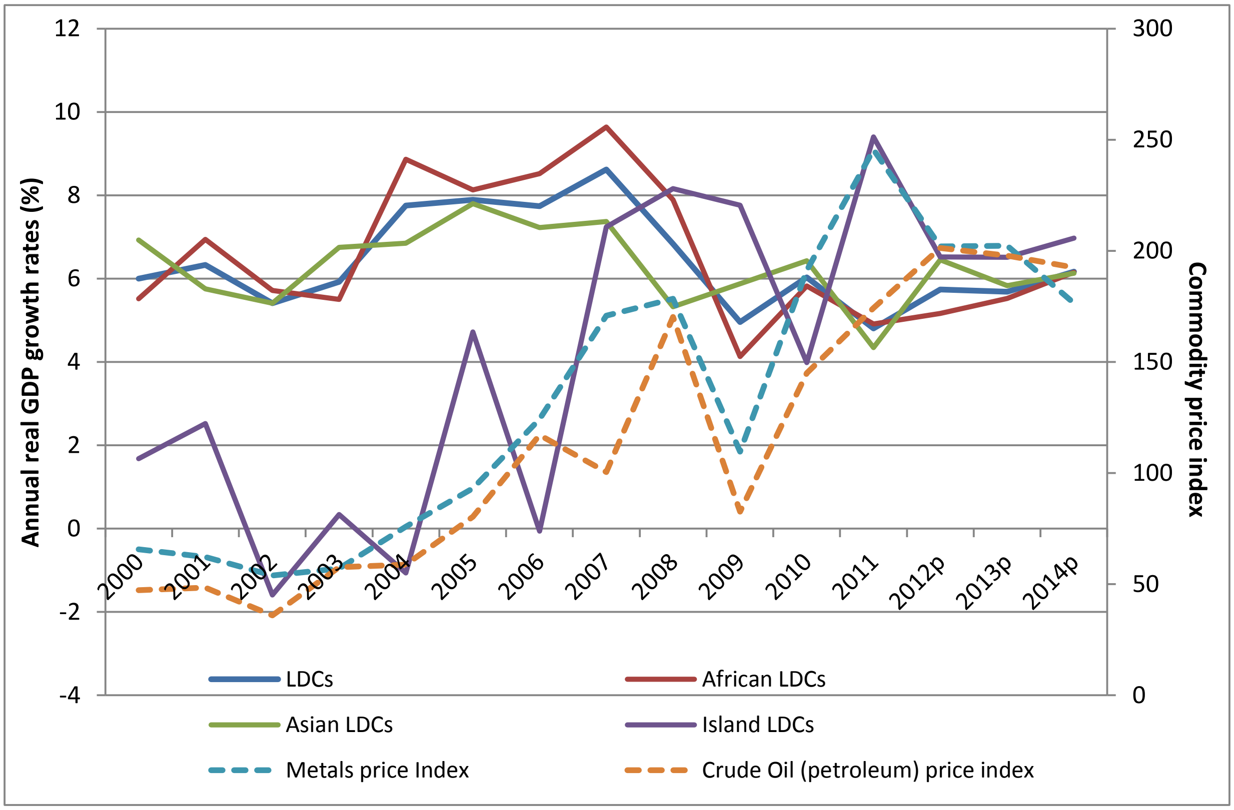
Source: ILO calculations based on World Bank, World Development Indicators 2014.
Note: Calculations of aggregates are based on the countries for which the full data series are available. For African LDCs Angola, Burundi, Chad, Congo Dem. Rep., Djibouti, Equatorial Guinea, Eritrea, Guinea, Lesotho, Liberia, Mauritania, Rwanda, Sierra Leone, Somalia and South Sudan not included. For Asian LDCs Afghanistan, Bangladesh, Bhutan, Lao PDR, Myanmar and Nepal not included. For Island LDCs Comoros, Guinea-Bissau, Haiti, Kiribati, Solomon Islands, Timor-Leste and Tuvalu not included.

GDP and commodity volatility is in turn explained by commodity price fluctuations

[3] *The Least Developed Countries Report, 2010*, also brings out this aspect of commodity-driven exports very strongly.

Figure 2 then shows that exogenously given commodity prices explain the volatility in LDC growth over the past decade. The surge in LDC growth over 2004–07 is correlated to the surge in metal and oil prices after 2003. The drop in LDC growth, presumed to be due to the global crisis, is actually better correlated to the drop in commodity prices, which started a year earlier in 2007. Indeed the rebound in commodity prices in 2010 led to the pickup in GDP growth for the LDCs over 2010. A second dip in GDP growth over 2011-12 may also have been nudged by the tapering off of the commodity price hike. The correlation is better for the African LDCs, indicating their heavier reliance on commodity exports.

Figure 2: GDP Growth in LDCs and the evolution of commodity price index



Note: Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: ILO Staff calculations based on the International Monetary Fund, World Economic Outlook Database, April 2014.

So the volatility in LDC growth comes from a regional pattern favouring commodity exports over manufacturing, particularly in African LDCs, leading to deindustrialisation in the region

As a result of LDC growth being led by non-manufacturing industry – mainly commodities – the sectoral structure of these economies has veered away from manufacturing and towards commodities. To the extent that commodities (industry minus manufacturing), at 19 per cent of GDP, are now larger than manufacturing, at 8 per cent of GDP for all LDCs (Table 5). In African LDCs, commodities, at 20 per cent of GDP, now dwarf manufacturing at 5 per cent of GDP. But in Asian LDCs, commodities and manufacturing comparably account for 15 per cent of GDP each. The share of manufacturing for LDCs remained almost constant over the last decade at about 9 per cent of GDP, falling slightly for African LDCs from 6 per cent of GDP to 5 per cent of GDP, but increasing for Asian LDCs from 13 per cent of GDP to 15 per cent. So African LDCs have deindustrialised.

Table 5: Value-added sectoral shares of GDP in LDCs, by region, 2000-2012

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change 2000-2007	Change 2007-2012
LDCs	**Agriculture**	**25.4**	**24.9**	**24.2**	**23.4**	**22.4**	**21.9**	**21.0**	**20.2**	**19.8**	**19.9**	**19.6**	**19.0**	**18.9**	**-5.2**	**-1.2**
	Industry	**25.3**	**25.7**	**26.8**	**27.2**	**28.1**	**28.8**	**29.4**	**30.4**	**30.0**	**29.6**	**29.5**	**29.0**	**27.0**	**5.1**	**-3.4**
	Manufacturing	**8.8**	**8.8**	**8.7**	**8.8**	**8.9**	**8.8**	**8.9**	**9.1**	**9.1**	**9.1**	**9.2**	**9.4**	**8.7**	**0.2**	**-0.4**
	Services	**36.9**	**35.8**	**35.1**	**34.7**	**33.8**	**32.9**	**32.8**	**32.3**	**32.3**	**31.9**	**31.8**	**31.4**	**26.5**	**-4.6**	**-5.8**
African LDCs	Agriculture	26.3	25.8	25.0	24.0	23.0	22.4	21.4	20.2	20.0	20.1	19.9	19.1	19.2	-6.1	-1.0
	Industry	23.7	24.3	25.9	26.4	27.7	28.8	29.4	31.0	30.5	30.1	29.6	28.3	25.2	7.3	-5.8
	Manufacturing	6.5	6.3	6.3	6.3	6.3	6.2	6.1	6.4	6.4	6.5	6.5	6.6	5.2	-0.1	-1.2
	Services	32.1	31.6	31.5	32.0	31.8	31.8	32.6	33.0	33.8	34.0	34.7	34.7	28.0	0.9	-5.0
Asian LDCs	Agriculture	23.9	23.5	22.7	22.3	21.2	20.9	20.4	20.1	19.5	19.6	19.0	18.9	18.4	-3.8	-1.7
	Industry	28.1	28.2	28.5	28.7	28.8	29.1	29.5	29.3	29.2	28.7	29.6	30.4	30.5	1.3	1.2
	Manufacturing	12.9	13.0	13.2	13.3	13.5	13.7	14.2	14.5	14.5	14.2	14.4	15.1	15.3	1.6	0.9
	Services	45.0	42.9	41.3	39.2	37.1	34.9	32.9	30.9	29.2	27.6	25.9	24.9	23.5	-14.1	-7.4
Island LDCs	Agriculture	24.4	22.8	25.2	25.2	25.9	25.3	25.8	23.6	21.6	20.9	19.8	16.8	16.7	-0.8	-6.9
	Industry	14.9	12.8	11.4	10.2	9.4	9.2	8.9	9.7	13.3	16.6	16.7	17.8	17.6	-5.2	8.0
	Manufacturing	4.2	4.2	3.6	3.5	3.6	3.5	3.9	3.1	2.8	3.1	3.9	3.4	3.4	-1.1	0.3
	Services	53.0	57.1	56.0	57.0	58.0	58.6	59.7	58.8	56.9	57.0	58.1	58.4	58.3	5.8	-0.5

Source: ILO calculations based on World Bank, World Development Indicators 2014.

Note: Calculations of aggregates are based on the countries for which the full data series are available. For African LDCs Chad, Djibouti, Eritrea, Madagascar, Niger, Somalia and South Sudan not included. Mali manufacturing data missing from 2008 to 2012. For Asian LDCs Myanmar not included. For Islands LDCs Comoros, Guinea-Bissau, Haiti, Kiribati, Sao Tome and Principe and Solomon Islands not included.

4. Growth and employment

The nature of commodity export-led growth in LDCs has had a very weak traction on job creation, with employment just following the pace of population growth. The gender and youth gaps in unemployment persisted, also bearing the brunt of the crisis

Employment growth for LDCs over 2000–14 was 2.8 per cent per annum, for adults 3 per cent per annum, and for youth only 2.2 per cent per annum, so much weaker than GDP growth (ILO *Trends Econometric Models*, April 2014).

Table 6 shows that LDC unemployment basically remained constant at about 5.7 per cent throughout the decade's ups and downs in GDP growth, both pre crisis and post crisis. Asian unemployment has persisted at a lower band range of 4 per cent, while African and Island unemployment persisted at a higher band range of 6 – 7 per cent.

