



BACKGROUND PAPER

AFRICA 2010: THE KEY CHALLENGES

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Edited by Andy Sumner and Judith Randel, with contributions from Institute of Development Studies, African Monitor, Africa Progress Panel, Africa Partnership Forum, Development Initiatives and ONE.



**This paper is a background paper for the conference,
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AFRICA 2010: PROGRESS AND KEY CHALLENGES

Collated Background Briefing Papers

Wilton Park Conference, 3-6 February 2010

Synopsis

What has been achieved and what are the outstanding challenges facing Africa half way between the Africa Commission Report tabled at the Gleneagles Summit and the target date for the Millennium Development Goals? What progress has been made? Where is further urgent attention particularly needed? How have priorities changed as a result of the global economic crisis and climate change emerging as a key global challenge?

This is a set of collated inputs from various contributors. The tone of each section and any inconsistencies reflects this. References are available for each section based on original source material.

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1. INTRODUCTION

2005 was a year in which Africa was very much at the top of the international agenda. It built on the commitments made at the Millennium Summit; on the prominence given to Africa by Canada and France respectively at the Kananaskis and Evian G8 Summits; and perhaps above all on the tangible progress that was becoming evident in Africa itself.

The underpinning for the commitments made at the G8 Summit at Gleneagles was provided by the Commission for Africa Report 'Our Common Interest'. It made the case that development requires an integrated approach. Governance, peace and security lie at the heart of the analysis. Progress in those areas is a precondition for the building of the health and education systems required to deliver on the MDG commitments. That progress is not sustainable unless there is economic growth. That in turn requires the physical infrastructure to transport goods. And so on..... International development assistance – where it supports home-grown strategies, and when it is delivered in the right way – can make a real difference.

'Our Common Interest' contained about 90 Recommendations, the majority of which were picked up in the Gleneagles Communiqué. Some of those recommendations are big ticket items, in tune with the 'Make Poverty History' campaign priorities of Aid, Trade and Debt. These include, for example, the commitment to double aid to Africa between 2005 to 2010 (from around \$25 billion per annum to around \$50 billion). Others – such as ratifying and implementing the UN Convention against Corruption – did not carry a major price tag, but were nevertheless crucial elements in the integrated approach advocated by the Commission for Africa.

Five years on, it is timely to consider the fate of those commitments and to consider whether they remain relevant. These briefing papers are designed to help in that process by providing some analysis of what has and what hasn't happened since 2005. Some of them also look at issues which have assumed greater prominence or impacted unexpectedly over the past five years, such as climate change and the global economic downturn. And it is highly relevant too that the international institutional framework has changed dramatically; the G8 has leaked power almost tangibly as the G20 has assumed it.

This is not a Conference about the MDGs, but in this year which marks the two-thirds point between the commitments made in 2000 and 2015, by which most of them are scheduled to be achieved, the MDGs will inevitably provide a focus for some of the discussion. That is right and proper, given that whilst there has been real progress in many areas in Africa there remains a real risk that Africa will be the Continent that gets left behind in delivering on the MDGs.

Let me conclude by saying something about MDG 8, which is about the creation of a global partnership for development. The papers in this volume represent a remarkable example of a global partnership – or at least a partnership on Africa – in action. They reflect contributions from a very wide range of individuals and institutions, including the Africa Progress Panel; Africa Monitor; the Africa Partnership Forum, ONE, Development Initiatives and the Institute for Development Studies at the University of Sussex. I am particularly grateful to Andy Sumner from the Institute of Development Studies and Judith Randel from Development Initiatives for the huge amount of work they have put in to pull all the material together in a very short space of time.

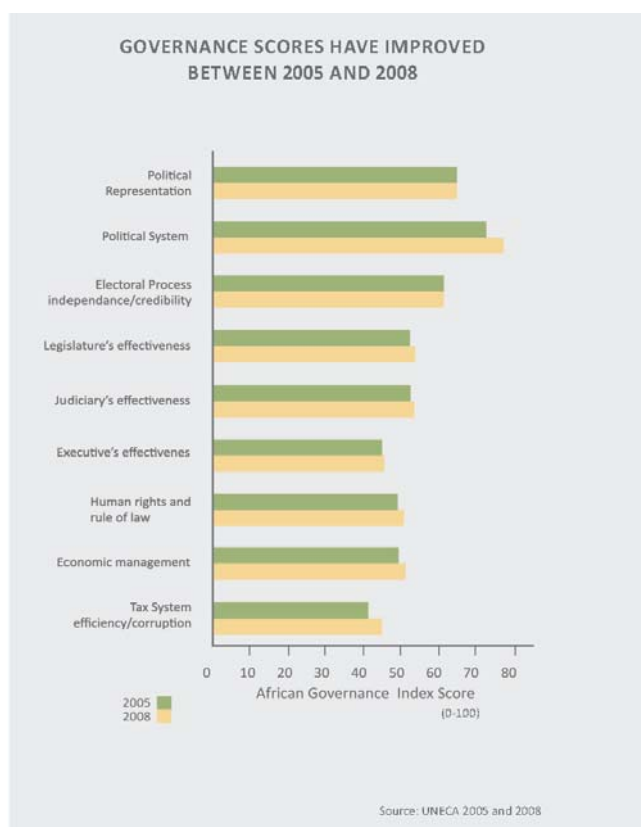
It also seems entirely appropriate when we are talking about a global partnership to recognise our sources of sponsorship for this Conference - from Government (the FCO and DFID); from a Foundation (Rockefeller); and from the private sector (Glaxo Smith Kline, GSK). Their support has been, and remains, invaluable.

Why have all these authors been prepared to write these excellent background papers? Why have these sponsors been so ready to give us their support? Why, indeed, are you who are reading these papers here at Wilton Park anyway? Because, I suspect, you believe in Africa's potential. Our task over the coming days is to consider how this analysis and our forthcoming discussions can best be used to support Africa in realising that potential; to develop our own Recommendations; and to decide how and where we can best ensure that what we have to say is heard.

Myles A Wickstead

2. TRENDS IN GOVERNANCE AND CAPACITY BUILDING

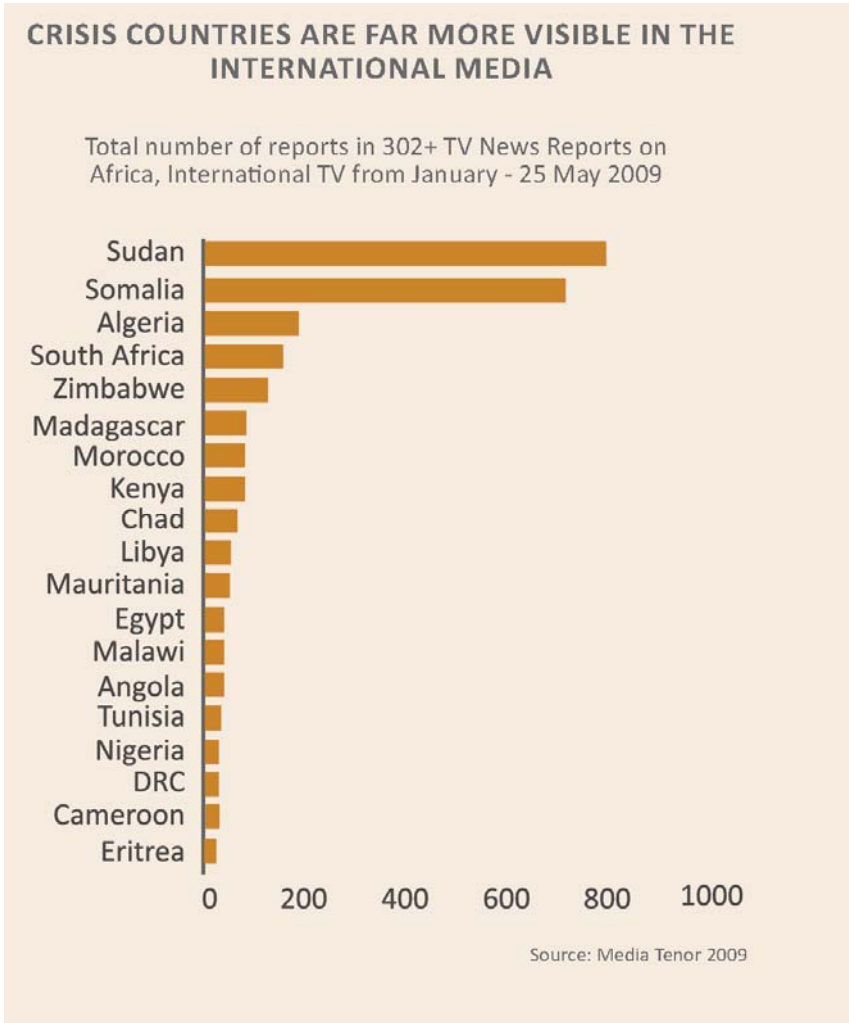
Data from the World Bank's Governance Indicators Project, UNECA's Africa Governance Report 2008, Freedom House, and from Transparency International attest to progress since 2005 on governance and indicators of capacity. Average scores in the Ibrahim Index of African governance, for example, have risen from 52.7 in 2005 to 55.8 in 2008, with 31 out of 48 sub-Saharan countries improving their governance performance over this period. It is notable that the largest improvements are in the categories of political participation and human rights. In some countries, such as Liberia, with the continent's first elected female head of state, the change has been transformational.



On the other hand, there have been glaring setbacks such as the coups in Guinea, Guinea-Bissau, Mauritania and Madagascar, or the refusal of most African states to support the indictment of Sudan's President Omar al-Bashir by the International Criminal Court (ICC). The power-sharing deals in Zimbabwe and Kenya are fragile, the quality of elections remains suspect in many countries (with a continuing tendency to re-elect the incumbent), and adherence to constitutionalism and the rule of law are still not entrenched everywhere. 18 out of Africa's 53 states remain governed by military rulers and even though there have been notable breakthroughs in anti-corruption investigations and convictions in several countries, corruption also remains a major challenge. The AU estimates that corruption is costing the continent nearly \$150 billion a year, and the AfDB estimates that it leads to a loss of around 50% of domestic tax revenues thus significantly curtailing the ability of African governments to fund vital public and social services. However, multi-party elections have become more regular, with particularly encouraging electoral processes in Ghana, South Africa, and Zambia. To date, twenty-nine countries have voluntarily acceded to NEPAD's African Peer Review Mechanism (APRM), fifteen have launched reviews. The scope of political representation has widened and efforts have been made through constitutional provisions to reflect the diversity of African societies in organs of government, especially in the executive and legislature. The growing role of civil society in many countries is also a great sign of progress as non-governmental organizations and other citizen groups are increasingly holding governments accountable for their actions.

3. TRENDS IN PEACE AND SECURITY

The media reporting from Africa often gives the impression that Africa is inextricably enmeshed in conflict. The media coverage of the wars, rebellions and counter-rebellions in the Great Lakes Region, the never-ending conflicts in Darfur, Somalia and the Democratic Republic of Congo (and the AU's inadequate response to it), the recent coups in Guinea, Guinea-Bissau, Mauritania and Madagascar, the surge of piracy around the Horn of Africa, the insurgency in the Niger-Delta, and the uneasy truces in Zimbabwe and Kenya would suggest that there has been no improvement in the security situation over the last year. However, while it is true that Africa continues to have the largest number of armed conflicts of any region and around one fifth of the continent's population still lives in conflict zones, there have been a number of positive developments. The member states of the AU, for example, have made tangible progress in operationalizing the African Peace and Security Architecture (APSA) as a unique framework for joint action. Several of the five regional brigades making up the African Standby Force (ASF) are nearing completion ahead of schedule, the Continental Early Warning System (CEWS) is almost operational, the Panel of the Wise is meeting regularly, and capacity-building support from international actors like the EU and the UN has increased. The regional economic communities have also continued to harmonize their security mechanisms in an effort to complement the continental initiatives of the AU, and there has been an increase in intergovernmental cooperation to tackle shared challenges like cross-border crime, drug trafficking and transnational terrorism.



4. TRENDS IN INVESTING IN PEOPLE

Education

The recent UNESCO (2010: 1-2) Global Monitoring Report sums up a bleak picture for education post-crisis in sub-Saharan Africa:

- Almost 12 million children may never enrol;
- Around 54% of children out of school are girls;
- National budgets in poor countries are under pressure - SSA faces a loss of US\$4.6bn in financing for education (equivalent to a 10% reduction in spending per primary-school pupil).

However, in Africa's Second Decade of Education, many countries have committed to a wide-ranging agenda, including tertiary and vocational education and scaled up domestic resources allocated to education. Almost half of African countries (23) have developed national education plans endorsed by the World Bank's Education for All Fast Track Initiative (FTI), and around a third (17) have already formulated long-term plans to achieve Education for All, outlining available domestic resources and external funding needs as agreed at the Abuja Financing for Development Conference in 2006.

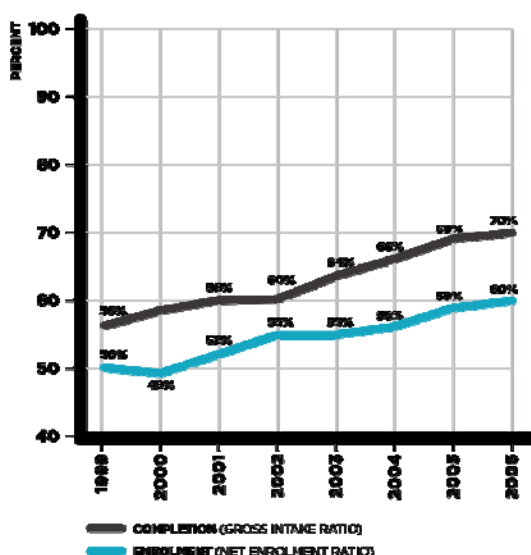
Selected countries education policy and public expenditures on education (2005)

Country	Policy of free education (Y = Yes)	Total public expenditure on education (% GDP)	Public expenditure on primary education (% GDP)
Angola		2.4	0.3
Benin		4.4	1.7
Botswana		9.7	2.3
Burkina Faso		4.2	2.9
Burundi	Y	5.1	2.7
Cameroon	Y	3.1	1.0
CAR		1.4	1.1
Chad		1.9	0.7
Congo		1.9	...
Ethiopia		6.0	2.0
Gambia	Y	2.0	...
Ghana		5.4	1.7
Kenya	Y	7.3	3.6
Madagascar	Y	3.2	1.3
Malawi	Y	5.8	3.1
Mali		4.1	1.9
Mozambique		5.0	2.8
Namibia	Y	6.9	...
Niger		3.4	1.7
Rwanda	Y	3.8	1.9
Senegal	Y	5.4	2.2
Sierra Leone	Y	3.8	2.4
South Africa		5.3	2.3
Swaziland	Y	7.0	2.3
Uganda	Y	5.2	2.5
Tanzania	Y
Zambia	Y	2.0	1.3

Sources: ACPF (2008: 170) and UNESCO Database <http://stats.uis.unesco.org/unesco>

African countries have also made considerable progress in increasing access to education – net primary enrolment, for example, has grown at the fastest rate of any region – and reaching gender parity at primary level by 2015. Fifteen countries had already achieved this by 2008. However, enormous challenges remain. The primary enrolment rate is still the lowest in the world. 49 million children remain out of school, the female illiteracy rate is the highest of any region, completion rates are much lower than enrolment rates and secondary and tertiary intake rates in sub-Saharan Africa remain as low as 32 percent and 5 percent respectively. Despite the establishment of trusts like the Education Programme Development Fund and the Extended Catalytic Fund, public and private investments in education are still far below the required levels, with the financing shortfall for the FTI alone estimated to be in the region of \$2 billion annually.

