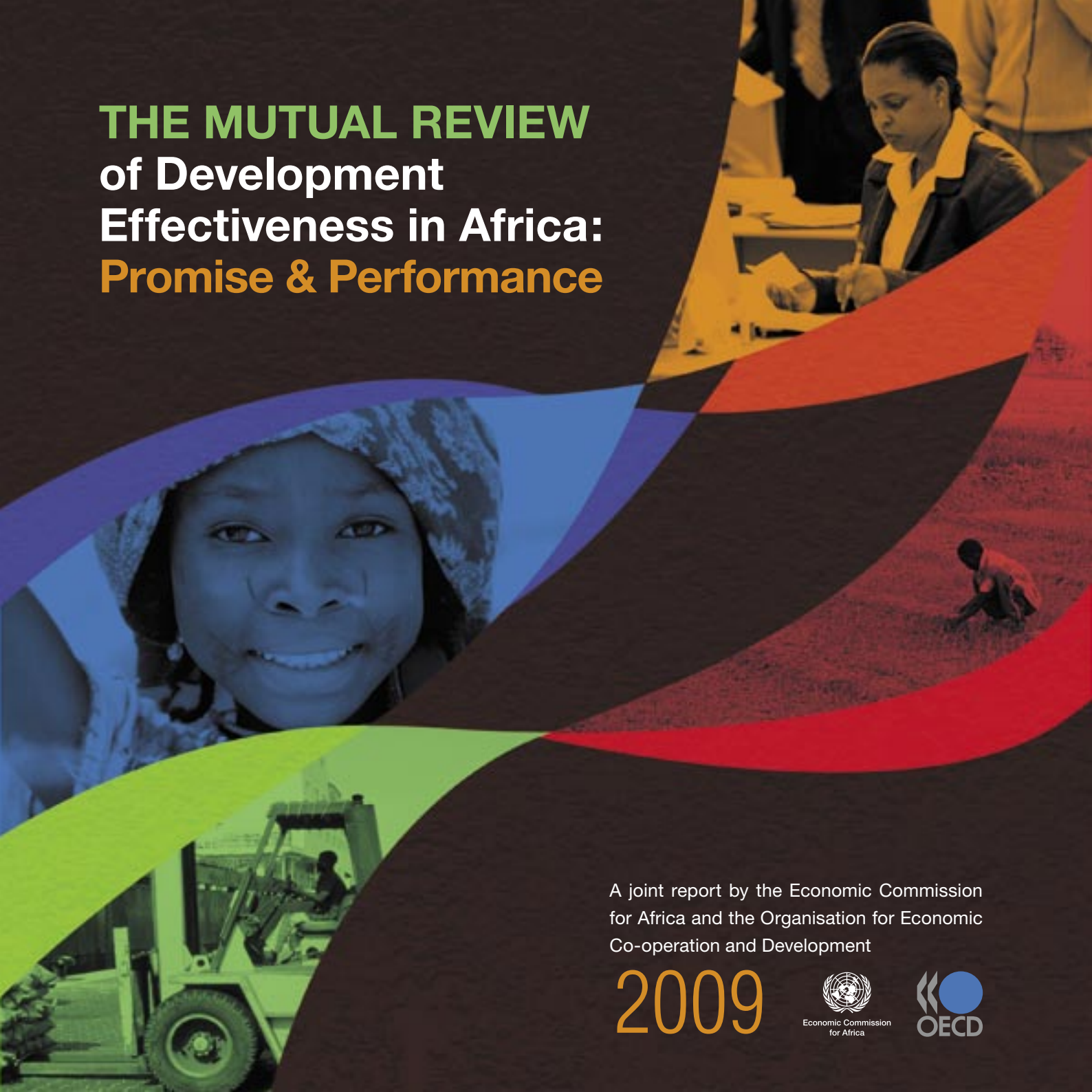
THE MUTUAL REVIEW of Development Effectiveness in Africa: Promise & Performance



A joint report by the Economic Commission for Africa and the Organisation for Economic Co-operation and Development

2009

Economic Commission for Africa

OECD

THE MUTUAL REVIEW of Development Effectiveness in Africa: Promise & Performance

The 2009 *Mutual Review of Development Effectiveness in Africa: Promise and Performance* has been jointly prepared by the United Nations Economic Commission for Africa (UNECA) and the Organisation for Economic Co-operation and Development (OECD) in close consultation with the NEPAD Secretariat. This report is underpinned by annexes containing more detailed analyses on each of the fifteen focus issues.
The annexes of the report are available at: www.uneca.org or at www.oecd.org/apf

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Preface

In September 2000, the entire international community adopted the Millennium Development Goals (MDGs) an expression of its commitment to development and poverty eradication. Following this, both African governments and their development partners entered into a series of commitments, designed to help make progress towards the achievement of these goals. In 2003 African leaders asked the UN Economic Commission for Africa and the OECD to undertake periodic reviews of progress in delivering these commitments, as an exercise in monitoring and mutual accountability.

This is the second such review, undertaken jointly by our two institutions during the second half of 2008. We are conscious that it takes place at a particularly critical moment. We are now past the halfway point between the adoption of the MDGs in 2000, and the target date of 2015 for the achievement of the goals. There is growing interest in whether existing commitments are being delivered, and whether they are producing results. We are also at a point where the global economy has entered a severe slowdown, which is affecting all regions, and which poses a severe risk of setting back progress towards the MDGs. These developments are leading to a fundamental re-evaluation of the way in which the international system needs to operate.

Against this background, the review is both an exercise in 'mutual accountability'—assessing what has been done to deliver commitments, and a review of 'development effectiveness'—assessing what results have been achieved. It is also intended to be of practical use to political leaders in looking forward to the key policy challenges ahead.

Our main findings are set out in the report which follows, and in the supporting annexes. We have looked at the picture for Africa as a whole, whilst recognising that there is a large degree of variation within this. We find that much has been done on both sides of the partnership to deliver mutual commitments across a very broad range of public policy, though there are areas where more needs to be done on both sides. We note that many positive results have been achieved, and that these are often at risk of being overlooked, but that enormous challenges remain if Africa is to accelerate progress towards the MDGs.

Looking ahead, the development process in Africa must continue to be led by African governments and their peoples. But it is also inextricably linked to what happens in the wider global economy. Issues such as climate change and trade are critical to Africa's development prospects, and are re-defining what is required of Africa's development partners in today's world. Together with the overarching objectives set out in the MDGs, they represent the key collective action challenges of our generation.

We call on African governments

- To continue with the agenda for political and economic reform set out in the 'New Partnership for Africa's Development' in 2001, and subsequently endorsed and elaborated by the African Union;
- To intensify efforts to direct the benefits of economic growth and larger government revenue to the achievement of the MDGs; and
- To intensify efforts to promote collective regional action on key political and economic issues, together with accelerated regional economic integration.

We call on development partners and the wider international community

- To take full account of Africa's interests in international negotiations during 2009 both on multilateral trade arrangements, and a post-Kyoto Protocol framework;
- To respond positively to Africa's claim for stronger representation in discussions on wider systemic issues, including the reform of the international financial architecture and international financial institutions; and
- To deliver existing commitments to increase the volume and improve the effectiveness of official development assistance by 2010.

Finally, we are grateful to NEPAD Heads of State and Government for the remit they have given to our two institutions to work together on this report. We are also grateful to the NEPAD Secretariat for their collaboration and support in this exercise. We believe that the collaborative process has been a valuable one, and suggests a model for how mutual accountability mechanisms might work more generally, particularly as we approach the MDG Review Summit of 2010.

We commend the report to African leaders, and their development partners.

Abdoulie Janneh
Executive Secretary
UN Economic Commission for Africa (ECA)

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Angel Gurría
Secretary-General
Organisation for Economic Co-operation and Development (OECD)

Executive Summary

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Following the adoption of the Millennium Development Goals (MDGs) in 2000, both **African governments** and their **development partners** entered into a series of mutual commitments designed to promote the achievement of the goals in Africa. These commitments were embodied in the 'New Partnership for Africa's Development' (NEPAD) launched by African leaders in 2001 and in subsequent declarations by the African Union, and in the responses which followed from development partners including as parties to wider international agreements such as the Monterrey Consensus, as well as in fora such as the European Union and the G8. In 2003 African leaders asked the UN Economic Commission for Africa (UNECA) and the OECD to undertake periodic joint reviews assessing the delivery of these commitments.

This is the second such review. It has been undertaken jointly by task teams from UNECA and OECD, in close consultation with the NEPAD Secretariat, and with inputs from African and international institutions and civil society.

It is intended to answer 4 basic questions:

- **What are the main commitments which have been made by Africa and its development partners?**
- **Have these been delivered?**
- **What have the results been?**
- **What are now the key future policy priorities?**

IDENTIFYING COMMITMENTS:

We find that the commitments fall into four main areas. **African governments** committed themselves to promoting economic growth, investing in the development of their people, ensuring good governance, and mobilizing both public and private resources. **Development partners** reciprocated with commitments designed to support Africa's efforts in all these areas. This provides the basic framework for our report.

We focus on commitments made by political leaders collectively, as distinct from national governments individually. In some cases these were broad expressions of policy. In others, they were specific resource commitments relating for instance to domestic budgetary allocations, or levels of development assistance. We have not attempted either to 'name and praise', or to 'name and shame', though we do in some places use case studies to illustrate wider points. Our approach has been to look at overall performance, recognising that underlying this there is a large degree of variation between individual countries, and inevitable exceptions to any general statement.

DELIVERY:

Much has been done on both sides of the partnership to deliver mutual commitments. **Africa** has made good progress on its commitments to promoting growth, investing in the health and education of its people, improving governance and mobilizing resources. **Development partners** have scaled up their financial and technical assistance. But in all these areas more needs to be done on both sides to meet existing commitments, as we set out in more detail in the report. The major collective failure on the part of the wider international community over this period has undoubtedly been the failure to deliver agreement on multilateral trade negotiations, which remains an area of vital interest to Africa.

RESULTS:

Some positive results have been achieved, which are often at risk of being overlooked. Africa has achieved strong and sustained economic growth, outpacing global per capita growth since 2001 after lagging behind for two decades, and helping to reduce the proportion of its population living on less than US$1 a day. Multi-party democracy has taken a stronger hold, and the number of state-based armed conflicts has been reduced. There has been significant progress towards the MDG goal of universal primary education. However the picture on other MDGs, particularly maternal mortality, is deeply worrying, and on present trends, no country in Africa will meet all the MDGs by 2015. There is a need to scale up efforts to improve governance including by consolidating the trend to multiparty democracy. Stronger action needs to be taken to resolve long running conflicts which continue to cause immense human suffering in the continent. Capacity shortages remain a key constraint in all areas.

