2013 AGOA Eligibility

USAID Recommendations

CONTENTS

INTRODUCTION

This report is intended to provide background information to the United States Agency for International Development on the status of progress in poverty reduction in 49 Sub-Saharan African countries in consideration for eligibility under the African Growth and Opportunity Act (AGOA).

In the majority of cases, the data synthesized for this report are derived from official U.S. Government sources. Principal among these are:

1) U.S. Embassy cables solicited for the annual AGOA eligibility review process;
2) Office of the U.S. Trade Representative (USTR); and
3) U.S. Department of Treasury.

Table 1, below, summarizes USAID's recommendations on AGOA country eligibility based on the poverty reduction criteria, as summarized in the AGOA legislation:

> "The Act authorizes the President to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or are making continual progress toward establishing the following: market-based economies; the rule of law and political pluralism; elimination of barriers to U.S. trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty, increasing availability of health care and educational opportunities; protection of human rights and worker rights; and elimination of certain child labor practices. These criteria have been embraced overwhelmingly by the vast majority of African nations, which are striving to achieve the objectives although none is expected to have fully implemented the entire list."

SUMMARY OF AGOA ELIGIBILITY RECOMMENDATIONS, MATRIX

USAID AGOA Eligibility Proposed Recommendations 2013				
	2013 AFR/SD/EGEA Recommendation		**2012 AGOA Eligibility**	
Country	**Eligible**	**Ineligible**	**Eligible**	**Ineligible**
Angola	X		X	
Benin	X		X	
Botswana	X		X	
Burkina Faso	X		X	
Burundi	X		X	
Cameroon	X		X	
Cape Verde	X		X	
Central African Republic		X		X
Chad	X		X	
Comoros	X		X	
Congo, DR		X		X
Congo, Rep	X		X	
Cote d'Ivoire	X		X	
Djibouti	X		X	
Equatorial Guinea		X		X
Eritrea		X		X
Ethiopia	X		X	
Gabon	X		X	
Gambia (The)	X		X	
Ghana	X		X	
Guinea	X		X	
Guinea-Bissau		X	X	
Kenya	X		X	
Lesotho	X		X	
Liberia	X		X	
Madagascar		X		X
Malawi	X		X	
Mali		X	X	
Mauritania	X		X	
Mauritius	X		X	
Mozambique	X		X	
Namibia	X		X	
Niger	X		X	
Nigeria	X		X	
Rwanda	X		X	
Sao Tome & Principe	X		X	

USAID AGOA Eligibility Proposed Recommendations 2013				
	2013 AFR/SD/EGEA Recommendation		2012 AGOA Eligibility	
Country	**Eligible**	**Ineligible**	**Eligible**	**Ineligible**
Senegal	X		X	
Seychelles	X		X	
Sierra Leone	X		X	
Somalia[1]		X		X
South Africa	X		X	
South Sudan	X			X
Sudan[2]		X		X
Swaziland	X		X	
Tanzania	X		X	
Togo	X		X	
Uganda	X		X	
Zambia	X		X	
Zimbabwe		X		X

1 Not interested in AGOA participation
2 Not interested in AGOA participation

ANGOLA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of the Republic of Angola (GRA) is investing heavily in the rehabilitation and construction of infrastructure, especially rail and road rehabilitation or construction, with the goal of stimulating economic growth and reducing poverty.
- Though reliable data at the national level is not yet available, there is widespread evidence that the rate of child mortality from malaria is decreasing, in part due to interventions funded by the President's Malaria Initiative.
- In advance of the planned 2012 elections, the GRA was active in a number of social areas with the aim of increasing access to decent housing, improving the quality and quantity of schools and hospitals, and reducing barriers to credit for local entrepreneurs in hopes that such actions will create better conditions for increased employment.

Poverty Reduction Major Issues:

- Living standards are low despite a 2012 GDP per capita of $5,576, and Angola suffers from extreme social inequality. The country ranks 148 out of 187 countries on the United Nations Human Development Index, and 54.3% of the population lives below the poverty line of $1.25 per day.
- The formal economy is overwhelmingly dominated by the oil industry, which, by its nature, employs a small number of skilled workers. Therefore, high rates of economic growth do not translate automatically into higher living standards for the general population.
- The United Nations Development Program (UNDP) ranks Angola 148 out of 187 countries for its spending on health. A lack of qualified professionals to carry out the work remains a significant constraint.
- Lack of access to education together with a lack of qualified teachers continues to be a significant constraint on poverty reduction. Although reliable data is not available, unofficial sources indicate that some 30-45% of school-aged children are not and have never been enrolled in school. UNDP reports indicate that the average Angolan has only 4.4 years of formal schooling. High illiteracy rates exist in many rural areas.

BENIN

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The government is strongly committed to poverty reduction through economic growth. Benin has adopted a Growth and Poverty Reduction Strategy (GPRS) to accelerate growth and roll back poverty.
- Social indicators are improving, as are budgetary allocations to social sectors.
- The Government of Benin (GOB) has initiated micro-finance policies for vulnerable women nationwide who may receive loans to combat poverty by setting up income-generating activities.
- An increase in the world price for raw cotton last year may help alleviate poverty.

Poverty Reduction Major Issues:

- Investment has not been forthcoming to upgrade equipment at Benin's two existing textile factories to facilitate production to U.S. retail standards.

BOTSWANA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Although the program has been slow to take off, the Government of Botswana (GOB) has implemented a National Strategy for Poverty Reduction pilot program in collaboration with the UNDP.
- Botswana has universal access to health care and primary education and the government is attempting to expand rural access to secondary education.
- The GOB has dedicated substantial resources to combating HIV/AIDS, including providing universal access to antiretroviral treatments.
- Programs to prevent mother to child HIV transmission have been highly successful, with transmission rates falling to below 4%. The GOB has a goal of reducing the rate of new HIV infections to zero by 2016.

Poverty Reduction Major Issues:

- The country faces significant challenges posed by high unemployment, particularly among the youth which account for some 60% of the total unemployed.
- With approximately 25% of the population living on less than $1.25 per day, Botswana has one of the highest rates of income inequality in the world, creating conditions better described as developing-country challenges than middle-income status.
- The prevalence of HIV/AIDS and TB is among the highest in the world and continues to impose a heavy burden on society and the economy.

BURKINA FASO

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- By necessity, economic policies to reduce poverty focus on social spending in the areas of health and education. In 2009, the Government of Burkina Faso (GoBF) dedicated 20.8% of its budget to basic education. In 2010, the GoBF dedicated 6.7% of its GDP to health.
- Because agricultural activities generate income for 80% of the population, economic policies to alleviate poverty also focus heavily on agricultural development. On July 22, 2010, the GoBF signed with regional organizations, development partners, and private sector bodies the Comprehensive Africa Agriculture Development Program (CAADP) compact under the African Union's agency implementing the New Partnership for Africa's Development (NEPAD). CAADP's goal is to eliminate hunger and reduce poverty by increasing public investment in agriculture to a minimum of 10% of national budgets and to raise agricultural productivity by at least 6%. Burkina Faso has been exceeding the 10% budget allocation target, with about 14% of its national budget allocated to the agricultural sector. The budget allocations to the agricultural sector increased by 22.84% from 2011 to 2012. In addition, the share of this sector compared to the total budget increased to more than 14% in 2012 compared to 13.84% in 2011.
- The Poverty Reduction Strategy Paper (PRSP), adopted in 2000, underwent a mid-term review by the government, donors, and civil society on October 28, 2009. The PRSP underwent a profound change, integrating environmental issues for achieving the Millennium Development Goals (MDGs), and in particular the harmonious development of people working in rural areas. The new initiative is entitled "Strategy for Accelerated Growth and Sustainable Development."
- In June 2010, the International Monetary Fund (IMF) approved a three-year Extended Credit Facility of about $67.7 million. The World Bank provided Burkina Faso with a $90-million credit in 2010 for budget support for poverty reduction in the agriculture, education, health, and energy sectors.
- In July 2005, the Millennium Challenge Corporation (MCC) signed a Threshold Country Plan (TCP) agreement with the GoBF, awarding it $12.9 million to address weaknesses in girls' education. The program goal was to promote women's education in 10 provinces with historically low rates of school enrollment and school completion by girls. In early 2008, the TCP completed the construction of 132 new primary schools, called BRIGHT schools, for grades 1 to 3. In September 2008, MCC allocated $28.8 million to normalize the 132 BRIGHT schools through completion of appropriate infrastructures for grade 4 to 6, including teachers' lodgings, students' toilets, and a pre-primary school at each site. For the 2008-09 school year, 17,190 students enrolled in the BRIGHT schools; 56% or 9,661 of these students were girls. For the 2009-2010 school year, this number increased to 23,269 students, including 13,413 girls. For the academic year 2010-2011, the number of the enrollments in BRIGHT schools increased to 26,352 students including 15,365

girls. To date, the BRIGHT schools have educated more than 27,000 students including 16,000 girls.

- In July 2008, Burkina Faso signed a compact of $480.9 million with MCC. The compact program will combat poverty by building roads, improving rural land governance, aiding farmers with agricultural development and irrigation projects, and instituting a second phase of the above-mentioned girls' primary education program.

Poverty Reduction Major Issues:

- While indicators for health and education are improving, they remain low and Global Acute Malnutrition (GAM) rates persist at a critical level. Historical GAM rates in Burkina Faso have been far above the emergency threshold of 15%, and as high as 30% in certain regions. Burkina Faso has among the highest GAM rates in West Africa.

BURUNDI

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- In 2006, the government decreed that maternal delivery and health care for infants under the age of five would be free to the public. Although the health sector remains severely underfunded, the presidential decree has been implemented with support from the donor community. While exact statistics do not exist at the national level, public hospitals in the capital and other urban centers report that the number of women and children receiving care has doubled and in some cases tripled in recent years.
- USAID assistance to Burundi has significantly increased in recent years, from $9.7 million in 2007 to more than $52 million in 2012, with most of this aid being invested in the area of health.
- The parliament passed land reform legislation, which is the first step in addressing Burundi's problem of land tenure.
- In 2012, the GOB published a Poverty Reduction Strategy Plan II (PRSP-II) to build upon the foundations of the original PRSP to attain the Burundi 2025 Vision.

Poverty Reduction Major Issues:

- Still recovering from a decade-plus of civil war, about 67% of the total population lives in poverty. In 2012, Burundi was ranked 79 out of 79 countries on the International Food Policy Research Institute's Global Hunger Index with an "extremely alarming" level of hunger.
- Free maternal and child health care has greatly increased the number of patients being treated at public hospitals, causing overcrowded wards, and a shortage of doctors and other medical staff. Many patients also have no means to pay for prescribed medications.
- Deteriorating morale among health-care providers caused by the government's failure to enact promised salary increases led to a series of doctors' and nurses' strikes throughout 2009. Nurses held demonstrations in 2010 to continue protesting current health-care working conditions. While there have been no strikes so far this year, many feel it is a question of when not if more strikes will occur.
- The government has yet to revitalize the delivery of social and health services, which remains the nearly exclusive domain of international aid organizations.
- Over the last five years, the return of more than a million refugees and internally displaced persons from neighboring countries to their places of origin has exacerbated the problem of land tenure. Despite the passage of land reform legislation, land disputes continue to be a source of tension and violence, as these policy reforms have yet to be implemented.