Table 6: Unemployment rate by sex and for youth and adults (%)

Total unemployment rate (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013p*	2014p
LDCs	**5.7**	**5.7**	**5.6**	**5.7**	**5.6**	**5.6**	**5.7**	**5.6**	**5.6**	**5.8**	**5.7**	**5.7**	**5.7**	**5.7**	**5.7**
African LDCs	7.1	7.1	6.9	6.8	6.6	6.4	6.7	6.4	6.5	6.5	6.4	6.5	6.5	6.5	6.5
Asian LDCs	3.7	3.8	3.7	4.2	4.2	4.4	4.3	4.3	4.4	4.7	4.6	4.6	4.6	4.5	4.4
Island LDCs	7.1	7.5	7.4	7.3	7.6	7.2	7.1	7.0	7.1	6.9	7.5	6.5	6.7	6.8	6.8

Male unemployment rate (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013p*	2014p
LDCs	**4.9**	**4.9**	**4.9**	**5.0**	**4.9**	**4.7**	**4.9**	**4.8**	**4.9**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
African LDCs	6.0	6.0	5.9	5.9	5.8	5.6	5.8	5.6	5.7	5.7	5.6	5.6	5.6	5.6	5.6
Asian LDCs	3.5	3.5	3.5	3.8	3.7	3.5	3.7	3.8	3.8	4.1	4.2	4.1	4.2	4.1	4.0
Island LDCs	6.3	6.7	6.6	6.5	6.8	6.3	6.2	6.1	6.2	6.0	6.7	5.7	5.9	6.0	5.9

Female unemployment rate (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013p*	2014p
LDCs	**6.8**	**6.7**	**6.5**	**6.7**	**6.5**	**6.6**	**6.7**	**6.5**	**6.6**	**6.7**	**6.6**	**6.6**	**6.6**	**6.6**	**6.6**
African LDCs	8.4	8.3	8.0	7.9	7.5	7.2	7.6	7.2	7.4	7.4	7.4	7.5	7.4	7.5	7.5
Asian LDCs	4.1	4.2	4.1	4.6	4.9	5.6	5.1	5.1	5.2	5.5	5.2	5.2	5.1	5.1	5.0
Island LDCs	8.2	8.5	8.4	8.4	8.6	8.2	8.1	8.0	8.1	7.9	8.5	7.6	7.7	7.7	7.7

Youth unemployment rate (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013p*	2014p
LDCs	**10.2**	**10.1**	**9.8**	**9.2**	**9.0**	**9.4**	**9.8**	**9.5**	**9.7**	**10.1**	**9.8**	**9.9**	**9.9**	**10.0**	**10.0**
African LDCs	10.9	10.8	10.5	10.3	9.8	9.4	10.0	9.5	9.7	9.9	9.9	10.1	10.0	9.9	9.9
Asian LDCs	9.1	8.9	8.5	7.3	7.7	9.1	9.3	9.4	9.6	10.4	9.4	9.4	9.7	9.8	9.9
Island LDCs	15.8	16.4	16.2	16.1	16.4	15.7	15.7	15.6	15.8	15.5	16.4	15.1	15.4	15.5	15.5

Adult unemployment rate (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013p*	2014p
LDCs	**3.8**	**3.9**	**3.9**	**4.3**	**4.2**	**4.0**	**4.1**	**4.0**	**4.1**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.1**
African LDCs	5.5	5.5	5.4	5.3	5.2	5.1	5.2	5.1	5.1	5.1	5.0	5.0	5.0	5.1	5.1
Asian LDCs	1.6	1.8	1.9	3.0	2.9	2.6	2.5	2.5	2.6	2.8	3.1	3.1	3.0	2.8	2.8
Island LDCs	4.9	5.2	5.1	5.0	5.3	4.9	4.8	4.7	4.9	4.7	5.3	4.5	4.7	4.8	4.8

Note: p= projection; 2013 are preliminary estimates. Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: ILO – Trends Econometric Models, April 2014

The gender gap in unemployment of about 2 percentage points also remained unaffected by growth over the last decade. The gender gap for African LDCs remained at about 2 percentage points over the decade, while it remained lower for Asian LDCs. The youth gap for LDCs remained at a factor of about 2.5 over the decade. The table also shows that youth unemployment increased with the crisis rather than adult unemployment, showing that youth disproportionately bore the brunt of the crisis.

Industry-led GDP growth in LDCs did not result in concomitant employment growth in industry, but more in services

Table 7 shows that agriculture accounted for about 71 per cent of total employment in the LDCs in 2000, and this dropped by 9 percentage points by 2014. Industry accounted for only 8 per cent of total LDC employment in 2000, and this increased by 3 percentage points till 2011.

Table 7: Share of employment by major economic sector (%)

	2000			2007			2014p			Change 2000-2007			Change 2007-2014		
	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services	Agriculture	Industry	Services
LDCs	**71.1**	**7.6**	**21.2**	**64.4**	**9.6**	**26.0**	**62.0**	**11.1**	**27.0**	**-6.8**	**2.0**	**4.8**	**-2.4**	**1.5**	**1.0**
African LDCs	76.0	5.1	18.8	71.7	6.4	21.9	68.7	7.4	23.8	-4.4	1.3	3.1	-2.9	1.0	1.9
Asian LDCs	65.2	10.9	23.9	54.5	14.2	31.4	52.1	16.8	31.2	-10.8	3.3	7.5	-2.4	2.6	-0.2
Island LDCs	53.5	10.2	36.4	50.8	10.3	38.8	46.3	11.3	42.4	-2.7	0.2	2.5	-4.5	1.0	3.5

Note: p= projection. Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: ILO – Trends Econometric Models, April 2014

Services accounted for 21 per cent of LDC employment in 2000, and this increased by 6 percentage points to 27 per cent of total employment by 2014. African LDCs had lower structural change in employment, of about 7 percentage points of total employment change between 2000 and 2014. Asian LDCs had slightly higher structural change, of about 13 percentage points of total employment change between 2000 and 2014.

But employment and unemployment are second or even third best indicators of the labour market situation in developing countries, and especially the LDCs

Given the high levels of poverty, insufficient productive employment and remuneration, and virtually no social protection, the poor in the LDCs cannot afford not to work. Hence employment is supply-led, by the growth of the working age population. Therefore, registered unemployment is a considerable underestimate.

Hence, for LDCs as a whole, the rate of growth of employment over 2000-14 was 2.8 per cent per annum, exactly equal to the rate of growth of the working age population. This equivalence held for both African LDCs at 3.2 per cent per annum and Asian LDCs at 2.3 per cent per annum (ILO, *Trends Econometric Models*, April 2014).

Therefore, a policy diagnostic for LDCs to increase employment or reduce unemployment is far from satisfactory, since employment is already increasing as fast as it can (including informal employment), at the rate of growth of the labour force. And registered unemployment is kept low pretty much by the working poor, having to work. This necessitates the examination of additional indicators of labour market characteristics and decent work that can offer more meaningful policy implications for LDCs and developing countries.

5. Better indicators of the labour market

Additional indicators of the labour market include the working poor, vulnerable employment, and wage and salary employment. These show improvement, but from very weak starting points in African and Asian LDCs. Again Asian LDCs fared slightly better

Table 8 shows that for LDCs as a whole the proportion of the working poor dropped from 60 per cent of total employment in 2000 to 35 per cent by 2014. The working poor in Asian LDCs more than halved to 25 per cent of total employment by 2014, while those in African LDCs fell by a third to 42 per cent.

Table 8: Working poor indicators (USD 1.25 a day)

Total US$1.25 (PPP) Working Poor (millions)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	2013p	2014p
LDCs	**157**	**156**	**157**	**157**	**154**	**150**	**148**	**146**	**144**	**145**	**144**	**143**	**140**	**139**	**135**
African LDCs	94	94	96	98	97	95	95	95	95	97	98	99	98	98	97
Asian LDCs	61	60	59	58	55	53	51	49	47	46	44	42	40	39	37
Island LDCs	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Share of Working Poor in total employment, US$1.25 (PPP) (%)															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	2013p	2014p
LDCs	**60**	**59**	**57**	**56**	**53**	**50**	**48**	**46**	**45**	**44**	**42**	**41**	**39**	**37**	**35**
African LDCs	64	63	62	61	58	56	54	52	50	50	49	48	46	44	42
Asian LDCs	56	53	51	49	46	43	41	38	36	34	33	31	28	27	25
Island LDCs	46	45	44	44	43	41	41	39	38	37	36	35	34	33	31

Note: p = projections. Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: April 2014 update of the model in: Kapsos, S. and E. Bourmpoula (2013). Employment and Economic Class in the Developing World. ILO Research Paper No 6; ILO - Trends Econometric Models, April 2014.

The improvement in the share of the working poor in total employment is based upon improvement in the incidence of poverty across the LDCs. For African LDCs whose data permitted estimation, 25 out of 29 countries had a decline in their incidence of poverty between 1991 and 2014, while four had an increase. For Asian LDCs with such estimates for this period, all eight countries had a decline in their incidence of poverty. For Island LDCs, three out of five countries had a decline.

The share of vulnerable workers steadily decreased during the past decade, but still remains at high levels.

Table 9 shows that the share of wage and salary workers in total employment in the LDCs was only 14 per cent in 2000, while the share of vulnerable workers comprising own-account workers and unpaid family workers was a preponderant 85 per cent. The high growth in the decade only increased the share of wage and salary workers to 18 per cent of total employment by 2014, just lowering the share of vulnerable employment to 81 per cent. Both African and Asian LDCs lowered their shares of the vulnerable in employment equally by about 5 percentage points over this period. Table 10 also shows that the gender gap in vulnerability persisted over the whole decade at around 12 percentage points, leaving some 87 per cent of women in vulnerable employment by 2014.

Table 9: Share of status in employment (%)

	2000				2014p				Change 2000-2014p			
	Wage and salaried workers	Employers	Own-account workers	Contributing family workers	Wage and salaried workers	Employers	Own-account workers	Contributing family workers	Wage and salaried workers	Employers	Own-account workers	Contributing family workers
LDCs	**14.2**	**1.0**	**49.1**	**35.6**	**17.9**	**1.3**	**52.9**	**28.0**	**3.7**	**0.2**	**3.8**	**-7.7**
African LDCs	12.5	1.1	53.8	32.5	15.7	1.5	53.4	29.4	3.2	0.3	-0.4	-3.1
Asian LDCs	15.4	0.8	43.4	40.5	20.2	0.8	52.7	26.3	4.9	0.0	9.3	-14.2
Island LDCs	46.8	3.4	34.3	15.4	46.3	3.5	35.0	15.2	-0.5	0.1	0.7	-0.2

Note: p= projection. Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: ILO – Trends Econometric Models, April 2014

Table 10: Vulnerable employment shares by sex (%)

Share of vulnerable employment in total employment (%) - Total														
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013p**	**2014p**
LDCs	**84.7**	**85.1**	**84.6**	**84.3**	**84.1**	**84.1**	**83.6**	**83.2**	**82.8**	**82.7**	**82.2**	**81.9**	**81.7**	**81.1**	**80.8**
African LDCs	86.4	86.4	85.8	85.2	84.9	85.0	84.7	84.3	84.2	84.3	83.8	83.5	83.6	83.0	82.8
Asian LDCs	83.8	84.7	84.3	84.1	84.2	84.0	83.2	82.8	81.9	81.6	81.0	80.6	80.0	79.3	79.0
Island LDCs	49.7	49.9	49.9	50.5	51.0	51.3	50.9	50.9	50.9	50.6	51.3	50.9	50.7	50.4	50.2