EMERGING CHALLENGES:

The challenge of achieving sustained and sustainable development in Africa is not a separate and self-contained issue. It is inextricably linked to what happens in the wider global economy. Africa has already been significantly affected by the food and fuel price shocks of 2008. It is being affected now by the downturn in the global economy and has a vital interest in the new international arrangements for global economic management which will need to emerge. And although it is the region which contributes least to the problem of climate change, it will be profoundly affected by the consequences, and has a major stake in the forthcoming negotiations on a new post-Kyoto framework. These factors are redefining what is required of Africa's development partners.

POLICY PRIORITIES:

We identify three over-arching policy priorities for **African governments**:

- Continuing with the agenda for political and economic reform set out in the NEPAD founding statement in 2001, and subsequently endorsed and elaborated by the African Union;
- Intensifying efforts to direct the benefits of economic growth and larger government revenue to the achievement of the MDGs; and
- Intensifying efforts to promote regional integration and to develop regional infrastructure.

Similarly, we identify three over-arching policy priorities for **development partners** and the wider international community:

- Taking full account of Africa's interests in major forthcoming international negotiations during 2009 both on multilateral trade arrangements, and a post-Kyoto Protocol framework;
- Ensuring that Africa has a larger voice in discussions in 2009 on wider systemic issues, including the reform of the international financial architecture and international financial institutions; and
- Delivering existing commitments to increase the volume and improve the effectiveness of official development assistance by 2010.

STRUCTURE OF THE FULL REPORT, ANNEXES, AND SUPPORTING INVENTORY OF COMMITMENTS:

- A **main report** (this document) composed of brief overviews of the four main topics, and key cross-cutting issues, followed by a series of 2-page summaries of fifteen 'focus issues'

- An extended version of the report, including a series of **annexes** containing fuller detail on each of the fifteen focus issues. This is available for download at www.uneca.org and www.oecd.org/apf

- A comprehensive **inventory of commitments**—Commit4Africa—made by African governments and their development partners since 2002. Available at www.commit4africa.org, the inventory will be kept up to date as a permanent resource for policy makers and the wider public.

PART I

OVERVIEW: AFRICAN PROGRESS AND CHALLENGES

TOPIC I SUSTAINABLE ECONOMIC GROWTH

FOCUS ISSUES:

- agriculture
- trade
- infrastructure
- the regulatory and institutional environment for the private sector
- climate change and environmental sustainability

What commitments have been made?

Both **African governments** and **development partners** have recognised the central importance of economic growth to the achievement of the MDGs. **African governments** have made a series of declarations identifying broad objectives on agriculture and food security, and specific objectives on fertilizer use, and including a commitment to allocate at least 10% of public expenditure to the sector by 2008. They have undertaken to mainstream trade into national development strategies, promote exports, enhance competitiveness and promote intra-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. Finally, they have made commitments to promote environmental sustainability and to integrate climate change adaptation strategies into national and regional development policies.

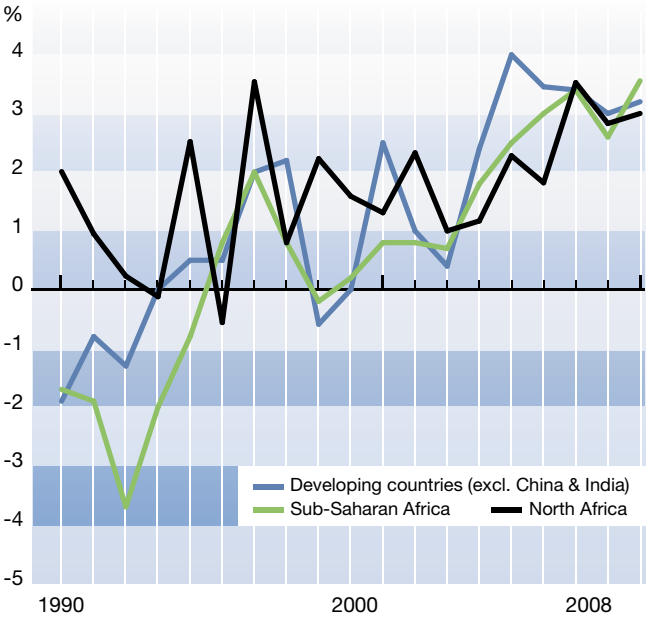
Development partners have placed increasing emphasis on growth. On the interlinked issues of trade and agriculture, they have pledged support for multilateral trade negotiations in the WTO aimed at securing substantial improvements in market access and reductions in trade-distorting subsidies in agriculture, plus increased 'aid for trade'. They have undertaken to increase support for infrastructure including increased access to clean energy, and have agreed plans of action in areas such as water and energy access and security. They have pledged to help mobilize both public resources and private sector participation in infrastructure, and more broadly to work with African governments and institutions to help improve the investment climate, and reduce the costs of doing business. On climate change, as signatories to the Bali Action Plan they have made commitments to enhanced action on mitigation, support for adaptation, technology transfer, and financial resources.

Have they been delivered?

The picture is mixed. **African governments** have made strong progress in delivering macro-economic reform and stability, and in simplifying economic regulations and strengthening the institutional environment for doing business. There has been positive progress within agriculture on issues such as the use of fertilizers, but minimal progress towards the 10% expenditure target set at Maputo in 2003. Good progress has been made in some areas of trade policy such as the reduction of import tariffs and export taxes, and

Africa has shown strong and sustained economic growth

Trends in per capital growth rates (1990-2008, %)



Sources: World Bank country database; Global Economic Prospects 2009.

quantitative restrictions, but progress towards deepening regional economic integration has been slow and hampered by obstacles to cross-border trade, and the overlapping membership of the Regional Economic Communities. On infrastructure, some progress has been made in areas such as regulatory reform and in preparing strategic frameworks in subsectors such as road transport, though less in others such as water resources management. Increased attention is being given to issues of environmental sustainability, with recent initiatives at both continental and regional level, though there is still much to do to integrate climate-related policy into national development strategies.

Support from **development partners** for agriculture has been declining over the past decade as a proportion of total ODA, though it is now starting to pick up again. More importantly, multilateral efforts to take forward the trade agenda agreed at the WTO Ministerial meeting in Hong Kong in 2005 remain deadlocked. Large-scale domestic support measures—including for cotton—remain in place, as do tariffs on imports of agricultural commodities. Bilateral preference schemes have however continued to evolve, and steps have been taken to increase market access for the least developed countries as a group. There has been some increase in the reported totals for 'aid for trade' though these remain significantly below the levels promised. The picture on infrastructure is better—the establishment of the Infrastructure Consortium for Africa (ICA) in 2005 was a key development. Having stagnated for a decade commitments for infrastructure support began to rebound in 2001 and have picked up significantly since 2006.

A variety of initiatives have been taken to help promote private sector investment, such as the establishment of the Investment Climate Facility, though there is clearly a need for more support in areas such as the development of capital markets. There has been an increased focus on issues of environmental

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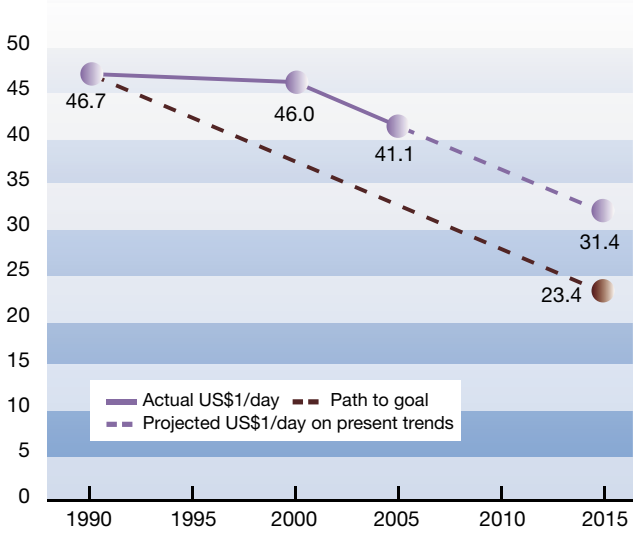
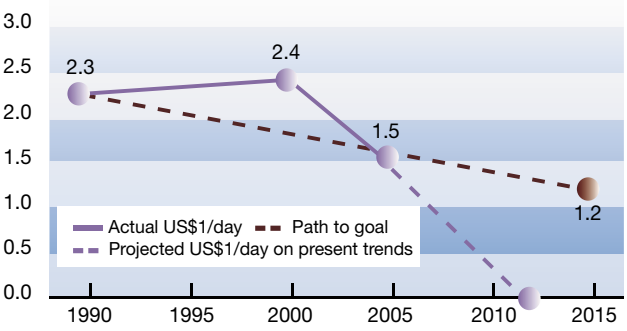
Poverty rates have fallen since 2000, but a slowdown in growth will put progress at risk

Percentage of population living on less than US$1/day
Sub-Saharan Africa



*US$1/day basis
Source: World Bank, GMR Series and staff estimates.

Percentage of population living on less than US$1/day
North Africa



*US$1/day basis
Source: World Bank, GMR Series and staff estimates.

sustainability and clean energy, and some initiatives to help finance adaptation have been launched. But far more needs to be done by development partners in all these areas.

What have the results been?

Despite the mixed picture above there has been strong progress in a number of key areas:

- Economic growth increased from an average of around 4% over 1997–2002 to over 6% over 2003–2007, and has been broadly spread across all countries. Inflation has been reduced, and oil-importing countries have registered more sustainable fiscal and external balances;
- Within this overall picture, agricultural sector growth has more than doubled from 2.7% in 2002 to close to 6.0% in 2006, as a result of both rising productivity and price trends;
- Africa's trade performance has improved, with exports increasing from US$159 billion in 2000 to US$424 billion in 2007;
- The costs of doing business have decreased, with over half the countries in Africa implementing reforms in 2007/2008 to make it easier to run a business, and attract foreign investment; and
- Faster growth has helped to bring about a reduction in income poverty—with a fall in the proportion of those living on less than US$1 a day from 46.0% in 2000 to 41.1% in 2005 in sub-Saharan Africa.