SUB-SAHARAN AFRICA'S PROGRESS TOWARDS UNIVERSAL PRIMARY EDUCATION



Source: ONE Data Report 2009

Further and higher education

The Commission for Africa argued for a holistic approach to the education sector, along with proposals for massive investment in revitalising quality, equity and scientific excellence. A great deal has changed dramatically in the higher education landscape since the World Bank reviewed tertiary education in Africa in 1988 and in 1994. But we must recall that in 2005 the Commission for Africa was still claiming that many of Africa's HE institutions were 'still in a state of crisis' (CfA,137). Yet these were the institutions that were responsible for producing the qualified professional staff essential to driving all forms of development, including of course the MDGs. Here are some questions and issues that are still on the agenda of HE:

- According to the recent report of the Africa-UK Research Collaboration in the Social Sciences and Humanities (2009), 'intellectual cultures, associations, and networks', so critical to good research, were still very weak in Sub-Saharan Africa. What can be done to strengthen these critical building blocks of research excellence?
- With the dramatic reductions in the public provision of short and long-term training opportunities in many western countries, the largest suppliers of short term professional training for Africa now lie in the East (Japan and China); these two Asian giants are also fast becoming two of the main suppliers of long term training opportunities. India too has also been playing an increasing role since its India-Africa Summit of 2008. Are the Tokyo International Conference on African Development (TICAD), the Forum

- The Commission for Africa pointed up the dramatic dimensions of the brain drain out of Africa. This is not an educational problem alone, but rather a reflection of opportunities in the wider macro-economic environment. Continuous economic growth in many parts of Africa, at least until the recent global financial crisis, was beginning to change the graduate labour market in Africa. What are current prospects for recovering that growth, with its implications for stemming the brain drain?
- The most recent two EFA Global Monitoring Reports (UNESCO, 2009, 2010) have pointed to the growing inequality in educational opportunities within most nations of the world. In many countries, including in Africa, higher education is rapidly becoming inaccessible to the poorer sections of society. The new high roads to higher education go via high cost primary education to subsidised secondary education and on to the best public higher education. What are the options for higher education making itself much more accessible to bright children from poor families?
- Five years on from the Commission for Africa, what is the status report on quality in African higher education? This issue of quality is critical to the production of the more than 2 million primary school teachers needed by 2015, if education for all is to become a reality. Not to mention doctors, nurses and all other professionals.
- There are some key centres of research excellence in Africa. What can be done to expand research capacity across the continent, and expand Africa's contribution to research production world-wide?

Health

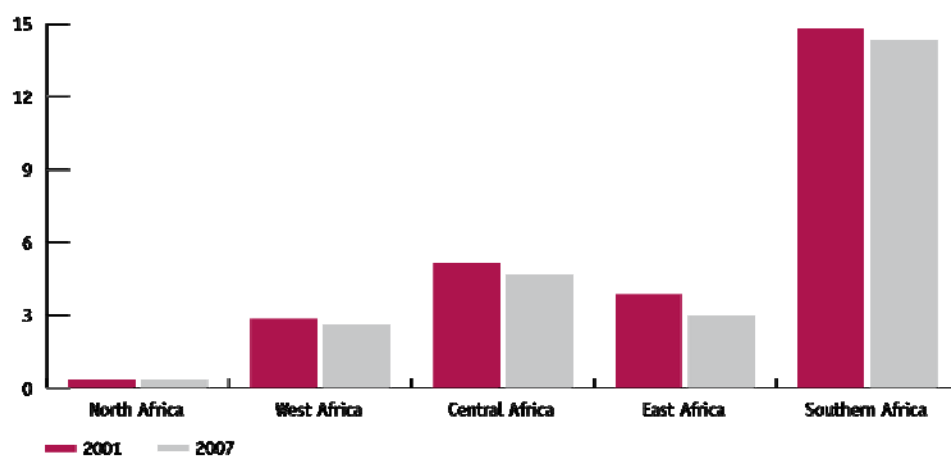
Heads of State and Government endorsed an Africa Health Strategy for the period 2007-2015 which aims to strengthen the quality and coverage of the continent's health systems. The WHO launched an effort to maximize positive synergies between global health initiatives like the Global Alliance for Vaccination and Immunization (GAVI) and national health systems. Financing for health has also increased significantly, with the US having made a particularly significant contribution through its Presidential Emergency Plan for AIDS Relief (PEPFAR). Innovative financing mechanisms like Advance Market Commitments, the UNITAID airline ticket solidarity tax, and the International Financing Facility for Immunization (IFFIm) have been launched to bridge existing and expected funding gaps. Several African countries appear to have significantly reduced their AIDS prevalence rate and a growing number of Africans living with the virus and requiring anti-retrovirals are undergoing treatment. Three countries have achieved the goal of treating at least 50 percent of their AIDS-afflicted population. Two thirds of African countries have adopted policies that include the use of drugs that are effective against malaria and Ethiopia, Rwanda, Tanzania and Zambia have achieved particularly impressive reductions in malaria-related mortalities. Despite this progress, achieving MDG-based targets on health by 2015 will be difficult. Many of Africa's health systems remain under-funded, under-staffed and ill-equipped. African health indicators are the lowest in the world. More than two-thirds of people living with AIDS are in Africa, and more than one million people, mostly women and children, die each year due to malaria. Improvements in under-five mortality and maternal mortality have been very small, leaving most African countries significantly off-track to achieve the health MDGs: a pregnant woman in Africa is 180 times more likely to die of pregnancy complications than her European counterpart. At the current pace, the child mortality goal will not be achieved until 2045, our promise on maternal health will not be fulfilled at all, and in some regions maternal mortality rates will actually become worse. By 2008, only a handful of countries, had met the Abuja target of allocating 15% of their budget to health and more than half allocated less than 10 percent. The result is that the startling contrast with other regions in areas such as the number of health care workers per 10,000 people (13 compared to an average of 115 in high-income countries), access to health care, and vaccination coverage remains a clear sign of insufficient progress towards MDG-based targets. Unfortunately, the Global Fund which has shown that it could help to address some of these challenges currently faces a funding shortfall of around \$4 billion for the period 2008-2010.

Selected African countries: Trends in government per capita expenditure on health (US\$ PPP)

	2004	2005	2006
Angola	30	34	61
Benin	21	25	25
Burkina Faso	39	51	50
Burundi	4	5	4
Cameroon	21	22	23
Central African Republic	20	20	20
Chad	16	16	14
Congo	15	12	13
Cote d'Ivoire	17	14	15
DRC	4	6	7
Eritrea	11	11	10
Ethiopia	10	12	13
Gambia	42	42	33
Ghana	32	32	36
Kenya	38	44	51
Lesotho	71	63	88
Liberia	21	28	25
Malawi	49	46	51
Mali	30	31	34
Mauritania	27	31	31
Mozambique	28	30	39
Niger	13	13	14
Nigeria	13	14	15
Rwanda	69	77	134
Senegal	25	22	23
Sierra Leone	20	21	20
Togo	14	17	20
Uganda	40	37	39
Tanzania	15	23	27
Zambia	40	30	29

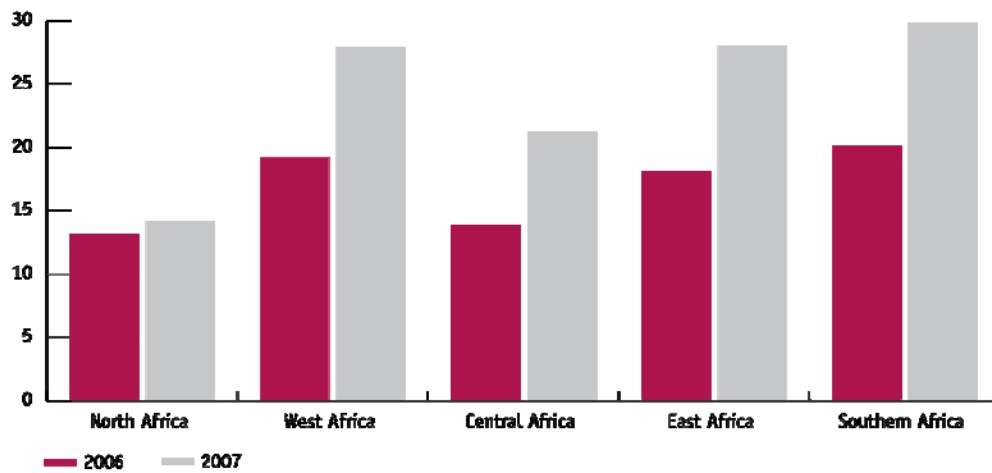
Source: WHO Database at www.who.int/nha/country/en/

Population (%) living with HIV/AIDS



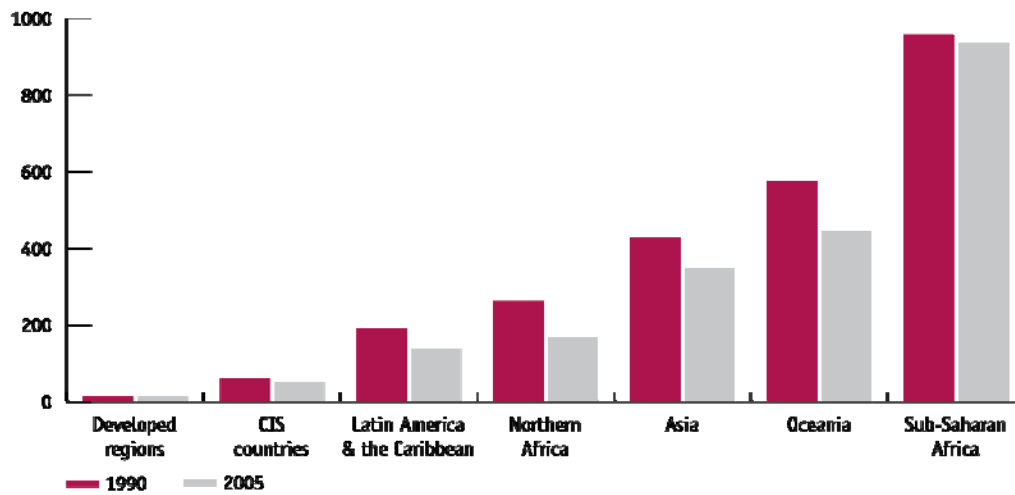
Source: ECA computations based on UNSD data, updated in July 2008. No data for four countries.

Antiretroviral therapy coverage among people with advanced HIV infection (%)



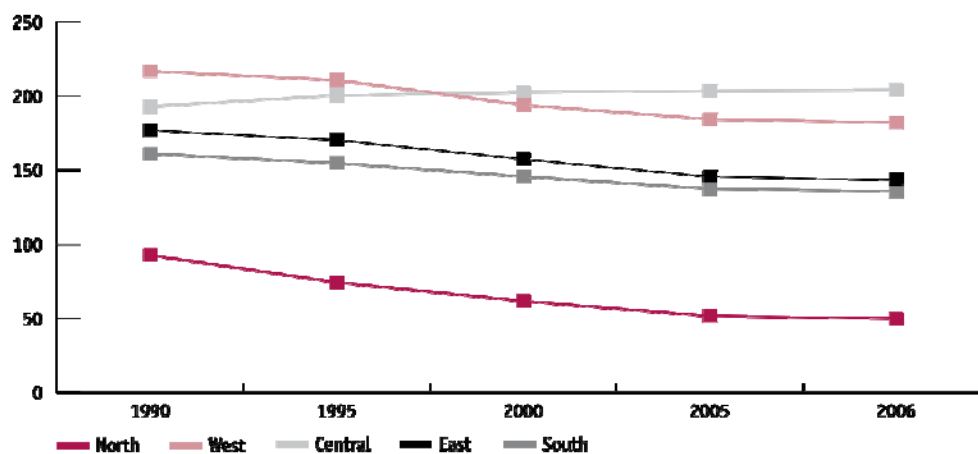
Source: ECA computations based on UNSD data, updated in July 2008. No data for five countries.

Maternal mortality per 100,000 live births



Source: World Health Statistics 2008.

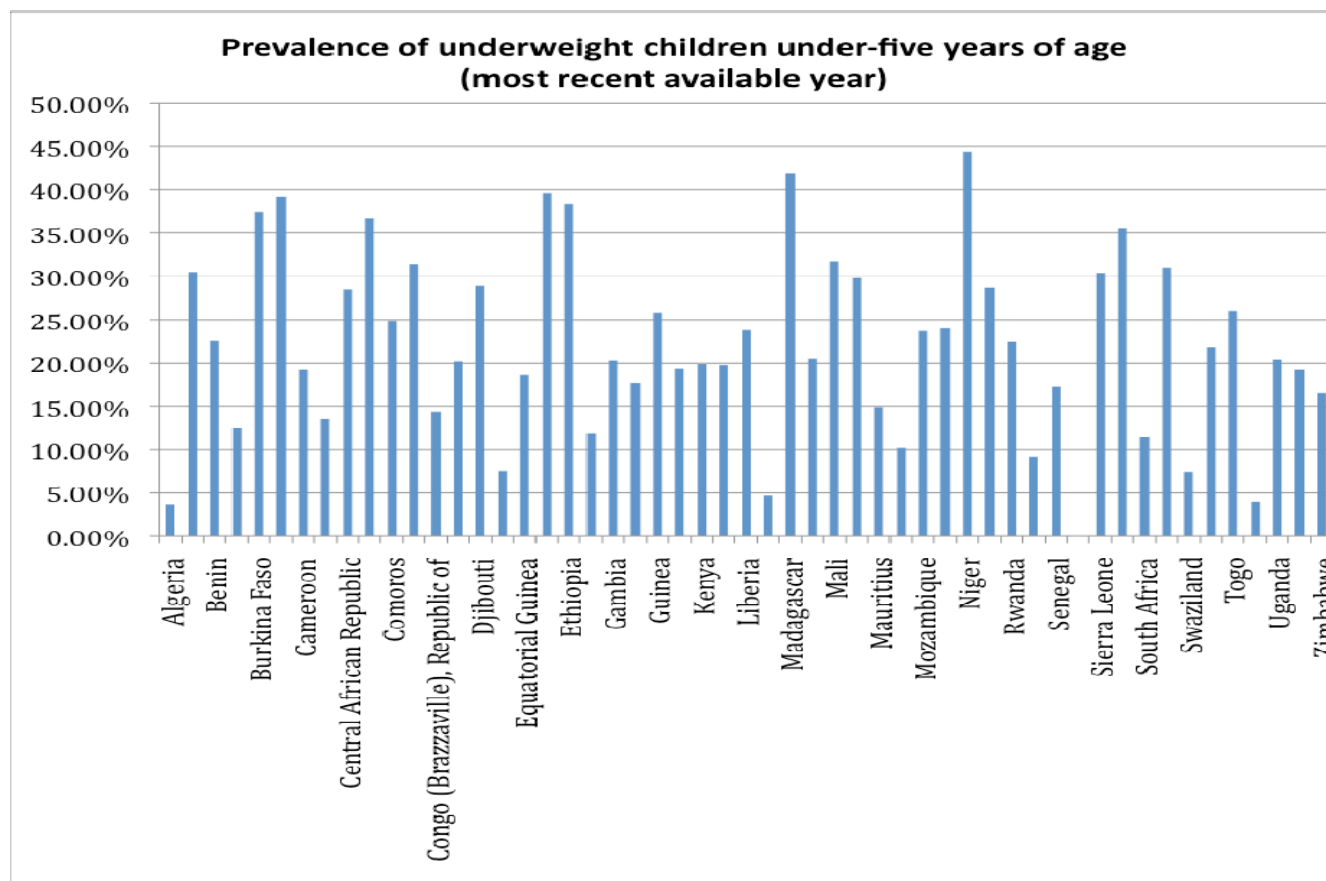
Under 5 mortality per 1000 births



Source: ECA computations based on UNSD data, updated in July 2008.

Food and Nutrition Security

International food prices have fallen sharply the 2008 spike in response to economic recession, increased supplies and revised expectations. The food crisis is by no means over, not least as demand from emerging countries and populations across the globe will continue to grow relentlessly in the coming decades. While high food prices can serve as an incentive for some, they are bad news for Africa's poor. In the long run, their food security cannot be guaranteed by just increasing production, but needs to be based on higher household incomes to facilitate access to food.



Source: UN Stats database at <http://mdgs.un.org/unsd/mdg/Default.aspx>

The nutritional needs of poor people are also still not receiving the attention they deserve. Old problems like unfair trade rules, under-investment in agriculture, and the influence of bio-fuel demand for food crops are now combining with the effects of the economic crisis and climate change to threaten even more people on the continent with acute hunger and malnutrition. At their meeting in April 2009, the G8 Ministers of Agriculture acknowledged that the world is increasingly unlikely to reach the goal of halving the number of people facing chronic hunger by 2015 and the G7 made a \$20bn pledge for agriculture and food security.