CAMEROON

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The government's 2012 budget preparation guidelines tackle poverty alleviation, emphasizing growth and job creation.
- The guidelines aim to give new momentum to good governance and improve conditions for public and private investments.
- Cameroon has written an employment and growth strategy paper, with objectives to develop into an emerging economy by 2035. Part of the strategy relates to infrastructural improvements, including increased access to water and electricity, as well as improved road networks.

Poverty Reduction Major Issues:

- Cameroon performs poorly on a range of social indicators and ranks 150 out of 187 countries and territories on the 2011 UNITED NATIONS Human Development Index.
- Budgetary allocations and execution, especially in priority investments such as social sectors, continue to lack transparency.

CAPE VERDE

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- 98% of school-aged children are enrolled in school and complete basic compulsory education, with no major difference between the rates for boys and girls.
- Relative to other African countries, Cape Verde has a lower percentage of population living in poverty (26.6%), lower HIV/AIDS infection rate (0.04%), lower mortality birth rate (14/1,000), and longer life expectancy (74 years).
- Cape Verde has one of the highest literacy rates of Africa at 83%, and the number increases for those in the 15-24 age range.

Poverty Reduction Major Issues:

- Limited data on poverty.
- Inadequate housing and sanitary conditions throughout the country, especially around major urban centers.
- High unemployment. The official rate is 12.2%; however, there is much political debate around this number with some claiming the true rate is as high as 18%. Unemployment is higher among youths with rates above 27%.

CENTRAL AFRICAN REPUBLIC

2012 AGOA Status: Currently NOT Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- None reported.

Poverty Reduction Major Issues:

- The Central African Republic has not been deemed AGOA eligible in the past. Post's assessment is that CAR continues to fall short of meeting the requirements for AGOA Country Eligibility in 2013. CAR has a very small private sector and exports are largely limited to natural resources. Rule of law is weak, political opposition movements are limited in their capacity, and the right to due process in the courts is not routinely observed. While there are few formal barriers to U.S. trade or investment, pervasive corruption and intervention by government ministries can create an adverse climate for investors. As one of the poorest countries in the world, the CAR relies heavily on international donors to fund basic needs for much of its population, and policies to reduce poverty have seen very limited progress. Throughout the country, child labor is present and working conditions are frequently well below international standards.

CHAD

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of Chad (GOC) made significant efforts to limit extra budgetary spending in 2011, particularly on defense, and as a result, the overall fiscal balance went from a double-digit deficit in 2010 to a small surplus in 2011.
- The GOC is working with UNDP to draft a Strategic Development Plan (SDP) for 2012-2015 that will replace its earlier Poverty Reduction Strategy Paper (PRSP).
- Chad continued to work with the IMF towards restarting an IMF Staff Monitored Program in Chad as soon as possible, with an eye towards obtaining approximately $1 billion dollars of possible debt relief under the Heavily Indebted Poor Countries (HIPC) initiative.
- The World Bank implemented projects in 2012 to assist with poverty reduction in the sectors of urban development, community development, education, public financial management, transport, telecommunications, and environment.
- The GOC funded through domestic resources new schools, hospitals, wells, electrification, roads and bridges across the country during the 2012 fiscal year.
- The GOC was reported by the International Monetary Fund (IMF) to have responded promptly and effectively with international donors and the United Nations (UN) towards addressing a food shortage in northern Chad in 2012.

Poverty Reduction Major Issues:

- Poverty is endemic. The UN's 2010 (most recent) Human Development Report places Chad 183rd out of 189 countries. Life expectancy is 49, and per capita income for most Chadians is less than $1 a day
- Cholera, malaria, TB, and polio remained problems in 2012, as well as Chad’s 20% infant mortality rate for children under five. Mortality rates, even at modern hospitals in N’Djamena, remained high due partly to insufficient numbers of trained medical staff.
- Literacy stood at only 34%, with girls receiving less education than boys, and schools remained underfunded and understaffed.
- Environmental challenges including desertification, and the effects of climate change on agriculture and herding complicate prospects for developing traditional sources of income.

COMOROS

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Remittances from some 300,000 Comorians living abroad, nearly a third of all Comorians in the world, estimated at $15 million annually or roughly 2.5% of GDP, help maintain the standard of living and provision of basic public services for many Comorians on the island of Ngazidja, but not on the other two islands due to differing ethnic and cultural solidarity traditions. Anjouan and Moheli therefore depend on the proxy governance of UN agencies, non-governmental organizations (NGOs), and bilateral donors for public services. This allows the populations of the three islands to exist largely without reference to the services normally provided by a functioning state.
- Life expectancy for those born between 2000 and 2005 stands at 60.8 years.
- There has been a notable reduction in the infant mortality rate, with a decline from 159 per 1,000 live births in 1970 to 48.4 per 1,000 in 2006 (UN).

Poverty Reduction Major Issues:

- Education is compulsory up to the age of 16, but this requirement is not enforced, and boys are often given priority. The public school system is in deeply entrenched disarray after decades of virtually no public investment. Teachers are often not paid promptly, which discourages them from being present and encourages them to work in private schools run by community-based NGOs funded through remittances. Literacy estimates are very low, at around 57%.
- Poor collection and disposal of trash present a threat to health, marine resources, and planned eco-tourism ventures. Most of the islands' beaches are choked with trash, from diapers, cans, plastic bottles and bags, to abandoned cars and trucks.
- Minimal employment opportunities in the Comoros lead many to attempt the hazardous voyage in small boats to seek work in Mayotte, especially from the island of Anjouan. Many are caught and repatriated, but an unknown number are lost at sea every year.

CONGO, DEMOCRATIC REPUBLIC

2012 AGOA Status: Currently NOT Eligible**.**

<u>Key Factors Related to Eligibility Criteria</u>

Poverty Reduction Major Strengths:

- The Government of the Democratic Republic of the Congo (GDRC) continues to make modest progress in poverty reduction, although much of this effort is financed by international donors. Increased revenues from value-added tax have freed up some funds for targeted infrastructure improvements such as hospitals and schools. However, the conflict in the east with the Rwandan-backed Congolese Revolutionary Army has placed significant budgetary pressure on the GDRC and limited its spending on development initiatives.

Poverty Reduction Major Issues:

- Per capita income remains extremely low. This is a result of decades of government mismanagement, neglect, and poor policies, as well as years of conflict. Population displacement as a result of continuing instability in several regions, dilapidated infrastructure, and limited government capacity continue to hinder economic opportunities for vulnerable populations.
- Low GDRC spending on poverty reduction programs delays implementation of some foreign assistance, particularly where host country contributions are required, such as for African Development Bank projects.

COMMENT: A year ago, post recommended extending eligibility to the DRC. We doubt that Washington will agree to returning the DRC to eligibility this year, and some factors, such as the flawed elections would support such a stance. Nevertheless, there were numerous encouraging signs from the DRC this year, including several entreaties by the GDRC to work with post and USTR to develop an AGOA eligibility action plan. The current GDRC is clearly different and better than the last. Post believes that several concrete criteria exist by which the GDRC could be judged as serious in its commitment to become a responsible emerging African nation: 1) they must engage in serious security sector reform to develop a professional military and police force that would allow them to assert national sovereignty over their territory; 2) the GDRC must proceed with credible and transparent provincial and local elections as a key step toward decentralization and devolution of power away from Kinshasa; and 3) they must continue to take steps to improve the business climate and combat corruption.

However, it is worth noting that the Congolese economy appears not to be suffering much from the lack of AGOA eligibility or major trade with the United States. In the largest nation in Africa, the United States is at best a distant sixth in terms of economic influence behind China, India, Belgium, South Africa, and Lebanon. True, we have three major investments, and our blessing carries weight, but we should not expect the GDRC to be overly anxious to regain AGOA eligibility. There is no shortage of foreign investors and trading partners looking to do business here without insisting on systemic change.

CONGO, REPUBLIC

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- In late 2011, the Republic of Congo (ROC) government produced a new national Strategy for Increasing Employment and Reducing Poverty (DSCERP). This document was circulated to technical and financial partners for review and comment. The DSCERP has become a central part of the engagement strategies for the World Bank and several diplomatic and development missions.
- The government ran a series of job and business creation workshops in 2011 with the goal of promoting private sector growth within the country. These workshops were a lead-up to public-private dialogues begun by the government in conjunction with the World Bank's economic diversification project. Unfortunately, the project has been delayed and has not shown measureable achievements in its first year of operations.

Poverty Reduction Major Issues:

- Unemployment rates are still extremely high at approximately 45% nationwide, with more than 70% rural unemployment. Poverty rates are worse (between 50 and 70%). Social mobility is limited in all spheres. There is no apparent middle class with respect to education, skills, and material living standards. A cohort of several thousand families appears to live at western material standards as a result of corruption or stipends of indeterminate origin.
- Cultural traditions impede the development of the country's agricultural sector in the sense that farming is considered a low-status occupation.
- Government policies on tax and land tenure have effectively stymied job creation by outside private enterprises. Furthermore, the cost of starting a business alone amounts to more than 115% of Gross National Income per capita, according to the World Bank's Ease of Doing Business report.
- The poorest and most rural communities in the ROC have been hit hard by outbreaks of cholera, measles, chikungunya, and polio. Vaccination campaigns are—by the ROC's National Laboratory's admission—not reaching most of the population.

COTE D'IVOIRE

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Following the crisis, the Government of Cote d'Ivoire (GOCI) launched the President's emergency reconstruction plan providing $163 million to support reconstruction and emergency employment programs.
- Spending on education has increased significantly, from CFA 360.6 billion ($721.2 million) in 2004 to CFA 506 billion ($1.1 billion) in 2011.
- Spending on health services has also increased significantly, from CFA 75.2 billion ($150.4 million) in 2004 to CFA 117 billion ($259 million) in 2011.
- The GOCI remains an effective partner with the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) initiative

Poverty Reduction Major Issues:

- During the almost decade-long crisis, the national poverty rate rose from 10% in 1985 to 38% in 2002 to 49% in 2008 (the latest statistics available) (at which time it was defined as approximately $ 1.35 per person per day). In 2011, the country was ranked 170 out of 187 countries in the Human Development Index, which marks no improvement from the prior year.
- As of 2007, primary school enrollment (as the ratio of total enrollment, regardless of age, to the primary-school age group) was 72% (no current statistics available)—far behind sub-Saharan Africa's average of 97%.
- Additionally, significant numbers of children in cocoa-farming regions are denied schooling. Cocoa-growing families often need their children's labor on family farms. Communities of "foreigners" (transplanted Burkinabe, Malian, as well as their kinsmen from the northern part of Cote d'Ivoire) often lack access to government-provided schools in their villages. The U.S. Government (USG), in collaboration with other donors, NGOs, private-sector firms, and the GOCI, is implementing programs to encourage families of school-aged children in cocoa-growing regions to send their children to school and to avoid the worst forms of child labor.
- Post-electoral violence sparked a humanitarian crisis in Cote d'Ivoire. Fighting and looting led many to flee to neighboring countries, principally Liberia. The overall humanitarian situation in western and northern Cote d'Ivoire—particularly in the areas of water, sanitation, shelter, and access to health care—is improving but remains a concern.