But set against this Africa still faces enormous challenges:

- Cereal yields and per capita food production remain among the lowest in the world, with yields per hectare for food crops less than half the level for developing countries as a whole;

- Underdeveloped infrastructure remains a key limiting factor on economic growth;
- The rapid increase in exports has been concentrated in oil-producing countries. Africa remains highly dependent on a narrow range of exports—about 70% are fuel and mining products;
- Africa still has the highest cost of doing business in the world;
- Many countries have been badly hit by the food and fuel price shocks of 2008, leading to macro-economic difficulties and plunging an additional 24 million people below the hunger threshold;
- Most are affected by the slowdown in the global economy, which will impact on exports, growth and the availability of financing. Prices of major commodity products have declined sharply. The latest forecasts indicate a slowing of growth, from 6.2% in 2007 to 3.4% in 2009; and
- Many will be severely affected by the impact of climate change, imposing huge adaptation costs.

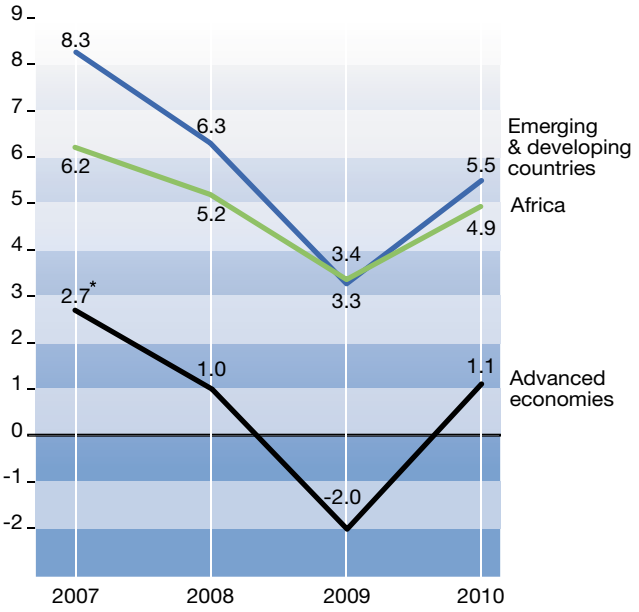
What are the key future policy priorities?

There are many areas where further action is needed. For **African governments**, these include:

- Continued efforts to improve the investment climate, to reduce the costs of doing business, and to promote access to finance, especially for small and medium scale enterprises;
- Increased public investment in key productive sectors—agriculture and infrastructure;
- Intensified efforts to promote regional economic integration; and
- Mainstreaming environmental and climate adaptation issues into economic planning.

The Global Outlook

(Percentage change from previous year)



Source: IMF WEO Update (January 2009).

For **development partners**, key priorities include:

- Intensifying efforts to reach agreement in multilateral trade negotiations in the WTO, specifically on those issues of most concern to Africa;
- Increasing funding and promoting partnership with the private sector in agriculture and infrastructure; and
- Increasing financial and technical support to help Africa adapt to climate change and to develop clean energy, in line with commitments made at Bali.

TOPIC II INVESTING IN PEOPLE

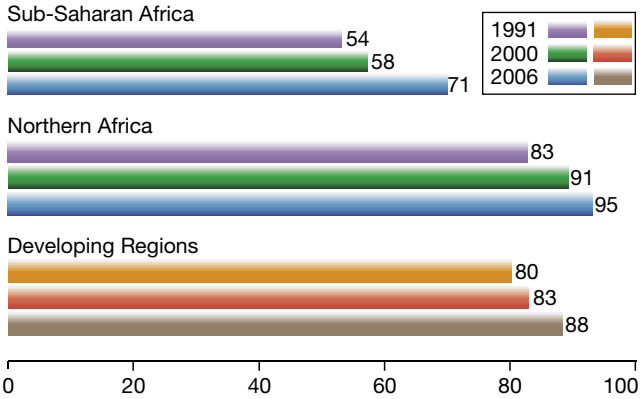
FOCUS ISSUES:
- education
- health
- gender[1]

What commitments have been made?

The adoption of the MDGs in 2000 signalled a new international emphasis on education and health, and the specific position of women within these areas (reflected in the goals on gender parity in primary education and maternal mortality). They were reinforced by specific commitments in these areas by both **African governments** and **development partners**.

Net primary enrolment has grown at the fastest rate of any region

Total net enrolment ratio in primary education, 1990/1991, 1999/2000 and 2005/2006 (percentage)



Source: UN 2008 MDG Report.

At the 2000 World Education Forum in Dakar, **African governments** and partners adopted the Dakar Framework for Action, a compact based on mutual commitments towards the Education for All (EFA) goals. In 2006, the African Union embarked on the Second Decade of Education for Africa, a wide-ranging agenda including tertiary and vocational education and gender. A number of African governments have subsequently committed to the Fast Track Initiative (FTI) and to the development of long-term costed plans to achieve EFA, though without a specific quantified expenditure target. In contrast, African governments have committed to spending 15% of their budgets on health, and to the strengthening of health systems, as well as making commitments in relation to specific diseases including HIV/AIDS. The African Union has adopted landmark declarations on gender issues including the Protocol on the Rights of Women and the Solemn Declaration on Gender Equality in Africa. These cover a very wide range of issues, including for instance land and property rights and political representation, as well as specific issues on education and health.

Development partners have in turn made commitments to invest more resources in both education and health. G8 Summits in particular have generated numerous commitments and reaffirmations in relation to meeting

1 Gender issues are also covered under both Topic I and Topic III.

funding shortfalls in FTI-endorsed countries, and to providing funding for HIV, tuberculosis, malaria and other infectious diseases, including for instance a commitment in 2006 to work towards providing an additional US$60 billion to fight infectious diseases and to strengthen health systems. HIV has received particular attention. There has also been some focus on broader policy issues such as the recruitment of health workers. Development partners have also made a series of commitments to support African efforts to promote gender equality and women's empowerment, though these have tended to be broad statements of support rather than specific, time-bound and quantifiable commitments.

Have they been delivered?

The picture is mixed. Almost half of **African countries** have developed national education plans endorsed by FTI, and around a third have long-term costed plans to achieve EFA. There has been a significant scaling up of domestic resources allocated to education, measured as a percentage of GDP, although there is no specific target to set this against. Nearly half the countries in sub-Saharan Africa have plans and targets to achieve universal access to HIV/AIDS treatment, and slightly less have implemented plans to accelerate TB control. However, only five countries had met by 2005 the target adopted in 2001 of allocating 15% of their budget to health, and more than half allocated less than 10%. On gender, most countries have scored less than half in terms of meeting their commitments according to the UNECA Africa Women's Progress Scoreboard, with most progress in the social bloc, and least in relation to conflict and political governance issues.

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Development partners have scaled up their support for both health and education. This is particularly noticeable in the case of health—where the Global Fund for AIDS, TB and malaria has received significant funding, and innovative financing mechanisms have been launched. WHO is developing a voluntary code of practice on the recruitment of health workers from countries where there are shortages in this area. In education, resources have been increased but remain insufficient to needs. More resources are being devoted to gender equality targets, particularly in the social sectors.

What have the results been?

African countries have made considerable progress particularly in increasing access to education:

- Net primary enrolment has grown at the fastest rate of any region—from 58% to 71% in sub-Saharan Africa;
- Most African countries are very likely to reach gender parity at primary level by 2015; and
- Several African countries have significantly cut their AIDS prevalence rate, and the availability of anti-retroviral treatment has increased. Progress has also been made on other diseases such as TB. The use of malaria bed nets has increased. The number of deaths from measles has been reduced.

However huge challenges remain:

- The primary enrolment rate is still the lowest in the world, 33 million children remain out of school, completion rates are much lower than enrolment rates, and secondary and tertiary intake rates remain very low;

- Africa has the highest female illiteracy rates of any region, and the largest gap between women and men in educational attainment;
- Many of Africa's health systems remain under-funded, under-staffed and ill-equipped. African health indicators are the lowest in the world;
- 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;
- 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; and
- Women continue to face broader inequalities, not only in the social sectors but also in terms of economic opportunities and political empowerment, for instance land and property rights.

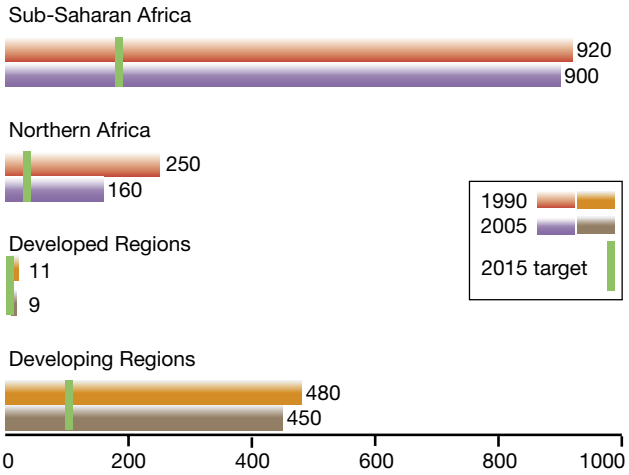
What are the key future policy priorities?

There are many areas where urgent further action is needed. This section suggests only some of the more important. For **African governments**, these include:

- Channelling increased domestic resources into the social sectors, and setting a clear path towards meeting existing expenditure commitments;
- Tackling key policy issues, including improving educational quality and strengthening health systems; and
- Accelerating implementation of the Protocol on the Rights of Women, and the Solemn Declaration on Gender Equality in Africa, with increased reporting by governments.

Little progress has been made in saving mothers' lives in sub-Saharan Africa

Maternal deaths per 100,000 live births, 1990 and 2005



Source: UN 2008 MDG Report.

For **development partners**, key priorities include:

- Continuing to invest increased resources in these sectors, channelling these as far as possible through country systems, in line with the Accra Agenda for Action;
- Taking further steps to facilitate the availability of low-cost and affordable drugs and treatment for specific diseases; and
- Tackling the issue of the recruitment by developed countries of scarce skilled health workers.

TOPIC III GOOD GOVERNANCE

FOCUS ISSUES:
- political governance
- economic governance
- peace and security

What commitments have been made?