Share of vulnerable employment in total employment (%) - Male															
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013p**	**2014p**
LDCs	**79.5**	**81.1**	**80.4**	**79.8**	**79.4**	**79.3**	**78.7**	**78.3**	**77.8**	**77.7**	**77.1**	**76.7**	**76.5**	**75.9**	**75.6**
African LDCs	80.8	81.0	80.0	79.2	78.7	78.9	78.5	78.0	77.8	78.0	77.4	77.1	77.2	76.6	76.4
Asian LDCs	79.0	82.3	81.8	81.6	81.2	80.9	79.9	79.5	78.6	78.3	77.5	77.1	76.5	75.8	75.4
Island LDCs	50.5	50.6	50.5	51.2	51.7	52.3	51.7	51.8	51.6	51.2	51.9	51.8	51.4	51.0	50.7

Share of vulnerable employment in total employment (%) - Female															
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013p**	**2014p**
LDCs	91.5	90.4	90.1	89.9	90.1	90.1	89.8	89.4	89.0	88.9	88.6	88.4	88.1	87.6	87.3
African LDCs	92.9	92.8	92.5	92.3	92.0	92.2	92.0	91.6	91.5	91.5	91.2	91.1	91.1	90.4	90.3
Asian LDCs	91.0	88.3	88.0	87.9	88.7	88.5	87.9	87.4	86.6	86.3	85.9	85.4	84.8	84.3	83.9
Island LDCs	48.8	49.1	49.2	49.6	50.1	50.1	49.7	49.8	49.9	49.8	50.6	49.9	49.9	49.6	49.5

Note: p= projection. Djibouti, Kiribati, Sao Tome and Principe, South Sudan, Tuvalu, and Vanuatu are missing from the aggregates.
Source: ILO – Trends Econometric Models, April 2014

Policy implication for growth and employment

Figure 3 summarizes the argument made about the nature of growth and its employment impact in LDCs over the past decade. Rather than categorizing the LDCs by region, it categorizes them by success in terms of GDP per capita and GDP growth. The high-growth LDCs are at the top, and the low-growth LDCs are at the bottom. The enabling conditions for high growth, especially with low incomes, have been high growth in exports, high growth in industry, higher growth in investment, but also a higher share in manufacturing. The higher share in manufacturing has been seen to lower volatility in GDP growth, and improve labour market outcomes in terms of unemployment levels, enhanced employment in industry, a lower level of the working poor, and a higher level and rate of productivity growth. The high-growth/low-income LDCs managed a working poor share 10 percentage points lower than their low-growth counterparts.

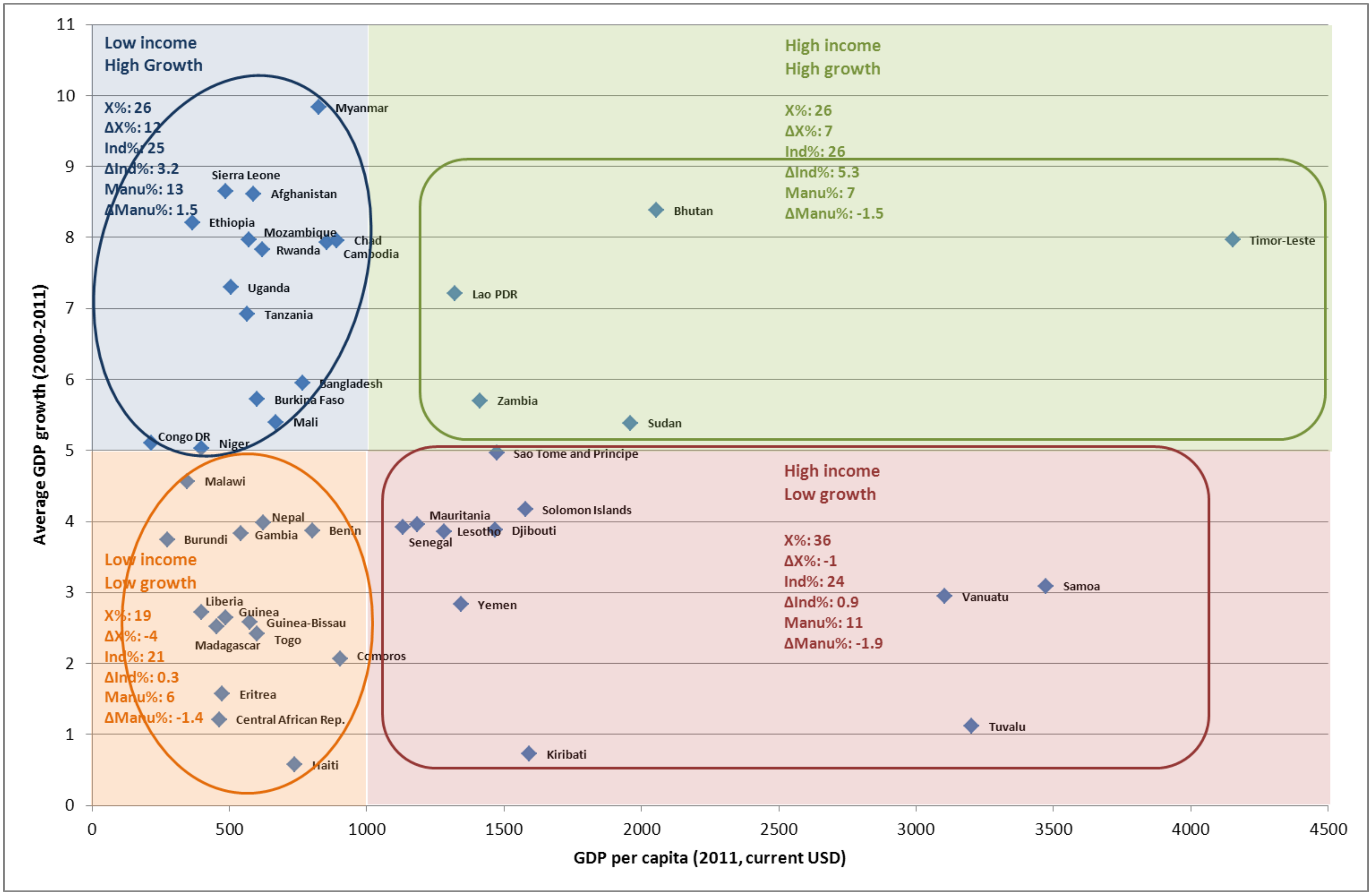
This gives three key policy orientations on growth and productive employment.

One, export and sectoral diversification is needed from commodities to manufacturing to improve employment and decent work outcomes.

Two, the necessary condition, but certainly not the sufficient condition is to increase investment in manufacturing and agriculture to raise productivity, competitiveness, employment and incomes.

Three, the high incidence of the working poor, the high incidence of vulnerable workers, the persistently high preponderance of women amongst the vulnerable workers, and the high ratios of youth-to-adult unemployment, all call for an increase in private and public investment. Both raise aggregate demand and employment. This requires substantial improvements in the enabling environment for enterprises and investment, in particular for SMEs.

Figure 3: GDP growth (average annual growth, 2000-2011) and per capital income (2011) in LDCs



Source: Calculated based on World Bank, *World Development Indicators 2012* and IMF, *World Economic Outlook, October 2012*.

6. Productive transformation and the role of education in LDCs

Lessons from successful catching-up countries

LDCs face the challenge of triggering and sustaining a development and productive transformation. Empirical evidence from successful catching-up countries show that educational transformation preceded productive transformation. Countries such as China, Costa Rica, Ireland, Republic of Korea, Singapore and Taiwan created a wide option space for diversification to low and medium technologies by investing heavily in primary and lower secondary education, but at the same time also investing in higher and post-secondary education as part of their industrialization strategy.

The Republic of Korea, Costa Rica and China had low educational levels during the 1960s, but rapidly increased the educational attainment, measured by the aggregate figure of average years of schooling (AYS). They all had attained AYS of above 4.5 when they launched a dynamic process of catching up. Furthermore, they rapidly transformed the educational structure, measured by the share of educational categories: no schooling, incomplete primary, complete primary, lower secondary, higher secondary and tertiary education. They rapidly decreased the share of the population without schooling and with incomplete primary education, while they increased primary and lower secondary education at the early stage of industrialization.

Educational structures and option space in LDCs

LDCs with low levels of education (AYS below 4.5) represent about half of those LDCs for which data is available on both education and manufacturing. Countries with AYS below 4.5 have the highest share of the population without schooling and seem to lack the knowledge base in the labour force that is required for enable industrialization. These countries are further distinguished by their educational structure. Firstly, group 1 is characterized by relatively high shares of primary education, which indicates priorities for investment in basic education, and very small shares of secondary and tertiary education (Table 11). These countries had the smallest shares in manufacturing, with an average share in GDP of just 7.8 per cent. Group 2 represents countries with AYS below 4.5 and high shares of non-schooling. However, in contrast to group 1, these countries exhibit a much more polarized educational structure: high shares of non-schoolers combined with high levels of secondary education (above 20 per cent), but a rather low share of primary education (the share of completed primary education is below 15 per cent in all countries). These countries also lack the strong primary education base that is needed to enable productive transformation.

Table 11: Characteristics of the different country groups

	AYS	Avg. manuf. value added	Group characteristics				
			AYS	Non-schooled	Primary	Secondary	Polarized "missing middle"
Group 1	2.8	7.8	<4.5	High	Low	Low <20%	No
Group 2	3.8	7.6	<4.5	High	Very	High	Yes
Group 3	5.7	12.0	>4.5	Low	High	Varies	No
Group 4	5.2	9.2	>4.5	Low	High	Varies	Yes

Countries with AYS above 4.5 have significantly higher shares of manufacturing as a percentage of GDP, and also exhibit higher levels of diversification. Furthermore, countries with a balanced educational structure showed higher performance than those with an unbalanced structure.

The educational structure developed in group 4 countries can be described as “unbalanced”. For example, while the United Republic of Tanzania invested heavily in primary education, it achieved extremely low shares of secondary and tertiary education, below 8 per cent. Hence, while the United Republic of Tanzania has AYS similar to those countries in group 3, it has achieved a significantly lower share of manufacturing of only 9.5 in the Tanzanian mainland, and 4.8 in Zanzibar as compared to the average share of 13 per cent in group 3. In contrast, Haiti, Liberia and Myanmar are characterized by the “missing middle”, that is, high shares of higher and post-secondary education of above 20 per cent, and low shares of primary and lower secondary education. The “missing middle” limits the option space of the labour force for industrialization. They have achieved average manufacturing shares of around 9 per cent, which is low compared to the heavy investment in higher and tertiary education.

Training policies: Upgrading informal apprenticeship systems

Productive transformation in the craft and trade sector is also very necessary and requires competent workers, artisans and craftspeople with the capabilities to adopt more advanced technologies, and diversify into new activities and trades, as well as the social capabilities to train young people and the labour force in the required competences and occupations. Formal training systems tend to be costly, providing training to only a small share of the labour force and, hence, embody limited social capabilities to support the productive transformation. Therefore, many LDCs developed a tradition of informal apprenticeship training that represents the main road to skills development. In Benin, in 2005, about 200,000 young apprentices were trained, which represents ten times the number of students in vocational and technical education. In Senegal, some 300,000 young people were trained as apprentices as compared to some 10,000 graduates from the formal vocational training centres (Walther and Filipiak, 2007).