DJIBOUTI

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of Djibouti (GODJ) continued to increase its spending on education and health. With respect to education, the GODJ devoted roughly a quarter of its budget to education, compared to an estimated 16% in 1999, particularly for primary education. With respect to public expenditures on health, the GODJ allocated roughly 15% to health care, compared to roughly 7% in 2004.
- In May 2012, the IMF approved the fifth and final review of the Extended Credit Facility. This three-year, approximately $20 million plan, supported Djibouti's poverty reduction strategy.
- The GODJ continued to increase access to primary school and urge attendance. The overall gross enrollment rate increased from 49% in 2003 to 78.2% in 2012. Gender disparities continued to decrease in primary education. In 2010, girls represented 46% of the primary school population. In 2012, 89 girls were enrolled for every 100 boys, compared to 2010, when 86 girls were enrolled for every 100 boys. In 2010, the Training Center of Balbala, which is dedicated to educating illiterate women between the ages of 16 and 24, continues to provide basic skills for out-of-school youth girls in cooking, hotel services, sewing, computers, and hairdressing. This training center also supports French, Arabic, and English language classes.
- In an effort to fight malnutrition and lower food prices for the urban poor, the GODJ actively encouraged private enterprise to invest in greenhouse production of fruits and vegetables. In addition, the government negotiated with neighboring Sudan and Ethiopia to lease plots of land to grow grain for Djiboutian consumption.
- The government continued to implement the Value Added Tax taxation schedule and cancelled the previous 8% tax on rice, powdered milk, edible oil, flour, and sugar to facilitate access to basic food commodities to low-income households.

Poverty Reduction Major Issues:

- Inflation, which stood at 3.9% in 2010, increased to roughly 5% in 2011, driven by the rebound in international food and commodity prices.
- Chronic drought conditions and a near-total dependence on expensive imported food staples routinely lead to high levels of food insecurity and malnutrition.
- High unemployment exists; officially at 45% - 60%.
- Poverty is severe and ongoing: 75% of the population lives in relative poverty, with nearly 42% living in extreme poverty.
- The mortality rate for children under 5 is 72 per 1,000 live births.
- The quality of water supply exceeds World Health Organization (WHO) salinity recommendations, and more than one-third of the population lacks access to potable

water, particularly in rural areas where only half the population has access to an improved drinking water source.

EQUATORIAL GUINEA

2012 AGOA Status: Currently NOT Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- None reported.

Poverty Reduction Major Issues:

- Equatorial Guinea has not been deemed AGOA eligible in the past. Post's assessment is that Equatorial Guinea continues to fall short of meeting the requirements for AGOA Country Eligibility in 2013. Equatorial Guinea has a market-based economy and the United States is its largest trading partner; however, the rule of law is very weak, there is no real political pluralism, and the right to due process is not observed. The country has not taken sufficient steps to reduce barriers to U.S. trade and investment, and corruption is widespread. Poverty reduction efforts have focused on infrastructure development, but the government has not invested enough or wisely in health and education. The legal code does provide sufficient protection for workers, particularly Equatoguinean workers, but there are no labor unions, and human rights violations remain a significant problem.

ERITREA

2012 AGOA Status: Currently NOT Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of the State of Eritrea (GSE) actively promotes programs in health, education and development, and is committed to reducing poverty. Per UN representatives, it is on track to achieve six of eight MDGs (universal primary education, gender equality, reduced child mortality, improved maternal health, reduction in transmission of and improvements in treatment of HIV/AIDS and malaria, and environmental sustainability). Since the MDGs were introduced, Eritrea has reduced maternal mortality by 69%, under-five mortality by 57 %, HIV transmission by 49% and malaria infection by 90%. The GSE produces its own anti-retrovirals.
- The GSE has a stated policy of improving food security. African Economic Outlook 2012, and Food and Agricultural Organization (FAO), note that Eritrea's small population and essentially competent planning in recent years have allowed it to order food in advance to make up for short-falls in grain production when drought threatens, with the result that the regional food crisis has not had the effect in Eritrea that it has elsewhere in the Horn of Africa.
- The GSE cooperates with UN agencies and is discussing resumption of bilateral assistance from the European Union (EU), its member states and other major donors.
- The Eritrean literacy rate is 68 % (78 % for men and 56 % for women).
- Eritrea has a low HIV infection rate (reported at approximately 1.5% by UNAIDS.)

Poverty Reduction Major Issues:

- Limited resources and capacity constrain the GSE's ability to reduce poverty. Eritrea is not on track for MDG 1, on eradicating extreme poverty.
- Institutional capacity to implement development programs is weak and often hindered by GSE unwillingness to cooperate with donor agencies. In spring 2006, after asking most bilateral donors to leave, the GSE abrogated food aid programs in order to implement a cash-for-work program. International donors did not agree to this change in existing agreements, and relations deteriorated to the point where the GSE impounded over 90,000 metric tons of food aid. (An EU auditor's preliminary report indicated the food aid was monetized and distributed according to the GSE's claims.)
- The UN World Food Program downgraded its Asmara office to a presence post in 2008, in view of the GSE's unwillingness to cooperate on food assistance.
- The GSE asked all remaining international NGOs to leave the country in 2011. Eritrea is not on track for MDG 8, on establishing a global partnership for development.

ETHIOPIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Productive Safety Net: As a key intervention to decrease Ethiopia's dependency on food aid, protect household assets, and improve food security of the most vulnerable populations, the Government of Ethiopia (GOE) developed, in harmony with donors, a Productive Safety Net Program (PSNP) that is working to strengthen household and community resilience to moderate shocks and protect household assets in lean times. With the support of international donors, the GOE and participating private voluntary organizations, and partners work to provide predictable, timely, and appropriate transfers of food and cash to 6.8 million people living in 319 of the most chronically food-insecure districts for up to six months a year. This program started in January 2005 and incorporates payments in exchange for labor contributing to public works activities and direct transfers to households with no excess labor. Public works are conducted according to the district development plan and community-based watershed management approach emphasizing soil and water conservation, environmental protection, and reclamation efforts. Examples include the construction or refurbishing of medical clinics, schools, and farmer-to-market roads. These public works projects have the commitment of the local officials and the community for sustainability. While the ultimate goal is to graduate people from food insecurity, emergency relief will continue to be required in years of severe shocks. The current phase of the redesigned PSNP has GOE commitment and donor support through 2014. USAID's support to the current program and the phase that follows will run through 2016 (funds permitting). GOE's revised Food Security Program includes the Household Asset Building Program (HABP) to link the PSNP farmers to markets and micro-credit to diversify income sources and increase the productive asset base of households. Through PSNP and HABP, the GOE has set an ambitious target to graduate 80% of safety net beneficiaries by 2014. Based on progress to date, it is highly unlikely that this goal will be reached in the next two and a half years.
- The GOE policy since the end of the 1998-2000 war with Eritrea has been to reduce the share of the budget devoted to the military and to use the 'peace dividend' for poverty alleviation, food security, and capacity building programs. The share of the government expenditure on social services is now growing at about 30% a year according to World Bank. The GOE has finalized its third Poverty Reduction Strategy Paper (PRSP), known as the Growth and Transformation Plan (GTP), and is in the third year of implementation. The ambitious GTP seeks to lift Ethiopia out of poverty into middle-income country status. The GTP is a five-year (2010-2015) framework for aligning donor support for the achievement of the Millennium Development Goals, food self-sufficiency, and transforming the economy from agriculture-led to manufacturing. The GOE has targeted food security, agriculture-led industrialization, health, education, fiscal decentralization, infrastructure development, and capacity building down to the district level as development and poverty reduction priorities. The GTP targets include: reducing the

poverty headcount from 29 to 22 %, increasing potable water coverage from 69 to 99 %, and increasing primary health services coverage from 89 to 100%. Ethiopia is on track to achieve all of the MDGs except for reducing the high rate of maternal mortality.

- CAADP Compact: With the August 2009 signing of Ethiopia's Comprehensive Africa Agriculture Development Program Compact, the GOE has reconfirmed its strong commitment to poverty reduction through agriculture development. The CAADP is an African Union/New Partnership for Africa's Development (AU/NEPAD) initiative endorsed by heads of state as a vision for restoration of agricultural growth, food security, and rural development. During the CAADP Ethiopia process, the GOE and development partners evaluated existing agriculture development policies and provided recommendations to accelerate Ethiopia's agriculture growth. The GOE accepted all the recommendations, including harmonizing Ethiopia's registration process, and placing more focus on the livestock sector. To support the CAADP Ethiopia Compact, the GOE and development partners are collaborating through the Rural Economic Development and Food Security (RED+FS) Working Group. Under RED+FS, the three focus programs are food security, agriculture growth, and sustainable land management. On December 6-7, 2010, the GOE held its Business Meeting, during which its 10-year Policy and Investment Framework (PIF) was favorably reviewed by international organizations and the donor community. The PIF is currently being implemented through platform programs such as the Agricultural Growth Program (AGP), Household Asset Building Program (HABP), Productive Safety Net Program (PSNP), and the Land Administration and Land Use Development Program.
- Targeted Aid Flows: After some direct budget support from donors was briefly put on hold after the 2005 elections, a new mechanism for aid flows was established. The system changed from one of direct budgetary support to providing funds for local government entities through a new program, the Protection of Basic Services (PBS) grant. Under PBS, aid funds are targeted, tightly monitored, and directed at the regional and district levels. In addition to PBS, donor support is being targeted through sectoral programs such as AGP, PSNP and GEQIP.

Poverty Reduction Major Issues:

- Food Security: Following the below-normal 2011 spring rains in the eastern Horn of Africa, food security among pastoralists and populations in marginal farming areas sharply deteriorated. In addition to below-normal harvests, shortages of grazing resources for livestock resulted in abnormal migrations, whereby pastoralists travel long distances and group animals in areas with limited remaining pasture and water. Livestock health and market prices deteriorated markedly, with milk production declining significantly for the majority of affected households. The GOE recognized that up to 4.5 million people would need emergency assistance through the end of the calendar year. Near-normal to normal crop production for the Meher season in the highlands (except sorghum) is forecast despite delayed onset and below-average performance of the long rains. La Nina conditions have returned to the region, causing the lowland short rains occurring October to December to end early and the short Belg rains and lowland long rains in 2012 to be below normal.

- Reliance on Donor Funding: Achieving the Millennium Development Goal of cutting poverty in half by 2015 will require continued rapid economic growth, substantial improvements in agricultural productivity, sustained foreign aid, greater private sector involvement, and more fulfillment of planned infrastructure investments. Domestic sources of financing are inadequate for current levels of government investment spending, leaving the GOE budget to call for continued significant external assistance. Foreign donors have indicated they will continue to provide substantial aid. Ethiopia is likely to remain heavily dependent on high levels of donor funding for some time to come.

GABON

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Since taking office in October 2009, President Bongo Ondimba has implemented political and economic reforms to transform Gabon into a newly developed country by 2025. This "Emerging Gabon" strategy runs on three pillars: 1) Green Gabon to sustainably develop the country's natural resources; 2) Industrial Gabon to develop local processing of primary materials and the export of high value-added products; and 3) Service-Oriented Gabon to develop the Gabonese workforce to become a regional leader in financial services, ICT, green growth, tertiary education, and health. Infrastructure development is critical and Bechtel, through the ANGT (government infrastructure agency: l'Agence Nationale des Grands Travaux) is instrumental in making the President's vision a reality.
- In 2010 and 2011, the Gabonese government respected its commitment to IMF to try and increase economic reforms. The government undertook a series of audits during that time to prepare for such reforms: an oil sector audit in March 2011, a water and electricity systems audit in February 2011, and a scholarship and training procedures audit in March 2011. Also in March, the government issued the complete dismissal of the Ministry of Housing's civil servants in the fight against systemic corruption.
- In 2012, the government implemented measures to help Gabonese citizens faced with the high and growing cost of living. The Gabonese government announced in September 2012 the suspension of taxes and customs duties on a list of basic goods from September to December 2012. It is estimated this will cost the government $21 million in lost customs and tax duties.