African governments have made a series of landmark commitments to good governance since 2000, including in the Constitutive Act of the African Union (2001), the African Charter on Human and People's Rights and its Protocol on the Rights of Women (2003), the African Union Convention on Preventing and Combating Corruption and the Abuja Declaration on Economic and Corporate Governance (both 2003), the African Charter on Democracy, Elections and Governance (2004), and the NEPAD Declaration on Democracy, Political, Economic,= and Corporate Governance (2002). On issues of peace and security, the Protocol establishing the Peace and Security Council of the African Union was agreed in 2002. An African common position on the Illicit Proliferation, Circulation and Trafficking of Small Arms and Light Weapons was adopted in 2000, and was subsequently developed further in a series of regional initiatives including a new Convention signed by the Economic Community of West African States (ECOWAS) Heads of State in 2006.

Development partners have made successive commitments to promote and support good governance and human rights, both as signatories to broader international instruments including the Universal Declaration of Human Rights, and more recently the UN Convention against Corruption, as well as the OECD's Anti-Bribery Convention, and more specifically in support of African initiatives such as the African Peer Review Mechanism (APRM). In the area of peace and security, they have focussed in particular on supporting Africa's efforts to undertake peace support operations and peace-building activities, notably at successive G8 Summits which have adopted a series of Action Plans containing specific commitments for instance to the training and equipping

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of African peace-keeping forces by 2010,and through commitments made by the European Union to provide financial assistance for peace support operations. They are also signatories to broader international instruments including the UN Programme of Action on Small Arms and Light Weapons adopted in 2001, the UN Firearms Protocol which entered into force in 2005, and the Geneva Declaration on Armed Violence and Development adopted in 2006.

Have they been delivered?

African governments have followed up on the commitments above by putting into place a range of practical mechanisms including the African Peer Review Mechanism (APRM), the African Court of Human and People's Rights and the African Court of Justice. To date, slightly over half of AU Member States have voluntarily acceded to the APRM, fifteen countries have launched the review process and five reviews have been completed. The process has focused political

attention on critical issues such as managing diversity, the electoral process, land and corruption. However accelerating the pace of the reviews and implementing the resulting national programmes of action remain major challenges. Twenty-seven countries have ratified the AU Convention on Preventing and Combating Corruption, though many have yet to develop comprehensive national strategies for its effective implementation. Several peace support operations have been undertaken by the AU or sub-regional organisations. However sufficient and predictable funding remains a major constraint on peace-keeping by the African Union. Much also remains to be done to implement fully the regional agreements summarised above on small arms and light weapons.

Development partners have provided financial support for the APRM, and have earmarked funds to support reforms triggered by the process. In the area of economic governance, thirty-seven countries have ratified the OECD Anti-Bribery Convention, and there have been significant numbers of investigations and convictions. However there is still little enforcement in some Parties to the Convention. And although the UN and the World Bank have launched the Stolen Assets Recovery Initiative to help developing countries recover stolen assets more support is needed (for instance through mutual legal assistance) to help make this more effective. Significant financial support has been provided for AU-led peace support operations, the financial costs of which have been largely funded by development partners—though funding has still been insufficient to meet needs, and provided through multiple funding channels, often on an *ad hoc* basis. The implementation of international instruments on small arms and light weapons has been uneven—a significant number of states do not, for instance, have laws or procedures controlling the production and export of small arms.

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What have the results been?

There have been important positive developments:

- There has been a continuing process of political liberalisation, with a growing number of countries moving towards multi-party democracy. Elections are more regular: in the decade 1996–2006, forty-four elections were held in sub-Saharan Africa; from 2005–2007, twenty-six presidential and twenty-eight parliamentary elections were held on the continent. Social inclusiveness is on the rise: segments of the population that were previously excluded (including women, children and ethnic groups) are increasingly engaged in political processes;
- There have been important improvements in economic governance, including public financial management contributing to macro-economic stability and revenue mobilisation. There have been major breakthroughs in anti-corruption investigations and convictions in several countries; and

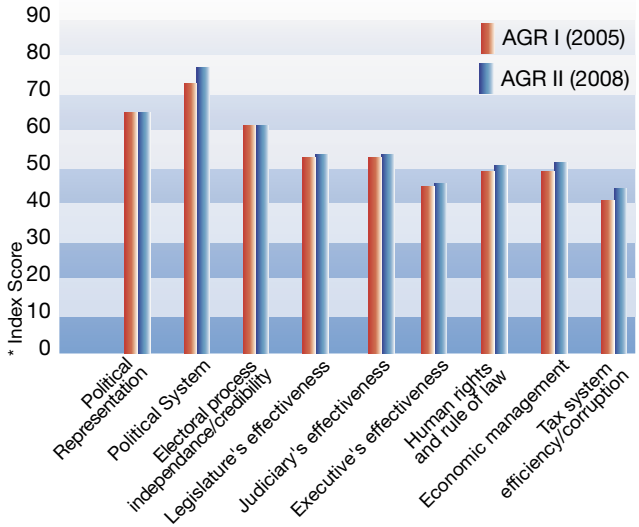
- After increasing steadily through to the early 1990s, the number of state-based armed conflicts—those in which a government is one of the parties—has decreased significantly from sixteen in 1999 to seven in 2006 in sub-Saharan Africa.

Set against these positive trends, there remain major challenges:

- The quality of elections remains suspect in many countries. Adherence to constitutionalism and the rule of law remains a major challenge. More efforts are needed to enforce the rights provided for under the various international and regional instruments on human rights. Institutional checks and balances need to be strengthened to increase the accountability of the executive branch;

There has been marginal progress on governance in Africa

Governance Trends in Africa



*For more details on the Index Score, see the UNECA African Governance Report 2008.

Sources: UNECA Expert Panel Surveys, UNECA Africa Governance Report (AGR) 2005 and 2008.

- Many national corruption agencies are relatively weak and corruption remains a huge problem; the AU estimates that corruption is costing Africa nearly US$150 billion a year, and the AfDB estimates that it leads to a loss of around 50% of tax revenues. Little progress has been made in asset repatriation from development partners: the legal regimes involved are complex and cumbersome, and litigation costs make the process extremely difficult for many African countries; and
- Africa continues to have the largest number of armed conflicts of any region: around one-fifth of the population of Africa still live in conflict zones, and around 20% of all small arms and light weapons in circulation are estimated to be in Africa.

What are the key future policy priorities?

For **African governments**, these include:

- Consolidating the trends towards improved political governance, including by tackling the key cross-cutting issues emerging from the UNECA Africa Governance Report and the APRM process;
- Stronger action to tackle the continuing problem of corruption; and
- To reduce further the number of conflicts, including through strengthened peace-keeping, and tackling underlying issues including the availability of small arms and light weapons.

Development partners have a key role to play in supporting African led efforts, including by:

- Taking stronger international action against bribery and corruption, combined with more effective action to restore illegally acquired assets, to African governments;
- Providing secure and predictable financial support for African peace-keeping efforts; and
- Taking more effective international action to tackle the underlying causes of conflict, including the illicit trade in small arms and light weapons, and in natural resources used to finance conflict.

TOPIC IV DEVELOPMENT FINANCE

FOCUS ISSUES:
- domestic public resources
- foreign direct investment and other private financial flows
- development assistance
- external debt

What commitments have been made?

African governments had even before the Monterrey Consensus of 2002 emphasised the importance of domestic savings and improvements in public revenue collection, as well as the importance of private capital flows. They have re-emphasised on many occasions their commitment to mobilise additional domestic resources, and to improve the investment climate in order to attract increased domestic and foreign investment, though without setting specific time-bound targets.

Commitments from **development partners** have come in two main 'waves'. During or after Monterrey they entered into substantial new commitments to increase official development assistance (ODA) as a proportion of gross national income (GNI), though without making specific commitments to Africa, including an EU commitment to reach an interim target of 0.39% of GNI by 2006. An important 'second wave' of commitments in relation to ODA volumes, aid effectiveness, innovative financing mechanisms and debt relief, came in 2005. These included an EU commitment to a further increase in ODA to 0.56% of GNI by 2010, with half of this increase going to sub-Saharan Africa. At the 2005 G8 Gleneagles Summit, it was estimated that the various commitments which had been made would lead to an increase of ODA to Africa of US$25 billion a year by 2010 compared to a 2004 baseline. Both development partners and African governments made commitments to improve aid effectiveness in the 2005 Paris Declaration, re-affirming and extending these in the Accra Agenda for Action. Development partners also committed themselves to the development of innovative financing mechanisms, and additional measures to cancel outstanding debts to the IMF, IDA and Regional Development Banks.

Have they been delivered?

Most **African governments** have made substantial progress in improving macro-economic and fiscal management and succeeded in raising the ratio of government revenue to GDP—from an average of 21% to over 25% between 2001 and 2007. The domestic savings ratio also increased sharply—from 18% over 1997–2002 to nearly 24% over 2005–2007, though the increase was concentrated in resource-rich countries and the savings rate remains below that of other regions. The range of the government revenue to GDP ratios also varies considerably. Over half of Africa, including all of North Africa, is now collecting over 20% of GDP as domestic public revenue, but a quarter of governments in sub-Saharan Africa still collect below 15% of GDP in domestic revenue.

Development partners made good progress towards meeting their Monterrey commitments to increase ODA by 2006. EU net disbursements that year were for instance 0.43% of combined GNI, compared to the commitment of 0.39% announced at Monterrey. A key factor in this was the very substantial debt relief agreed in 2005 and 2006, leading to a sharp surge in ODA/GNI ratios in both years. The picture on the 'second wave' of commitments made in 2005 is however more mixed, and as yet incomplete—given that a number of these relate to 2010:

- Progress was made in delivering additional debt relief through the Multilateral Debt Relief Initiative (MDRI) which was implemented in 2006;
- Following the debt-related surge of 2005 and 2006, the ratio of ODA to GNI however fell in 2007 both globally and in Africa as debt relief returned to more normal levels:

very substantial increases will now be required over 2008–2010 to meet the commitments made in 2005;
- The evaluation undertaken ahead of the Accra High Level Forum on Aid Effectiveness in September 2008 indicated slow progress against most of the 2010 targets set out in the Paris Declaration—and in some areas the picture in Africa is in fact worse than the picture globally; and
- On a more positive note, several innovative financing schemes have been launched (the UNITAID airline ticket solidarity tax, the Advanced Market Commitments for new vaccines and the International Finance Facility for Immunization) and are now starting to generate revenue.

What have the results been?