Policy recommendations

- Increase the level of education and reduce the share of the population without schooling in order to enable productive transformation.

- Transform the educational structure in the labour force in a balanced manner in order to enlarge the option space for sustained diversification into low- and medium-technology manufacturing.

- Promote diversification into new technologies and higher value-added manufacturing for increased productivity, and higher opportunities to accumulate capabilities in new techno-economic paradigms.

- Design learning strategies by combining incentives and compulsion with support measures, and targeting learning-intensive sectors in addition to sectors with comparative advantages.

- Develop the potential of informal apprenticeship systems and strengthen the institutional capabilities to provide training for advanced technologies, and improved quality and effective training in order to promote productive transformation in the crafts sector and informal economy.

7. Public investment and public employment programmes

a. Public investment in infrastructure to achieve economic and social development

A study[4] of 24 African countries, most of them LDCs, shows that the poor state of infrastructure in sub-Saharan Africa cuts national economic growth by 2 percentage points every year.

Power: Inadequate access to energy is the single largest impediment to economic growth. Chronic power shortages affect 30 African countries; the entire installed generation capacity of 48 sub-Saharan African countries is 68 gigawatts, no more than Spain's.

Water: High hydro-climatic variability, inadequate storage, rising demand and lack of trans-boundary cooperation undermine the African water sector. Less than 60 per cent of Africa's population has access to clean drinking water. Over the last 40 years, only 4 million hectares of new irrigation have been developed, compared to 25 and 32 million hectares for China and India, respectively.

Transport: Ineffective linkages between different transport modes, declining air connectivity, poorly equipped ports, ageing rail networks and inadequate access to all-season roads are key problems facing Africa's transport system. Only 40 per cent of rural Africans live within two kilometres of an all-season road, compared to some 65 per cent in other developing regions.

Although financing for infrastructure has rapidly increased over the past three years to address those gaps necessary to make progress toward achieving the MDGs, more needs to be done, in particular in African LDCs where the backlog is huge (Table 12).

Table 12: Africa's infrastructure deficit

Normalized units	Sub-Saharan African LDCs	Other LDCs
Paved road density (note 1)	31	134
Total road density (note 1)	137	211
Mainline density (note 2)	10	78
Mobile density (note 2)	55	76
Internet density (note 2)	2	3
Generation capacity (note 3)	37	326
Electricity coverage (note 4)	16	41
Improved water (note 4)	60	72
Improved sanitation (note 4)	34	51

Source: Yepes et al. (2008), in Foster, V.; Briceño-Garmendia (2010).
Notes: 1: in kilometres per kilometre squared; 2: in lines per thousand population; 3: in megawatts per million population; 4: electricity, water and sanitation coverage are in percentage of population.

Policy recommendations for public investment programmes in LDCs

LDCs can enhance their investment in infrastructure and ensure that these investments are designed and implemented to boost employment, aggregate demand and to create a floor for economic growth. The following policy recommendations are relevant:

[4] Africa Infrastructure Country Diagnostic (AICD), a project designed to expand the world's knowledge of physical infrastructure in Africa. AICD is being implemented by the World Bank on behalf of a steering committee that represents the African Union, the New Partnership for Africa's Development (NEPAD), Africa's Regional Economic Communities, the African Development Bank and major infrastructure donors.

- More ambitious new infrastructure projects should be launched, not only to avoid the deterioration of the countries' public capital stock (maintenance and rehabilitation projects) but to build it up for higher growth and employment.

- When feasible, decentralized public investment should be favoured as decentralized decision-making processes usually commit the local population more to the works and their maintenance.

- LDCs should apply employment impact assessment (EIA) methodologies that measure direct, indirect and induced employment and effects of technology choice, in the short and long term.

- As many infrastructure projects in LDCs are co-financed by international financing institutions, these institutions should make all efforts to allow through their regulations for a productive and efficient use of local resources and an increased labour content in development cooperation.

b. Public Employment Programmes in LDCs

The role of the State in providing direct employment through policies promoting productive growth and investments is being more widely recognized, and can contribute to ensuring an employment floor for those that are able to work. Public Employment Programmes (PEPs), such as Public Works Programmes (PWPs) and Employment Guarantee Schemes (EGSs) have been shown to be very useful tools to protect the most vulnerable against shocks whether in response to a crisis, or as part of a longer-term, counter-cyclical employment policy. There is a renewed interest in PEPs in many LDCs with a view to combining the objectives of generating short-term employment, providing income support and creating and preserving infrastructure and other assets, including a productive natural resource base. The impetus comes from large-scale programmes such as the NREGS in India, the Productive Safety Net Project (PSNP) in Ethiopia and the Expanded Public Works Programme (EPWP) in South Africa. Many new PWPs and EGSs are now being established in LDCs with financial support provided by development partners, creating a whole range of additional challenges. One of those is the Ghana Social Opportunities Project, including labour-intensive public works and conditional cash transfers.

Policy recommendations for PEPs in LDC

- Learning from doing. Large-scale PEPs, such as NREGS and EPWP, have benefited from experience gained over many years from previous similar schemes in their respective countries.[5]

- Effective targeting. PEPs face targeting challenges to reach the intended beneficiaries. Different targeting mechanisms exist such as geographical, categorical and self-targeting.

- Support to institutions. The institutional setup and capacity is of crucial importance for efficient counter-cyclical measures such as PEPs that will shrink and expand as economic conditions change.

- Social dialogue. The PEP should be designed and negotiated through a dialogue process to ensure that they create decent employment and abide by basic labour legislation such as acceptable wage and health and safety requirements.

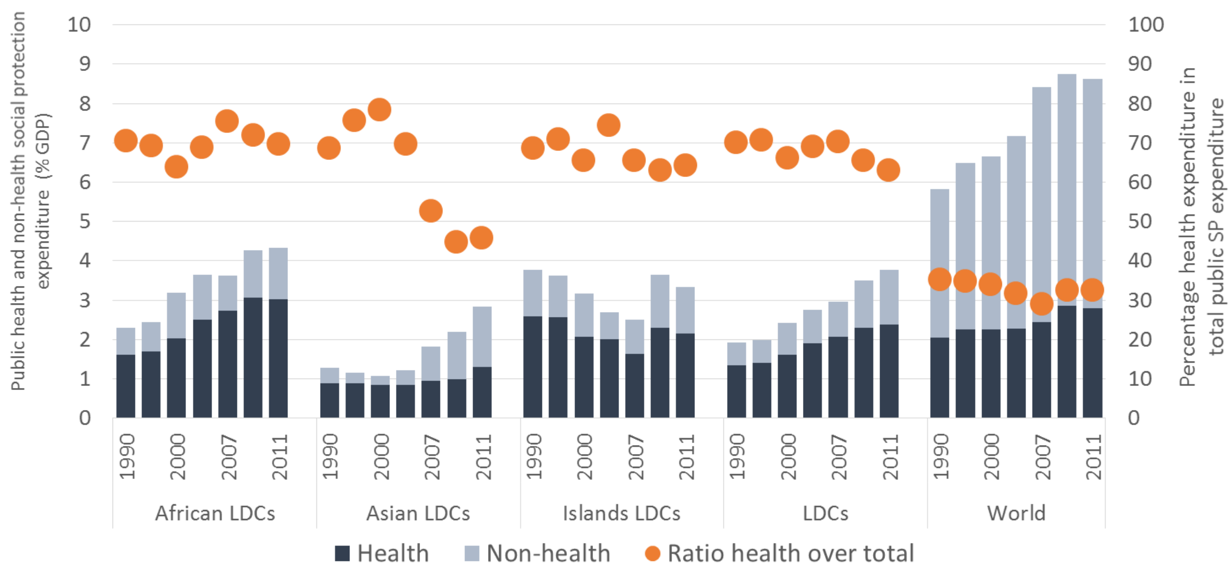
[5] NREGS has benefited from the Maharashtra Employment Guarantee Scheme implemented since the 1970s.

8. Social Protection

Effective social protection policies are a key investment in human development and a contribution to growth, productive employment and decent work. As such, social protection policies have a strong bearing on countries' efforts to achieve "equitable growth and sustainable development based on nationally owned and people-centred poverty reduction strategies" and to "realize the vast and untapped human and economic potential in LDCs", as stipulated in the Brussels Declaration, 2001.[6]

LDCs spending on social protection as a percentage of GDP rose from 1.9 per cent in 1990 to 3.6 per cent in 2011/12 compared to 3.9 to 6.2 per cent on average in developing countries and 5.8 to 8.6 per cent worldwide (Figure 4). In 2012, LDCs represented close to 10 per cent of the world population but accounted for less than one per cent of the world public spending on social protection. Social protection is limited both in terms of the range of risks and contingencies covered by existing national social protection systems, the share of the population covered and levels of benefits provided. Among LDCs, social protection usually concentrates on employment injury, old age, disability and survivors. None of these countries provide protection in case of unemployment. As a result non-health social protection expenditure represent a limited share of total public social protection expenditure; less than one third compared to two third worldwide.

Figure 4: Total health expenditure and sources of financing, 2008



Source: IMF Government Finance statistics, WHO National health accounts, Asian Development Bank, ILO social security inquiry database.

Note: African LDCs (29/31): Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Congo, Democratic Republic, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, United Republic of, Togo, Uganda, Zambia (for 1990 and 1995,excluding Congo, Democratic Republic, Equatorial Guinea and Eritrea, for 2000 and 2005 excluding Equatorial Guinea); Asian LDCs (8/8): Afghanistan, Bangladesh, Bhutan, Cambodia, Lao Peoples Democratic Republic, Myanmar, Nepal, Yemen; Island LDCs (9/9): Comoros, Haiti, Guinea-Bissau, Kiribati, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu, Vanuatu (for 1990 Kiribati, Timor-Leste, Tuvalu, Vanuatu excluded; for 1995 Timor-Leste, Tuvalu, Vanuatu excluded; for 2000, 2009 and 2011 Tuvalu excluded).

[6] Brussels Declaration, para. 2 in United Nations (2001).