Poverty Reduction Major Issues:

- Gabon has one of sub-Saharan Africa's highest per capita incomes, but income distribution is skewed, and its ranking on human social indicators is well below its GDP ranking.
- Libreville is an extremely expensive place to live. According to ECA International's 2011 ranking, Libreville was the 18th most expensive city in the world. This is due to Gabon's oil sector dominated economy, high percentage of food importation, and large expatriate concentration. Additionally, more than half of Gabon's population is centralized in the capital city.
- Literacy and life expectancy are lower in Gabon than in countries with comparable incomes, although higher than in other (poorer) African countries.

GAMBIA (THE)

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Gambia is currently following its Second Poverty Reduction Strategy for the period 2007 to 2011 in an effort to achieve the MDGs and the goals of the Vision 2020, the country's long-term development strategy. Priority sectors include: health, education, and agriculture.
- The Government has promoted a 'back to the land' campaign to encourage increased agriculture production to fight both poverty and food insecurity.
- Road building and other infrastructure projects have proceeded rapidly in the last few years due to significant international donor support.
- School enrollment has increased to over 75%.
- The GoTG has realized advancements towards achieving MDG three, which relates to gender equality and women's empowerment.
- The country has one of the highest rates of immunization rates for under-fives in Africa.
- The Gambia enjoys a high degree of religious tolerance, with no major conflicts between Muslims and Christians.

Poverty Reduction Major Issues:

- The Gambia's groundnut and agricultural processing sectors are inefficient and remain in need of reform.
- A high population growth rate and rising food, fuel and utility prices have hampered the positive effects of economic expansion.
- A large majority of the Gambian population relies on remittance payments from relatives and friends abroad.

GHANA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Ghana's poverty reduction strategy is set out in the Ghana Shared Growth and Development Agenda (GSGDA), 2010 – 2013, which builds on the Growth and Poverty Reduction Strategy (GRPS) II for the 2006-2009 period. The central objective of GSGDA is to restore macroeconomic stability while maintaining higher growth to accelerate the pace of poverty reduction and progress toward achievement of other MDGs.
- Coordination with and among donors in support of poverty reduction is relatively strong, helping to minimize duplication and inefficiencies.
- Debt relief under Highly Indebted Poor Countries and the Multilateral Debt Relief Initiative made about $1.3 billion available during the GPRS II period (2006-2009) primarily for support of goals under GPRS II.

Poverty Reduction Major Issues:

- Ghana continues to have significant levels of poverty, particularly in certain regions where rural poverty tops 90 %, and income inequality is increasing.
- The northern regions of Ghana have greater rates of underweight and wasting, which are linked closely to food insecurity. Chronic undernutrition in these regions is a function of household poverty levels, disease burden, and inadequate sanitation.
- Malaria is the number one cause of death in Ghana, and is a major contributor to poverty, particularly in rural areas.
- The government's actual commitments do not always back up its rhetoric. For example, education and health spending as a percentage of GDP is flat, and donors pick up about 90 % of the water and sanitation development budget, which includes infrastructure, training and capacity building.

GUINEA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- As part of the HIPC debt-forgiveness process, Guinea made much progress on poverty reduction. The Government of Guinea (GOG) hired 1,500 new school teachers, improved passage rates to 80% in primary schools, and raised both vaccination and prenatal consultation rates to 88%.
- By making inflation a priority under the HIPC program, Guinea has reduced inflation from 23% in July 2011 to slightly less than 15% as of August 2012.

Poverty Reduction Major Issues:

- Guinea's workforce remains largely uneducated, and the government has much work ahead to address a severely degrading educational sector. In 2009, Guinea ranked 173rd out of 177 rated countries in the United Nations Educational, Scientific and Cultural Organization's literacy index, as almost 70% of Guinea's population is considered illiterate.

GUINEA-BISSAU

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Creating the conditions for a more robust private-sector growth remains a policy priority for Guinea Bissau's transitional authorities. Despite enormous challenges, both economic and political, the current administration has endorsed the previous regime's National Poverty Reduction Strategy. According to a recent World Bank assessment, the Transition Government has already made significant progress in public financial management and public sector reform.
- The Government's economic program is defined in the Documento de Estratégia Nacional para a Reduçao da Pobreza (DENARP), equivalent to a poverty reduction strategy paper (PRSP), which was revised in 2011. The first version of the DENARP dates from 2004. The DENARP was revised in 2005 and 2006 to enhance its consistency with the Multi-Year Action Plan and to take into account the necessary security sector reform. The DENARP focuses on the objective of a gradual alleviation of poverty and is based on an analysis of the human development situation in Guinea-Bissau. It focuses on factors considered indispensable for peace building, national reconstruction, reconciliation and the creation of conditions necessary for the prevention of armed conflict.
- After the coup of April 2012, the World Bank suspended the projects it had in place. Efforts are underway to re-engage with ongoing projects and identify new projects.

Poverty Reduction Major Issues:

- The social and human development outlook in Guinea-Bissau is bleak. Of the 1.6 million people, 47.8 % of adults are illiterate.
- Guinea-Bissau will not attain the MDGs by 2015.
- Guinea-Bissau is one of the poorest countries in the world, ranking 176 out of 183 countries on the United Nations Human Development Index 2010. Two out of three Guineans are still below the absolute poverty line. Poverty incidence (at the purchasing-power parity equivalent of less than $2-a-day) is estimated at 70 %, with a higher incidence in rural areas.
- Education for all and equality of the sexes is progressing, but more slowly than the MDG objectives identified though 2015. A great number of women still lose their lives giving birth. The infant mortality rate per 1,000 live births was 98.0 in 2011 according to the World Bank. Drinking water, sanitation and access to decent housing are still a problem and life expectancy is only 48.1 years.

KENYA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- In May 2012, President Kibaki announced a 13% increase in the minimum wage.
- Working closely with its development partners and the private sector, the Government of Kenya (GOK) has made progress in recent years toward creating a market-driven enabling environment for agricultural development. The consolidation of agriculture-related ministries after the March 2013 elections is expected to enhance these efforts.
- The textile sub-sector contracted marginally in 2011, but still employs a majority of workers within Kenya's Export Processing Zones.
- In response to high food prices, the GOK removed the maize import tariff from June to December 2011 and is working with its East African Community counterparts to ease non-tariff barriers to trade in agricultural products.
- Kenya has a dynamic, well-organized private sector, with businesses ranging from cottage industries and "jua kali" artisan shops in the informal sector to domestic and multinational corporations in manufacturing, agribusiness, horticulture, fishing, tourism, shipping and commercial transport, telecommunications, construction, banking, and insurance in the formal sector.
- The GOK continued implementing policies to improve informal settlements and provide more low-cost housing. This includes utilization of new construction techniques and low-cost materials.
- In July 2010, the GOK launched its Agricultural Sector Development Strategy (ASDS) and signed on to CAADP. The economic blueprint for the ASDS is articulated in a Medium Term Investment Plan, which aims to achieve a 7% agricultural growth rate over the next five years.
- The development of mobile money platforms such as MPesa has increased financial inclusion and enabled the growth of countless small businesses.

Poverty Reduction Major Issues:

- Kenya remains highly dependent on rain-fed crops and is therefore vulnerable to unpredictable weather conditions. Due to the effects of prolonged drought, humanitarian agencies estimate that approximately 3.5 million pastoralists, agro-pastoralists, and marginal agricultural households required emergency food aid in 2011. This includes 1.5 million school children who are dependent on school feeding programs.
- Drought-related conflicts, especially in arid and semi-arid pastoralist regions, and increasing food shortages and malnutrition, require extensive additional food aid funded by the international community.
- Relations with major development partners are dependent on the GOK's commitment to economic and governance reforms. Development partners remain concerned over the

GOK’s capacity to combat corruption and absorb donor funds effectively, which has increased the risk of investing in poverty-reduction programs.

- According to the most recent GOK data on adult literacy, 7.8 million Kenyans cannot read or write. Most are women and youth in rural areas.
- Kenya’s HIV prevalence among adults 15-64 years old is estimated to be 6.3 %, with considerable disparities in prevalence among provinces. While 600,000 Kenyans are receiving antiretroviral therapy (ART), up from approximately 10,000 in 2003, many of those in need are not receiving ART treatment.

LESOTHO

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The fight against poverty articulated in the country's Vision 2020 and the National Strategic Development Plan (NSDP) remains at the top of the government's policy agenda. Through the NSDP, the government aims to achieve 5% annual growth and to create 50,000 new jobs by 2017.
- In the 2012/13 budget, the government allocated 16.6% of its expenditure for education. By law, primary education is free and compulsory for children from the age of six years. Secondary education, which starts at 13 years, is not free, but the government has scholarships for orphaned and vulnerable children. The government also has implemented an affordable text book rental plan for secondary schools.
- Health and social protection is allocated 13.7% of the national budget. The government created a new ministry of Social Development, pulling offices from the old Ministry of Health and Social Welfare, to improve focus on the needs of persons with disabilities, orphans, and other disadvantaged members of the community.
- The National Manpower Development Secretariat provides loan bursaries to qualifying university and other tertiary institution students. The government also provides scholarships for orphans and vulnerable children.

Poverty Reduction Major Issues:

- The government has been slow to implement its strategies and policies to reduce poverty. There remains some uncertainty as to whether and to what extent the new administration will continue the policies of the previous government.
- At 0.450, Lesotho's 2011 Human Development Index is below the average of 0.456 for countries in the low human development group and below the average of 0.463 for countries in Sub-Saharan Africa.
- The Bureau of Statistics estimates the official unemployment rate to be 25.3%, which the majority of trade unions and economists in the country believe is underestimated. According to UNDP, youth unemployment (among those aged 15-35) stands at 34%.
- Inequality in Lesotho is high, with a Gini Coefficient of 0.52 (2003).

LIBERIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of Liberia (GOL) completed a substantial part of its first Poverty Reduction Strategy (PRS), which focused on consolidating peace and security, revitalizing the economy, strengthening governance and the rule of law, and restoring infrastructure and basic services. The second five-year PRS (called PRS2) is in development and will address infrastructure investment and strengthening citizen participation and institutions.
- In September 2012 the GOL enacted the Decent Work Act, but left the responsibility of establishing a minimum wage to the Minimum Wage Board. The law is intended to improve the working conditions and the livelihood of the working population.
- The GOL enacted the new Coastal Defense Fund in September 2012, for which it allocated financing in the national budget to fight sea erosion, which threatens several coastal settlements. The FY 2012-13 budget allocates financing to the fund.
- The removal of UN sanctions on exports of timber and diamonds allowed for some resumption of legal exports in 2008. While export revenues remain modest, resumption of activities in these sectors has provided employment and increased GOL revenues.
- Investment in the mining sector is expected to add much-needed employment in several rural areas. ArcelorMittal exported the first post-conflict shipment of iron ore from Liberia in September 2011, and hopes to export one million tons of ore annually.
- Ongoing improvements in basic infrastructure like farm-to-market roads should spur agricultural production and increase rural incomes. The Ministry of Agriculture has been instrumental in trying to rebuild agricultural capacity by providing tools and seeds to rural farmers.
- Donors continue to support projects to revitalize staple and tree crop production, which eventually should insulate Liberia from commodity price fluctuations. A notable 2012 example was a US$25-million cocoa project.
- Liberia's HIV/AIDS rate is under 2%, and the Ministry of Health, the Liberia National AIDS Commission (LNAC), and donor agencies are conducting prevention campaigns throughout the country. Since the presidential decree established the LNAC in 2008, the commission has coordinated and aligned the activities of stakeholders with the national HIV/AIDS strategy.
- A bill seeking to amend the Revenue Code of 2000 was submitted to the Liberian Senate in July 2012, proposing a reduction of taxes on the income of teachers and health workers throughout the country.
- Liberia’s first national energy policy was prepared and validated by a series of public workshops and the process of rebuilding Liberia’s power grid has commenced.
- The fledgling oil palm industry has created roughly 4,000 new permanent jobs over the last 24 months and has the potential to employ more than 60,000 workers if estate plantations develop according to projections.