There has been a substantial increase in development finance, and a significant reduction in external debt:

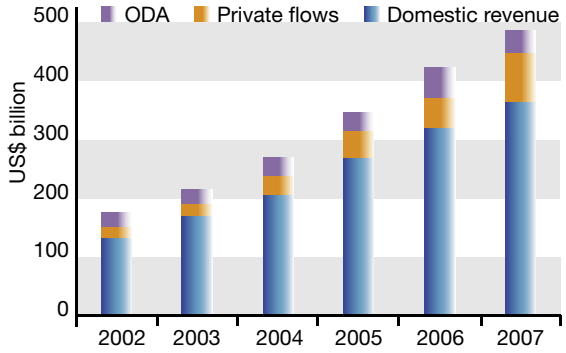
- Between 2002 and 2007, the combination of domestic revenue, private external flows and ODA from OECD DAC donors rose from US$176 billion to US$487 billion for Africa as a whole;
- This was driven by the increase in domestic revenue, which is by far the most significant source of finance—around 75% of the total for Africa as a whole, around 85% for North Africa, and 70% for sub-Saharan Africa. Both resource-rich and other countries have increased revenue;
- Private capital flows have increased sharply, and at US$81 billion were over twice as large as ODA flows in 2007. Within this total FDI flows reached US$45 billion. The surge was largely related to investments in extractive industries, but FDI also rose in various service industries. Other private capital flows (portfolio equity, bank debt and bonds) reached over US$35 billion;
- ODA to Africa increased from US$21.7 billion in 2002 to US$43.5 billion in 2006. It fell back to US$38.7 billion in 2007 as debt relief returned to more normal levels. Excluding debt relief, ODA to Africa increased from US$ 28.3 billion in 2006 to US$35.0 billion in 2007;
- Debt relief has substantially lowered both debt outstanding and debt service ratios. The ratio of external debt to GDP in Africa decreased from 55% in 2002 to 24% in 2006; and
- Finally, remittance flows are becoming an increasingly important source of finance, increasing from US$12.9 billion in 2002 to US$38.0 billion in 2007—approaching the level of ODA.

Set against this progess, there are major challenges:

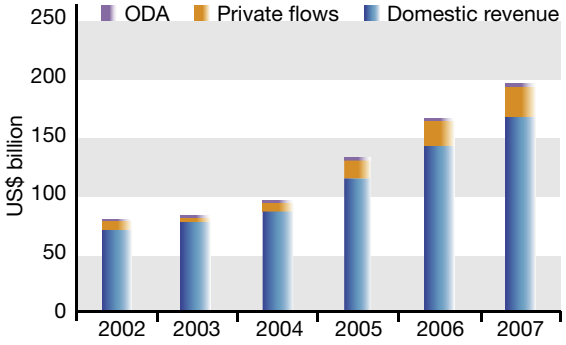
- The global economic downturn will have important implications for the availability of all sources of development finance, including the domestic revenue base which will be affected by lower economic growth, private external flows, and the level of remittances;

Development finance to Africa has substantially increased, with domestic revenue representing the largest share of total revenues

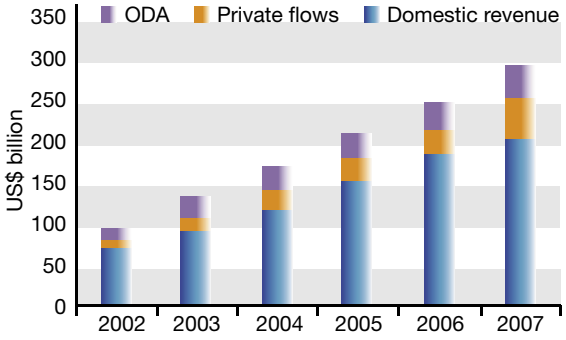
Development Finance: Africa



Development Finance: North Africa



Development Finance: sub-Saharan Africa



Sources: IMF Regional Economic Outlook Series; Middle East and Central Asia (May 2008), Sub-Saharan Africa (September 2008); World Bank, Global Development Finance (2008); OECD Development Co-operation Report, 2007 (published January 2008) and updates.

- A great deal remains to be done by development partners to meet their existing commitments, both to increase ODA volume and improve aid effectiveness by 2010; and
- A number of the countries which have received debt relief are at either moderate or high risk of debt distress. The economic downturn could further aggravate the debt sustainability situation.

What are the key future policy priorities?

For **Africa** key priorities include:

- Boost savings by exploiting the potential of micro-finance institutions, creating deeper and more diversified financial systems, and promoting the regional integration of capital markets;
- Continue efforts to increase domestic public revenue mobilisation, including by improving tax administration and the transparency and equity of tax policy, and by combating tax evasion; and
- Continue efforts to improve the investment climate, develop financial markets, and reduce the costs of remitting funds from abroad.

For **development partners**, the key priorities include:

- Strengthened international action to combat tax evasion and fraud, and harmful tax practices; to repatriate illegally acquired assets; and to increase transparency and exchange of information;
- Delivering existing commitments to increase aid volume and improve aid effectiveness; and
- Increasing the use of innovative financing, including the generation of additional revenue from the carbon market, in order to provide additional funding to help meet the costs of adapting to climate change.

TOPIC V KEY CROSS-CUTTING ISSUES

Four main cross-cutting issues run through all the preceding topics:

- the importance of capacity development
- the key role of regional institutions
- the need to link different areas of public policy in support of development objectives
- the need to look at international systemic issues more broadly

Capacity development

The challenge of capacity shortages spans all the topics in this report. It is central to the growth agenda—Africa needs to expand its supply of labour market skills in order to become more competitive in global markets. It is central to investing in people—Africa needs more trained teachers and health workers to deliver faster progress towards the education and health MDGs. It is central to the good governance agenda. Many governance institutions such as the legislature, executive and judiciary, suffer from serious capacity constraints. The capacity of the public bureaucracy remains weak due to factors including the low pay, poor working conditions and lack of training which persist in the public sector of many African countries. Many countries still lack the capacity to translate broad policies into sectoral programmes and to implement these. More capacity is needed in areas such as peace-keeping and the security sector. And more capacity is needed not only in national governments but also in regional and continental institutions.

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There have been efforts by both national governments and regional and continental institutions, and by development partners to address the capacity challenge, including a series of targeted capacity building initiatives under the NEPAD capacity development initiative, as well as programmes agreed with multilateral institutions such as the World Bank. Resources have been committed however the results continue to be disappointing. With the exception of a few countries, public service reforms have not achieved their intended objectives. The loss of key skilled workers, including through the 'brain drain' to other regions, continues to be a major problem (though also a source of remittances).

There is a strong link to education sector policy and priorities. Although universal primary education lays the foundation for a more literate and numerate labour force, there has been only limited progress in increasing formal vocational training and making tertiary education more relevant

to the labour market. But the challenge is not simply one of capacity development—it is also one of capacity utilisation and retention. This means addressing the wider policy environment—people have to be trained, adequately equipped and sufficiently remunerated in order to perform effectively.

Key priorities now for **African governments** are to address supply issues including through strengthened vocational training in the formal and informal sectors, to address utilisation issues through taking forward institutional reform, and to address retention issues by targeted schemes to improve working conditions and remuneration in areas where there are critical shortages. **Development partners** should reinforce these efforts, including through a review of their own recruitment practices in areas where there are shortages of skilled workers such as the health sector, as well as financial and technical assistance.

Regional integration

The institutional landscape in Africa has been transformed since 2000, in particular with the establishment of the African Union as the key continental institution. The Regional Economic Communities (RECs) also have a key role to play. The African Union has recognised eight of these—though they have overlapping membership, and trade arrangements. African leaders have recognised the need both to rationalise and strengthen the RECs, and to harmonise their activities. Progress to date has however been slow. Development partners including the EU have stated that they are committed to working in support of regional integration and trade in Africa.

The RECs have a particularly important role to play in helping to promote economic growth. Closer regional economic integration creates the conditions for increased trade, and by increasing market size can also help to attract both domestic and foreign investment. Regional capital markets can help overcome the narrowness of national markets. The development of infrastructure and the management of natural resources both require a regional approach (for instance on issues of trans-boundary water management). But they also have a key role to play in other areas. They have been active in the promotion of democracy and good governance, and on peace and security issues. The African-led peace-keeping forces in Liberia and Cote d'Ivoire were put in place by the Economic Community of West African States (ECOWAS). Regional instruments on the control of Small Arms and Light Weapons have been developed by states in the East Africa, Great Lakes, and Horn of Africa regions and by ECOWAS.

It will be important to accelerate three processes. The first is the rationalisation of the current overlapping arrangements. The second is the deepening of the process of integration within the sub-regions. The third is the process of co-ordination across the different sub-regions. The lead in all these areas is clearly for African governments. But it is important that the policies of development partners, for instance in the area of trade, should help to reinforce these processes.

Policy coherence

Although this report addresses the topics of growth, human development, governance and finance in turn, these are clearly interconnected. The challenge of linking different areas of public policy is one for both African governments and their development partners. For African governments, meeting objectives for instance on health is not just about health sector policy. It also involves improving water and sanitation infrastructure, which means improving the regulatory environment and addressing the impact of climate change. It is clearly linked to improved education, particularly of girls, and to tackling gender discrimination. It means improving governance, with proper management and accountability systems, and creating conditions of peace and security. And it requires resources. It will be important for African governments to reflect their MDG objectives in their wider public policies and resource allocation.

Delivering the MDGs requires not only strong leadership within the continent, but also collective action globally, on an increasingly wide range of public policies, ranging from climate change and trade, to financial regulation, tax policy, corruption, and peace and security, as well as development finance. This is re-defining what is required from Africa's development partners, and underlines the importance of ensuring that different areas of public policy re-enforce rather than undermine each other. It will be important for development partners to reflect their commitment to the MDGs in the approach which they take both to key forthcoming international negotiations in 2009, such as those on climate change and trade, and in other areas where there is potential to improve international co-operation, such as tax policy.

UN Photo / Evan Schneider

International systemic issues

Current global developments have triggered a re-examination of a range of wider systemic issues, including the reform of the international financial architecture and international financial institutions, as well as the arrangements which exist for policy dialogue and co-ordination among countries that are increasingly interlinked as a result of globalisation. This is taking place against a background of wide agreement on the need for greater transparency and more effective oversight of the international financial system, a recognition of the stake which countries at all levels of development have in this, and a growing consensus on the need to reform multilateral institutions so that they are more responsive and effective in helping developing countries tackle both short-term crises—such as the food and fuel price shocks of 2008, and long-term development needs.