Over the last year, African countries have slowly pushed ahead with reforms of their agricultural sectors. Recent data shows that only eight countries have met the Maputo target of 10% of public expenditure allocated to the agricultural and rural sectors (see below). On the intergovernmental level, they have continued to develop initiatives like the Comprehensive Africa Agriculture Development Programme (CAADP) and its Framework for African Agricultural Productivity (FAAP), the African Fertilizer Development Financing Mechanism (AFFM), and a new Agricultural Investment Fund under the auspices of the African Development Bank. Given the continuing urgency of food and nutrition security issues, the forthcoming summit of the AU's

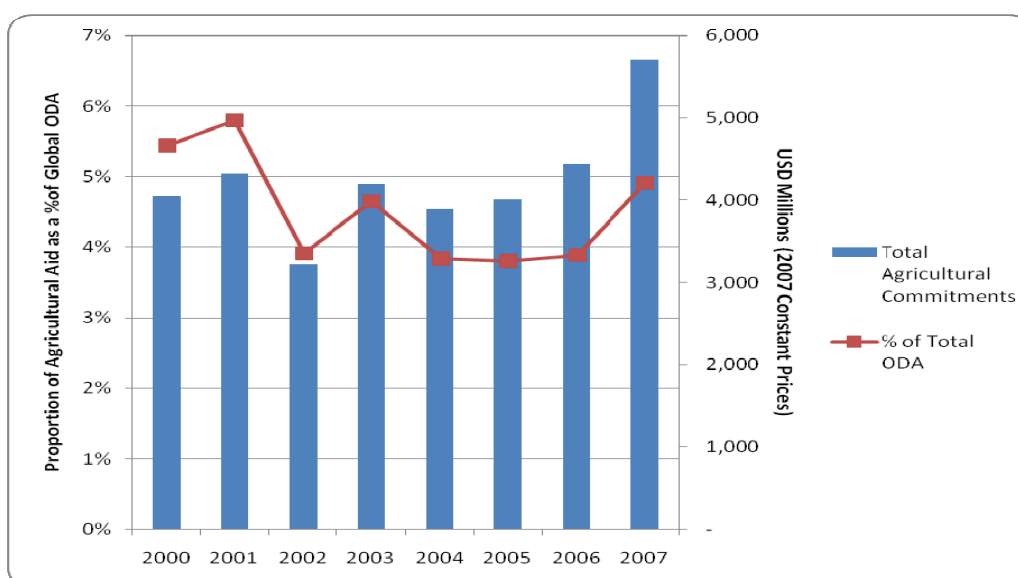
Heads of State and Government will be dedicated to “Increasing Investment in Agriculture for Economic Growth and Food Security”.

The World Bank has announced a substantial increase of its support to African agriculture from \$250 million to \$400 million. However, the challenges remain enormous. Africa’s yield per hectare for food crops is less than half the level in developing countries, its soils remain the most depleted, less than 10 percent of its arable land is irrigated, and fertilizer remains scarce (8kg per hectare as compared to a global average of over 100kg per hectare). The recent surge of large-scale acquisitions of African farmland by international investors presents African policymakers with yet another challenge. While the deals reaching up to individual sizes of more than 400,000 hectares may promise jobs, investments in infrastructure and technology spill-over, data recently compiled in a joint report of the Food and Agricultural Organization, the International Fund for Agricultural Development, and the International Institute for Environment and Development highlight the potential risks. Not only may such large scale land acquisitions result in the displacement of local people and lead to civil strife as was the case in Madagascar, but the high proportion of products destined for export, as well as the long duration of the leases, suggests that these deals may actually exacerbate Africa’s food insecurity. Similar to other extractive situations, there is a need for African governments to find the right balance between perceived macro-level benefits and the protection of their people. Further, spending does not necessarily impact production.

Agriculture, investment and growth

It is widely recognised that agriculture has a significant impact on poverty reduction. Developing a productive, innovative agricultural sector is therefore essential for sub-Saharan Africa, where agriculture employs two-thirds of the workforce and accounts for, on average, one-third of GDP. However, aid for agriculture represented less than 4% of the global total in 2007, compared with approximately 18% of total aid in the 1980s. Domestic public expenditure has also declined. One study showed that in 17 African countries the share of agriculture fell to as low as 4.5% of total government spending (one issue is Northern subsidies – see below).

Global agricultural commitments and proportion of total ODA



As noted above African governments have taken up the challenge with the NEPAD/AU Comprehensive African Agricultural Development Programme (CAADP) is a plan with the goal of eliminating hunger and poverty through agriculture by increasing public investment in agricultural productivity. African countries that

participate in CAADP have committed to spend at least 10% of their national budgets to agriculture and to reach a 6% annual growth rate in agricultural productivity by 2015. At the end of 2008, 32 countries had committed themselves to the CAADP initiative. There are also African led efforts to increase agricultural productivity, including AGRA, a partnership working across the continent to help small-scale farmers boost farm productivity by improving all aspects of the value chain. By the end of 2008, it had approved grants in at least 14 African countries worth at least \$78 million.

The G8 has repeatedly made reference to the importance of supporting increased productivity for Africa's agriculture sector. Though the 2005 Gleneagles and 2007 Heiligendamm communiqués noted that the G8 supported a comprehensive set of actions to increase agricultural productivity and expressed support for CAADP. It took the rise in food prices in 2007-08 to push the issue to the forefront of debate in 2008 at Hokkaido. Around \$10bn was committed to respond to the food crisis by providing '...food aid, nutrition interventions, social protection activities and measures to increase agricultural output in affected countries', but both the Hokkaido Leaders Statement and the communiqué from the UN High Level Meeting on Food Security in January 2009 committed the G8 and other donors to forming a global strategic partnership for agriculture and food. Work is ongoing on this with the establishment of the UN High Level Task Force on the Global Food Crisis. They have estimated the global need for development assistance to support agriculture at \$25–\$40 billion per year, noting that at least half of this will be needed for transportation and market systems for both short- and long-term support for smallholder farmers. This figure was not broken down by region, but earlier UN studies estimated a need of at least \$8 billion per year for Africa.

Throughout 2009 donors continued to mobilise significant amounts of aid to agriculture. The EU allocated €1 billion (\$1.44 billion) in unspent budget funds. In light of the financial crisis, €800 million (\$1.15 billion) of this funding was front-loaded to support agriculture in developing countries in 2009 alone; over €300 million (\$433 million) was disbursed to countries most in need. At the G20 meeting in April, President Obama committed to work with Congress to double support for agricultural development to more than \$1 billion in the US fiscal year 2010. These efforts culminated in the establishment of the L'Aquila Food Security initiative which was endorsed by the G20 and now has \$22bn in funds committed. As well as increasing funding this also aims to improve quality of aid through promoting five key principles: supporting country-owned plans; improving coordination at national, regional and global levels; supporting short, medium and long term programmes to address hunger and sustainable agricultural development; engagement with the multilateral system and sustained and substantial commitments to investment in agriculture and food security.

5. TRENDS IN POVERTY REDUCTION AND GROWTH

Poverty reduction

Aspects of education, food and health poverty have been discussed above. A quick review of six key MDGs as a barometer, suggests, again a very mixed picture.

Key MDGS in Africa

African countries	Prevalence of underweight children under-five years of age	Net enrolment ratio in primary education	Ratios of girls to boys in primary, secondary and tertiary education	Under-five mortality rate	Infant mortality rate	Proportion of 1 year-old children immunised against measles
On-track	11	31	19	19	19	21
Off-track	28	20	32	32	31	29
Insufficient data	14	2	2	2	3	3

Source: Based on MDG country reports (ie country definition of on-track) at

http://www.undp.org/mdg/tracking_countryreports2.shtml

If the focus is on the inter-connected health, and health-related MDGs which include child nutrition, child mortality and access to water and sanitation, according to national MDG reports, 12 African countries have at least one of these MDGs on track. There are a few African countries who have already met or are on track to meet all the health-related MDGs - Cape Verde, and Mauritius. There are those African countries who have met or are on track to meet all but one of the health-related MDGs - Botswana, Ethiopia, Mauritania, South Africa. In these countries, good progress has been shown in all health-related MDGs but there is one target that presents a challenge. Botswana is likely to achieve all the health MDGs, but HIV/AIDS threatens to undermine its development for example. Several African countries have made good progress in most health-related MDGs but more than one area need attention. For example, Madagascar and South Africa has made good progress. There are several countries that have made good progress in at least one of the health-related MDGs. For example, Madagascar, and Rwanda have made progress in reducing the incidence of malaria; and Egypt, Tunisia, Namibia, and Mali have made progress in increasing access to safe drinking water.

African countries which are on-track for some or all of the health-related MDGs (Y = on-track)

	Hunger	Infant mortality	Maternal mortality	HIV and other diseases		Water and sanitation	Affordable drugs
				HIV	Other		
Botswana	Y	Y	Y		Y	Y	Y
Cape Verde	Y	Y	Y	Y	Y	Y	Y
Egypt	Y	Y	Y	Y	Y		
Ethiopia		Y	Y	Y	Y	Y	Y
Madagascar	Y	Y	Y		Y	Y	Y
Mauritania	Y	Y	Y		Y	Y	Y
Mauritius	Y	Y	Y	Y	Y	Y	Y
Rwanda		Y		Y	Y	Y	Y
South Africa	Y	Y	Y	Y	Y		Y
Tanzania		Y				Y	
Tunisia	Y	Y					
Uganda				Y			

Source: Based on review of latest national MDG country reports at http://www.undp.org/mdg/tracking_countryreports2.shtml

Gender equality

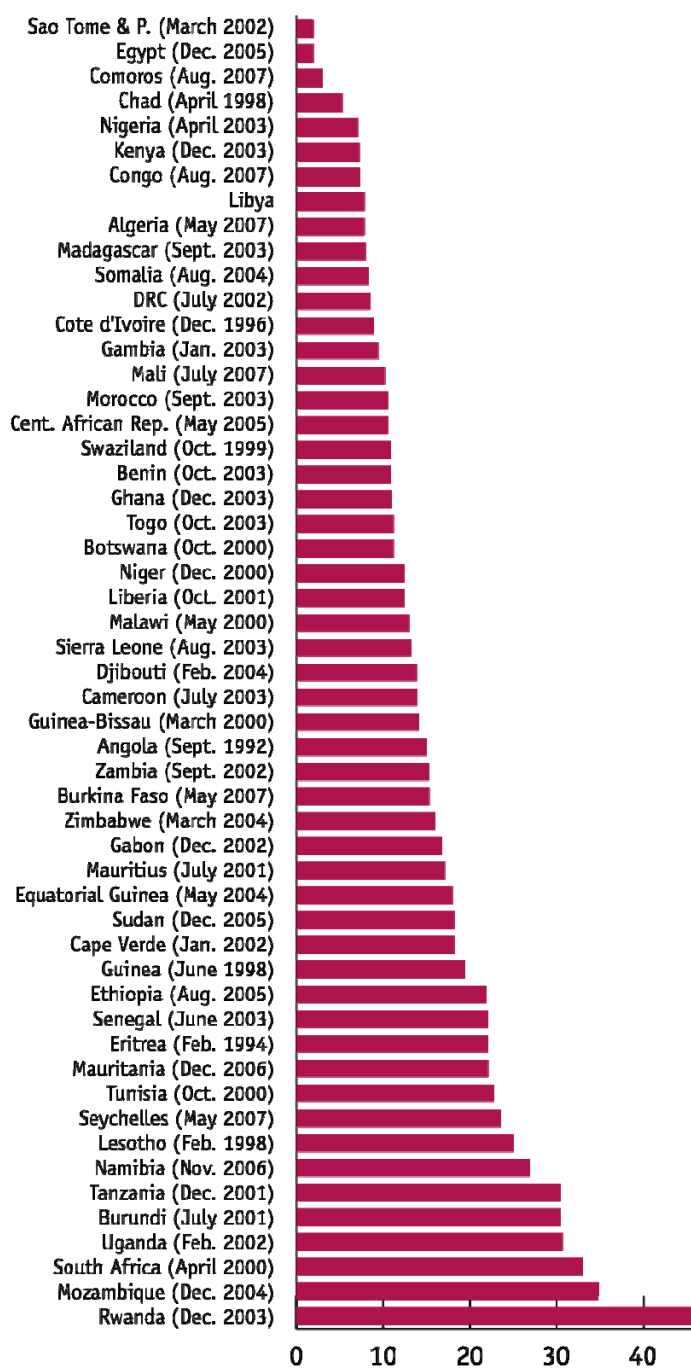
The empowerment of Africa's women has been progressing at pace over the last fifty years including some genuinely historic developments over the last half decade. The adoption by the African Union of the Solemn Declaration on Gender Equality in Africa in 2004, for example, has given a new prominence to the issue of women's rights. This has been reflected in new national laws on everything from tackling violence against women to equal pay. The election of Ellen Johnson Sirleaf as President of Liberia one year later has also been a clear sign of how Africa is changing and a remarkable step for women across the entire continent. The fact, too, that Rwanda's parliament was the first in the world in which women took over half the seats (56 percent including the speaker) is a source of pride. In many African countries, women are now driving economic growth and social progress. But as women everywhere on the continent know, this is not the full picture. Significant gender gaps persist in education, health, employment, wages and political participation. For every headline success, there are many more cases of women who find their talents and aspirations blocked by formal and informal barriers. In the race to harness the energy and skills of women, Africa – for reasons of history and culture – is in danger of being left behind.

Gender parity in adult literacy (2007)

Countries achieved parity	Botswana, Cape Verde, Liberia, Mauritius, Namibia, Sao Tome and Principe, South Africa
Countries at 0.9 and above	Algeria, Comoros, Congo, Egypt, Gabon, Ghana, Guinea Bissau, Libya, Malawi, Nigeria, Tunisia, Tanzania, Uganda
Countries below 0.9	Benin (0.65); Burkina Faso (0.71); Mali (0.62); Morocco (0.79); Mozambique (0.81); Niger (0.48); Senegal (0.75); Sierra Leone (0.68)

Source: UNECA/AU (2009). No data for 23 countries

Percentage of women in national parliament, 2008 (year of last election)



Source: AU/UNECA (2009)

Economic Growth

Pre-crisis, a large number of African countries have recorded high rates of growth in per capita income and investments in the continent have continued to flow, even as the economic turbulence began to reduce global growth and demand for Sub-Saharan Africa's exports in the second half of 2008. However, since early 2009, capital inflows have come under growing pressure as global liquidity tightened, exchange rates and capital markets became more volatile (thereby increasing the perceived risk of investing in local-currency-denominated assets), and investors have become more concerned about an increase in political and macroeconomic risks and the liquidity of their assets. Global financial market turbulence has further increased investor preference for highly liquid and perceived high-quality assets, which has begun to take a toll on Africa's emerging stock markets.

Rates of growth of real GDP, 2000-2010

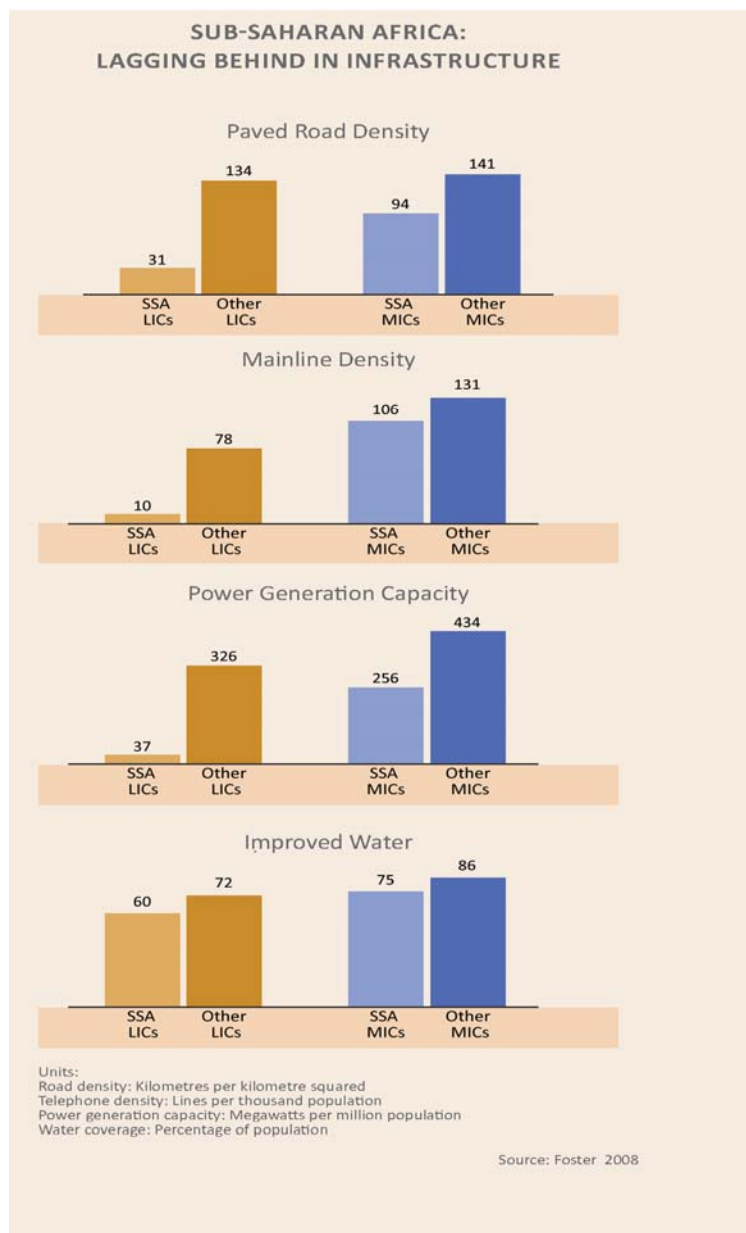
	2005	2006	2007	2008	2009 ^{est.}	2010 ^{est.}
Developing countries	6.7	7.3	7.6	5.4	1.9	5.3
Africa	5.9	5.9	6.0	4.9	1.6	4.3
North Africa	5.8	5.4	4.8	4.4	3.5	3.9
Sub-Saharan Africa	7.1	7.0	7.9	6.6	2.3	5.2
Net fuel exporters	6.0	5.1	5.5	4.5	2.7	4.5
Net fuel importers	5.8	6.5	6.4	5.2	0.9	4.1

Source: UNDESA (Sept. 2009); SSA excluding Nigeria and South Africa,

Many African countries have worked hard to achieve macroeconomic stability (maintaining stable and low inflation and debt sustainability), pursue sound economic policies, and reinforce their institutions. They have undertaken to mainstream trade into national development strategies, promote exports, enhance competitiveness and promote inter-regional trade. They have set out strategies for the development of infrastructure covering water, energy, transport and ICT. They have called for the promotion of the private sector, including building financial markets and improving regulatory frameworks. They have increased their revenue mobilization and broadened their tax base achieving an overall current account surplus of 2.7 percent in 2007 and 2008. Finally, they have worked hard to improve business conditions on the continent.