Poverty Reduction Major Issues:

- Poverty remains pervasive as basic services including roads, electricity, and safe drinking water are not available to most of the population.
- Costs relating to education (books and uniforms) remain prohibitive for many families.
- Unresolved land tenure disputes continue to provoke sporadic, violent clashes and could jeopardize economic growth, in the real estate, timber, mining, oil palm, and other agriculture sectors.
- The global economic downturn has stalled anticipated foreign investment and production, lowered government revenues, and slowed progress on the first PRS.
- Liberian enterprise development is hampered not only by poor access to capital, but also by a lack of business development and consultancy services.
- The GOL will operate with the FY2012-13 budget of $672 million, which represents a 30% increase over last year's budget, but still relies heavily on the donor community to support basic government functions.
- Liberia is unlikely to meet its Millennium Development Goals by 2015. According to the Ministry of Health, maternal mortality remained high at 880 per 100,000 live births in 2011. Liberia's high rate of maternal mortality is partly due to the lack of adequate medical facilities for many Liberians.

MADAGASCAR

2012 AGOA Status: Currently NOT Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The USG remains the largest bilateral donor to Madagascar, providing more than $67.6 million in humanitarian assistance. As in 2011, the HAT and the Central Bank have applied prudent fiscal and monetary policies thus far, avoiding monetizing the debt and producing high inflation.

Poverty Reduction Major Issues:

- The transitional regime has stopped implementing the Madagascar Action Plan, the Ravalomanana administration's development plan, since the political crisis began. Most non-humanitarian budget support from the World Bank, the IMF, and bilateral donors was suspended in early 2009. With the September 2011 signing of the Roadmap, the World Bank, the European Union, and some bilateral donors have begun to slowly implement non-humanitarian assistance again, albeit at much smaller levels compared to pre-2009. The combination of political uncertainty and fiscal austerity has negatively impacted the population as a whole. The country continues to rank poorly on the ease of doing business (137/183 in Doing Business 2012) and economic competitiveness (124/139 for 2010-2011).

MALAWI

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of Malawi (GOM) has sponsored an agricultural input subsidy for the past seven years that has improved food security for the rural and urban poor. The GOM has allocated about 11% of the 2012/2013 national budget to the Ministry of Agriculture, Irrigation, and Water Development.
- The GOM has also begun directing resources towards a "Green-Belt Initiative" promoting irrigation programs to decrease the country's dependence on rain-fed agriculture.
- The GOM allocates significant resources to primary education and health services targeting the rural poor and these resources are protected in the national budget.

Poverty Reduction Major Issues:

- The fertilizer subsidy program has been inadequately targeted, with some legitimate claims of politicization and misuse. Its cost represents the bulk of the budget for the Ministry of Agriculture and is widely considered unsustainable. The role of the private sector in the agricultural input market is stymied by the Farm Input Subsidy Program.

MALI

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Until March 2012, the IMF supported several economic programs in Mali, including Mali's economic program for 2004-2007 under a Poverty Reduction and Growth Facility (PRGF) approved by the Executive Board in June 2004. A new PRGF approved by the World Bank and the IMF for 2007-2011 emphasizes ensuring food security, improving the business climate, and developing infrastructure and transport. Replacing the PGRF in 2009, the IMF has entered into an Extended Credit Facility (ECF) agreement with the Government of Mali for the period 2009-2012. The seventh review of the ECF was completed on September 16, 2011 with the IMF announcing that Mali continues to meet its conditionality targets. The current transitional government is considered by the World Bank and IMF to be making appropriate budgetary decisions, i.e., prioritizing security, health, education, power, and food security.
- The USAID Feed the Future initiative was initiated in Mali in April 2011 and will expire in 2015. Assisting the most vulnerable and reducing poverty are among its core tenets, which will be achieved by increasing household incomes among rural smallholder farmers and agricultural processors. The focus is on sorghum/millet, rice, and livestock, adding value to these sectors and increasing their competitiveness in domestic and regional markets.
- Despite various adverse shocks, real GDP growth has averaged 5% per annum since 1994. It is expected to be -3.1% in 2012. Until the March 2012 military coup, Mali boasted political and social stability, which had attracted a wide range of bilateral and multilateral donor partners. The GOM also implemented macroeconomic stabilization and economic liberalization policies, contributing to the country's stability and growth. With a view toward agriculture as the country's growth engine, the Malian government has worked with donors to improve productivity, create internal markets, and increase agricultural exports.
- Mali has made notable improvements in some areas, such as primary school enrollment rates, which now reach 90% in Bamako and other southern population centers.

Poverty Reduction Major Issues:

- Economic decline began in 2011 (growth rates down to 2.7%) due to Libya, Cote d'Ivoire, and drought, making the pre-coup economic situation already bleak. The 2011 drought itself left 5 million Malians food insecure according to the UN, with the additional impact on the economy. The March military coup, compounded by the military invasion of Northern Mali by rebel, terrorist, and Islamist groups, has led to a huge economic and humanitarian crisis as the government is lacking resources to carry out its regular investment activities. Some $150 million of humanitarian aid has come into Mali in 2011-2012 supporting the most vulnerable; some aid will continue into 2013 to help stabilize the humanitarian crisis. This season's good rains are believed to largely address the food security problem, except for pockets mostly in Mopti and the north where access to inputs was impeded and/or drought was followed by floods. However, the suspension of multilateral and bilateral assistance to Mali by major technical and financial partners deprived the government of 85% of its investment capabilities, further weakening the private sector. The country is in recession with a negative economic growth rate of -3.1%.

- Current social indicators are mixed, and Mali is not likely to meet all the MDGs without more robust and shared growth in the medium term, coupled with better service delivery to the poor and the prompt re-establishment of an elected government that can attract more assistance from Mali's partners.
- A 3.6% population growth rate stands to quickly reverse any gains made in economic growth and in social sectors. The Malian government has been slow to address this problem, as the implementation of family planning programs is sure to face considerable opposition from regional religious leaders. In order to meet its MDGs, however, Mali must reduce the current fertility rate of 6.4 children per woman, which is the second-highest rate in the world.
- Despite considerable progress in recent years, Mali's social indicators remain among the lowest in the world. The suspension of major assistance programs in the health and education sectors would further reduce recent progress. With improved efficiency of public spending and the resumption of donor funding, the country could also meet the targets related to school enrollment rates and reduction of extreme poverty. However, targets for maternal and child mortality rates, as well as those for gender inequality, are unlikely to be met.
- Desertification and social limitations, including a literacy rate of 26.2%, contribute to poverty.
- Mali has a poorly diversified economy, with only three major export products— gold, cotton, and livestock. Agriculture is the mainstay of the economy but yields and prices have been adversely affected by fluctuations in weather and climate, poor storage and handling procedures, and limited dissemination of technology and techniques. Formal and informal export restrictions on key agricultural products (like rice and livestock), as well as formal and informal price controls on key commodities (like butter, sugar, meat, and rice), further diminish the will for farmers to invest in their agricultural enterprises.

MAURITANIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- In June 2010, Mauritania received over $3.2 billion in economic and development assistance pledges from the international community at the international Donors' Conference for Mauritania in Brussels.
- According to a study released in October 2010 by the United Nations Development Program, the rate of Mauritanians living in poverty is estimated at 42%—a 3% decline since 2005. Since the return of full World Bank cooperation in December 2009, Mauritania has revised and approved a 2011-2015 National Poverty Reduction Strategy (Cadre Stratégique de Lutte Contre la Pauvreté).
- On June 18, 2011, the United Nations Development Program in Nouakchott announced that Mauritania and the United Nations System would implement a Development Assistance Framework valued at $215 million for the period 2012-2016. This is a collective, coherent and integrated plan directly relevant to national needs and priorities established by the commitments and objectives in the Millennium Challenge development goals.

Poverty Reduction Major Issues:

- The slow pace of poverty reduction will not allow Mauritania to meet its Millennium Challenge development goals by 2015.
- Successive strategies to combat poverty have not managed to reduce the incidence in rural areas, as confirmed by the 2008 household living conditions survey. It showed an overall decline in the incidence of poverty, from 46.7% in 2004 to 42% in 2008, but an increase in rural areas in this period from 74.8% to 77.7%.
- Already a major challenge, drought in the Sahel exacerbated food insecurity in the first half of 2012 but has improved slightly due to the recent rainy season. According to the World Food Program estimates in August, approximately 32% of the population faces food insecurity. Mauritania imports approximately 70% of its food needs.
- For the first time since 2008, the IMF is currently conducting an unemployment survey set to be completed by the end of 2012. Current unofficial estimates put average unemployment at 35%, with 66% unemployment for women and 60% for youth between the ages of 16 and 24.
- Mauritania lost eligibility for an MCC Threshold Program following the August 2008 coup. The 2011 Millennium Challenge Corporation evaluation found that Mauritania ranked below average in Fiscal Policy and Land Rights and Access.

MAURITIUS

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- According to the World Bank, Mauritius has a low rate of poverty, whether measured in relative or absolute terms. In 2007, the number of poor represented only 8.5% of the total population, equivalent to 106,000 people. The Government of Mauritius (GOM) invests significant resources in an array of social assistance programs to support the poor and help move them out of poverty, leading to relatively good social indicators
- As was the case with its six last budgets, GOM remains committed to social welfare in its 2012 Budget. The Budget provided for the free enrolment of thousands of citizens, in particular part-time and informal workers, household workers, gardeners, drivers, and casual agricultural workers who do not participate in the benefits of the National Pension Fund. For all those earning up to $100 per month, the government is now paying their share of the contribution to the National Pension Fund as well as to the Transitional Unemployment Benefit.
- The GOM is also concerned about youth unemployment. The Budget made special efforts to make the youth more employable by encouraging relevant and practical pre-job training. The GOM announced the introduction of the Sponsored Pre-job Training Initiative aimed at the unemployed youth. The employers' contributions to the Human Resource Development Council are now available not only to train existing employees but also to prepare the youth for employment.
- GOM is also giving a major boost to the construction of more housing units for low-income families by committing $50 million to the Social Housing Development Fund. In addition, the GOM has set up a new program to mobilize additional private financing for housing development by encouraging the setting up of not-for-profit Housing Development Trusts. The trusts will mobilize resources from the Corporate Social Responsibility fund of private companies. The GOM had earlier passed legislation that requires all profitable firms to spend 2% of their profits on Corporate Social Responsibility activities. The GOM also decided to waive the payment of $65 by 2,000 low-income families for the purchase of state land on which their houses stand since they do not have the means to pay.
- Other measures announced in the Budget include an increase in basic retirement pension, free access to daycare centers for low-income families, the establishment of a summer school program targeted at low-achieving schools, an increase in the grant to schools that cater for children with learning disabilities, a pilot project to empower vulnerable women through small farming projects, and the construction of a shelter for the homeless.