It is clear that Africa is profoundly affected by wider global economic developments. It is also clear that, as a continent of nearly a billion people, it is under-represented in both formal and informal international processes. Against this background, African leaders have called for Africa to be given stronger representation in international decision-making processes, in institutions such as the International Monetary Fund and the World Bank, and in emerging arrangements for enhanced policy dialogue and co-ordination. It will be important to reflect Africa's interests in all these areas in the new global governance arrangements which are expected to emerge in 2009.

PART II

FOCUS ISSUE SUMMARIES

FOCUS ISSUE **1**

AGRICULTURE

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Key commitments

Africa: Key declarations include the 2003 CAADP-Sirte Framework calling for 6% agricultural growth rates; the 2003 Maputo Declaration calling for 10% of public expenditure to be spent on agriculture within five years; the 2004 Sirte Declaration on Sustainable Agriculture and Water; and the 2006 Abuja Declaration(s) on Fertilisers (June) and Food Security (December).

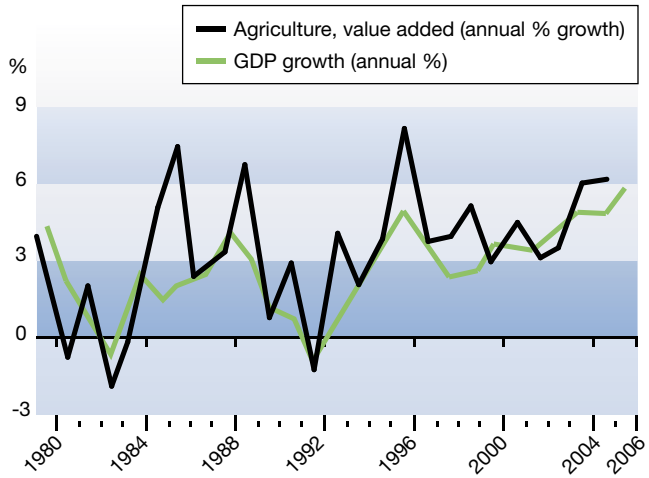
Development Partners: Various major multilateral and bilateral agencies have pledged support for African agriculture through CAADP, including in successive G8 Summits. WTO members agreed in the 2005 Hong Kong Ministerial Declaration to substantially reduce domestic support for agriculture, eliminate all forms of agricultural export subsidies and discipline all export measures with equivalent effect by the end of 2013, to eliminate all forms of export subsidies for cotton in 2006 and to reduce trade-distorting domestic subsidies for cotton production—subject to conclusion of the Doha Round. The World Food Summit in 2002 adopted a Declaration to cut the number of hungry people by 2015, and a Declaration adopted at the 2008 High-Level Conference on World Food Security committed leaders to a number of measures to address the challenges of higher food prices.

What has been done to deliver on these commitments?

Africa: Data for twenty-four countries shows that in 2005 six countries had exceeded the Maputo target of 10% of public expenditure allocated to the agricultural and rural sectors. Latest figures show that most countries are still far from meeting this commitment, with spending at significantly lower levels (average 6.6% in 2005). There has been positive progress in the implementation of the Abuja Declaration on Fertilisers: the Africa Fertiliser Development Financing Mechanism has mobilized over US$30 million in pledges. Slow progress is being made in implementing the CAADP framework.

Development Partners: The share of agriculture in total ODA to Africa has been declining over the past decade. Progress on both market access and agricultural subsidies remains slow:

GDP and agricultural growth in sub-Saharan Africa, 1980-2006



(World Bank 2007)
Source: based on data from the World Bank, World Development Indicators 2007

African exports continue to face barriers that restrict their access to world markets. Progress is being made through new initiatives, such as the Alliance for a Green Revolution in Africa (AGRA) and the High-Level Task Force on Global Food Prices, and the donor community is consolidating its support behind CAADP. The MDG-Africa Initiative launched in 2007 includes a business plan for agriculture development and food security, and also calls for accelerating CAADP implementation.

What results have been achieved?

Growth: Latest figures show that average agricultural growth rates more than doubled, from 2.7% in 2002 to 6.0% in 2006. The number of countries which have met or exceeded the target growth rate of 6% doubled between 2003 and 2005, from five to eleven countries.

Productivity and Investment: The yield per hectare for food crops is less than half the level in developing countries as a whole. Fertiliser use has been increasing but remains extremely low by international standards. Less than 10% of arable land is irrigated in Africa, the lowest in the world.

Food Security: In sub-Saharan Africa, one in three people—or 236 million people (2007)—are chronically hungry. Higher food prices have plunged an additional 24 million below the hunger threshold in 2007 (FAO estimates). The majority of countries remain off-track towards achieving MDG 1. Climate change poses a major new threat to agricultural production and food security.

Trade: Africa's trade performance and share in world agricultural markets have improved recently. The volume of African agricultural exports has increased by 13% since 2001, and the value has increased by 74% since 2001. Although there has been some expansion in agricultural exports, Africa's share of the global agricultural export market remains low at 2% and is concentrated in a small number of countries.

Diversification: With increased private sector participation, several countries have successfully diversified into new areas, such as cut-flowers, fruit, and vegetables. However, most countries continue to export traditional bulk agricultural commodities.

New emerging issues affecting African agriculture: (i) climate change; (ii) biofuels; and (iii) food prices.

What are the future priority actions?

Africa: Precedence should be given to: (i) higher levels of public investment, in particular in irrigation, fertiliser use, rural infrastructure, and services—all critical to tackling supply-side constraints; (ii) improved policy reform; (iii) further action to stimulate the involvement of the private sector and create incentives for agribusiness to undertake investments; (iv) increased investment in science and technology; and (v) continued efforts to promote the expansion of intra-regional trade and market integration.

Development partners: Priority actions include: (i) intensified efforts on market access and reducing subsidies; (ii) urgent action on climate change and increased support for adaptation; (iii) more support for research and development in African agriculture; (iv) enhanced food assistance to counter the impact of higher global food prices; and v) giving increased attention to and funding for the agriculture sector and related priorities, such as rural infrastructure.

FOCUS ISSUE **2**

TRADE AND DIVERSIFICATION

Key commitments

Africa: African governments have consistently emphasised the importance of trade, and within this have made a number of broad policy commitments including: reducing supply-side constraints and improving competitiveness; taking practical steps to reduce trade barriers and facilitate trade; and deepening regional integration.

Development Partners: The international community agreed in the 2005 Hong Kong WTO Ministerial Declaration to substantially reduce domestic support for agriculture and to eliminate all forms of agricultural export subsidies by the end of 2013, to eliminate all forms of export subsidies for cotton in 2006, to provide duty and quota-free access for 97% of imports from Least Developed Countries (LDCs), and to introduce simplified and transparent rules of origin—subject to the conclusion of the Doha Round. It also agreed to provide more support to help developing countries, particularly LDCs, to: (i) build supply-side capacity and the trade-related infrastructure necessary to help them implement and benefit from WTO agreements; (ii) expand their trade through increasing 'Aid for Trade' (AFT) funding; and (iii) to support South-South trade and regional integration.

What has been done to deliver on these commitments?

Africa: Many African governments have taken steps to tackle supply-side and competitiveness problems, including increased investment in infrastructure. Progress has been made since the late 1990s on the trade policy side: average tariffs have fallen, quantitative restrictions have been largely limited, and export taxes have been generally eliminated, although some have been reintroduced in response to rising food prices. Progress in integrating regional markets has, however, been more limited, and most of the RECs remain far from their objectives regarding the creation of customs unions and free trade areas. The overlapping membership of RECs continues to hamper efforts at deepening regional integration.

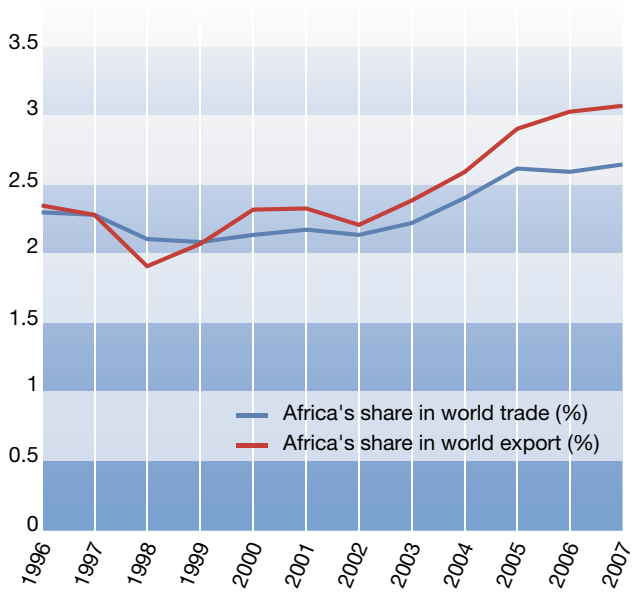
Development Partners: Multilateral efforts to take forward the agenda agreed at Hong Kong remain deadlocked. Large-scale domestic support measures—including for cotton—remain in place, as do tariffs on imports of agricultural commodities. Bilateral preference schemes have, however, continued to evolve, and steps have been taken by most of Africa's major trading partners to increase market access for LDCs. But there have been concerns about the application of conflicting rules of origin applying to countries/products from the same sub-region—thus possibly undermining regional economic cooperation. There has been some increase in the reported totals for 'Aid for Trade', though this remains significantly below the levels needed.

What results have been achieved?

Recent years have seen an upward trend in Africa's share of world exports, from 2.3% in 2000 to 3.0% in 2007. South-South trade is a fast-growing and increasing part of that trade. Between 2005 and 2007, African exports to Asia have grown by nearly 50% increasing to 16% of Africa's total exports in 2006. Between 2006 and 2007, Africa's exports grew by 15.6%, and now total over US$424 billion. However, the rapid increase in exports is concentrated in oil-exporting sub-Saharan African countries, and about 70% of the exports are fuel and mining products. Agriculture and manufactured goods account for about 30% of exports. The export growth of non-oil exporting countries remains just about the world average, meaning that it is the oil-exporters that are generally driving Africa's trade growth. Thus, the trends in Africa's trade performance conceal major discrepancies. Only thirteen African governments were able to increase diversification of exports between 2000 and 2005, and Africa remains the least diversified region in the world. This lack of diversity in exports underlines Africa's vulnerability to falls in prices arising from a global economic downturn.