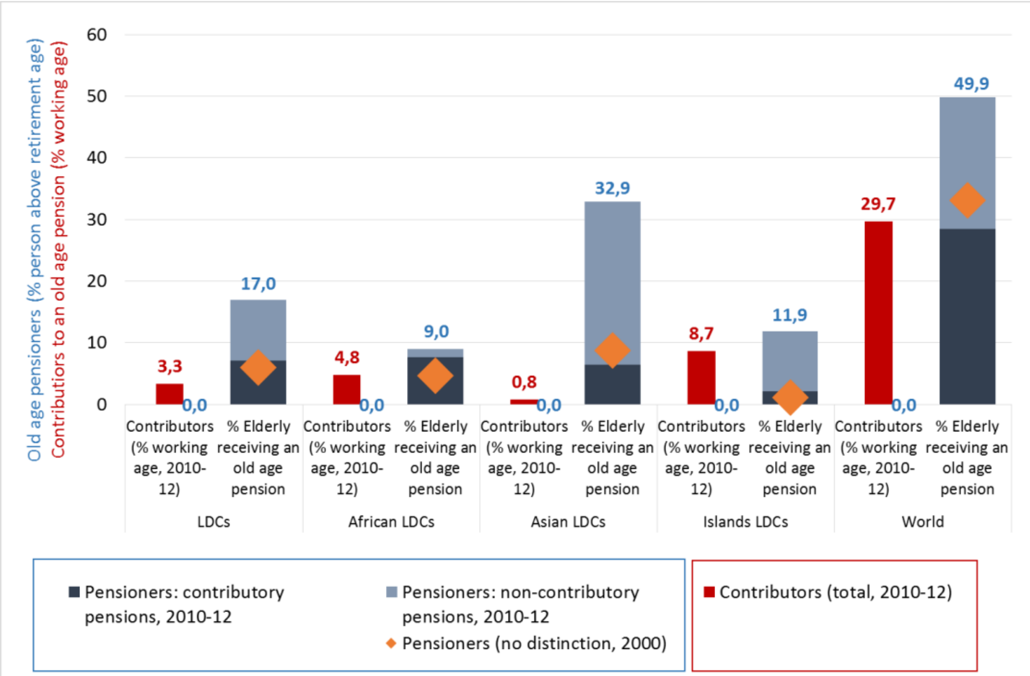
In 2011, public expenditure on benefits for children or families with children (including main conditional cash transfers) represents less than 0.1 per cent of GDP in LDCs (3.1 int.$ PPP per child[7] annually compared to 106.1 int.$ PPP on average in developing countries). This low level of expenditure reflects a situation where contributory programmes, when they exist, are limited to a minority and non-contributory programmes tend to be either absent or at a pilot stage. Similarly, 0.4 per cent[8] of GDP is allocated to social security expenditure ensuring income security during working age compared to 2.3 per cent of GDP worldwide[9] and 0.7 per cent of GDP is allocated to social protection benefits for people in old age.

Even if Government expenditure on health represent two thirds of public social protection expenditure (2.4 per cent of GDP in LDCs and 1.3 per cent in Asian LDCs), still more than 90 per cent of the population in LDCs remains without any health coverage providing access to the most essential health care (either through social insurance or public health services). In 2011, the per capita expenditure on health per year was US$46 which is below the minimum level recommended by the World Health Organization[10]. Likewise, a large proportion of the population in LDCs face financial barriers in accessing health-care services. On average, only 54 per cent of total health cost is pre-paid through public or private collective health financing mechanisms.[11] This leaves 46 per cent of the total cost of health care in LDCs to be paid out of pocket, which results in a high poverty risk for people at a vulnerable moment of their lives.

The ILO's World of Work Report 2014[12] shows that less than 20 per cent of older women and men in LDCs receive an old-age pension in 2010/12. Old age pension coverage ranges from less than one out of ten in African LDCs to one third in Asian LDCs. Such differences result from the development in a number of countries (in particular in Asia) of non-contributory pensions providing a certain level of income security in old age despite a large prevalence of informal employment and thus a limited proportion of people in working age population guaranteeing their right for a contributory pension when reaching retirement age. Less than 5 per cent of the labour force in LDCs contribute to a pension scheme as, in most cases, to any other scheme securing income security in the event of employment injury, disability, sickness or maternity or old age (Figure 5).

[7] Considering the population below 15 years old.
[8] World of Work Report 2014.
[9] World Social Protection Report 2014/15.
[10] The WHO recommendation for public health expenditure in order to provide basic health services in low-income countries is estimated as US$51 per person per year in 2012; US$60 per person per year in 2015.
[11] Calculated based on WHO National Health Accounts data. Value for 2011.
[12] ILO (2014), "World of Work Report 2014: Developing with jobs".

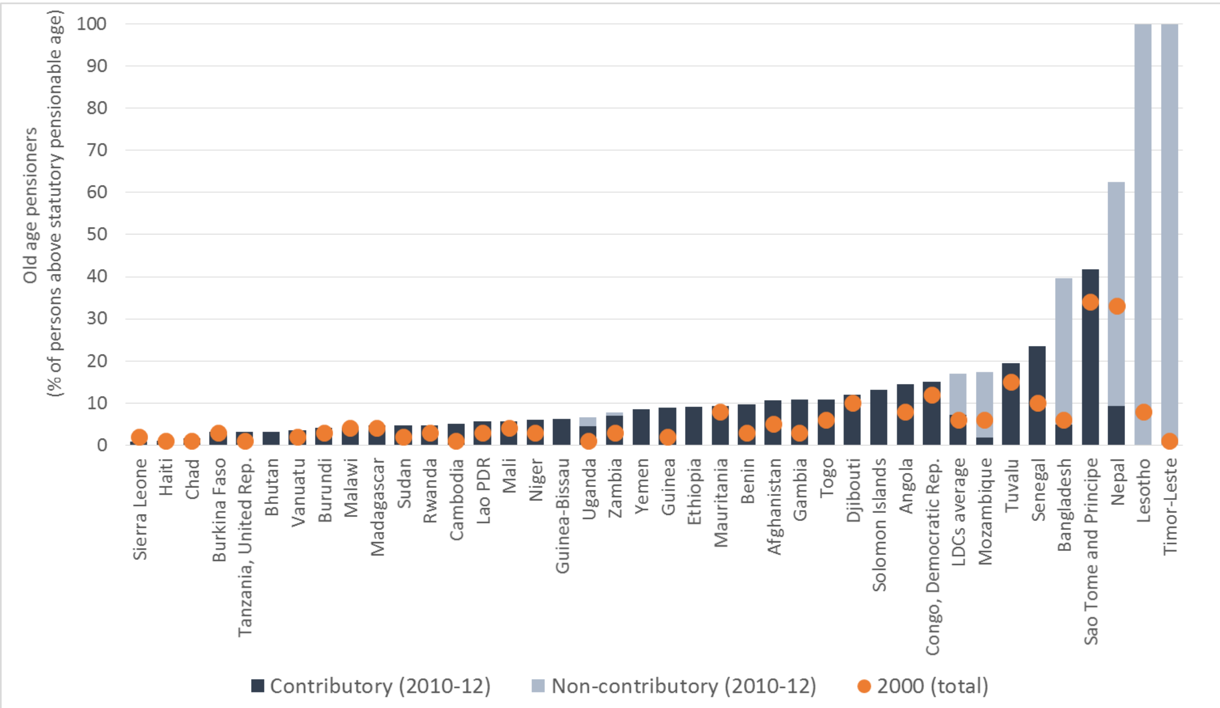
Figure 5: Social protection for older women and men in LDC, 2000 and 2010-12
Active contributors to an old age pension (% of working age) and Old-age pensioners (% of population above statutory pensionable age)



Source: ILO research Department based on ILO social protection database and World of Work Report 2014 *Developing with jobs*.
Note: Old-age contributors: African LDCs (25/31): Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Congo, Democratic Republic of, Djibouti, Gambia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, United Republic of, Togo, Uganda, Zambia; Asian LDCs (7/8): Afghanistan, Bangladesh, Bhutan, Cambodia, Lao Peoples Democratic Republic, Nepal, Yemen; Island LDCs (5/9): Guinea-Bissau, Sao Tome and Principe, Timor-Leste, Solomon Islands, Vanuatu. Old-age pensioners: African LDCs (25/31): Angola, Benin, Burkina Faso, Burundi, Chad, Congo, Democratic Republic of, Djibouti, Ethiopia, Gambia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, United Republic of, Togo, Uganda, Zambia (for 2000 Ethiopia excluded); Asian LDCs (7/8): Afghanistan, Bangladesh, Bhutan, Cambodia, Lao Peoples Democratic Republic, Nepal, Yemen; Island LDCs (7/9): Guinea-Bissau, Sao Tome and Principe, Haiti, Timor-Leste, Tuvalu, Solomon Islands, Vanuatu (for 2000 Solomon Islands excluded).

Recent trends (Figure 6) show however a significant increase in old pension coverage from 6 per cent on average in 2000 to 17 per cent in 2010/12. Lesotho's pension-tested old-age pension scheme, launched in 2004, now provides a pension to all people above the age of 70. Timor-Leste's universal Support Allowance for the Elderly, introduced in 2008 and financed from taxes paid by foreign extraction companies, steeply increased coverage rates from 0.5 per cent to 100 per cent of people aged 60 and older between 2000 and 2011. In Bangladesh more than one third of older women and men above 62 and 65 respectively are covered with however a very low level of benefit. The cost of non-contributory varies from 0.1 per cent of GDP in Bangladesh to 1.8 per cent of GDP in Lesotho. The level of pension provided is usually lower than contribution pensions preventing, despite of the pension, many of the elderly to retire fully from the labour market.

Figure 6. Old-age pensioners (% of population above statutory pensionable age), 2000, 2010/12



Source: ILO research Department based on ILO social protection database

Thus, despite their more limited fiscal space and institutional capacities, some LDCs have embarked on national programmes to extend social protection coverage starting from elements of the social protection floor as a key component of their development strategies. It is remarkable that those countries that have graduated from LDC status, namely Botswana (1994), Cape Verde (2007) and the Maldives (2011) and more recently Samoa (2014) have followed strategies of gradual extension of social protection coverage and invested strongly in social protection. For example, Cape Verde has successfully moved towards providing universal access to social security through the parallel extension of contributory and non-contributory programmes and access to healthcare and other social services.

An increased interest in non-contributory social transfer programmes in developing countries drew closer attention to the impact of such programmes. An ILO meta-study[13] which assessed the results of about 80 individual studies on cash transfer programmes in 30 countries during the last ten years, demonstrated that the measured impact of cash transfer schemes clearly and positively contributed to enhancing human development, supporting the full utilization of productive capacities, enhancing and stabilizing consumption and facilitating social cohesion and inclusion. A similar attention should be paid to the financing modalities and the sustainability of these programmes. If taxing natural resource extraction offers some potential for a few LDCs (Timor-Leste for instance), social protection strategies should support the access to formal employment together with employment and other social, fiscal and economic policies.

[13] ILO (2010), “Effects of non-contributory social transfers in developing countries: A Compendium”.

Policy recommendations: Moving forward with the extension of social security

- LDCs should step up their efforts to extend social protection to larger groups of the population.

- National social protection strategies should aim at achieving a coordinated approach to combine contributory and non-contributory programmes to realize the human right to social security, including a minimum level of income security and effective access to health care.

- The establishment of national social protection floors in LDCs should be based on a detailed assessment of gaps and needs for social protection, of existing fiscal space, and ways of ensuring sufficient fiscal space in the future.

- Resource-rich LDCs should explore better ways to channel some of the proceeds of their commodity exports into investments in social protection.

9. Better Work

The Better Work Programme is a unique partnership of the ILO and the IFC with the objective of improving working conditions and promoting competitiveness in global supply chains. It focuses specifically on the apparel sector in seven developing countries: Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam, acknowledging the dramatic potential of the sector for providing employment opportunities to young, low-skilled workers, who are often young women migrating from rural areas or international migrants.