Poverty Reduction Major Issues:

- Poverty is low but nevertheless persistent. Every year, the GOM has announced a series of measures and projects in favor of the vulnerable groups. The National Empowerment

Foundation, which is responsible for the implementation of most of these projects, lacks sufficient planning, administrative, and implementation capacity. Also, monitoring and evaluation of activities is weak, which means that the government is unable to assess the effectiveness of programs or take corrective measures.

- The government's Social Protection Review and Strategy (2010) pointed out that Mauritius is not realizing the greatest possible benefits from its significant investments in social assistance. Mauritius continues to spend most of its resources on untargeted subsidies and benefits. Only 28% of Social Aid payments go to the poor, while 36% of untargeted social benefits go to the wealthiest two quintiles.

MOZAMBIQUE

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Republic of Mozambique (GRM) continues to place poverty alleviation at the top of its policy agenda.
- Mozambique's third Plan for the Reduction of Poverty (PARP III), covering 2011–2014 was launched in May 2011. To achieve inclusive economic growth that would reduce poverty, the government's efforts will focus on: 1) increasing output and productivity in the agriculture and fisheries sectors; 2) promoting employment; and 3) fostering human and social development, while maintaining a joint focus on 4) governance, and 5) macroeconomic affairs and fiscal management. One of the MDGs for Mozambique is to reduce its absolute consumption poverty rate from 54% in 2003 to 40% by 2015.
- The government prioritized development of the agricultural sector, which has the greatest potential to reduce poverty and spur broad-based growth. Through its National Investment Plan for Agriculture and Food Security and the Strategic Plan for the Development of the Agricultural Sector, the government is working to facilitate investment and reforms that will reduce poverty and increase food security. It has cooperated with the G-8 through the New Alliance for Food Security and Nutrition initiative to accelerate implementation of its strategic plans to boost agriculture.
- The government has been increasing provision of basic services and access to health, education, potable water, and electricity. For example, government representatives say that the electricity access rate increased from 7% in 2004 to 37% today. In addition, the government has agreed to devote more resources to improving the health of its citizens. In mid-October, the government announced a USD17-million increase to the current health budget. For 2013, the proposed budget foresees a 3% increase in the proportion of public spending devoted to health, from 7.2% in 2012 to 10.3% in 2013.

Poverty Reduction Major Issues:

- The United Nations Development Program's (UNDP) 2011/12 Human Development Index ranked Mozambique 184 of 187 countries. Previously, it was ranked 165 of 169 countries in 2010/2011, 172 of 182 in 2009/2010, 175 of 179 in 2008/2009, and 172 of 177 in 2007/08. The illiteracy rate is among the highest in Africa. In 2008, the literacy rate was estimated at around 47%, representing an improvement of less than one percentage point over a five-year period.
- The country continues to lack basic infrastructure, electric power, and clean water for most of its citizens.
- HIV/AIDS is one of the major threats to development in Mozambique. The prevalence of HIV/AIDS among adults stayed constant with a rate of 11.5% between 2008 and 2012, after showing an increase from 8.6% to 11.5% from 1997 to 2008. HIV transmission

occurs at disproportionately higher rates in urban settings compared to rural, is higher in women than men, and regional sero-positive infection rates vary substantially from 25.1% in southern provinces to 3.7% in northern provinces.

- Education is compulsory through the end of primary school in Grade 7, but enforcement is inconsistent due to lack of resources. Access to lower primary education has improved, although a 2010 joint study by USAID and the Aga Khan Foundation found that the quality of education has declined, leaving students unprepared to participate in the country's social and economic development. There are rural communities excluded from upper primary school (Grades 6-7) due to poor distribution of upper primary schools and secondary schools thus limiting any opportunities of education beyond Grade 5. The USAID/Aga Khan study found that 59% of third grade students in the 49 schools studied could not recognize letters, and those students who could read only read an average of 5 words per minute.

NAMIBIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of the Republic of Namibia (GRN) recognizes the importance of economic growth to poverty reduction and actively encourages inward foreign investment. Government officials have praised AGOA for creating opportunities for value-added manufacturing.
- In July 2008, the government and MCC signed a $304.5-million poverty reduction grant. The Namibian National Assembly ratified the compact in November 2008, and it entered into force in September 2009. The MCA compact aims to support the education and training sector, increase productivity of farm enterprises in communal rural areas, and promote growth in Namibia's tourism industry.
- The GRN continues to encourage black economic empowerment (BEE) partnerships, many of which are in joint ventures with foreign investors, to increase economic participation of historically disadvantaged Namibians. The government has been criticized, however, for its failure to implement a formal BEE policy. Under the auspices of the Prime Minister, the government is currently working on a new BEE policy framework known as the New Equitable Economic Empowerment Framework (NEEEF).
- In the 2011/2012 budget, the Namibian government approved a Targeted Intervention Program for Employment and Economic Growth (TIPEEG) aimed at addressing economic growth and high unemployment through support to four strategic growth sectors: agriculture, transport, tourism, and housing/sanitation.
- In the 2011/2012 budgetary year, 9.2% of total expenditures were for the health and social services sector and 22% were for education.
- The GRN provides social grants, including old-age and disability pensions, to veterans and war orphans, as well as grants to orphans and vulnerable children. Social grants represent just over 5% of government spending.
- Growth and poverty reduction are central to the government's goals and have been included in all development policy documentation, including the government's long-term development plan, Vision 2030.
- The government recognizes the needs of the micro-enterprise sector and is addressing them through policy and legislation to enable more coordinated service delivery and access to credit needed by the large section of the population attempting to enter the formal sector.
- In February 2010, the Bank of Namibia granted a banking license to FIDES Bank Namibia, the first micro-finance bank in the history of Namibia. FIDES Bank seeks to become Namibia’s largest bank in terms of clients, and is on target to get 20,000 loan clients within five years.
- In 2007, the government negotiated a deal with De Beers which will ensure the supply of Namibian rough diamonds to local diamond-cutting and polishing factories. This has

resulted in a major boost for the diamond-cutting and polishing sector, and several diamond cutting and polishing factories have opened as a result. Outside the diamond sector, efforts by the government to seek ways to promote value addition and reduce the export of raw materials have been less successful.

- The government continues to support the state-owned national energy utility's (Nampower) infrastructural development for power generation to ensure the security of electricity supply.
- The government has allocated substantial resources for the upgrade of airport, roads, and railway facilities over the medium term.

Poverty Reduction Major Issues:

- A 2008 Namibia Labor Force Survey determined that chronic unemployment exceeds 51% (broad measure). However, the Namibia Statistics Agency's latest National Household Income and Expenditure Survey, which is based on 2009/10 data and was just released, lists unemployment at 34%. A labor survey is pending. The rate of female unemployment is higher than that of men. Unemployment is much higher in rural than urban areas, and disproportionately affects young adults (15-34 year olds).
- After becoming AGOA eligible in 2000, Namibia attracted $300 million in investment and created nearly 10,000 new jobs in the textile and apparel industry. In May 2008, the Malaysian company Ramatex permanently closed its operations, claiming operational losses. No new exports that make use of AGOA have emerged; however, the GRN remains keenly interested in exporting beef to the United States if it can secure Department of Agriculture approval.
- Some of the factors that contributed to the closure of two apparel companies include low worker productivity, ongoing labor disputes, transportation delays, strikes, poor public relations, and environmental issues.
- Though progress has been made, HIV/AIDS still threatens economic growth and social cohesion. The government recognizes the severity of the problem, and continues to operate serious counter programs, many in close coordination with USG agencies. Namibia was one of the 15 focus countries to benefit from the first phase of PEPFAR and remains a significant recipient of U.S. dollars to combat HIV.
- Although the government still lacks an official BEE policy, BEE schemes in general have come under fire for benefiting a select few elites rather than serving as a tool for empowerment. Those that have benefitted from BEE deals are frequently individuals with close connections to senior government officials.
- Lack of transparency in government procurements and licensing procedures is considered a source of corruption. The government procurement system has been under review for 10 years, although the Ministry of Finance expects a bill to be tabled by the end of 2012.
- The GRN states it wishes to expand the availability of social grants, to capture as many citizens who qualify as possible. The growth in recipients, however, would likely outpace the growth in funding by 2012.

NIGER

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The 2012 budget was expanded for the second time this year in order to cover measures aimed at tackling the effects of the ongoing food crisis and boosting security along the border with Mali.
- President Issoufou ran on a policy of food security—Nigeriens Nourish Nigeriens, or 3N— and has set high poverty-reduction goals such as calling for 50,000 new jobs and mandatory education through age 16.
- The Government of Niger (GON) has made qualifying for an MCC Compact one of its top foreign policy priorities—because that would help it reduce poverty as quickly as possible.
- GON is taking a proactive and inclusive approach to developing a follow-on strategy for the Poverty Reduction Strategy that expires in 2012.
- The "Cell for the Fight against Poverty" (cellule de lutte contre la pauvreté) has been established in the Prime Minister's office.
- The new GON reinstated the Ministry of Planning to facilitate donor coordination, and there has been strong outreach to donors for support for poverty reduction goals.
- Despite severe budgetary constraints, political upheaval, and popular resentment, the GON has sustained IMF structural adjustment programs and poverty reduction efforts. A new three-year arrangement with the IMF was approved in March 2012 under the Extended Credit Facility.
- Literacy rates, vaccination rates, and life expectancy have been improving, from a very low level.

Poverty Reduction Major Issues:

- Niger ranks 186th of 186 countries on the 2011 UN Human Development Index.
- About 60% of Nigeriens live in absolute poverty and many, especially children, are malnourished.
- Large rural, nomadic, poorly educated population makes provision of basic services difficult.
- One of the highest population growth rates in the world—over 3.3%—makes progress on development extremely difficult. It threatens to cancel out investments in education, health, and nutrition, and increases vulnerability to food shortage crises during inevitable droughts.
- Niger has one of the highest fertility rates in the world (7.1 children per woman of reproductive age).
- Most Nigeriens have not benefited from major natural resource deposits, including status as the world's fifth-largest uranium producer.

- Lack of technical capacity in social service ministries, especially health and education. (Teachers and medical professionals are government employees.)
- According to the World Bank, the adult literacy is 29%, and only 15% of adult women can read. The low literacy and educational levels (particularly for girls), are linked to the early marriage of girls and the high birth rate.
- Inadequate potable water (GON has identified need for 14,000 additional wells) and electricity.
- Climate is harsh (hot), and Niger's economy is closely linked to rainfall levels. Agricultural production is hindered by low and erratic rainfall and low soil productivity.
- Many of the people are used to handouts and have not realized/actualized the power they have when motivated to work for self-improvement.
- Fatalist mentality—God will provide.
- Soil and environmental degradation pose particular challenges to sustainable development, especially given population pressure.
- AQIM kidnapping of foreigners has stalled economic development, investment, and national reconciliation in northern Niger.

NIGERIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- With over 80% of Nigeria's 165 million population engaged in agriculture, the Government of Nigeria (GoN) Ministry of Agriculture, through the National Poverty Alleviation Program (NAPEP), has launched a microcredit financing system to supply local businesses with a variety of inputs from motorbikes to transport goods. Another focus is to encourage youth participation in the agricultural sector through the Youth Empowerment through Agriculture Program, which has been launched in Lagos and Ekiti states. The Growth Enhancement Support program is designed to improve the availability of primary agricultural inputs by shifting GoN procurement and distribution of seeds and fertilizers to the private sector.