Regional integration: Intra-regional trade flows among African governments are lower than other regions, accounting for slightly over 7% of total exports, compared with around 50% in Asia (2006).

Africa's share of world trade (%)



Source: WTO Trade Statistics, 2008

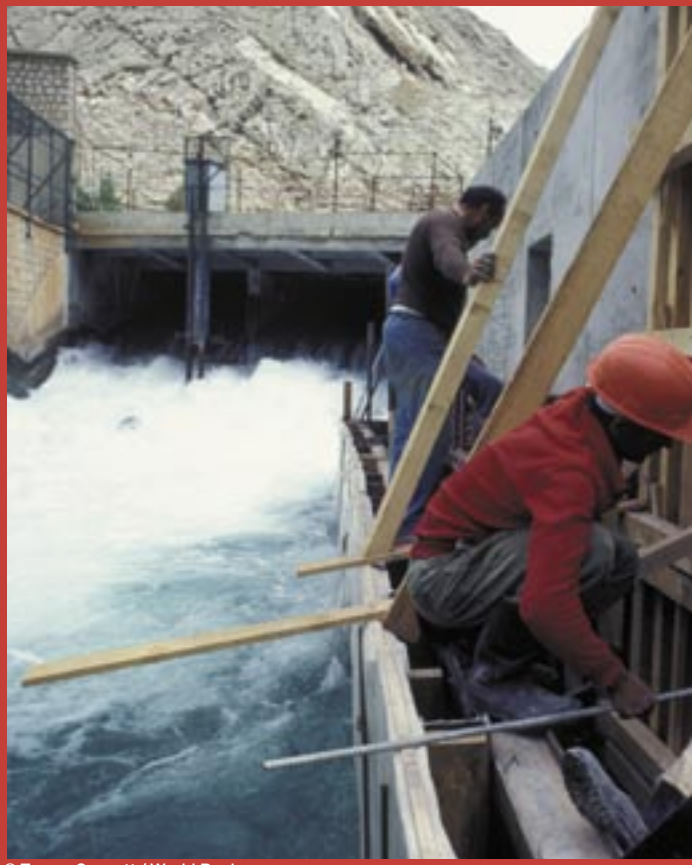
What are the future priority actions?

Africa: There are three main priorities for Africa: firstly, to continue to improve competitiveness, in particular by tackling supply-side constraints and further increasing investment in infrastructure; secondly, by taking further practical measures to facilitate trade; and thirdly, by accelerating the process of regional integration.

Development partners: The overriding priority for the international community is to reach agreement on: (i) multilateral trade negotiations—directed specifically at the needs of Africa—and including the accelerated elimination of subsidies on crops which Africa produces; and (ii) simplified and harmonised rules of origin. A second priority is to re-think the role of trade policy in the context of the urgent need to boost agricultural production in Africa and globally—including issues such as biofuels subsidies and export controls, and the liberalisation of input markets.

FOCUS ISSUE **3**

INFRASTRUCTURE



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Key commitments

Africa: The NEPAD founding statement of 2001 identified infrastructure as a key sectoral priority. It proposed a programme including increased investment both in maintenance and in new infrastructure, new regulatory frameworks, and the promotion of public-private partnerships. Specific commitments were made in each of the four infrastructure sectors. In water, commitments concern the acceleration of achieving the MDG water and sanitation goals and the development of river basins. In electricity, the NEPAD's Short-Term Action Plan (STAP) calls for increasing access to electricity to at least 35% of the population within twenty years, with a focus on rural areas. In transport, the priority is on the development of regional infrastructure.
Development partners: At Monterrey in March 2002, developed and developing countries agreed that improved infrastructure was essential for sustained economic growth, poverty eradication and employment creation, and underlined the need for both public and private investment. This point has been re-affirmed at a number of subsequent meetings since, including successive G8 Summits.

What has been done to deliver on these commitments?

Africa: Co-ordination has improved both at the national level and for cross-border projects. Many countries have prepared strategic frameworks for road transport, but progress in water resources management has been much weaker, and the energy sector has yet to receive a similar focus. Significant progress has been made in promoting regional arrangements and institutions. Regulatory reform has advanced to some extent and will now need to be taken forward to encourage more private sector interventions, enhance the financial viability

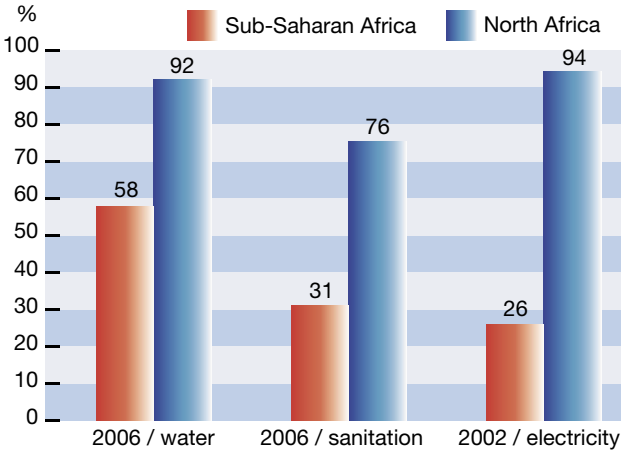
of public utilities and promote and expand new initiatives, such as output-based maintenance contracts.

Development partners: Significant progress has been achieved since 2001. The establishment of the Infrastructure Consortium for Africa (ICA) in 2005 was a key development. Having stagnated for over a decade, commitments by ICA members for sub-Saharan African (SSA) infrastructure reached US$12.4 billion in 2007. Going forward, infrastructure will continue to receive enhanced and sustained support from key multilaterals, following successful replenishments of IDA 15, ADF 11 and EDF 10. The EU-Africa Infrastructure Trust Fund, launched in 2007, is also receiving considerable financial pledges from a growing number of EU Member States. Private Participation in Infrastructure (PPI) for SSA bounced back to US$6.1 billion but the bulk of PPI flows (84%) goes to the telecom and energy sectors, with negligible contributions to transport and water.

What results have been achieved?

It will take time for results from increased investment to show through on the ground. In spite of improvements in the past fifteen years, access to basic infrastructure services in Africa is significantly lower than that of other developing countries, with the situation being much worse in rural areas. Recent information shows that 26% of African households (excluding North Africa) have access to electricity. And despite some progress during the 1990s, access to clean water hovers around only 58%—and the situation is worse for access to basic sanitation. In road transport, length of roads per 1000 people has been declining, partly due to high demographic growth. And climate change is exacerbating existing energy shortages, placing an even higher premium on the development of clean energy sources, including Africa's largely unexploited hydropower potential.

Access to water, sanitation, electricity (% of population)



Sources: WHO/UNICEF, Progress on Drinking Water and Sanitation, 2008; World Energy Outlook, various issues.

What are the future priority actions?

Africa: The formulation of strategic frameworks for infrastructure development is a key priority. African governments need to develop ambitious business plans for bridging Africa's infrastructure gap. The other important priority is to make existing infrastructure more efficient through reforms in the regulatory framework that ensure the financial viability of public utilities and adequate resources for maintenance. More attention to project preparation is needed to accelerate investment projects and encourage private sector participation. Finally, ensuring a more equitable provision of basic services to rural areas is another priority.

Development partners: The priorities are: (i) sustaining the recent trend of increasing investment in infrastructure, including regional projects; (ii) ensuring adequate resources for upstream project preparation; (iii) providing capacity support for regional sectoral bodies; and (iv) increasing the number of joint-financing opportunities by doing more to bring other partners and the private sector into regional infrastructure projects.

FOCUS ISSUE **4**

REGULATORY AND INSTITUTIONAL ENVIRONMENT FOR THE PRIVATE SECTOR

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Key commitments

Many general policy declarations and statements of intent about improving the environment for business have been issued, but few specific targets have been set.

Africa: The NEPAD founding statement of October 2001 identified private sector growth as a top priority for Africa. The Maputo Declaration (June 2004) by the Heads of State and Government of the African, Caribbean and Pacific Group of States (ACP countries) stated: 'we re-affirm the role of the private sector in development. As an engine of economic growth, the private sector is an important actor whose role can complement governmental action in the development process. Therefore, we remain committed to creating suitable conditions for its enhancement...' At its tenth Ordinary Session in Addis Ababa, (January 2008), the AU committed itself, inter alia, to: establish and strengthen the legal and institutional frameworks for the promotion of African industrial enterprises at national, regional, continental and international levels; and to achieve the harmonisation of African business laws.

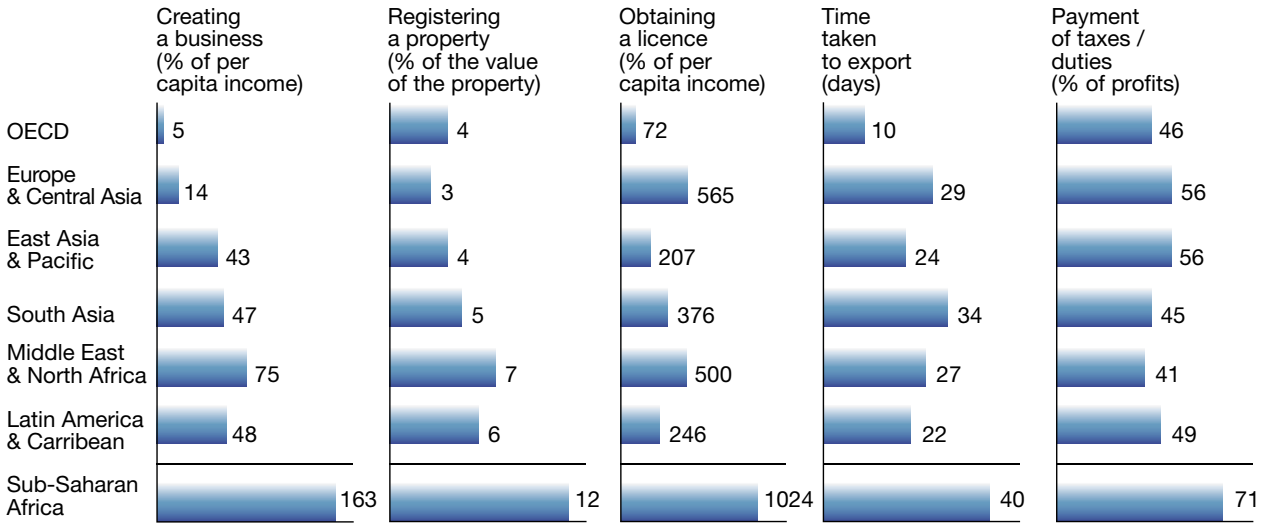
Development partners: The G8's Africa Action Plan, agreed at Kananaskis in 2002, undertook to support African initiatives aimed at improving the investment climate, such as through: (i) sound economic policies; (ii) efforts to improve the security of goods and transactions; (iii) consolidated property rights; (iv) modernised customs; (v) establishing necessary legal and judicial reforms; and vi) help in mitigating risks for investors. At Heiligendamm (2007), G8 countries committed themselves to 'support African countries in their efforts to remove the obstacles hampering more investment and to reduce the cost of doing business.'