The argument at the core of Better Work is that decent working conditions and compliance with labour standards not only go hand in hand with business growth, but are a ladder to sustain and spur productivity and competitiveness in the global marketplace. Among the countries that participate in the Better Work programme there are LDCs and recent 'graduates' who have succeeded in harnessing the potential of export-led industrialisation for poverty reduction. Evidence from Better Work can help shed light on strategies through which LDCs can enter an export-led growth strategy that is socially inclusive and poverty reducing.

Working Conditions and Wellbeing

Evidence from Better Work shows that improving working conditions in garment factories is positively correlated with workers' wellbeing indicators. In Vietnam, workers' wellbeing is affected by wages, incentive structure, benefits packages, training, absence of sexual harassment, union operations, strikes and health and safety. In particular, occupational safety and health (OSH) considerations emerge as dramatically important for workers, for they impact their wellbeing at four times the rate of any other measure of working conditions. And workers are adversely affected by concern with low wages.

In Jordan, worker surveys show a positive shift in wellbeing related to OSH. Over the period 2010-2012, workers in Jordan reported an 11% reduction in concern with dangerous equipment, accidents and injuries, dusty or polluted air, or unpleasant chemical smells.

Surveys also shed light on the impact of improved working conditions on developmental outcomes beyond the workplace on households and communities. This is particularly embodied by the scope of enhanced remittances and the items on which they are spent in the sending communities, since most workers migrate from rural areas to work in garment factories. In Vietnam, 70% of workers in Better Work factories regularly or occasionally send money to family members. Women workers remit 24% more than men. In Indonesia, 82% of workers in Better Work factories regularly or occasionally send money to family members. In Haiti, nearly 90% of workers give money to their family members at least sometimes.

When asked how family members would spend money workers in Vietnam remitted, the most widespread responses were for food (38%), clothes (37%), debt repayment (37%), farm tools (22%), education for children or siblings (21%), and to family health care (13%). Over half of workers remitting money each year send 4,000,000 Vietnamese Dong per year ($192), an amount that represents approximately 15% of gross national income per capita in Vietnam. In Indonesia, remittances are mainly spent on food (32.4%), and between 2011 and 2012 there has been a shift on how remitted money has been spent, with increased amounts for food and clothing, and less on healthcare, ceremonies, luxury goods and travel.

At the industry level, evidence from Cambodia shows that households that include one garment worker earn 36.3% more than the national average income for similar households with no garment worker(s). Also, the gender wage gap in the apparel sector has decreased significantly – women used to earn 40% less than men in 1996, reduced to 17% in 2007.

The business case for improved working conditions

There is growing evidence of a business case for labour standards, showing that improving working conditions does not need to occur at the expense of competitiveness and profitability, but on the contrary it can complement and foster them.

In terms of the relationship with global buyers, evidence from Cambodia shows that more attractive buyers – such as higher quality, specialty retailers who value longer-term relationships with suppliers – tend to buy from factories in greater compliance with labour standards more than mass merchandisers. Also, Cambodian factories in compliance with fundamental rights are 56% more likely to retain buyers than those in non-compliance. Additionally, compliance with OSH standards gives suppliers a 4.8% advantage in retaining buyers.

Surveys provide evidence of the impact on productivity and profits. In Vietnam, factories in which workers trusted that they were being paid correctly and transparently reported verbal abuse were also more profitable. A one-percentage point improvement in worker perceptions concerning pay is correlated with a 0.44 per cent increase in firm profits. A one percent improvement in worker perceptions of verbal and physical abuse and sexual harassment is correlated with a 1.14 per cent increase in profits.

Managers' awareness of workers' priorities is also key to enhancing their productivity. Surveys show that managers in Vietnam misperceive how workers prioritize and value different aspects of factory life. For example, managers underestimate by a factor of 3 the value workers place on a safe work environment. Therefore, managers are likely unable to allocate resources in a way that would benefit workers, and therefore productivity, to the greatest extent.

The business case can also be observed at the industry level with evidence from Cambodia. In the period 2001-2008, Cambodian garment factories monitored by Better Factories Cambodia have consistently improved their compliance with labour standards and national labour law. In the same period, Cambodia's garment sector employment has grown almost three-fold since BFC was established. Most of the new jobs created are taken by women workers migrating from rural areas. Apparel jobs are attractive in Cambodia as an escape from poverty and the agricultural sector. Furthermore, findings show that compliance continues to improve, even when the unit value, or price, of apparel falls. Between 2000 and 2007, apparel unit values fell sharply, reflecting a global increase in supply, likely putting pressure on factories to lower costs. However, even under these adverse conditions, compliance with working conditions continued to improve. This also suggests that there is a business case for improved compliance with labour standards. Finally, while Cambodia was hard hit by the 2008-2009 economic downturn, being in compliance with labour standards such as compensation (including payment of wages, contracts, social security, leave payments), modern HR practices (including discipline and termination, information about wages, and regular working hours) and communication and workplace systems issues (including shop stewards, liaison officer and workplace operations) was positively correlated with factory survival during the crisis.

Box 1. A Note on Industrial Accidents in Bangladesh and ILO's response

On 24 November 2012, 112 workers lost their lives and many more were injured in a fire at Tazreen Fashions Limited. Following this tragic event the tripartite partners agreed upon a joint statement, facilitated by the ILO, in which they committed to the development of a plan of action to improve fire safety. Another factory fire in January 2013 at Smart Export Garments, in which a further 8 workers lost their lives and others were injured, underlined the need for urgent action. On 24 March 2013, the National Tripartite Plan of Action on Fire Safety in the Ready Made Garment Sector in Bangladesh, which was developed with the assistance of the ILO, was officially signed off by the Minister of Labour and Employment. Though focused on the RMG sector it includes activities that aim to improve overall occupational safety and health awareness and compliance as well as other safety issues, including building safety.

In April 2013, the Rana Plaza Building in Savar, which housed 5 garment factories, collapsed resulting in the death of hundreds of workers. A high-level ILO mission headed by DDG/FO&P visited Bangladesh to offer condolences to the victims and the country and provide assistance to the tripartite partners in developing a response. The High Level Mission met with the Prime Minister, Sheikh Hasina, the Minister of Labour and Employment and a number of high level dignitaries, government officials, employers and workers organizations, which resulted in a tripartite Joint Statement that includes action on a number of short and medium term steps related to i) time bound labour law reform, ii) assessment of all active factories (estimated to be 3500) by end of 2013 and remediation of unsafe buildings iii) skills training and redeployment of affected workers, iv) strengthening of the labour inspectorate including appointment of 200 new inspectors and up gradation of the department with budget allocations, v) full implementation of the fire safety plan of action, and its extension to include structural integrity of the buildings and other vulnerable sectors, and vi) a decision on the establishment of a Better Work programme, after certain risk factors have been addressed.

Appendix

List of the Least Developed Countries

Forty-eight countries are currently designated by the UN as LDCs.

The list of LDCs is reviewed every three years by the United Nations Economic and Social Council (ECOSOC) based on recommendations by the Committee for Development Policy (CDP). Three criteria were used by the CDP in its last review of LDCs in March 2012: [14] [15]

(a) Low income criterion, based on a three-year average estimate of GNI per capita, of US$992 for addition to the list, and US$1,190 for graduation.

(b) Human asset weakness, based on a composite index comprising undernourishment, child mortality, secondary-school enrolment and adult literacy.

(c) Economic vulnerability, based on a composite index of population size; remoteness; merchandise export concentration; share of agriculture, forestry, and fisheries in GDP; share of population living in low elevated coastal zones; instability of exports of goods and services; victims of natural disasters; and instability of agricultural production.

The classification used in this note is as follows:

African LDCs (31 countries): Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, United Republic of Tanzania, Togo, Uganda, and Zambia

Asian LDCs (8 countries): Afghanistan, Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal, and Yemen

Island LDCs (9 countries): Comoros, Guinea-Bissau, Haiti, Kiribati, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu

[14] To be included in the list of LDCs, a country must satisfy all three criteria. To become eligible for graduation, a country must reach threshold levels for graduation for at least two of the three criteria, or its GNI per capita must exceed at least twice the threshold level, and the likelihood that the level of GNI per capita is sustainable must be deemed high. To be recommended for graduation, a country must be found eligible at two successive triennial reviews by the CDP. At the 2012 triennial review, the CDP identified the Republic of South Sudan to be included in the list of least developed countries, subject to the country's agreement. The only three countries to have graduated out of the LDC category up to 2012 are Botswana, Cape Verde and Maldives.

[15] United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS)