African governments have implemented business-friendly reforms over the last few years. Improvements have been made in commercial law, property rights and investor protection. Donors have contributed to this success by helping to promote investment, to improve the business environment, and to develop financial markets through initiatives like the Enhanced Private Sector Assistance (EPSA) for Africa, the Foreign Investment Advisory Service of the International Finance Corporation, the NEPAD/OECD Africa Investment Initiative, the Investment Climate Facility, and the Partnership for Making Finance Work for Africa. While the business climate in Africa has improved substantially over the last year, the cost of doing business in Africa is still the highest in the world. Entrepreneurs in Africa continue to face greater regulatory and administrative burdens, and less protection of property and investor rights, than entrepreneurs in any other region. They also continue to struggle with inadequate infrastructure. The World Bank, for example, estimates the infrastructure constraint on doing business reduces the productivity of Africa's firms by as much as 40 percent. The lack of sufficient and reliable transport and energy infrastructure not only reduces business-efficiency, it also limits the volume of regional and international trade and hampers regional integration. The Africa Infrastructure Country Diagnostic reports that for most countries the negative impact of deficient infrastructure is at least as large as that associated with crime, red tape, corruption, and financial market constraints. Despite the obvious need for progress in this sector, persistent financing constraints mean that Africa continues to lag behind other regions, particularly in the area of sanitation, electricity and rural road access.

However, the last year has also seen some important steps forward. The AU, for example, dedicated its summit in January 2009 to infrastructure development, and donors, including non-DAC donors such as India and China, who have been stepping up their support. The World Bank has recently created an Infrastructure Recovery and Assets Platform (INFRA) which will provide \$45 billion in infrastructure lending over the next three years and more than \$1.2 billion were pledged to the North-South Corridor at a conference in Lusaka in April 2009. Going forward, infrastructure will continue to receive enhanced and sustained support from key multilaterals, following successful replenishments of the International Development Assistance (15), the African Development Fund (11), and the European Development Fund (10). The EU-Africa Infrastructure Trust Fund, launched in 2007, is also receiving considerable financial pledges from a growing number of EU member states. Addressing the infrastructure challenge is made more difficult by the current economic crisis. Previous crises have shown that infrastructure is among the expenditure categories cut most severely by governments under financial stress.



6. TRENDS IN TRADE AND FAIRER TRADE

In recent years, trade has been an engine for growth for many developing countries. However, most African countries have not been able to reap the benefits of these opportunities, and Africa instead saw its share of global trade decrease from 6% in 1980 to just 2% by 1998. Although Africa's share of global trade has gradually increased since then, to 3.5% in 2008, it remains the smallest of any region in the world. Further gains could translate into a substantial amount of income for Africa. In 2007, 1% of global trade was worth \$119 billion, more than three times what sub-Saharan Africa received in development assistance in 2008. Between 2003 and 2007 African exports to the world more than doubled from \$178 billion to \$424 billion. This increase in exports was accompanied by sustainable economic growth on the continent. Sub-Saharan Africa's economies on average expanded by 5.4% in 2008; for the first time in more than 45 years, the continent's growth exceeded 5% for five years in succession. Favourable global macroeconomic conditions (such as high commodity prices) contributed to this success as did the adoption of policies to encourage trade and investment by African governments, as well as increased aid for trade. However, the global financial crisis has undermined these positive trends and adds a layer of volatility to future export prospects. US imports from sub-Saharan African countries in the last quarter of 2008 were down 11.5% from a year earlier. More broadly trade deteriorated in Europe, falling by nearly 16% in the US and by 7% in Asia. Making trade work for Africa requires a combination of enhanced access to developed country markets, aid for trade to help countries produce and deliver goods, a reduction in market-distorting agricultural subsidies in rich countries and greater regional integration.

The G8 made a series of commitments on these points at Gleneagles in 2005 and have reiterated them at each subsequent meeting. In addition to pledging to 'make trade work for Africa', they have also committed to concluding the World Trade Organisation (WTO) Doha Development Agenda (DDA) negotiations that were meant to focus on integrating poor countries into the global trading system. However, the progress of the WTO trade negotiations has been slow. In July 2009, trade ministers gathered in Geneva for a WTO Ministerial Conference to attempt to break the log jam but failed again. The talks remain stalled and Africa continues to face multiple constraints to expanding trade and there has been minimal progress in addressing these barriers.

Market access

All G7 countries have preference programmes or agreements in place that allow some African products duty-free access to their markets. These programmes have achieved notable successes in increasing exports from some African countries. Under the EU's Everything But Arms (EBA) initiative, even highly protected agricultural goods such as rice and sugar have been fully liberalised for the poorest countries.

Although these preference programmes do help African exporters, market access continues to be hindered by a number of barriers. Preference programmes are not harmonised with each other and exporters face different rules in US and EU markets. The 2007 Heiligendamm Summit's pledge to 'examine the merits of existing preference schemes in order to achieve further improvements' has not been implemented in any systematic manner. The EU offers generous 'everything but arms' preferences, but these do not apply to all African countries, the US African Growth and Opportunity Act (AGOA) scheme covers most African countries but is less generous in its coverage and depth of tariff preference. Japan also focuses its preferences on LDCs as does Canada. All these schemes have varying rules around them and standards that apply to imports. This makes it difficult for African exporters to take advantage of the schemes across the different markets. Both the EU and US are currently reviewing their Generalised System of Preference schemes, offering the opportunity for improving consistency between the schemes.

Aid for Trade

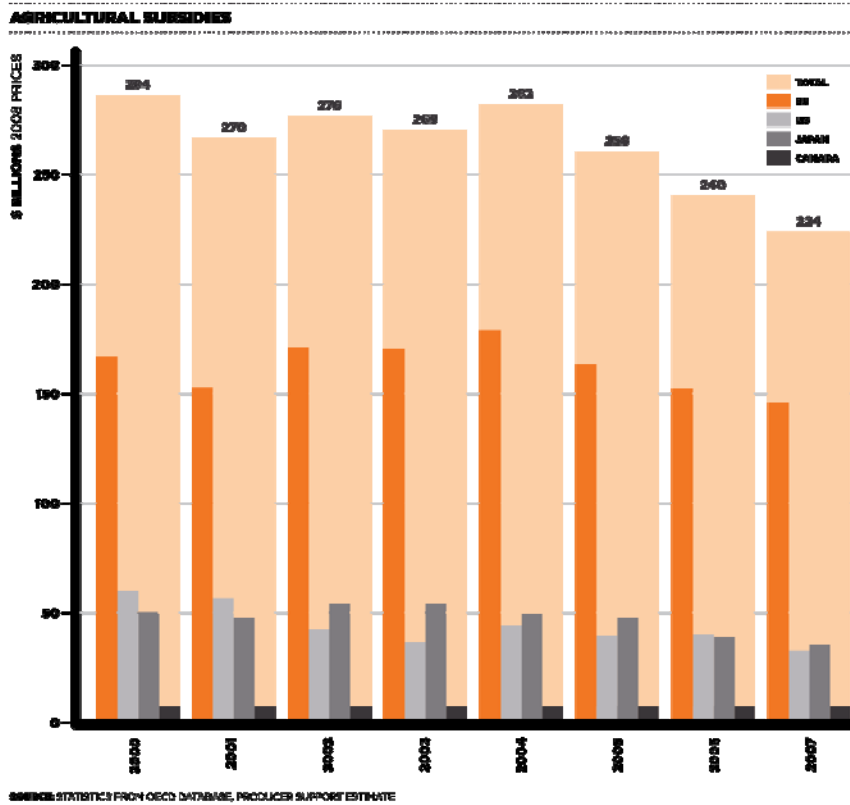
Africa's trade potential is also limited by its ability to produce and deliver goods demanded by regional and global markets. The Aid for Trade agenda, developed over the last five years, encompasses a broad set of needs, including financial and technical assistance for development of infrastructure and telecommunications systems, financial services, adjustment costs to compensate for losses incurred through the implementation of trade reforms, and marketing. Aid for Trade can also involve building capacity for African countries to move up production value chains and to develop different sectors of their economies, such as building a services industry. At the 2005 Hong Kong Ministerial meeting and at every G8 summit since 2005, developed countries have reiterated their commitment to scale up aid for trade for all developing countries to \$4 billion by 2010. The G8's contribution to aid for trade for Africa increased from \$3.8 billion in 2006 to \$6.1 billion in 2007, which exceeds this funding pledge. It is worth noting, however, that a pledge of \$4 billion in 2005 was not a substantial increase from the G8's spending at that time.

Agricultural subsidies

Subsidies give farmers in developed countries an advantage in the cost of production, allowing them to charge an artificially lower price for products that compete in the global market with unsubsidised farm products. This market distortion happens primarily in commodities such as cotton, rice, vegetables and other agricultural products which Africa could produce competitively. The G8 has also repeatedly committed to reduce the impact agricultural subsidies have on trade. The lack of progress in the DDA has meant relatively little has been achieved. The EU's Common Agricultural Policy (CAP), which provides subsidies to farmers and producers in 27 European countries, amounted to €53.6 billion (\$73.3 billion) in 2007, or 49% of the EU's overall budget. The most recent EU CAP reform programme (called the 'Health Check') agreed to further delink subsidies from production in theory reducing their trade-distorting impact. However, the jury is still out on the effect these subsidies are having on over production and so trade. In the US, the Farm Bill (legislation that determines spending levels on agricultural subsidies) expired in 2008, creating an opportunity to reform the market-distorting subsidies programmes. However, the new \$307 billion, five-year Farm Bill that passed in 2008 agreed only to some incremental changes. The new version of the Bill has actually increased the trade-distorting nature of payments by paying farmers when prices are low so isolating them from market signals.

Regional integration

African countries have committed themselves since the early 1970s to a common market for Africa and regional trade is especially important in the 15 landlocked countries in Africa, where high transport costs present barriers to inter-regional trade. However, trade among African countries still represents only 10% of the continent's total trade, whereas in Europe intra-regional trade accounts for 74% of total trade volumes and in North America 51%. African countries have committed themselves to regional trade agreements but implementation of these has been patchy. In addition the EU's efforts to make its trade preferences for Africa WTO compatible and to promote regional integration and development, the Economic Partnership Agreements (EPAs), have cut across Africa's own regional integration efforts. For example, the Southern African Customs Union (SACU), the oldest customs union in the world, is currently divided, with three countries having initialled an interim agreement with the EC, one country (Namibia) refusing to do so and another one (South Africa) applying for a separate trade agreement with the EU. It is critical that the EU finds ways to address these issues as the EPA negotiations conclude and that African countries find the political will to make their regional trade agreements a reality.



ONE Data Report 2009

7. TRENDS IN RESOURCES

Since 2002, finance for development in sub Saharan Africa as a whole has tripled, the proportion of spending financed by government revenues has increased and debt cancellation has released new money. But in 2009 government revenues fell and the growth rates for FDI, ODA and remittances were all in decline. Only modest recovery is projected for 2010. Commitments to finance the MDGs and for ODA for Africa are seriously off track. The last period of sustained growth in external resources for Africa was followed by a decade of real terms declines. Can this be avoided for the coming decade?

Meeting the \$75 billion of needs estimated by the Commission for Africa requires existing donors to meet their timetabled targets, but also expansion of the body of donor countries prepared to commit to long term aid on the basis of fair burden sharing according to each economy's size and wealth. G20 commitments over 2009 are evidence of a trend in this direction. Cross-party political consensus and ensuring that aid pledges are matched with budget provision can also contribute to ensuring delivery and maintaining public and political commitment. It is also important to ensure that global public goods such as climate change are not financed from resources which should be allocated to poverty eradication.

The growth in ODA has been driven by allocations to HIV/AIDS and humanitarian assistance. There is growing concern that these earmarks lead to spending which does not reflect the multidimensional needs of vulnerable people or countries emerging from crisis. Effective financing should give people more control over their lives with attention to transparency, predictability, counter cyclical spending, social protection and cash transfers and less attention to artificial distinctions between humanitarian and development assistance.

Financing can be made more effective by harnessing the power of information so that taxpayers and those who are supposed to be on the receiving end of all resources for poverty reduction have full information about how much money has been allocated, to whom and when. Governments can then plan expenditure with full knowledge of the current and future budget and so optimise the use of different financing sources. Citizens can make a reality of accountability based on access to data on financing.

One of the very positive developments over the new millennium is the growth in citizen monitoring. Initiatives like www.Commit4Africa.org; African Monitor's annual Development Support Monitor which traces the 2005 commitments to delivery on the ground, ONE's DATA Report on the G8, the Ibrahim Index on African governance and many sectoral initiatives alongside the Africa Partnership Forum and Africa Progress Panel have demonstrated the public expectation that high level commitments should be honoured.

But improvements in effectiveness and accountability should not mask the need to increase the volume of resources available for poverty reduction: investment from all sources was \$166 per person in low income African countries in 2008. Total aid invested in sub Saharan Africa over the 48 years since aid began in 1960 is not 'trillions' but \$850 billion in today's prices - compared with global military expenditure of \$1464 billion in 2008 alone.