Poverty Reduction Major Issues:

- According to Nigeria's National Bureau of Statistics (NBS), the "absolute poverty" rate rose to 61.2% in 2011, up from 60.9% in 2010 and 54.7% in 2004. Poverty levels are concentrated in Nigeria's north-west (77.7% with a high of 86.4% in Sokoto state) and north-east (76.3%). Massive 2012 rainy season flooding has affected 16 of Nigeria's 36 states, with approximately 1.3 million people displaced. The Nigerian Medical Association fears a water-borne epidemic due to poor waste disposal and contamination of water sources in affected communities. The floods have affected harvests and increased transportation costs, and this is reflected in a 1.1% increase in domestic food prices between August and September 2012.

RWANDA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of Rwanda (GOR) enacted a Poverty Reduction Strategy Program in 2000. A final version of its current Economic Development and Poverty Reduction Strategy was completed in 2008. Significant progress has been achieved in reaching the milestones laid out in the strategy. Rwanda is on track to meet its Millennium Development Challenge goals. Between 2006 and 2012, poverty levels were reduced nationwide by 11.8%.
- According to the World Bank, real GDP per capita nearly doubled between 2000 and 2010.
- The government has established the Fund for Assistance to Genocide Survivors to help with education and health care costs.
- According to the 2010-2011 Rwanda Demographic and Health Survey, infant and child mortality fell 50% between 2005 and 2010. Likewise, Rwanda achieved its Millennium Development target for reducing undernourishment in children four years ahead of schedule.
- More than 90% of Rwandans are covered by universal health care. The GOR has increased the right to basic education from six years to nine years.

Poverty Reduction Major Issues:

- Obstacles in the fight against poverty include inadequate energy production and distribution, limited access to capital, and a workforce with limited administrative and managerial capacity.
- Approximately 80% of the population is involved in subsistence farming.
- Approximately 20% of the population does not have access to potable drinking water.
- Approximately 15% of Rwandans had access to electricity, as of April 2012.
- Agriculture in Rwanda, largely subsistence farming, remains vulnerable to weather, market fluctuations, and a rapidly expanding population. The average plot size is approximately a half hectare (1.13 acres).
- Poverty remains a major problem in Rwanda. UNDP reported that as of 2011, approximately 70% of the population was living on less than $1.25 per day.

SAO TOME & PRINCIPE

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Sao Tome and Principe (STP) is a member of the HIPC program, managed by the International Finance Corporation (IFC) and the World Bank. The program reports improvement in STP's health and education sectors since becoming a member.
- The IMF was satisfied with STP's progress under the three-year Poverty Reduction and Growth Facility Arrangement. The IMF signed another facility arrangement for $4 million to cover the period from February 2009 to December 2011. Most of the program's financial targets for the period were met. STP missed two fiscal targets related to the accumulation of arrears by various government entities.
- Notable progress has been made in strengthening public financial management and the regulation and supervision of banks, although some specific measures are taking longer than expected to be completed.
- The life expectancy in STP has increased marginally each year for the past five years.

Poverty Reduction Major Issues:

- Limited coordination and in-country presence by international donors and scarcity of government financial resources hinder poverty reduction efforts.

SENEGAL

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Since 2003, reforms have been put in place to ensure a more effective design and implementation of policies aimed at reducing poverty. Today, the government growth strategy is driven by the Poverty Reduction Strategy Paper (PRSP), the new 2011–2015 Economic and Social Policy Paper (DPES), and IMF Policy.

Poverty Reduction Major Issues:

- Approximately 34% of Senegal's population is living on less than $1.25 a day. The unemployment rate is officially at 25% although more realistically above 50%. As a result of an inequitable distribution of wealth, there are relatively higher poverty levels in rural areas. Senegal also has a literacy rate of about 39%.
- Even though the Government has declared poverty reduction to be a political goal, no breakthrough has been achieved in reducing poverty by any measure.
- Senegal's 2011 rank in the latest UNDP Human Development Index is not encouraging. The report gave Senegal a mark of 0.459, ranking it in 155th place out of 187. Senegal ranked 144th out of 169 countries in 2010.
- Despite some progress towards gender equality, the country still faces challenges to reach the Millennium Development Goals, particularly for education, employment, and reproductive health. However, Senegal is likely to reach, by 2015, the goals in the fight against HIV, malaria and other diseases.
- According to UNICEF, over 730,000 people are currently affected by food insecurity as Senegal, and other countries across the Sahel, suffered from prolonged drought in 2011. The drought resulted in failed crops and therefore decreased agricultural production. UNICEF states that more than 1 million children are at risk of severe acute malnutrition and a further 3 million are at risk of Moderate Acute Malnutrition.

SEYCHELLES

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The government's development model since independence, based on extensive investment in infrastructure and human capital, as well as generous welfare benefits and subsidies, succeeded in improving the standard of living. Seychelles' social indicators are now higher than others in the region and with similar economies.
- The government continues to give high priority to education, health, housing, and community development. In the 2012 budget, the government reiterated its commitment to further develop these sectors.
- The 2012 budget provides for an approximate 6% increase in all social security benefits, including retirement pensions, disability benefits, maternity benefits, and widows and orphans benefits.
- The government also removed the 12% Goods and Services Tax on several products, including cooking gas, infant food, disposable diapers, and books and magazines.

Poverty Reduction Major Issues:

- The continuing increase in food and fuel prices is likely to have an adverse impact on the domestic cost of living.

SIERRA LEONE

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Considerable progress was made in key areas in the course of implementing the Government of Sierra Leone (GoSL) Poverty Reduction Strategy and subsequent national development plan, The Agenda for Change. These included consolidating peace and security after 11 years of civil conflict, relatively high economic growth rates, low inflation, and macroeconomic stability.
- Through the Agenda for Change, the GoSL has set a course to address poverty and coordinate government, private sector, and civil society efforts relative to poverty reduction. The GoSL priorities regarding overcoming poverty include developing a National Transportation Network to enable the movement of goods and people, providing a reliable power supply to the country through improving the management and regulation of the energy sector, strengthening revenue collection capacity, improving social services, and raising productivity in agriculture and fisheries sectors.

Poverty Reduction Major Issues:

- Considerable challenges remain regarding poverty alleviation. The average life span in Sierra Leone is 48 years. Child and maternal mortality rates remain among the highest in the world. According to the World Health Organization, one in eight women die in childbirth in Sierra Leone. The Ministry of Health and Sanitation states that chronic iron deficiencies put 40 to 60 % of Sierra Leone's children between the ages of 6 months and 2 years at risk of disrupted brain development.
- As many poverty alleviation programs are donor driven, poverty reduction will depend upon prolonged international assistance and private investment to drive business growth. Sierra Leone does not engender the same level of attention from the international community that it did after the civil war. Rather, many donor community projects are reducing their resources.
- Poverty in Sierra Leone is inextricably linked to agriculture, biodiversity, climate change, and food insecurity. The agriculture sector still struggles to move beyond subsistence farming and is challenged by constraints such as the process of land tenure. These challenges to biodiversity and subsistence farming form a considerable food security and poverty risk.

SOMALIA

2012 AGOA Status: Currently NOT Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

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Poverty Reduction Major Strengths and Issues

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SOUTH AFRICA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- South Africa's government prioritizes the reduction of poverty and unemployment in its New Growth Path, National Development Plan, and other national strategies.
- South Africa's Social Assistance Program provides social grants to nearly 15 million South Africans. In 2010-2011, South Africa spent approximately $11.4 billion on social grants. In his 2011 state of the nation speech, President Zuma targeted short-term social grants at generating economic activity and community development to help beneficiaries become self-supporting.
- The South African government prioritizes creation of affordable housing located closer to work places and social amenities, including sports and recreational facilities, in an effort to compensate for apartheid-era residency restrictions. Between 1994 and 2011, the government built 3 million homes for South Africans, giving shelter to more than 13 million people. Spending on housing service delivery increased from ZAR 4.8 billion ($600 million) in 2004-2005 to ZAR 12.4 billion ($1.5 billion) in the 2010-2011 fiscal year. A housing grant of ZAR 14.9 billion ($1.5 billion) was allocated for the 2011-2012 financial year, translating into the construction of 116,056 new housing units nationally.
- The estimated number of households without access to electricity fell from 23% of households in 2002 to 16% by 2012. The construction and improvement of energy infrastructure forms an important element of the Government's focus on infrastructure development, particularly in rural areas. As such, better long-term planning of power generation, distribution, and maintenance is critical for the achievement of the 2014 goal of universal access to electricity.
- Years of fiscal discipline have reduced the interest payments on the national debt and lowered marginal tax rates, which enabled increased government expenditures on social programs and capital expenditures. Government expenditure on social programs doubled from 2002 to 2009. Despite current economic challenges, government expenditure on social programs is projected to rise from ZAR 111.2 billion ($12 billion) in FY2012/12 to ZAR 129 billion ($414 billion) in 2015.
- In an effort to stimulate faster growth, generate employment, and improve the country's competitiveness, South Africa's 2011-2012 budget called for a total of ZAR 809 billion ($1.1 billion) in government expenditure on infrastructure spending during FY2011-FY2013.

Poverty Reduction Major Issues:

- The shortage of skilled professionals—doctors, nurses, math and science teachers, social workers, engineers, artisans and project managers—is an area of particular concern. Skill shortages feed into the employment program. The high number of unemployed youth, 4.4 million in mid-2012, is especially worrying.

- The quality of South African schools remains uneven and education, while compulsory, is not free. The government has moved to subsidize fully schools in the poorest areas, and all schools are officially required to inform parents how to apply for fee exemptions. Attendance is high, though quality is poor.
- In 2010, 92.9% of South African households had access to a safe water supply, exceeding the Millennium Development Goal, while 40% of South African households have water access inside their dwelling units. Challenges such as constraints on water supply, water quality, toxic pollution, and poorly managed infrastructure will be a serious challenge in the future. Lack of water may emerge as a serious constraint for business in South Africa in coming years.
- Many government departments and agencies suffer severe capacity constraints, at times impeding or complicating program implementation or delivery administration of services (administrative and physical infrastructure services).

SOUTH SUDAN

2012 AGOA Status: Currently NOT Eligible.

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Republic of South Sudan (RSS) published the 2011-2013 South Sudan Development Plan that provides a framework for government and donor coordination, particularly in terms of institution building, delivery of basic services, and promoting private sector growth.
- The RSS is establishing a Future Generation Fund, which will collect 25% of oil revenues and invest in the social and economic infrastructure of South Sudan.
- To increase food security, the RSS Ministry of Agriculture is developing a "Comprehensive Agriculture Development Master Plan" in line with CAADP principles, under a Japanese-led initiative and with USAID support.

Poverty Reduction Major Issues:

- Donor countries fund the vast majority of humanitarian assistance, food security, and economic development in South Sudan.
- Largely due to the shutdown of oil production in 2012, the RSS has been unable to allocate significant funds for social and economic development. The austerity budget has largely restricted government expenditures to salaries, resulting in funding cuts for basic needs like school construction and pharmaceutical purchases.
- South Sudan continues to receive returnees from Sudan as well as refugees fleeing the fighting and food shortages in Sudan. Since October 2010, South Sudan has received 667,000 returnees and more than 200,000 refugees. An influx of refugees is expected to arrive from Sudan after the rainy season ends in late October or November, exacerbating the humanitarian situation and increasing stress on host communities.