Appendix Table A1: Annual real GDP growth rates (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	2013p	Average annual growth rate, 2000-2007*	Average annual growth rate, 2008-2012
African LDCs	**4.5**	**7.1**	**5.8**	**5.5**	**8.9**	**8.6**	**9.1**	**10.4**	**7.6**	**4.5**	**5.2**	**4**	**4.3**	**5.4**	**7.9**	**4.5**
Angola	3.0	3.1	14.5	3.3	11.2	20.6	20.7	22.6	13.8	2.4	3.4	3.9	6.8	5.5	13.5	4.1
Benin	4.9	6.2	4.4	4.0	3.1	2.9	3.8	4.6	5.0	2.7	2.6	3.5	3.5	3.8	4.1	3.1
Burkina Faso	2.9	6.6	4.4	7.8	4.5	8.7	6.3	4.1	5.8	3.0	7.9	4.2	7.0	7.0	6.0	5.5
Burundi	-0.9	1.7	2.4	2.5	3.8	4.4	5.4	4.8	5.0	3.5	3.8	4.2	4.2	4.5	3.5	3.9
Central African Rep.	1.9	0.6	-0.6	-7.1	1.0	2.4	3.8	3.7	2.0	1.7	3.0	3.3	4.1	4.2	0.5	3.0
Chad	-0.9	11.7	8.5	14.7	33.6	7.9	0.2	0.2	1.7	-1.2	13.0	1.8	7.3	2.4	10.5	5.1
Comoros	1.4	3.3	4.2	2.5	-0.2	4.2	1.2	0.5	1.0	1.8	2.1	2.2	2.5	3.5	2.2	2.1
Congo, Dem. Rep.	-6.9	-2.1	3.5	5.8	6.6	7.8	5.6	6.3	6.2	2.8	7.2	6.9	7.1	8.2	4.7	6.0
Djibouti	0.5	2.0	2.6	3.2	3.0	3.2	4.8	5.1	5.8	5.0	3.5	4.5	4.8	5.0	3.4	4.5
Equatorial Guinea	18.2	63.4	19.5	14.0	38.0	9.7	1.3	21.4	10.7	4.6	-0.5	7.8	5.7	6.1	22.5	4.3
Eritrea	-12.4	8.8	3.0	-2.7	1.5	2.6	-1.0	1.4	-9.8	3.9	2.2	8.7	7.5	3.4	1.9	5.5
Ethiopia	5.9	7.4	1.6	-2.1	11.7	12.6	11.5	11.8	11.2	10.0	8.0	7.5	7.0	6.5	7.7	8.1
Gambia	5.5	5.8	-3.2	6.9	7.0	-0.3	0.8	4.0	6.5	6.7	5.5	3.3	-1.6	9.7	2.9	3.4
Guinea	2.9	3.8	4.2	1.2	2.3	3.0	2.5	1.8	4.9	-0.3	1.9	3.9	4.8	5.0	2.7	2.6
Guinea-Bissau	7.5	2.0	-1.3	0.4	2.8	4.3	2.1	3.2	3.2	3.0	3.5	5.3	-2.8	5.7	1.9	2.2
Lesotho	5.7	3.7	2.0	3.5	2.8	2.9	4.1	4.8	4.8	3.8	5.2	4.9	4.3	4.7	3.4	4.6
Liberia	n/a	2.9	4.5	-28.4	4.1	5.9	9.0	13.2	6.2	5.3	6.1	8.2	9.0	7.9	0.7	7.1
Madagascar	4.5	6.0	-12.4	9.8	5.3	4.6	5.0	6.2	7.1	-4.1	0.4	1.8	1.9	2.6	3.3	0.0
Malawi	0.8	-4.1	1.7	5.5	5.5	2.6	2.1	9.5	8.3	9.0	6.5	4.3	4.3	5.7	3.2	6.0
Mali	-3.3	11.9	4.3	7.6	2.3	6.1	5.3	4.3	5.0	4.5	5.8	2.7	-4.5	3.0	5.9	2.0
Mauritania	1.9	2.9	1.1	5.6	5.2	5.4	11.4	1.0	3.5	-1.2	5.1	4.0	5.3	6.9	4.6	3.2
Mozambique	1.5	12.3	9.2	6.5	7.9	8.4	8.7	7.3	6.8	6.3	7.1	7.3	7.5	8.4	8.6	7.1
Niger	-2.6	8.0	5.3	7.1	-0.8	8.4	5.8	3.1	9.6	-0.9	8.0	2.3	14.5	6.6	5.2	5.8
Rwanda	6.5	8.5	13.2	2.2	7.4	9.4	9.2	5.5	11.2	4.1	7.2	8.6	7.7	7.5	7.9	6.9
Sao Tome and Principe	0.4	3.1	2.0	6.7	4.5	1.6	12.6	2.0	9.1	4.0	4.5	4.9	4.5	5.5	4.6	4.5
Senegal	3.2	4.6	0.7	6.7	5.9	5.6	2.4	5.0	3.7	2.1	4.1	2.6	3.7	4.3	4.4	3.1
Sierra Leone	3.8	18.2	26.5	9.5	6.5	4.4	4.4	8.0	5.4	3.2	5.3	6.0	21.3	7.5	10.8	8.7
Somalia	...	...	...	...	...	...	...	...	...	...	...	...	...		...	...
South Sudan	...	...	...	...	...	...	...	...	...	...	...	1.4	-55.0	69.6	...	...
Sudan	13.8	7.5	6.0	7.9	6.5	3.7	11.9	12.2	2.3	4.6	2.2	-4.5	-11.2	0.0	7.9	-2.4
Tanzania	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0	7.0	6.4	6.5	6.8	7.0	6.5
Togo	-1.0	-1.6	-0.9	5.0	2.1	1.2	4.1	2.3	2.4	3.5	4.0	4.9	5.0	5.3	1.7	4.3
Uganda	5.4	7.0	7.6	6.6	6.6	8.6	9.5	8.6	7.7	7.0	6.1	5.1	4.2	5.7	7.8	5.6
Zambia	3.6	4.9	3.3	5.1	5.4	5.3	6.2	6.2	5.7	6.4	7.6	6.6	6.5	8.2	5.2	6.8
Asian LDCs	**6.7**	**5.8**	**5.3**	**6.6**	**6.7**	**7.7**	**7**	**7.4**	**5.5**	**6**	**6.5**	**4.5**	**5.4**	**6**	**6.6**	**5.6**
Afghanistan	...	...	...	8.4	1.1	11.2	5.6	13.7	3.6	21.0	8.4	5.8	5.2	6.5	7.9	9.9
Bangladesh	5.6	4.8	4.8	5.8	6.1	6.3	6.5	6.3	6.0	5.9	6.4	6.5	6.1	6.1	5.8	6.2
Bhutan	5.2	8.2	10.7	7.7	5.9	7.1	6.8	17.9	4.7	6.7	11.8	5.3	9.9	13.5	9.1	8.4
Cambodia	8.8	8.1	6.6	8.5	10.3	13.3	10.8	10.2	6.7	0.1	6.1	7.1	6.5	6.7	9.7	4.9
Lao PDR	6.3	4.6	6.9	6.2	7.0	6.8	8.6	7.8	7.8	7.5	8.1	8.0	8.3	8.1	6.8	8.0
Myanmar	13.7	11.3	12.0	13.8	13.6	13.6	13.1	12.0	3.6	5.1	5.3	5.5	6.2	6.3	12.8	5.5
Nepal	6.1	5.6	0.1	3.9	4.7	3.5	3.4	3.4	6.1	4.5	4.8	3.9	4.6	3.6	3.5	4.5
Solomon Islands	-14.3	-8.0	-2.8	6.5	8.1	12.9	4.0	6.4	7.1	-4.7	7.8	10.7	7.4	4.0	3.7	5.1
Timor-Leste	...	21.0	2.1	-0.1	4.4	6.5	-3.2	11.7	14.6	12.8	9.5	10.6	10.0	10.0	5.8	10.7
Yemen	6.2	3.8	3.9	3.7	4.0	5.6	3.2	3.3	3.6	3.9	7.7	-10.5	-1.9	4.1	3.9	-0.5
Island LDCs	**1.4**	**-0.5**	**0.1**	**0.8**	**-2.4**	**2.5**	**2.5**	**3.4**	**1.7**	**2.5**	**-4.3**	**5.1**	**4.2**	**6**	**0.9**	**1.8**
Haiti	0.9	-1.0	-0.3	0.4	-3.5	1.8	2.2	3.3	0.8	2.9	-5.4	5.6	4.5	6.5	0.4	1.8
Kiribati	4.9	-3.2	6.7	4.2	0.2	0.3	1.2	0.5	-2.4	-2.4	1.4	1.8	2.5	2.5	1.4	0.8
Samoa	4.8	8.0	6.2	3.8	4.2	7.0	2.1	1.8	4.3	-5.1	0.4	2.0	1.5	1.9	4.7	-0.4
Tuvalu	...	1.6	7.9	-3.3	-1.4	-3.8	2.6	5.5	7.6	-1.7	-2.9	1.1	1.2	1.3	1.2	-0.6
Vanuatu	5.9	-3.5	-4.4	3.7	4.5	5.2	7.4	6.5	6.2	3.5	1.5	2.5	2.6	4.3	2.7	2.5

Note: 2012p and 2013p are projections.

*Only for Afghanistan the average annual growth rate refers to the period 2003-2007.

Source: IMF, *World Economic Outlook* , October 2012.

Appendix Table A2 : GDP per capita (constant 2005 US$)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
LDCs	**318**	**312**	**304**	**302**	**309**	**319**	**328**	**334**	**342**	**350**	**363**	**374**	**387**	**407**	**431**	**454**	**485**	**506**	**517**	**533**	**542**	**557**	**573**	**593**
African LDCs	342	326	309	301	308	318	327	331	336	337	349	360	369	389	411	432	463	485	490	500	505	511	521	536
Asian LDCs	272	281	286	294	302	310	320	330	343	361	376	390	410	432	460	488	519	539	563	591	608	638	667	699
Island LDCs	567	554	528	480	511	524	531	513	516	511	505	494	485	466	471	471	485	494	502	485	508	508	521	536

Source: ILO staff calculation based on World Bank, World Development Indicators 2014

Appendix Table A3: Annual growth rate by sectors, period average

	GDP		Agriculture, value added		Industry, value added		Manufacturing, value added		Services, value added	
	2000-07	2008-11	2000-07	2008-11	2000-07	2008-11	2000-07	2008-11	2000-07	2008-11
African LDCs*	**7.9**	**4.5**	**3.7**	**4.8**	**9.5**	**4.7**	**5.9**	**6.0**	**7.6**	**6.6**
Angola	13.5	4.1	15.6	13.9	13.2	-1.1	20.5	9.6	12.1	10.1
Benin	4.1	3.1	4.5		4.3		3.4		3.1	
Burkina Faso	6.0	5.5	6.6		5.7		4.4		5.7	
Burundi	3.5	3.9	-2.3	3.8	-2.7	5.2	4.7	-0.5	11.8	3.6
Central African Rep.	0.5	3.0	0.9		0.4		0.6		-2.3	
Chad	10.5	5.1	2.1		53.3				9.2	
Comoros	2.2	2.1	1.5	4.5	3.0	4.5	1.4	4.5	2.8	-2.3
Congo, Dem. Rep.	4.7	6.0	1.1	3.0	7.6	10.5	2.7	1.7	7.2	4.1
Djibouti	3.4	4.5	3.5		4.8		3.0		3.0	
Equatorial Guinea	22.5	4.3	4.9		24.1		70.6		21.4	
Eritrea	1.9	5.5	9.7	1.2	0.4	-0.1	-6.2	-0.1	2.6	1.1
Ethiopia	7.7	8.1	6.5	5.6	8.7	9.3	6.2	9.8	8.8	11.3
Gambia, The	2.9	3.4	-1.8	-7.6	4.3	3.6	5.9	0.0	6.4	6.3
Guinea	2.7	2.6	3.6	3.7	3.0	1.2	2.2	2.4	1.5	1.8
Guinea-Bissau	1.9	2.2								
Lesotho	3.4	4.6	-4.3	-0.3	6.4	5.4	9.8	1.4	0.1	4.0
Liberia	0.7	7.1	0.9	11.0	13.6	16.4	13.2	5.7	14.7	11.0
Madagascar	3.3	0.0	2.0	8.5	2.8	-8.5	3.7	-10.1	3.6	-8.0
Malawi	3.2	6.0	1.2	7.2	3.7	5.5	-0.7	2.3	1.7	6.2
Mali	5.9	2.0	4.9		6.0		3.6		6.3	
Mauritania	4.6	3.2	2.3	2.0	7.6	1.0	-5.5	5.6	7.8	5.0
Mozambique	8.6	7.1	8.0	9.0	11.3	8.2	11.2	3.2	7.3	4.9
Niger	5.2	5.8	7.0		3.1		3.9		3.6	
Rwanda	7.9	6.9	5.1	5.8	9.8	8.9	9.1	6.8	9.9	7.8
Sao Tome and Principe	4.6	4.5								
Senegal	4.4	3.1	-1.0	1.4	4.2	5.4	2.5	6.1	6.3	1.7
Sierra Leone	10.8	8.7	4.2	6.2	7.4	1.6			10.0	4.9
Somalia										
South Sudan										
Sudan	7.9	-2.4	2.4	6.0	10.9	4.2	3.1	5.3	9.9	5.4
Tanzania	7.0	6.5	4.5	3.6	9.4	7.4	8.2	7.9	7.6	7.7
Togo	1.7	4.3	2.0	-7.8	2.2	25.0	3.4	0.0	1.3	2.4
Uganda	7.8	5.6	3.0	2.2	9.1	5.8	6.2	6.9	8.2	7.9
Zambia	5.2	6.8	1.0	7.2	9.3	7.9	4.8	3.8	5.4	6.1
Asian LDCs*	**6.6**	**5.6**	**3.3**	**4.5**	**8.0**	**7.0**	**8.0**	**7.4**	**6.1**	**6.5**
Afghanistan	7.9	9.9	8.6	4.4	11.4	6.3	3.7	4.6	10.5	16.8
Bangladesh	5.8	6.2	3.9	4.8	7.9	7.0	7.8	7.5	6.0	6.3
Bhutan	9.1	8.4	1.5	1.6	12.9	6.4	9.7	12.9	8.9	11.5
Cambodia	9.7	4.9	8.6	4.1	13.7	5.6	13.6	8.3	10.1	3.5
Lao PDR	6.8	8.0	4.3	2.0	12.0	16.9	11.9	6.6	7.1	6.6
Myanmar	12.8	5.5					19.8		13.9	
Nepal	3.5	4.5	2.1	3.5	2.9	2.0	1.1	1.0	3.6	12.0
Solomon Islands	3.7	5.1	8.0	-8.4	-1.4	0.7	-4.0	-1.8	1.4	5.1
Timor-Leste	5.8	10.7								
Yemen, Rep.	3.9	-0.5	3.8	3.1	1.4	9.7	5.1	3.2	6.3	4.7
Island LDCs*	**0.9**	**1.8**	**-0.9**	**-3.9**	**6.8**	**-1.4**	**3.5**	**-9.0**	**5.0**	**1.9**
Haiti	0.4	1.8	2.1	2.1	0.8	4.0	0.7	1.4	0.7	-0.6
Kiribati	1.4	0.8	-1.2	-3.1	-1.8	-9.3	6.1	-15.6	2.3	-2.3
Samoa	4.7	-0.4	2.6	-4.2	6.8	-1.3	3.5	-9.0	5.3	2.0
Tuvalu	1.2	-0.6	3.6	0.2	9.1	-5.2	1.4	12.1	0.2	-0.6
Vanuatu	2.7	2.5	1.7	1.7	-2.2	9.3	-0.8	-24.1	3.6	3.2
LDCs	**7.3**	**4.9**	**3.6**	**4.7**	**8.7**	**5.9**	**7.3**	**6.7**	**6.7**	**6.4**