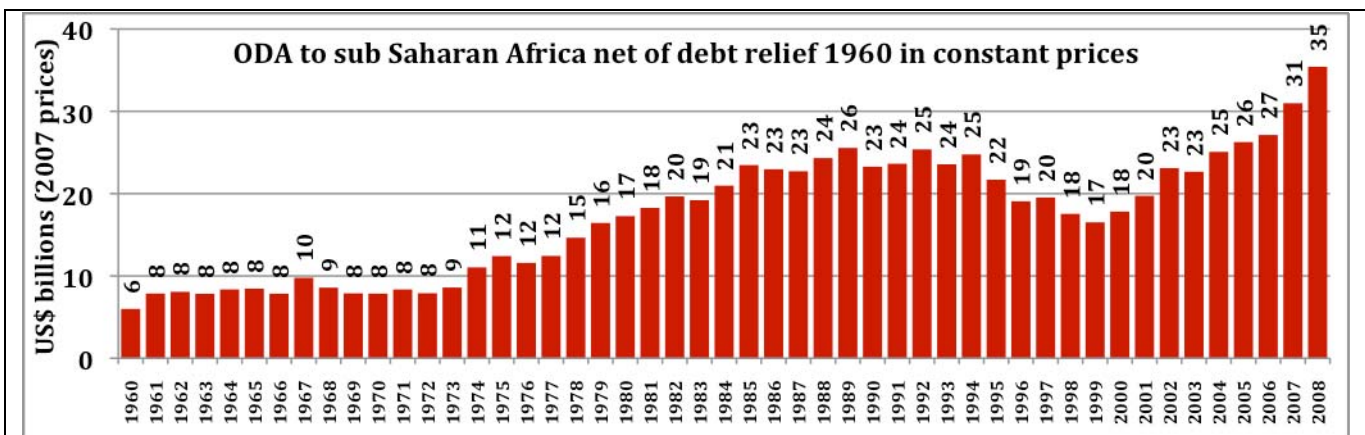
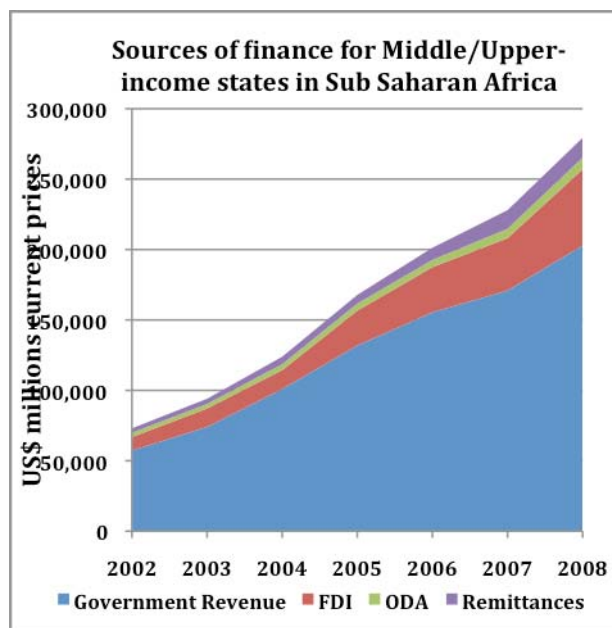
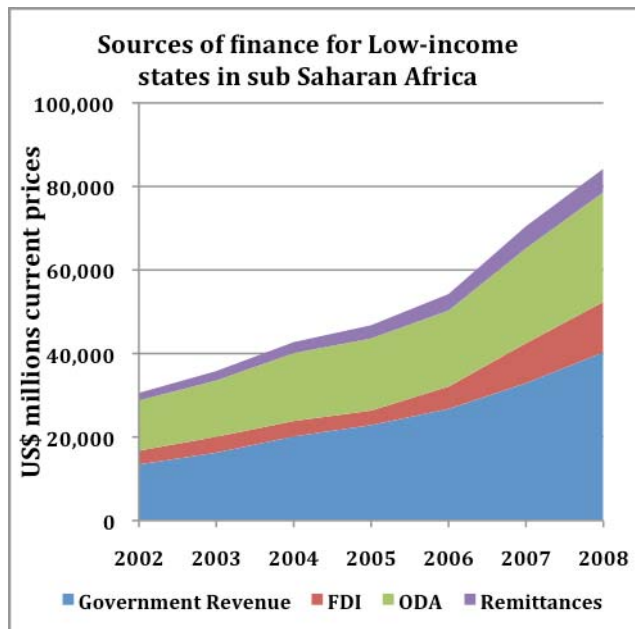
In 2008, the resources available for development in sub Saharan Africa included:

- \$243 billion in government revenues
- \$66 billion in FDI
- \$21 billion in remittances
- \$37 billion in ODA (2008 prices)
- \$2 billion in saved multilateral debt servicing
- \$9 billion in 'aid' loans and grants from countries outside the DAC (estimated)
- \$8 billion in loans, credit lines, debt cancellation and investment from China (estimated)
- \$4 billion in contributions from public via international NGOs (estimated)

In addition, a significant resource for poverty reduction over the decade has been the funding released by debt cancellation. The strongest growth has been in FDI, which is five times its nominal value in 2002. Government revenues have tripled over the past seven years, including in low income African countries. ODA has doubled in real terms. These shares vary hugely between countries. FDI is heavily skewed toward oil-producing states and those that are dependent on extractive industries. 73% of the resources available in upper or middle income countries come from government, compared with 48% in LICs. ODA represented 31% of the resources in Low Income countries in 2008 (down from 39% in 2002), compared with 3% in Middle or upper Income countries. Reported remittances differ enormously between countries – half of the total goes to Nigeria but in eleven countries, remittances are more than 5% of GDP. When these resources are broken down into amounts per person, the differences are stark. Resources from governments, foreign investment, aid and remittances in low income sub Saharan Africa averaged \$166 per person in 2008, compared with \$877 in middle or upper income states.

How much aid goes to sub Saharan Africa?

ODA to sub Saharan Africa was \$37 billion in 2008 (in current prices and net of debt relief) – an all time high following a period of almost continuous growth since 2000. The 1990s were a decade of decline for ODA to Africa and globally. Sub Saharan Africa's previous period of real terms growth was from 1974 to 1984 when ODA also doubled, rising from \$11b to \$23b. ODA to Sub Saharan Africa is currently 24% of global aid – and has ranged between 18% and 26% since 1979. So far this decade (from 2000 to 2008) sub Saharan Africa has been allocated \$224 billion in ODA net of debt relief - an average of \$31 per person per year across the continent.



Will donors meet their targets?

The Commission for Africa report made the case for an additional \$25 billion in ODA for sub Saharan Africa so that total ODA would total \$50 billion by 2010 rising to \$75 billion a year after that. At Gleneagles, G8 donors announced that the additional \$25 billion would be found as a result of adding up all the individual commitments of DAC donors. G8 individual commitments were documented in an annex to the communiqué.

By the end of 2008, the G8 had delivered one third of the increases they promised by 2010. The responsibility for this lies with a minority of the G7. To get on track donors would need to have found an additional \$9 billion a year in 2009 and 2010. The limited data available suggests that the G8 achieved around \$3.5 billion in 2009. OECD estimates show a decrease in the rate of growth in global ODA in 2009 and 2010 with a shortfall in the region of \$17 billion against commitments for Africa. ONE's Data Report 2009 showed that while the three donors with relatively modest targets are on track, France and Italy had achieved 7% and 3% respectively of the increases promised. UK and Germany were making serious progress and the UK has since started the process of legislating to ensure that the 0.7% target will be met by 2013. Among other donors, Ireland has announced a 11% decline in ODA for 2009 after years of major progress; the Netherlands and Sweden have both announced volume cuts as a result of GNI falls but will be meeting their GNI percentage targets. The value of the global 2010 commitments from European donors, even if they are met, could be reduced by some US\$8.6 billion as a result of revised GNI projections since 2007.¹ On top of that the Global Monitoring Report² estimates that \$3 billion to \$5 billion could be wiped from the value of 2009 ODA by currency movements. This will affect particularly direct financial contributions to government services and projects. Technical cooperation and humanitarian assistance will be less affected.

Country Programmable Aid for sub Saharan Africa is estimated to increase from \$29 billion in 2008 to \$32 billion in 2011 (a very modest increase of 10% over 3 years). Humanitarian aid ends to be more resilient in the face of recession in donor countries and the UN's global humanitarian appeals – of which at least two thirds is usually allocated to Africa - for both 2009 and 2010 have been at record levels.

Who spends ODA?

The data are not good enough to show how much ODA is spent by governments either in the form of budget support or other aid programmes. The headline figures suggest that budget support has declined as a share of ODA net of debt relief. It is only 7.5% of total ODA and 10% of aid going through the public sector. However, since 2002 donors have also doubled the amount spent in support to specific ministries or sectors (\$4.7 billion in 2008 or 13% of ODA) and it is clear that a number of African countries budget support represents a significant share of ODA. Governments do not have access to full or timely information on current and future aid. In Malawi in 2006 there was a difference of \$119 million between the amount reported in-country and known to the government of Malawi and the amount reported to the OECD. In Rwanda in 2007, the difference was \$166 million.³ This seriously compromises the ability to plan and the optimal use of resources.

What has aid been spent on?

ODA spending has increased in all sectors since 2002 but over half of the growth is accounted for by health (33% of the growth) and Humanitarian Assistance (22%).

¹ Based on OECD Economic Outlook projections between December 2007 and November 2009

² World Bank Global Monitoring Report 2009

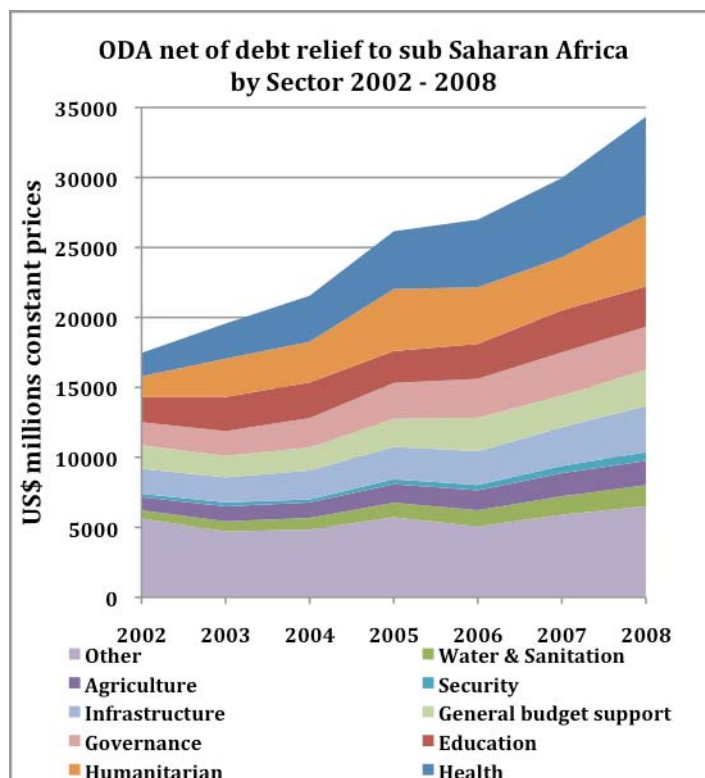
³ Development Initiatives, Aid Information in Malawi (2009) <http://www.aidinfo.org/files/malawi-case-study.pdf>

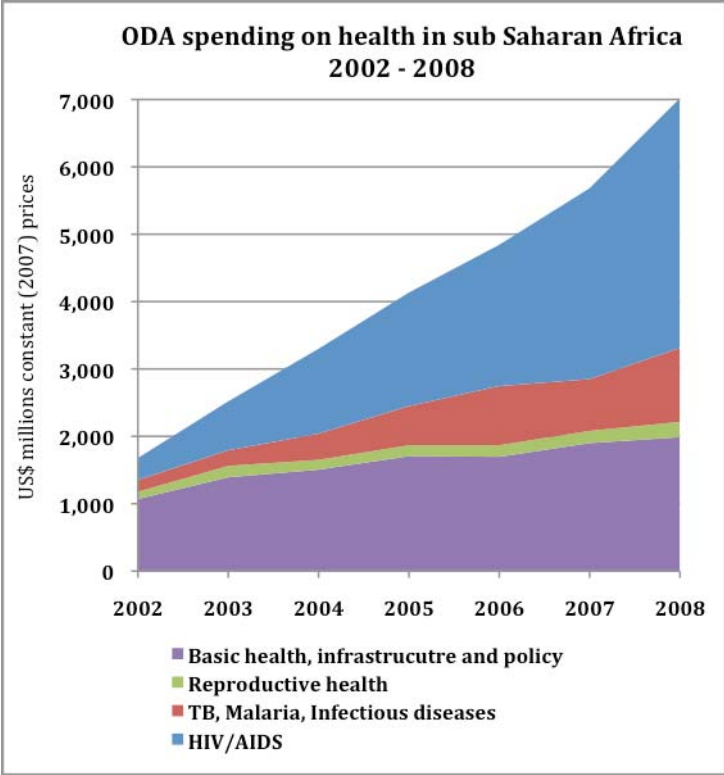
Spending on health has tripled in real terms since 2002, increasing from 7.5% to 19% of all ODA to sub Saharan Africa. This increase is driven overwhelmingly by spending on HIV/AIDS which, with malaria, accounted for 53% of health ODA. Spending on basic health care increased by 10% but all other sub sectors within health had only negligible increases and basic health infrastructure declined by \$21m. The Africa Partnership Forum has called for priorities to be universal access to health care, improved food security and investment in systems and human resources if health gains are not to be lost and progress made on maternal health.

The growth in humanitarian assistance reflects long term spending in countries affected by prolonged crises, chronic poverty and food insecurity. In some African countries humanitarian assistance is over half of ODA and a major resource for basic services. Agricultural aid to sub-Saharan Africa has been increasing since 2005 but it remains between 4-6% of all development assistance. Government expenditures on agriculture have been in decline. In 17 African countries the share fell to as low as 4.5% of total government spending, well below the 10% commitment made by heads of African States in 2000.

Prospects for future resources for poverty reduction?

The growth in government revenues has been very significant over the decade. Domestic resources are the most important source of finance and they are under extreme pressure. Government revenues are projected by the IMF to decline, with a fall in 2009 equivalent to 5% of GDP. The IMF has warned that a number of low income countries are at high risk of debt distress due to debt re-accumulation and remittances had negative growth in 2009. Early 2009 data suggests that FDI to Africa as a whole is likely to have declined in 2009 and falling global commodity prices may also lead to the postponement or cancellation of investments. All this threatens domestic revenues and makes it particularly important that international financing is enhanced. Front loading and replenishment of multilateral commitments, flexible lending, action on tax havens, asset recovery and illicit capital flight, meeting commitments on ODA and expanding the donor base are all essential contributions alongside actions to promote the economic recovery that will boost tax revenues.





8. THE ECONOMIC CRISIS AND RECOVERY

The nature of the crisis

What was different about the crisis compared to previous crises?

- The origins of the crisis were in the industrialized countries;
- The speed of global transmission;
- The size of the global shock;
- The compound nature (following fuel and food shocks).

What happened and what didn't?

- Not everything expected to happen has transpired as expected;
- There were large falls in exports; FDI; remittances but very variable;
- There was a growth slowdown but few outright recessions. UNDESA in May 2009 forecast 60+ developing countries would have contracting GDP per capita in 2009 but revised this to 33 estimate of Sept. 2009. However, the ILO (Sept. 2009) estimated an increase in global unemployment of 39-61 million relative to 2007 (or 219 to 241 million in total and the highest on record).
- Fiscal budgets and aid budgets have been under pressure but no large fall yet?
- There are various global poverty estimates (see below). Given the macro-economic impacts have been highly variable we can expect poverty estimates to be similarly so.
- The newest data is from the rapid qualitative appraisals of Oxfam and the World Bank. Much new data is under collection.

The global financial crisis: what did we expect to happen and what has actually happened?

<i>What has happened in the crisis in developing countries?</i>	<i>What has not happened?</i>
Slowdown in growth rates	But no overall developing country recession
Fall in export volumes	But very variable.
Fall in export unit values	But main problem is <i>rising</i> commodity prices
Reductions in FDI and portfolio investment	No country-specific crises of the sort in the 1990s.
Banking problems in emerging markets.	Banking systems have held up well.
Falls in remittances affecting poorer countries	Too early to draw a definitive conclusion
Sovereign debt increasing	Could become a major issue
Trade credit expected to fall	Clear evidence of this problem hard to find.
Aid flows expected to fall	Some have cut, but no generalised fall.

Impact and recovery

In Africa the impact of the crisis has been highly nuanced. There are various estimates on overall growth impact, recovery, and impacts on poverty and public budgets. Estimates made in 2009 of the 'new' poor (on US\$1.25/day poverty line – a proxy for MDG 1) as a result of the crisis are numerous and varied:

- 73-100 million new poor of which 56-80 million in East and South Asia and 12-16 million in Africa, 4 million in Latin America and the Caribbean (UNDESA, Sept, 2009).
- 108 million based on UN Stats estimates and World Bank (Global Development Finance data) growth data (UNGIVAS, Sept. 2009);
- 89 million (World Bank, Sept. 2009) citing Ravallion and Chen, April, 2009 whose estimates were 73-91 million under US\$1.25/day and US\$2/day based on country-specific growth projections (Ravallion and Chen, 2009).

Additionally and with relevance for the MDGs, growth decelerations and elasticities have been used to estimate the infant mortality – one of the health MDGs – impacts of growth decelerations with the following assertions:

- 30,000-50,000/year more infant deaths in Africa (Friedman and Schady, Aug. 2009);
- 200,000-400,000 more infant deaths globally (World Bank, Feb, 2009);
- An additional 1.5 boy infant deaths per 1000 live births and 7.4 girl infant deaths per 1000 live births per 1% growth deceleration (World Bank, Feb, 2009 based on Baird et al., 2009).