SUDAN

2012 AGOA Status: Currently NOT Eligible.

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

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Poverty Reduction Major Issues:

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SWAZILAND

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Swazi government is actively engaged in working with development partners on strategies and tactics for combating the country's widespread poverty. Recognizing that increased efficiency and effectiveness in managing international development assistance could significantly increase development goals, the Ministry for Economic Planning and Development's Aid Coordination and Management Section began a project in 2012 aimed at improving donor coordination. Through a series of stakeholder meetings and feedback sessions, the ministry will design a donor database to help the Swazi government better manage foreign assistance, increasing transparency, reducing overlap, and identifying funding gaps.
- In 2012, the government undertook the development of the Updated Fiscal Adjustment Roadmap (UFAR). While the UFAR is principally aimed at recovering the government's currently unsustainable fiscal position, the improvements it will make will ultimately serve development goals. For instance, reducing Swaziland's dependence on revenue from the volatile Southern African Custom's Union will significantly improve its ability to spend on social programs in a strategic and sustainable way. According to the UFAR, "Development expenditures are projected to recover from about 3.4% of GDP to about 8.7% by the end of [fiscal year 2015/16]. The gradual and sustainable fiscal adjustment, together with the elimination of arrears and significantly increased government investment, should bring about renewed confidence and accelerated growth."
- The Swazi government worked with the UNDP to get a better understanding of the effects of the country's fiscal crisis on average households. With better data, the government and development partners are able to develop more effective mitigation strategies. UNDP's report on the "Rapid Assessment of the Impact of the Fiscal Crisis in Swaziland" concluded that the fiscal shocks disproportionately affected vulnerable groups such as households with members living with HIV and female-headed households in rural areas. Based on the findings, the report also made concrete policy recommendations that dovetail with other government policy documents: 1) Improve the public financial management, including the financial aspects of the service delivery systems; 2) Support entrepreneurship and decent employment, especially among women and youth, through access to credit and training for jobs in high value-added sectors; and 3) Strengthen existing and develop new social protection schemes, increase and improve equity of social service delivery to vulnerable groups.
- In April 2008, the government launched the Poverty Reduction Strategy and Action Plan. The Ministry of Economic Planning and Development established a Poverty Reduction Unit to oversee implementation of the plan and the document continues to provide the foundation of the Swazi government's work on economic development.
- During the reporting period, the government began to implement its Economic Recovery Strategy (ERS), developed in 2011. According to the ERS, the government aims to

achieve 5% growth and to create 30,000 new jobs in the next three years. The ERS outlines plans to revitalize the SME Sector with a focus on diversifying agriculture products and developing the tourism industry. The ERS is a comprehensive and concrete strategy for achieving growth and creating jobs in the kingdom.

- The Swazi government continued to pay school fees for orphaned and vulnerable children. It also continued with the roll out of Free Primary Education, now available to all children through grade four. The government also continued to pay scholarships for thousands of Swazi students to access tertiary education.

Poverty Reduction Major Issues:

- According to the Swazi government, around 63% of Swazis live below the poverty line. The number exceeds 73% in the country's rural areas where more than 70% of Swazis live. The HIV/AIDS crisis undermines the government's efforts to fight poverty.
- According to Swaziland's Ministry of Economic Planning and Development, the kingdom's total unemployment rate stands at 40%. Youth unemployment (among those in the 15-24 age group) stands at 53%. At 59%, Swaziland's labor force participation rate is low, even in comparison with the rest of sub-Saharan Africa.
- Food price inflation reached low double digits in 2012, and the introduction of a 14% value-added tax significantly reduced the purchasing power of most Swazis.
- Poor policy and weak governance exacerbated Swaziland's ongoing fiscal crisis and is undermining the country's development prospects. According to the World Bank, "In 2011, a severe fiscal crisis characterized economic and social development in Swaziland. The lagged impact of the crisis cut 2012 growth prospects to 0.6%, which—if realized—will make Swaziland one of the least growing African economies."

TANZANIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The country is making progress towards achieving its MDG targets (consistent with targets articulated in Tanzania's own poverty reduction strategy), especially in reducing child mortality and increasing access to primary education. Access to education has increased at all levels, with a tremendous augmentation happening at secondary-school level. Some 2,171 new public secondary schools were built in the last five years through community participation and government cooperation.
- With donor support, Tanzania continues to work to improve the quality and availability of public services, including health, education, and infrastructure. More than half of USG's Millennium Challenge Compact funds will be spent to build and upgrade critical roads that will help rural farmers' access to markets, clinics, and schools.

Poverty Reduction Major Issues:

- Recent economic growth has yet to make significant inroads in reducing rural poverty and GNI per capita in 2011 (Atlas method, current $) was $540. Infant and child mortality rates are still among the highest in the world, literacy rates are still low, and more than one-third of all children under 6 years of age are malnourished. Tanzania's annual population growth rate of about 2.9% will put pressure on existing social service delivery and employment.

TOGO

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Following the free and fair October 2007 legislative elections, the international donor community reestablished relations with Togo. This led to a rapid increase in Togo's aid flows from $79 million in 2006 to over $400 million by 2010.
- In December 2010, Togo reached its HIPC completion point, resulting in forgiveness of 85% of its external debt, making Togo more creditworthy.
- Public primary education is free in Togo. In secondary education, girls pay less than boys to encourage girls' attendance.
- The Government of Togo (GOT) subsidizes prenatal care and cesarean section to reduce maternal mortality rates.
- The GOT works closely with the World Health Organization in developing its health care policy and making sure it has realistic, attainable goals that increase care.
- USAID is growing its regional programs against HIV/AIDS and is helping Togo develop a realistic program to supply family planning training and supplies.

Poverty Reduction Major Issues:

- Despite having said improving the social sector is a priority, the Government has committed negligible resources to the sector. Key social indicators continue to remain among the lowest in the world, with the GOT unable to provide its own resources to sustain education, health and nutrition, sanitation, and other basic services. It relies entirely on international donors to combat health problems such as HIV/AIDS, malaria, and tuberculosis.
- Although operating under clear constraints set by international financial institutions, the GOT continues to spend on items not included in the budget, such as fuel subsidies, and therefore runs a deficit.
- Quality of public primary and secondary education is poor. Classes are crowded or in some cases there are no teachers. Communities are forced to hire "volunteer" teachers, because the government cannot pay enough teachers. The education system through university is based on rote memorization.
- Agriculture is rudimentary. Most farmers use only basic hand tools and small plots for producing low nutritional value foods such as manioc.

UGANDA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- Uganda's proposed 2012/13 budget makes energy, roads, and other infrastructure a priority in order to boost overall economic development. But social services such as health and education remain grossly underfunded, as spending on security remains high. Uganda's dependence on foreign aid has declined, with 25% of the budget coming as direct support from foreign donors, down from just under 50% 5 years ago. (Note: These figures do not include U.S. assistance and other donor support that is provided off-budget. The United States provides only off-budget support.)
- Recent statistics show that the poverty rate has declined from 38% in 2004 to 24.5% in 2010, the most recent figure available.
- The 2010-2015 National Development Plan (NDP) replaced the Poverty Eradication Action Plan that had been launched in 1997. The NDP aims to create employment, raise per capita income, improve human development and gender equality, improve Uganda's competitiveness, and reduce poverty.
- Another program, the Peace, Recovery, and Development Plan (PRDP), focuses on development and poverty alleviation in northern Uganda. The Government of Uganda (GOU) and other donors allocated $52 million in the 2009/10 budget for the PRDP. Uganda began disbursing PRDP funds to local governments in September 2009. Uganda provides 30% of the budget for this program while donors provide 70%.
- Economic conditions and trade in northern Uganda improved significantly in recent years as a result of increased security. There have been no attacks in northern Uganda since August 2006. The majority of the 1.8 million internally displaced persons in northern Uganda have returned to or near their homes.
- Trade between northern Uganda and South Sudan increased due to improved security in southern Sudan and northern Uganda.
- Uganda is a focus country for President Obama's Feed the Future Initiative.
- On the health side, Uganda developed a model program to combat HIV/AIDS, and prevalence rates decreased from close to 20% in the 1990s to 6.4% in 2006. However, this trend has recently shown a troubling reversal, with HIV/AIDS prevalence rising to 7.3% in 2012. The United States is Uganda's key partner, contributing $298 million in fiscal year 2011 to HIV/AIDS initiatives through the President's Emergency Plan for AIDS Relief (PEPFAR). Since 2005, PEPFAR has invested $2 billion in a balanced program of prevention, care, treatment, and capacity building initiatives with more than 70 implementing partners. PEPFAR currently funds two-thirds of Uganda's response to the disease, including funding for antiretroviral drugs (ARVs).

Poverty Reduction Major Issues:

- Population growth of 3.5% annually creates an urgent need for sustained and broad-based economic growth. The GOU will be particularly challenged to create jobs, as Uganda's working age population will double in 15 years.
- While Uganda had strong initial success in combating HIV/AIDS, there is growing concern that the incidence of new cases is on the rise due to population growth and complacency on the part of the government and the general population. Currently, only half of those that need ARVs are able to access them, and this number is likely to grow in the coming years.
- Corruption and mismanagement of government resources discourages investment and decreases the effectiveness of anti-poverty programming.
- Uganda's weak infrastructure, health, and education systems have a larger-than-average impact upon the poor.

ZAMBIA

2012 AGOA Status: Eligible

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The Government of the Republic of Zambia (GRZ) continues to implement its Poverty Reduction Strategy, seeking to diversify the economy with a strong focus on agriculture-led economic growth.
- The GRZ released its 2013 budget with a strong focus on poverty reduction, including the first-ever budgetary targets for large-scale job creation, reductions in income taxes, elimination of taxes on savings, and increases in national education and health care budgets.

Poverty Reduction Major Issues:

- Despite implementation of the Poverty Reduction Strategy Paper and strong economic growth averaging more than 6% over the past decade, national poverty levels remain high, particularly in rural areas.
- Despite substantial donor support to the health sector, including more than $300 million in USG funding in FY 2011, Zambia's HIV/AIDS rate is among the highest in sub-Saharan Africa. Malaria also poses a significant challenge, although with donor assistance, particularly U.S. assistance through the President's Malaria Initiative (PMI), Zambia has seen a steady decline in malaria infections.
- GRZ's education spending is below regional norms, and the quality of education is poor.
- GRZ public expenditures to combat poverty differ from those outlined in the Poverty Reduction Strategy Paper and broadly agreed upon by donors, government, and the private sector. For example, in place of more sustainable investments in agriculture, substantial resources are spent on market-distorting subsidies, such as those for fertilizer and seed and costly government maize purchase programs.

ZIMBABWE

2012 AGOA Status: Currently NOT Eligible.

Key Factors Related to Eligibility Criteria

Poverty Reduction Major Strengths:

- The growth in contract farming within the tobacco and cotton sectors in recent years has seen increased cash flows into rural areas thereby reducing incidences of poverty. This trend is likely to continue as the marketing of other cash crops is liberalized and supported.
- The re-establishment of agricultural markets and expansion of small-scale agricultural production has returned a sense of resiliency among a significant portion of the rural poor.

Poverty Reduction Major Issues:

- President Mugabe's "fast-track land reform," which allowed the violent seizure and uncompensated confiscation of thousands of commercial farms, displaced hundreds of thousands of farm workers. Many rural families lost their livelihoods, access to land, and access to education and health care.
- Surveys indicate that about 1.6 million Zimbabweans are likely to lack food security in 2012.
- The Government of Zimbabwe's (GOZ) Grain Marketing Board, which used to supply seed and fertilizer to smallholders, is inefficient. The private sector is gradually taking on supply and distribution functions through rejuvenated market mechanisms, but the GOZ still clings to vestiges of GMB-operated subsidy programs that distort the market.