Source: Calculations based on World Bank, *World Development Indicators 2012* and IMF, *World Economic Outlook*, October 2012.

* Aggregates are calculated based on data available.

Appendix Table A4: Structure of merchandise exports in LDCs

	Merchandise Exports (current US$, millions)			% of merchandise exports														
				Agricultural raw materials exports			Food exports			Fuel exports			Manufactures exports			Ores and metals exports		
	2000	**2008**	**2011**	**2000**	**2008**	**2011**	**2000**	**2008**	**2011**	**2000**	**2008**	**2011**	**2000**	**2008**	**2011**	**2000**	**2008**	**2011**
African LDCs	**20,617**	**129,682**	**143,285**	**19.1**	**10.4**	**7.1**	**44.1**	**28.0**	**31.1**	**17.8**	**34.3**	**21.4**	**17.4**	**20.2**	**17.0**	**16.6**	**32.3**	**33.5**
Angola	7,921	63,914	65,500															
Benin	392	1,282	1,800	71.9	38.4	*23.6*	20.7	30.1	*60.8*	*0.0*	0.3	*0.0*	7.3	29.5	*14.7*	0.1	1.8	*0.9*
Burkina Faso	209	693	1,800	59.2	56.6	*55.9*	19.1	33.2	*33.3*	3.2	0.0	*0.1*	18.4	9.8	*9.1*	0.0	0.4	*1.6*
Burundi	50	57	140	7.6	5.8	*4.9*	91.0	64.8	*81.4*		1.4	*2.3*	0.5	18.1	*5.9*	0.8	9.3	*5.2*
Central African Rep.	161	150	160	13.1	51.4		10.7	1.4		0.5	0.0		68.2	11.2		7.6	35.8	
Chad	183	4,169	4,700															
Comoros	14	9	20	0.0			88.3	*13.8*		*0.0*			8.5	*6.3*		0.0		
Congo, D.R.	807	4,400	6,600															
Djibouti	32	69	95		*0.0*			*0.4*			*6.5*			*90.7*			*0.3*	
Equatorial Guinea	1,097	15,900	13,500															
Eritrea	37	11	400	9.8			53.9			*0.0*			28.0			8.3		
Ethiopia	486	1,602	2,615	18.7	14.1	8.6	70.6	75.3	78.4	*0.0*	0.0	0.0	9.8	9.0	10.4	0.9	0.6	1.2
Gambia, The	15	14	40	1.2	4.2	2.2	80.9	59.6	81.7	0.1	0.5	0.0	17.0	20.9	6.9	0.2	14.9	9.2
Guinea	666	1,342	1,750	3.0	4.9		3.1	2.5		0.0	1.5		30.2	31.9		63.4	59.2	
Guinea-Bissau	62	128	230															
Lesotho	220	884	1,100	0.1	9.1		4.7	13.5		*0.0*	0.4		94.9	74.4		0.0	2.5	
Liberia	329	242	295															
Madagascar	824	1,310	1,590	3.0	2.8	3.2	38.3	21.0	*26.7*	3.8	5.8	*6.7*	52.2	66.6	*48.2*	2.1	3.2	*9.5*
Malawi	379	879	1,240	2.9	4.1	5.1	89.2	85.8	75.7	0.2	0.0	0.1	7.4	10.0	9.0	0.2	0.0	8.8
Mali	545	2,097	2,460	90.8	42.4	*3.2*	4.1	28.1		0.0	6.0	*0.1*	4.7	21.8	*20.2*	0.3	0.8	*0.7*
Mauritania	355	1,788	2,670	0.0	0.0	0.0	20.8	12.5	20.4		21.7	5.1	0.0	0.0	0.0	45.7	59.9	8.8
Mozambique	364	2,653	3,600	11.3	3.5	5.1	41.7	14.7	20.5	21.0	10.9	16.3	6.7	6.1	7.5	17.3	57.3	50.6
Niger	283	910	1,250	3.3	3.7	2.6	43.5	18.3	13.6	1.6	1.9	1.2	9.4	6.6	6.4	40.7	68.5	75.9
Rwanda	52	268	380		2.1	4.0	*56.7*	8.3	41.8	*0.0*	0.4	0.0	*2.7*	6.7	10.5	*37.5*	47.6	43.2
Sao Tome and Principe	3	11	13	0.1	0.5	*0.7*	96.9	92.5			0.0		2.6	7.0	*4.7*	0.0	0.0	*0.0*
Senegal	920	2,170	2,542	1.7	1.6	1.6	52.4	20.6	33.8	14.0	34.3	16.3	26.9	39.2	44.1	4.8	4.3	4.1
Sierra Leone	13	216	390	0.7			18.9						9.7			1.4		
Somalia																		
South Sudan																		
Sudan	1,807	11,671	9,250	4.9	1.4		17.3	2.9		69.3	94.4	*92.1*	7.9	0.4		0.5	0.7	
Tanzania	734	3,121	5,020	13.4	9.3	5.6	66.2	37.4	32.2	0.1	2.9	1.2	19.6	31.0	25.1	0.5	16.8	35.4
Togo	363	900	1,100	23.4	7.1	9.7	19.6	17.6	11.4	0.6	7.9	0.9	30.8	52.6	69.6	25.5	14.8	8.3
Uganda	403	1,724	2,200	15.0	5.8	*7.2*	71.2	63.0	*66.8*	5.7	1.3	*1.2*	3.1	27.4	*22.8*	5.0	2.2	*1.9*
Zambia	892	5,099	8,836	4.4	1.1	*1.0*	9.4	5.6	*5.9*	1.1	0.7	*0.5*	10.7	6.7	*6.3*	74.1	85.4	*86.0*
Asian LDCs	**14,946**	**37,901**	**58,299**	**0.9**	**0.6**	**1.2**	**2.9**	**5.0**	**5.8**	**63.0**	**53.0**	**53.2**	**30.0**	**35.2**	**39.4**	**0.1**	**1.5**	**0.4**
Afghanistan	137	540	350		5.0	*10.8*		52.5	*40.0*					34.6	*19.6*		*0.1*	*0.3*
Bangladesh	6,389	15,370	24,436	1.4	*3.1*		7.6	*6.5*		0.2			90.5	*88.3*		0.0	*0.4*	
Bhutan	103	521	620		0.0	*0.2*		48.3	*7.2*		48.9	1.2		1.4	*69.5*		1.3	*21.9*
Cambodia	1,389	4,708	6,950	2.9	0.9	*2.3*	1.0	0.7	*1.4*	0.0	0.0	0.0	96.1	95.5	*96.1*	0.0	2.8	*0.1*
Lao PDR	330	1,092	2,400															
Myanmar	1,646	6,937	10,500			*10.6*			*19.6*			38.5			*30.0*			*0.9*
Nepal	804	939	940	0.5	*2.9*	*3.9*	9.9	*25.1*	*19.1*	*0.0*	*0.0*	0.0	66.7		*72.3*	0.2	*5.5*	*4.7*
Solomon Islands	69	211	404															
Timor-Leste		13	20															
Yemen, Rep.	4,079	7,584	11,700	0.4	0.1	0.3	2.2	5.3	7.3	96.9	92.4	89.1	0.3	2.1	3.2	0.1	0.1	0.2
Island LDCs	**413**	**624**	**900**															
Haiti	318	480	760															
Kiribati	4	15	20															
Samoa	65	72	54	*0.4*	0.1	0.3	*32.1*	14.3	31.6	*0.2*	0.2	0.0	*67.2*	83.6	65.3	*0.1*	0.1	0.7
Tuvalu																		
Vanuatu	26	57	66	14.9	1.7		76.8	*61.5*		0.0	*0.1*		7.9	*8.9*		0.0	*0.0*	
LDCs (Total)	**36,117**	**168,854**	**203,268**	**10.6**	**7.1**	**5.1**	**24.3**	**19.9**	**22.3**	**36.6**	**39.3**	**30.9**	**23.5**	**25.3**	**24.5**	**17.8**	**43.8**	**44.6**

Source: World Bank, *World Development Indicators 2012* ; ILO calculations
Note: Numbers in italiacs refer to the value of the previous (or following) year.
Calculations of aggregates - African LDCs (19/34): Benin, Burkina Faso, Burundi, Ethiopia, Gambia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sudan, Tanzania, Togo, Uganda, Zambia.
Asian LDCs (3/10): Cambodia, Nepal, Yemen.
Total LDCs include Samoa in addition to the countries listed above.