Impacts on women are also likely to be severe. The 2009 MDG Report notes the effects in ‘new hurdles to women’s employment’ and that the crisis is hitting ‘female dominated industries and services and may affect women more profoundly over the long term. It has been argued that women are more likely to lose employment than men as women dominate export sectors in sectors for garments, electronics and agriculture exports (Buvinic, 2009). Further, girls are more likely to drop out of school in both low and middle income countries (Skoufias and Parker 2006; Schady 2004) and girls infant mortality rates exceed boys during a downturn as noted above (Baird et al., 2007). Elson (2009) identifies four gender biases during crises as follows: A deflationary bias; A privatisation bias; A male breadwinner bias (protect male jobs if possible); A reliance on women to provide safety net bias through paid and unpaid informal work.

In terms of recovery and the fiscal outlook there are various fiscal concerns in terms of recovery speed, fiscal space and impacts on public expenditure, social spending and debt service which are highly country specific.

Estimates of Impact and recovery in SSA

Impact	Time to recovery	
	3 years or less	3 years or more
High impact (more than 4% growth deceleration on 2005-2007 average)	Botswana, Mauritana, Niger, Nigeria, Liberia, Benin	Angola, Equitorial Guinea, Seychelles, Cape Verde, Namibia, South Africa, Ethiopia, Sudan, Madagascar, Democratic Republic of Congo, Mozambique, Lesotho, Rwanda, Togo, Swaziland, Kenya, Sierra Leone, Tunisia, Mali, Gambia, Mauritius, Ghana
Lower impact (less than 4% growth deceleration)	Burkina Faso, Morocco, Uganda, Malawi, Cameroon, Burundi, Djibouti, Guinea, Guinea-Bissau, Cote d’Ivoire, Eritera	Zambia, Tanzania, Republic of Congo, Sao Tome and principe, Gabon, Senegal, Central African Republic, Algeria, Comoros, Chad

Source: Trough (2009)

Fiscal space in SSA, selected countries

Fiscal space	High (4 Countries)	Moderate (11 Countries)	Low (17 Countries)	None (5 Countries)
Countries	Mali, Rwanda, Uganda, United republic of Tanzania	Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Lesotho, Madagascar, Mozambique, Niger, Nigeria	Congo, Cote d’Ivoire, Djibouti, Eriteria, Ethiopia, Gambia, Guinea, Guinea-Bissau, Kenya, Malawi, Mauritana, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Togo, Zimbabwe	Burundi, Democratic Republic of Congo, Ghana, Liberia, Zambia

Source: Martin and Kyrili (2009).

Trends in public expenditure in selected African countries (% of GDP)

	2007	2008	2009	2010
Ethiopia	17.07	14.48	13.27	15.48
Ghana	37.34	41.03	36.56	37.39
Kenya	22.05	23.09	24.35	26.61
Malawi	27.11	30.09	31.25	28.81
Mozambique	23.39	24.43	25.61	29.63
Nigeria	24.11	25.04	28.42	25.46
Sudan	21.26	20.08	22.56	15.75
Tanzania	21.36	21.08	22.93	26.97
Uganda	15.24	15.60	14.70	15.78
Zambia	19.82	20.38	20.57	20.56

Source: IMF WEO

Estimated impacts on total education spending, 2008 and 2009, selected countries (red = significant decline; green = significant rise)

	% of GDP		% of total budget	
	2008	2009	2008	2009
Burkina Faso	2.3	4.2	9.4	11.8
Benin	5	4.6	18.8	17.9
Ghana	9	5.9	21.8	17.4
Kenya	5	5	17.2	17.4
Mozambique	6.3	7.1	18.5	19.3
Rwanda	3.9	4.4	16.6	16.4
Sierra Leone	1.2	1.4	8	11.3
Tanzania	5.6	5.6	19.7	18.3
Uganda	2.9	3	15.3	15.3
Zambia	4.1	4.4	15.4	17.2

Source: Martin and Kyrili (2009).

Estimates on impacts on total health spending, 2008 and 2009, selected countries (red = significant decline; green = significant rise)

	% GDP (09-08)	% Budget (09-08)
Kenya	-0.1	-0.2
Rwanda	+0.4	+0.4
Tanzania	-0.5	-2.7
Uganda	+0.06	-0.2

Source: Martin and Kyrili (2009).

Trends in debt service in selected African countries (% of GDP)

	2007	2008	2009	2010
Ethiopia	0.14	0.07	0.09	0.31
Ghana	0.18	0.33	0.58	0.45
Kenya	0.39	0.39	0.38	0.48
Malawi	0.02	0.01	0.02	0.02
Mozambique	1.31	0.68	0.82	0.83
Nigeria	1.27	0.60	0.63	0.54
Sudan	0.17	0.33	0.49	0.67
Tanzania	4.67	0.07	0.10	0.06
Uganda	0.08	0.08	0.07	0.10
Zambia	0.07	0.10	0.11	0.13

Source: IMF WEO

9. POLICY RESPONSES TO THE CRISIS

Positive developments in response to the crisis since June 2009 are:

- (i) a concerted effort by the Bretton Woods Institutions and the African Development Bank leading to an increase in concessional financing;
- (ii) no widespread resort to trade and investment restrictions;
- (iii) an acceleration of action on the issue of tax havens;
- (iv) Plus progress on governance reform at the international financial institutions;

But political efforts must not wane if economic recovery is to turn into sustained growth, and to restore progress towards the MDGs:

- (i) Given the impact of the crisis on domestic revenue the accelerated transfer of resources through the multilateral system must be maintained and ODA increased;
- (ii) Given the dampening effect of the crisis on private flows, further steps are needed to stimulate investment and develop the bond market; fresh political momentum must be injected into the stalled Doha trade negotiations;
- (iii) the momentum on international cooperation on tax havens must be maintained;
- (iv) Important decisions are needed in 2010 on IFI governance and Africa needs to play a full part in the rapidly changing global economic governance.

Measures on Additional Resources

The multilateral system has achieved a) an acceleration in the transfer of resources from the international agencies to Africa; b) efforts to simplify procedures and to create/modify lending facilities; and c) concerted effort to ensure the sustainability of the larger transfer of resources from these international organizations with the G20 decisions to review the need for a general capital increase for the AfDB , to create the new crisis response window in IDA and for ambitious replenishments of IDA and the African Development Fund.

Financing for climate change: The Copenhagen Accord announced US\$30 billion for mitigation and adaptation for 2010-2012, and US\$100 billion a year by 2020. It is unclear if this will finance the Technology Mechanism and mechanisms designed to reduce emissions from deforestation and degradation (REDD+) or what the share to Africa will be.

Measures to Promote Trade and Investment

Keeping trade open: WTO, OECD and UNCTAD's September 2009 "Report on G20 Trade and Investment Measures" found no widespread resort to trade or investment restrictions as a reaction to the crisis. But there has been policy slippage. Some G20 members have raised tariffs and introduced new nontariff measures, and most have continued to use trade defence mechanisms. Two have introduced agricultural export subsidies.

Promoting investment: A substantial number of policy changes undertaken in the first half of this year were aimed at increasing openness and clarity to foreign investors. The May 2009 Joint Action Plan supports Africa's financial systems, trade, infrastructure, SME initiatives and lending to the private sector and has led to an Africa SME Guarantee Fund.

Financing trade: The AfDB and WBG as well as other DFIs/IFIs and governments have launched initiatives leading to significant injection of liquidity to finance trade. Based on current commitments, about US\$3 to 4 billion a year are made available from public sources. Public funding has in turn helped to leverage resources from the private sector. Overall, while actual trade finance resources are slightly lower than the amount expected based on the G20's commitment made in London for up to US\$50 billion of trade liquidity support over 3 years for all developing countries - there has been little evidence of lack of trade financing in Africa.

Advancing Doha: The Seventh WTO Ministerial Conference (November 30-December 2, 2009) reaffirmed the need to conclude the Round in 2010. Political leadership and commitment will be needed to achieve this despite some progress on technical issues.

Financial Supervision and Regulation

Since the G20 London Summit there has been an acceleration of actions to implement the OECD standards of transparency and exchange of information on tax matters. All of the 87 jurisdictions covered have now committed to the Global Forum's standards of tax information exchange and transparency; over half have substantially implemented them. Since April, over 100 Tax Information Exchange Agreements have been signed, over 60 tax treaties have been negotiated/renegotiated to incorporate the standards and 15 jurisdictions achieved the category of substantially implementing the standards. These have now been endorsed by all major offshore centres. Work is also ongoing (through for instance the African Tax Administration Forum or ATAF) to build up tax administrations so that they can benefit from this new open environment.

Systemic Reforms to Global Governance

Firm deadlines were reaffirmed at the G20 Pittsburgh Summit to deliver representation and governance reforms; the Spring 2010 Meetings for the World Bank, and January 2011 for the IMF. G20 leaders also endorsed proposals to shift IMF quota share by at least 5% from under-represented countries to over-represented countries. At the World Bank is adding a third chair to sub-Saharan Africa. In the medium term, G20 has committed to reform the IFIs' mandates, scope and governance to reflect a changing world and the need for greater developing country representation

10. POVERTY HEARINGS

Since 2008, African Monitor has been conducting poverty hearings – public platforms designed to provide an opportunity for people living in poverty to voice their experiences and concerns of being poor. This is to the effect that the process begins a dialogue for change by decision makers and the range of development roleplayers. A distinguishing feature of poverty hearings is that they are a reminder of what policy makers have pledged to do and are snapshots of the progress made from the perspective of the underserved. These hearings are akin to a public court which cries out for action and 'embarrasses' inaction. There is also a sense in which poverty hearings have become an anti-poverty bandwagon where the poor are not meeting only to discuss their problems but it is a microcosm of a nation meeting to discuss the national problems. They are a sample of the predicament faced by the majority of people in the entire nation and therefore the responses required are not a form of patronizing the poor but a nation trying to look at the way its resources are shared, its social capital is utilised, its national values are brought to bear and how these can be turned into new opportunities. So far, two rounds of hearings have been conducted. The first was conducted in Cameroon, Kenya Liberia, South Africa and The Gambia, during 2008. The second round is underway in Kenya, Mozambique, Senegal and Liberia and has an MDG focus.

The poverty hearings model has unique strengths. First, the hearings mobilise a whole range of stakeholders and partners to participate. Secondly, they make use of a credible panel of commissioners or a jury, comprising of people of high social standing and integrity, which in turn ropes the attendance of key policy makers and implementers. For example, the Human Rights Commission was in attendance at all the nine hearings and in Kenya where the hearings were focusing on youth the government official responsible for the youth fund took part at the hearings. This inspires confidence in people who testify because they have a sense of being heard and expectation that something will be done about their situation. The priorities that the poverty hearings revealed are not new as they have been identified in the MDGs, national policies and political manifestos. The hearings revealed the nuances that exist in development delivery. First, delivery and resource allocation leave a lot to be desired. Secondly, in some instances resources have been allocated but the conditions that the poor have to meet in order to access them are inhibitive and impossible. In other cases, the poor have no knowledge of how they can access these resources. For example in South Africa and Kenya, there are youth funds that are dedicated to uplifting young people to start businesses in order to become self-sufficient and in the main they are quite well resourced. Either the young people are not aware of these funds or have no knowledge of how to access them. In some instances the collateral or trade licences required are out of reach for the youth except for those who already have a significant capital base or strong political connections.

The hearings also revealed how policy makers and implementers fail to manage the adverse effects of allocated resources such that they become retrogressive to the lives of the poor. In South Africa the adverse effects of social grants have not been managed effectively by the government. For example, the basis for the Disability Grant, which is given to HIV and AIDS infected people who are on ARVs, is a CD4 Count of 200. Through ARVs and nutritional packages that are given under the grant, once a person's health improves as indicated by a CD4 count of above 200, the grant is withdrawn. This forces people, desperate to get an income, to discontinue their medication in order to get worse and subsequently resume receiving the grant. In another example the Child Grant, given to mothers who have no other income, has led young girls to have children prematurely so that they can access these grants. Even most significantly was the impact of the inability to access a national identity document without which one cannot obtain any of the entitlements.

The poverty hearings also revealed a ticking time bomb that Africa, and by extension the international community, are sitting on. First, they revealed that poverty is breeding restless young people who are lying idle and therefore lured into crime and other retrogressive activities. Secondly, they revealed the enormity of the problem of unemployment. In South Africa, the poverty hearings were conducted during week days when young people could have been either at school or at work. However, more than 50% of the people who took part at these hearings were young people; implying that they were neither employed nor in school. The poverty hearings also revealed how the internationally agreed measures of economic progress are inadequate. For example, in a country like South Africa, despite its relative macro-economic success, the disparities between the rich and the poor are enormous. The manner in which the strength of the economy is measured does not convey the full story of the performance of the economy. It was shocking to find that in South Africa, which has the strongest economy on the African continent has, as the biggest problem for poor people, lack of food and food insecurity. Hunger and extreme poverty seriously undermine people's dignity, which has led to a call for instituting a 'dignity line' as the best measure of economic performance.

Poverty hearings have progressed into change facilitation processes, which are integrating the key issues raised into national programmes. For example they have informed the national anti-poverty strategy which is being finalized. The ongoing hearings are designed to inform both the national policy processes as well as the MDG review. To this effect personalities of continental stature are being selected to join national commissioners in all the four countries and ultimately part of the delegation that will carry the message to the UN in September.

11. SOCIAL PROTECTION AND THE CRISIS

Types of interventions

Social protection (SP) programmes are a set of actions and policies that partly reflect existing social policy but add some new components (such as cash transfers) and are specifically directed helping households manage risk and reduce incidence and impact of shocks and SP thus, allows poor/vulnerable families to take more risks, and invest; facilitates poor/vulnerable families in developing human capital and permits families to avoid negative coping mechanisms.

Types of SP, instruments and role during current crisis

	Type of SP	SP instruments	Role in Crisis
Short term	Protective (social assistance)	- social transfers -disability benefit -pension schemes -social services	Immediate protection and relief from poverty and deprivation
	Preventive (Insurance and diversification mechanisms)	-social transfers - social insurance (pensions, health insurance, unemployment benefit) -livelihood diversification - savings clubs; funeral societies	prevents damage to coping strategies
Long-term	Promotive (economic opportunities)	-social transfers -access to credit -asset transfers/protection - school feeding -starter packs -access to common property resources - public works programmes	promotes resilience through livelihood diversification and improves security
	Transformative (addressing underlying social vulnerabilities)	-promotion of minority rights -anti-discrimination campaigns -social funds	transforms social relations to reduce exclusion

Source: Davies and McGregor (2009).

Social protection (SP) in Africa and the evidence-base

SP in Africa has a basis in national commitments of 13 countries (in the Livingston Initiative, 2006) and the AU's Social Policy Framework for Africa (2008). Further, SADC, EAC, IGAD are all pushing ahead with regional policy frameworks. The table below outlines types of SP and their scope in selected African countries. There is a wealth of literature on positive impacts of social protection on the health and nutrition MDGs in Africa - see table). In Congo, Burundi, Kenya, and South Africa the elimination of the user fee (as well as a child benefit programme) led to a rise in access to health. In Uganda the elimination of user fee led to an 8% and 11.5% reduction in the probability of deprivation in health for adults and children. In Kenya a reduction in the user fee led to an increase of 70% reduction in the said probability. Food-based transfers in Gambia led to improved maternal and healthcare and nutrition and reduced malnutrition. National scale-up plans and national training programmes proved effective in Burkina Faso, Cameroon, Cote d'Ivoire, Malawi, Rwanda, Tanzania, Zambia, Namibia, India, and Kazakhstan led to increased rates of HIV/AIDS testing and declines in HIV/AIDS transmission rates. Unconditional cash transfers in South Africa and Zambia have improved the health status and nutrition of those involved. In Rwanda fiscal decentralisation, community health insurance, and performance based financing improved health outcomes.

Types of SP and their scope in selected African countries.

	Ethiopia	Ghana	Kenya	Liberia	Mozambique	Niger	Nigeria	Rwanda	S. Leone	Tanzania	Zambia
Social protection interventions	Productive safety net programme (PSNP): public works and direct support	Permanent cash transfer programme (LEAP) plus new crisis-related programme (Emergency LEAP)	National OVC cash transfer pilot (OVC-CT) and Hunger Safety Net programme (HSNP) in 4 districts	School feeding	Cash transfer (Food subsidy programme)	Cash transfers at feasibility study stage	Cash transfers and micro-credit scheme	Cash transfers, public works, micro-credit	CT: Cash transfers at pilot stage, CfW: public works	Pilot social pension	Social cash transfer pilot in five districts
Vulnerable population (% int pov line)	39	30	20	84	23	66	64	77	53	89	64
Programme coverage	7.3 million people scaling up to as many as 15m	Main LEAP: 8,500 HHs Emergency LEAP: 17,000 HHs	41,000 households	35% of under 15 children	172,000 households	Study aims to target poorest households	Pilot: 12,000 HHs scaling up to 36,000 HHs by end 2009	Pilot scaling up on schedule to national level	CT: 16,000 older people CfW: 5,000 youth	Pilot reaching	Aims to cover only about 10-15% of population
Per household or individual cost or benefit	Approx. US\$21 per year per person (food and cash) for up to 6 people (average \$108 per HH)	Monthly benefit of US\$6-12 per household	\$18/month (avg)	Estimated \$30 per year per child	\$4-12 per household per month (depending on household size)	Study proposes \$89-178 per year per household	\$10-34 per month per household plus compulsory savings (\$570) disbursed after a year	\$72 per year per household	CT: \$85-125 per year per person, CfW: \$2/day	\$5-7.50 per month per household	\$8-11 per household per month

Source: DFID (2009).

Selected examples of SP interventions in Africa and studies of health-related MDG outcomes

Type of SP	Evidence
Cash transfers and benefits	<ul style="list-style-type: none"> - Better nutrition is leading a reduction in stunting among children. Immunization rates have improved (Kamerman & Gabel; 2006) - Botswana, Burundi, Ethiopia, Kenya, Namibia, Rwanda, Zimbabwe, Zambia: transfers to children affected by HIV has led to children receiving medical attention and improved diet (Help Age, IDS, Save the Children; 2005) - Malawi, South Africa, Zambia, and Ethiopia: Reduced the overall incidences of illness among children in Malawi; Improved diversity of diet and increased intake of protein fats. Helped in reducing illness, improved nutrition status, increased access to health care and food, improved maternal welfare among poor (Yablonski J & O'Donnel, M; 2009) - Somalia, Darfur, Afghanistan, the Democratic Republic of Congo, Malawi, Swaziland, Zambia, Lesotho, Mozambique, Niger: Positive impact on children's health. Vaccination amongst children is more prevalent, basic needs of children have been fulfilled (World Vision; 2008) - South Africa: Children's health has improved and they have access to basic needs (Barrientos & DeJong; 2004)
Social Pensions, work for cash for parent's and child benefits	<ul style="list-style-type: none"> - Burkina Faso, Cameroon, Ethiopia, Guinea, Kenya, Senegal, Lesotho and the United Republic of Tanzania: Directed attention to children's health (ILO; 2008) - Kenya, South Africa, Botswana, Lesotho: stunting amongst children has declined, and improvements in health and increased dietary variety (UNICEF; 2007) - Malawi: Increased health status and a decrease in malnutrition (UNICEF; 2006) - South Africa: Social pensions have improved health and nutrition amongst children especially female children (Duflo; 2003) - Senegal, Mali, Congo, Nigeria, Equatorial Guinea, Nigeria, Gambia, Cameroon, Liberia, Gabon, Burkina Faso, Niger, Sierra Leone, South Africa, Mali, Chad, Cape Verde: Children have access to health facilities. Stunting amongst children has reduced. Basic needs of children are taken care off. Pension has improved the health of older people (UNICEF; 2009) - South Africa, Zambia: Improved nutritional status has resulted from social pensions in South Africa; Unconditional cash transfer in Zambia has resulted in better nutrition and a reduction in child labour (Thomas; 2005)
Child Support Grant	<ul style="list-style-type: none"> - South Africa: Improved children's health, nutrition and thus school readiness. Children have access to nutritious food. Household with social grants have lower prevalence of hunger amongst children (Leatt & Budlender; 2006) - South Africa: Child Support Grant in South Africa has reached large number children in short span (Lund et al.; 2008)
Elimination of user fee	<ul style="list-style-type: none"> - Uganda, Zambia, South Africa, Kenya, Burundi, Congo: Uganda- the elimination of user fee led to an 8% and 11.5% reduction in the probability of deprivation in health for adults and children. Kenya- reduction in user fee led to an increase in 70%. Congo Burundi, Kenya, South Africa- significant rise in access to health and education due to child benefit program and elimination of user fee (Notton & Buligescu; 2008)
Food based transfers	<ul style="list-style-type: none"> - Gambia: improved maternal and healthcare and nutrition (Barrientos & Holmes, 2006)
National scale up plans	<ul style="list-style-type: none"> - Burkina Faso, Cameroon, Cote d'Ivoire, Malawi, Rwanda, Tanzania, and Zambia: Joint Technical Missions- catalysed national policy and programme decisions and led to the development of national scale-up plans. Increased HIV testing in Zambia (UNDG 2009)
National training programmes	<ul style="list-style-type: none"> - Namibia: My Future is My Choice (a national life skills based HIV-prevention training programme using peer education) has probably led to a sharp decline in prevalence of HIV (UNDG 2009)
Performance-based financing	<ul style="list-style-type: none"> - Rwanda: fiscal decentralisation, community health insurance, and performance based financing (El-Saharty et al.;2009)

Source: Sumner and Mann (2010).

PART III: NEW AND EMERGING ISSUES

12. THE 2010 MDG REVIEW

The July 2009 UN General Assembly took a decision to hold a high-level plenary meeting at the opening of the 65th General Assembly in 2010 with the participation of Heads of State and Government in September 2010. The proposed outcome of the 2010 review will be a 'bold action-orientated political declaration' to renew existing commitments and galvanize coordinated action. The SG resolution 55/162 mandates the preparation of a 5 year comprehensive report on the implementation of the entire Millennium Declaration. The above consultation so far has suggested this might be modified. A report focused on the development commitments of the Millennium Declaration has been requested and there is the development of an African common position on MDGs through regional and inter-agency processes. The review itself is likely to ask questions about what needs to be done the same or differently in terms of: The content of the indicator set; real-time poverty monitoring (currently MDG data is at least 2-4 years out of date if it exists at all); the continuing relevance and utility of the indicators in a changing world (especially climate change adaptation that may take the policy space in 2010 from the MDGs unless the two can be linked explicitly); greater MDG localisation (especially in Africa, following critiques that the MDGs are 'unfair' to Africa; 'de-aiding' the MDGs – resources matter but an earlier over-emphasis on resource issues alone has led to neglect of important non-resource questions and focusing policy on equity, the poorest and thinking cross-sectorally. UNDP is preparing improved country level implementation plans and an MDG index of policy effort. Linked to this will be discussion of the role of different actors, as well as the funding gaps.

Emerging issues for the 2010-2015 MDG 'big push'

	Localising and adapt the MDGs	'De-aiding' the MDGs – think of the MDGs beyond aid	Focusing policy on equity and thinking cross sectorally
What?	Adapt the MDGs at country level in terms of indicators and targets; to climate change and a post-crisis, to more uncertain world.	Resources matter but an earlier over-emphasis on resource issues alone has led to neglect of important non-resource questions.	Make stronger links between the equity and rights agenda in the Millennium Declaration and the MDGs
Why?	Localisation is an essential pre-requisite to policy adoption in budget and national strategies.	Policy actions and institutional reforms can be equally or more important to progress and innovative finance is emerging in health, climate, etc.	Most countries making progress are focusing on cross-cutting issues such as gender empowerment, linking up health, education and nutrition and viewing the MDGs as a 'package'; concern the poorest are being left behind.
How?	Facilitation of national processes to adapt the MDGs to local circumstances; Learning from the many countries who have done so already.	Review of evidence on what works in similar context across policy actions, institutional reform and resource issues.	Focus policy on equity and the poorest as per the Millennium Declaration; Greater concentration on gender and the new UN agency to support this; Increasing emphasis on poor people's adaptation to climate change

Local Adaptation of MDG Goals, Targets and Indicators in Selected African countries and MDG progress

	Local adaption of goals or targets	Local adaption of indicators	National processes of localisation	MDG 1 Hunger	MDG 2 Education	MDG 3 Gender equality	MDG 4 Child mortality	MDG 5 Maternal mortality	MDG 6 HIV/ AIDS and other
Botswana	Y		Country's Vision 2016 and National Dev't Plan for 2009-2016 matches the MDGs.	YELLOW	GREEN	GREEN	GREEN	GREEN	GREEN
Ethiopia		Y	National development plan, PASDEP (2005-2010) prioritizes MDG achievements.	GREEN	GREEN	YELLOW	GREEN	GREEN	GREEN
Ghana	Y	Y	The GPRS II (2006-09) explicitly focuses on the MDGs, which also have been given a separate section in the annual budget statement; civil society prepared MDG shadow report.	GREEN	GREEN	GREEN	RED	-	YELLOW
Malawi		Y	The Malawi Growth and Development Strategy (2006-2011) is a MDG-focused national plan; civil society is active in producing shadow MDG reports led by the Council of NGOs in Malawi.	GREEN	YELLOW	RED	GREEN	RED	GREEN
Mozambique			MDGs incorporated into the second PARPA (national poverty reduction strategy).	YELLOW	RED	RED	YELLOW	YELLOW	YELLOW
Senegal	Y	Y	The President established a Special Presidential Adviser on the MDGs and appointed a national steering committee to coordinate the national response for MDG achievement.	YELLOW	GREEN	YELLOW	YELLOW	GREEN	GREEN
Sierra Leone	Y		The 2nd Growth and Poverty Reduction Strategy (GPRS) focuses explicitly on the MDGs, with the Office of the President leading its implementation and oversight.	RED	YELLOW	YELLOW	RED	RED	GREEN
Tanzania	Y	Y	MDGs mainstreamed into Development Vision 2025 and medium term plan MKUKUTA, and for Zanzibar.	YELLOW	GREEN	YELLOW	YELLOW	RED	GREEN
Togo		Y	Adopted a National Development Strategy based on the MDGs (2007).	RED	GREEN	RED	RED	RED	GREEN

Source: UNDP (2010) based on National MDG Reports.

Colours: GREEN = Achieved or on-track to be achieved; YELLOW = mixed progress or possible to achieve; RED = unlikely to be achieved

13. CHINA AND AFRICA

The Increasing Engagement of Emerging Economies

The importance of emerging economies like Brazil, China, Middle Eastern countries and India to Africa's development is growing by the day. As some of the continent's largest trading partners and sources of investment, they have been instrumental in boosting growth rates and spurring much needed infrastructure improvements in Africa for many years. Over the last years, their involvement has evolved from energy security to encompass a much broader agenda of cooperation, including the sharing of developmental experiences and the outsourcing of agricultural production to previously uncultivated lands in Africa. However, there is a real danger that many of the deals struck come at the expense of large segments of Africa's population.

China's engagement with Africa

The notion that Sino-African relations can be viewed simply in terms of one giant resource grab is outdated at best. While resource extraction remains a central objective, commercial relations between China and Africa are now increasingly multi-faceted, with interactions developing in areas such as financial services, agriculture, or information and communication technology. As China's trade with the continent continues to grow, rising from \$6.5 billion in 1999 to \$107 billion in 2008, Chinese engagement is increasingly motivated by the compatibility between Chinese manufactured products and the perceived growth potential of the African market, with its one billion potential customers. Similarly, the seemingly widely held view that Chinese engagement in Africa is a centrally steered process with a clearly articulated and commonly understood geo-strategic objective misses important aspects of the picture. While Chinese government institutions (controlled by the government which is in turn controlled by the Party) certainly continue to set the agenda, there is growing diversity among Chinese actors on the African continent. Falling into three broad categories, namely, state-owned enterprises (SOEs), large private companies and small-scale entrepreneurs, these actors do not necessarily pursue the same objectives and, in some instances, have even begun to compete with each other for contracts and market share. Depending on the level of state ownership – public ownership ranges from local and regional authorities to the central government – there are also substantial differences in political engagement strategies and commercial interests within the state sector.

While the central government performs the political and commercial groundwork for engagement abroad by acting as facilitator and guarantor, it is increasingly unable to supervise all the bilateral dealings of its 23 provinces, five autonomous regions, four municipalities (including Beijing) and the two special administrative regions of Hong Kong and Macao. As a result, the Chinese engagement in Africa is far from the monolithic phenomenon it is often made out to be. On the contrary, the sheer number of self-perceived agenda setters including institutions such as the State-Owned Assets Supervision and Administration Commission, China's Export-Import Bank, the China Development Bank, the China-Africa Development Fund, the China-Africa Business Council, and the China Investment Corporation make for an increasingly multi-faceted engagement.

China's most prominent developmental initiative is the creation of the Forum on China-Africa Cooperation (FOCAC) housed within the Ministry of Foreign Affairs to coordinate Chinese foreign policy objectives toward Africa. Beginning in 2000, FOCAC has organized tri-annual high-level meetings with African governments to discuss issues of mutual interest. Growing Chinese support for Africa on the international stage.

Box 1: China's top ten African trading partners in 2008

Top two-way trade partners of China in Africa	Top African exporters to China	Top African importers from China
Angola	Angola	South Africa
South Africa	South Africa	Nigeria
Sudan	Sudan	Egypt
Nigeria	Republic of Congo	Algeria
Egypt	Libya	Angola
Algeria	Equatorial Guinea	Morocco
Republic of Congo	Gabon	Benin
Libya	DRC	Sudan
Morocco	Mauritania	Ghana
Equatorial Guinea	Algeria	Libya
Top ten as overall percentage		
78%	93%	74%

China is increasingly recognizing the political attractiveness of supporting African policy concerns at the global stage. The FOCAC Action Plan for the period 2010-2012 reaffirms Chinese support for better representation of Africa in global governance mechanisms such as the IMF and the UN Security Council, an Africa-friendly post-Kyoto climate deal, as well as a successful conclusion to the Doha Trade Round. The envisaged opening of an AU liaison office in Beijing and the strengthening of the Strategic AU-China Dialogue Mechanism are part of this strategy.

Surge in Chinese infrastructure investment

In 2008, the World Bank announced that China has become the largest financier of African infrastructure with over two thirds of African countries currently implementing major Chinese-backed projects. This dominance is likely to grow even further as the \$10 billion in concessional loans announced by premier Wen Jiabao at the FOCAC meeting in November 2009 will largely be used for infrastructure projects (tied to Chinese contractors) and Chinese financing institutions are increasingly willing to consider the formation of public-private partnerships.

Increasing outsourcing of Chinese labour to Africa

Thus far, local employment benefits of Chinese engagement have been minimal for most African countries (more than 750,000 Chinese workers have moved to Africa to work on

Chinese projects). However, the Chinese authorities are slowly introducing healthcare and pension costs to the workforce in a bid to slowly push their industrial fabric up the value chain. As a result, unit labour costs are slowly rising, making labour-intensive manufacturing less and less attractive to Chinese entrepreneurs – who may well be among the vanguard of those transferring factories to African shores.

Reduction in Chinese tariffs on processed goods from Africa

The division of labour implied by the current structure of Sino-African trade is clearly not conducive to the longer-term objectives of diversifying Africa's export structure and using trade to enhance the industrial development of African countries. The promises to reduce tariffs made at the recent FOCAC meeting have shown growing Chinese willingness to respond favorably to African pressure for enhanced market access and fairer trade balances.

Growing African concerns about China's engagement

While generally appreciative of China's engagement, African leaders are increasingly expressing anxiety, in various degrees, where the intensifying relationship with China is going and what benefits Africa will be reaping in the long-run. China has recognized this and appears increasingly willing to soothe international concerns by engaging in institutions such as the UN, the World Bank, the G8 and G20 on rules and codes of conduct for commercial and political engagement with Africa.

14. CLIMATE AND AFRICA

The Copenhagen Accord

The language of the 'Copenhagen Accord' is tortuous, reflecting the last minute Friday night drama and the negotiation marathon that preceded it. There is no binding agreement on limiting emissions, or timeframe for peaking them. Recognition of the 'scientific view that the increase in global temperature should be below 2 degrees Celsius' is hardly inspiring.

Developed countries will 'provide additional resources approaching \$30 bn for 2010–2012' and mobilise \$100 bn a year by 2020 to address needs of developing countries. It refers to fund arrangements with a governance structure providing for equal representation of developed and developing countries.

These commitments on financing are in line with expectations set out by Meles Zenawi on behalf of the African Group, though there is no mention of his proposals that 40% of a start up fund and 50% of the long term finance be reserved for Africa, or that the AfDB play a role in administering them.

The AU welcomed the Accord. But there is a history of broken promises, and doubts are thickening about the integrity of international commitments, especially when western taxpayers are feeling the pinch. Needed now is a financial spreadsheet to which all commit.

Africa was taken seriously. Diverse interests did not prevent action in unison. South Africa was included with Brazil, China, India and the US in last minute consultations to save the conference from disarray.

But Copenhagen was not the decisive moment that the world needed. Business is disappointed, campaigners angry, the public bewildered. The planet is no safer, and the prospects, lives and livelihoods of hundreds of millions of vulnerable people did not change.

At best, Copenhagen provided a basis, thin and shaky, for moving forward. It exposed what is at stake, and the limitations of negotiators, politicians and mega-conferences. It made clear that the impetus for solutions must come from other quarters. Nothing less than a popular uprising may work.

Africa after Copenhagen – will climate change derail development?

Climate change is not a crisis of Africa's making, yet it is Africans, especially the poorest, who are already suffering and stand to lose the most. Not only does it make things harder for those struggling to combat extreme poverty and disease by exacerbating the conditions of poverty, but it threatens to erode the gains that have been made in recent years. With the failure of Copenhagen to agree a binding global deal there is a danger that climate change will derail development.

Africa has contributed least to the current climate challenges. Only 3.6% of global CO₂ emissions come from the African continent. In stark contrast, the continent is already feeling the ramifications harder than any other. There have been severe floods in Zambia and Mozambique, shifts in rainfall patterns in Uganda and huge areas of land are experiencing longer and more intensive periods of drought. These are arguably only the first signs of what may be to come: By 2020 some regions could see crop yields from rain-fed agriculture fall by up to 50% and an additional 75 – 250 million people could be affected by lack of water.

Africa at Copenhagen

For Africa Copenhagen was in some ways a landmark summit. In the lead up to COP 15, African negotiators, Ministers of Environment and Heads of State developed Africa's common position which for the most part this held throughout the proceedings. Membership of the G77 also served as a vehicle to cooperate with the larger emerging economies of China and India. There was a careful balancing of leadership between the leader of the African delegation, Prime Minister Meles, the G77 Chair Lumumba and South African President Zuma. This enabled Africa's voice to be heard in all the necessary negotiation forums and allowed for broad political influence. Spokespeople for the continent were also widely quoted in the international media and significant attention was drawn to the African position by the walk-out staged by officials in the second week. In terms of how Africa will benefit from the outcome of Copenhagen it is expected the continent will receive 40% of the fast-track fund. The agreement on REDD-plus should also have important benefits, particularly in the Congo Basin. However, there was no binding

global deal which would commit to the necessary emissions cuts to prevent levels of warming that would harm Africa's development or to provide the necessary long-term financing to pay for adaptation and mitigation efforts.

The Copenhagen Accord

The Copenhagen summit ended with an Accord. The Accord is not legally binding and does not contain any specific details on emissions cuts. The key elements of the Accord are: An agreement to limit warming to 2 degrees centigrade; the provision of \$10bn annually in short term fast-track financing between 2010-12; a target of \$100bn for adaptation finance in developing countries by 2020; Progress on 'REDD-plus'; and the setting up of a 'High Level Panel' on finding innovative sources of finance for climate. The Accord is now seeking countries to 'associate' themselves with the document by providing information on their domestic plans. For Annex I countries this should come in the form of reductions in emissions, while for non-Annex I countries it will be their 'nationally appropriate mitigation actions', including plans for reducing the carbon intensity of growth. There was originally a deadline of January 31st 2010 for countries to complete this process but the UN climate change chief, Yvo de Boer, has since said this is flexible.

Negotiations in 2010

The way forward is unclear... General negotiations in 2010 are likely to take on a very different character to those of 2009, with de Boer emphasising the impracticality of having 192 countries present at all stages of the process. There are scheduled meetings of the UNFCCC in Bonn in June and Mexico City in November, however it may be that smaller groups of countries meeting outside of the official process will have significant influence. The Obama Administration has suggested scaling down the UN's role, including finding an alternative institution to manage the fast-track fund. Brazil, South Africa, India and China met in New Delhi on January 24th to discuss a common position on emissions reductions and climate aid money. The European Union informal heads of state meeting on February 11th is expected to finalise targets for emissions for the continent. There is yet to be any progress on establishing the High Level Panel on innovative finance for climate but this depends on the outcome of the Copenhagen accord.

Additionality Principle

For Africa one of the key issues in 2010 will be whether climate change finance is additional to existing and promised levels of Overseas Development Assistance. Research conducted for the ONE campaign has shown that if climate finance is not additional there will be a transfer of resources away from Africa towards other developing countries. This is in part because while sub-Saharan Africa's share of global ODA was 38% in 2007 the World Bank estimates that their share of adaptation needs will be 22%. Therefore if aid were allocated to climate finance Africa would lose out. Of course the lack of adaptation and mitigation capacity in Africa will also make reaching the MDGs more difficult and in some places has already begun to erase important gains made.

15. DEMOGRAPHY

Often ignored within Africa itself, demographic trends are having a serious and undeniable impact on the economic, social and political development of the continent. While far from the only such trend of interest (others being rapid changes in the relative balance of religions, ethnicities and gender as well as accelerating urbanization), Africa's high rates of population growth are of particular concern. The continent's population has doubled over the last 28 years, and has quadrupled over the past 55 years. Such growth rates are by far exceeding national, regional and continental absorptive capacities in terms of basic needs such as food and water, labor, shelter, sanitation, infrastructure, public health and environmental sustainability. It is, however, not only the growth of Africa's population, but also its swiftly changing structure that is having an enormous impact on the continent's developmental outlook. Particularly the increasingly high percentage of young people (more than 40 percent of Africans are below 15 years of age) holds both, great risks and chances for Africa's states. If governments fail to articulate and act on strategies to provide sufficient education, employment opportunities and security to their populations, the resulting discontent is bound to overwhelm fragile societies and increase the risk of social tensions and political instability. If, on the other hand, the potential of this youth is harnessed and used productively, as was the case in South East Asia during its economic boom, it may prove the bedrock of growth and development.

Evolution of the population growth in the different regions, 1960-2050 (%)

	1950-1955	1965-1970	1985-1990	2005-2010	2025-2030	2045-2050	Growth rate peak	
							Period	%
Eastern Asia	1,8	2,4	1,4	0,6	0,1	-0,4	1965-70	2,4
Latin America and the Caribbean	2,7	2,6	1,9	1,3	0,7	0,2	1960-65	2,8
Northern Africa	2,3	2,5	2,4	1,7	1,1	0,5	1980-85	2,8
South-Central Asia	1,9	2,3	2,3	1,6	0,9	0,4	1980-85	2,4
South-Eastern Asia	2,1	2,5	2,0	1,4	0,7	0,2	1970-75	2,4
Sub-Saharan Africa	2,2	2,6	2,9	2,5	1,8	1,3	1980-85	2,9
Western Asia	2,7	2,7	2,6	2,0	1,2	0,7	1980-85	2,9

Source: World Population Prospects

Evolution of the population in the different regions, 1960-2050 (Million).

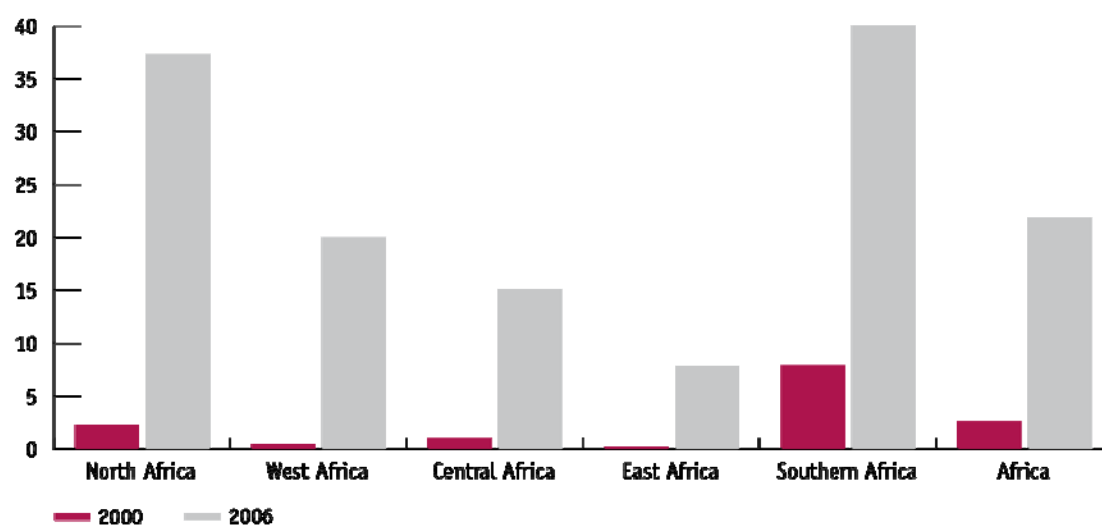
	1950	1970	1990	2010	2030	2050	Population change 2010-2040	
							Millions	%
Eastern Asia	670	987	1 344	1 563	1 663	1 591	29	2
Latin America and the Caribbean	168	288	444	594	713	769	176	30
Northern Africa	53	86	144	206	268	310	104	50
South-Central Asia	511	777	1 243	1 777	2 246	2 536	759	43
South-Eastern Asia	178	287	441	594	711	767	172	29
Sub-Saharan Africa	180	293	519	867	1 308	1 761	894	103
Western Asia	51	88	154	232	312	372	140	60

Source: World Population Prospects

16. THE SPREAD OF ICTS

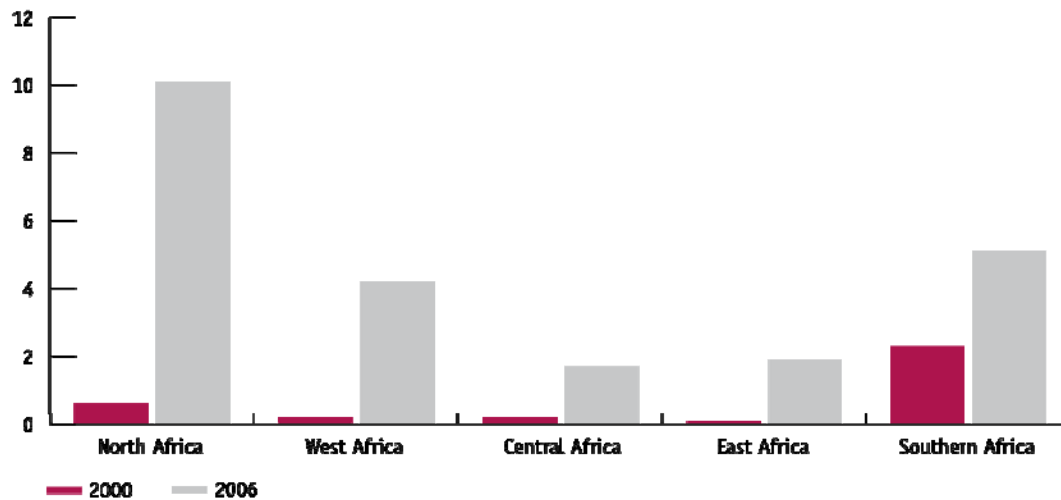
Whether by connecting people with each other or rural areas to the world, by spreading knowledge, improving health care delivery or by providing a basis for small businesses, the new technologies have changed the way Africa's people interact and its economies function. Farmers are increasingly using cell phone-based trading platforms for their agricultural products and in markets where transferring cash is expensive and exchange rates are volatile, prepaid minutes have become a form of currency. With the spread of new technologies bound to continue unabated, African leaders need to apply the developmental lessons learned by India and China who once were, and to a certain extent still are in a similar position with respect to the spread, regulation and targeted application of new technologies. Africa's ICT revolution, now in its early stages, is characterised above all by growth in the use of mobile telephones. In 2000 there were just 11 million subscribers in sub-Saharan Africa, almost all in South Africa. By 2008, there were 250 million subscribers, roughly a third of the population of sub-Saharan Africa. Mobile phone growth has been especially fast in Nigeria, Kenya, Ghana, Tanzania and Côte d'Ivoire. Although mobile phone growth in Africa has been impressive, it nonetheless lags other regions. Penetration rates in Asia and Pacific are close to 50 percent. Internet use has grown fast in percentage terms, but at much lower penetration rates. By 2008, Africa had nearly eight times as many Internet users as it did in 2000. Nigeria and Kenya have grown especially fast, but still only 4.2% of the population of sub-Saharan Africa have internet access, compared to a world average of 23%. Because fixed line telephony is comparatively rare, most internet access is through internet cafés. Fixed line *broadband* internet is very rare indeed – there were about 635,000 connections across the continent as a whole in 2008. In 2008, tiny Andorra had as many broadband internet connections as the whole of Nigeria. Broadband access has, however, changed rapidly in the last four years following the introduction of mobile broadband in 14 countries in the region.

Mobile phone users per 100 population



Source: ECA computations based on UNSD data, updated in July 2008. No data for two countries in 2006.

Internet use per 100 population



Source: ECA computations based on UNSD data, updated in July 2008. No data for one country in 2000.

In the 1990s digital technologies were new tools in search of a purpose. ICT for development was marked by a wave of publications, bodies, events, programmes and project funding: the 1998 World Development Report; the G8 Digital Opportunities TaskForce in 2000; and the World Summits on the Information Society held in Geneva in 2003 and Tunis in 2005. In this period the archetypal model was the telecentre, an idea transplanted from Europe and North America. Usually meaning a room or building with one or more internet-connected PCs, this could be installed fairly quickly; could provide tangible evidence of achievement; could deliver information, communication and services to poor communities. They have largely been a failure (Etta 2002).

The ICT agenda today is changing according to Heek's ICT4D Manifesto:

- Less emphasis on what might be used (the Internet and PCs), and more emphasis on what is actually used (mobiles, radio, television).
- Less emphasis on fundamental technical innovation; and more emphasis on application and business model innovation.
- Less emphasis on piloting and sustaining new applications, and more emphasis on assessing and scaling existing applications.
- Less emphasis on information, and more on interaction.

In many developing countries these moves have been most apparent in the growth of e-government: enabling bill payments via telecentres, or helping order important certificates. In Africa, there is now a growing movement for "m-development": finding ways to use widespread availability of mobile phones, mainly through text messages, for tasks ranging from reminding people living with AIDS to take their anti-retrovirals, monitoring elections or outbreaks of violence, and delivering financial and banking services to the unbanked.

17. TRANSPARENCY INITIATIVES

Transparency and accountability

There is growing trend towards support for a bottom-up citizen-led strategy for sustainable development, bringing together ideas of social accountability, transparency, and the power of new technologies that allow citizens to produce and not just consume information.

Social accountability – defined as building accountability through civic engagement, is a constructive dialogue which brings citizens, civil society organisations, government institutions and service providers towards a common vision of improved service delivery. Initiatives rest on the twin pillars of enhanced transparency and building the capacity of citizens. For example Twaweza, an East African citizen accountability movement, works to enable citizens to hold government agencies to account for the delivery of services, ranging from clinics to the quality of education. John Githongo, the anti-corruption campaigner, leads the Kenyan chapter. These efforts leverage new technologies, especially mobile phones. Citizens can text in to report a broken water point, enabling league tables of district offices to be compiled, and activists can pore over published accounts to track the flow of funds spent through particular budget lines. This kind of bottom up accountability is an important complement the top-down accountability of the Africa Peer Review Mechanism. There is a suite of complementary transparency movements which aim to increase the accessibility of information about domestic budgets, resources flowing to extractive industries, aid, private capital flows, the financial arrangements of multinational organisations, and recently of resources for climate change. These arrangements are producer-specific and risk becoming stove-piped. From the perspective of actual and potential users of this information, it matters less where the money came from, and more to be able to get a complete picture of the resources being used in their community.

Donors have a responsibility to make aid more transparent, as a necessary condition of enabling the social accountability movement to grow and to apply its efforts to aid. Aid transparency is an important component of the broader transparency movement because it:

- a. Enhances public and legislative oversight of governments; permits effective budget decision-making and execution; this will help to ensure that aid reinforces rather than undermines the social contract between citizen and the state.
- b. Reduces the costs of aid, reduces overlap, limits the opportunity for corruption, and avoids waste;
- c. Enables aid to be spent better by enabling more predictable spending through coordinated programmes, including more effective approaches to cross border issues
- d. Allows social accountability through citizen movements and civil society to press for better services.
- e. Builds support for aid by allowing taxpayers to see how their money has been used

The International Aid Transparency Initiative was agreed in Accra in 2008. Eighteen donors, accounting for about half of global ODA, have committed themselves to agree a standard for the publication of aid information, including the scope, level of detail and a set of common definitions which are essential to enable the information to be usable not just by governments but also by parliaments, civil society and citizens. The IATI donors are on course to agree a draft standard by August 2010.