What has been done to deliver on these commitments?

African countries have made strong progress in simplifying economic regulations and strengthening the institutional environment for business. Four African countries feature among the top ten reformers for 2007/2008 in the World Bank's latest 'Doing Business' survey, which also found that twenty-eight countries had implemented a total of fifty-eight

The highest cost of doing business in the world

Source: World Bank, Doing Business Report 2006



reforms that made it easier to start a business. Improvements have also been made in commercial law, property rights and investor protection.

Development partners have focused on a variety of measures to help promote investment, to improve the business environment, and to help develop financial markets, including 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.

What results have been achieved?

Costs of doing business have decreased. As mentioned above, a growing number of countries have implemented reforms to make it easier to run a business, and the costs and time required to set up a business have decreased. Nonetheless, the cost of doing business in Africa is still the highest in the world, and the pace of reform lags behind other developing regions.

Availability of credit for the private sector (at 14% of GDP) is improving, and some African companies have had direct access to international capital markets. But still only 20% of people have access to banking facilities. Improvements in the efficiency of administration of commercial law and strengthening of property rights have reduced business risks and property registration times, and facilitated collateral for loans. These measures have made it easier for women entrepreneurs to operate formal businesses.

What are the future priority actions?

Africa: As the private sector can be a powerful engine for growth, greater focus on creating a better enabling environment by reducing the cost of doing business is a priority. Others include: (i) improving corporate governance with the protection of shareholder rights; (ii) modernising the regulatory and institutional framework, and making legal and judicial reforms; iii) sharply reducing corruption; (iv) ending civil and cross-border conflicts; (v) strengthening regional integration through improved trade and infrastructure conditions; and vi) improving access to financial markets, especially for SMEs facing severe credit constraints, and building a viable, competitive and diversified financial sector.

Development partners: Maintain support for initiatives led by African countries which promote: (i) improvements in the business environment; and (ii) the depth, reach, and viability of financial markets.

FOCUS ISSUE **5**

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

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Key commitments

Africa: The 2003 NEPAD Environment Action Plan provided a comprehensive framework for environmental sustainability. The African Ministerial Conference on the Environment (AMCEN) has subsequently reiterated the importance of its implementation. The AU, in 2007, committed to integrate climate change and climate change adaptation strategies into national and sub-regional development policies, with biannual follow-up on implementation.

Development partners: There are various references in G8 communiqués in support of sustainable development and the sustainable use of natural resources. The 2002 UN World Summit for Sustainable Development (WSSD) 'Plan of Implementation' called for a comprehensive sustainable development framework for all. G8 countries began to discuss the impacts of climate change in Africa in Evian (2003), and at Gleneagles (2005) they committed to a broader approach combining energy efficiency, clean technology, and support for adaptation. On climate change, development partners entered into substantial further commitments on mitigation, adaptation, technology transfer, and finance as signatories to the Bali Action Plan and Roadmap in December 2007, setting December 2009 as the deadline for agreeing on a framework for action after 2012. The recent meeting in Poznań marked the halfway point towards the December 2009 deadline.

What has been done to deliver on these commitments?

Africa: Reforms have been carried out or are under way in several African countries to increase land tenure security and stability in order to encourage investments in sustainable land management. Plans to combat desertification have been developed for the five sub-regions in Africa. Twenty-two countries have completed their National Adaptation Programmes of Action (NAPA), and a number of NAPA projects

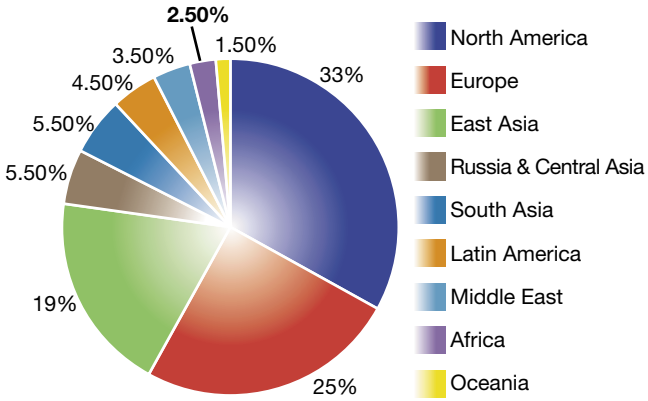
have been submitted for and received funding. Under the African Regional Strategy for Disaster Risk Reduction and a programme of action for its implementation, national disaster management organizations have been established—but implementation is generally weak.

Development partners: The Congo Basin Forest Fund was launched in 2008, with the AfDB as the implementing agency, to help promote biodiversity, conservation, and natural resource management. The World Bank is helping African governments to set up systems and processes to monitor and govern their forests and also to sell emission reductions from forests. The Global Environment Facility (GEF) has financed projects aimed at reversing land and water degradation and establishing observatories for monitoring the environment. In the area of climate change, the EU agreed on a package covering 2013–2020 that includes a 20% emission reduction target. After a long delay, the Adaptation Fund has become operational. But no new decision was taken in Poznań about resources for adaptation, which remain woefully inadequate. Also, resources from the Clean Development Mechanism (CDM), which helps to promote low emission projects in developing countries, have so far by-passed Africa.

What results have been achieved?

Africa is experiencing increasing environmental degradation and desertification due to expansion of agriculture into marginal areas and clearance of natural habitats, such as forests and wetlands. Widespread dependence on wood fuel has been a major driving force behind land degradation. At least thirteen countries suffered water stress or scarcity in 1990 and the number is projected to double by 2025. Per capita fish catch has been fairly static since 1972, except in Southern Africa where it has fallen sharply. Africa ranks low on: (i) the 2008 Environmental Performance Index (EPI); and(ii) environmental aspects of the World Bank's Country Policy and Institutional Assessment (CPIA) ratings, although there have been slight improvements in the last few years.

Africa contributes very little to climate change



Source: International Energy Agency (2007), CO_2 emissions from fossil fuel combustion.

What are the future priority actions?

Africa: The emphasis should focus on: (i) mainstreaming environmental sustainability and climate adaptation issues into economic planning and management; (ii) steering budgetary resources, including foreign assistance, towards achieving environmental objectives; (iii) providing more support for developing the data required for environmental assessments; and(iv) strengthening regional cooperation both through RECs and through specific initiatives (land management, river basin development, etc.).

Development partners: The priority is to implement the Bali Action Plan, including: (i) making firm, quantitative commitments on greenhouse gas reductions by December 2009 as a key component of the post-2012 framework; (ii) increasing support for climate adaptation; (iii) sharing low-carbon technology and energy efficiency measures with Africa; (iv) reviewing the CDM mechanism and Global Environment Facility (GEF) procedures to facilitate greater access by Africa; and (v) sending clear signals that forest carbon should be included in a new agreement to be developed after the first commitment period for the Kyoto Protocol ends in 2012.

FOCUS ISSUE **6**

EDUCATION

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Key commitments

Africa: African governments have made commitments towards: (i) the 2000 Dakar Education for All (EFA) Programme of Action; and (ii) the Fast Track Initiative (FTI), a global partnership between developing countries and development partners launched in 2002 to accelerate progress towards educational outcomes through national education plans and increased domestic education funding, although no specific target has been set. In September 2006, the African Union embarked on the Second Decade of Education for Africa with a wide-ranging focus, including tertiary and vocational education and training, and gender concerns.

Development partners: Along with African governments, development partners committed themselves to EFA and FTI. The G8 Summit in 2005 declared that 'no country seriously committed to Education for All will be thwarted in its achievement of universal primary school completion by 2015 due to lack of resources', although no specific financial commitments were made. In 2007, the donor community pledged to meet resource shortfalls in FTI-endorsed countries, estimated at US$500 million at that time.

What has been done to deliver on these commitments?

Africa: By the end of October 2008, twenty-three African countries have had their national education plans endorsed by FTI. Seventeen countries have developed long-term costed plans to achieve EFA, outlining available domestic resources and external funding needs as agreed at the Abuja Financing for Development Conference in 2006. There has been significant scaling-up of domestic resources allocated to education from 1999 to 2006, across the majority of sub-Saharan Africa (SSA), with a rise in average total expenditure on education from 3.7% of GDP in 1999 to 4.4% in 2006. In 2006, more than half of those countries where data was available spent more than 17% of government expenditure on education, but the median per-student expenditure in primary

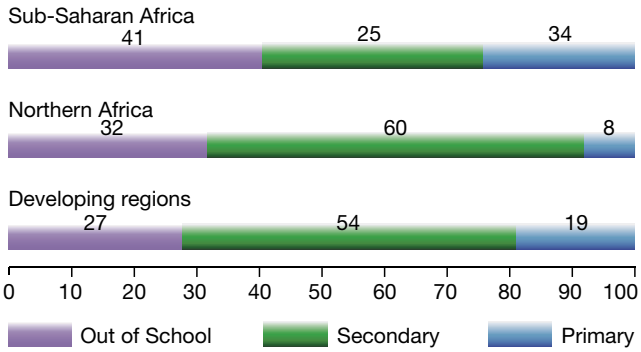
school was US$167 in sub-Saharan Africa compared with over US$5,000 in most developed countries. Ten countries have abolished primary school tuition fees, a number are developing plans to make lower secondary education universal, and some are starting to reform tertiary education.

Development partners: Total external aid to sub-Saharan African countries for basic education increased from US$1.1 billion in 1999–2000 to US$1.77 billion in 2005–2006. Two trusts—the Education Programme Development Fund and the Extended Catalytic Fund—have been established to help those who need support in drawing up educational sector strategies or who have difficulty attracting short-term funding. Some donors have made modest new commitments to post-primary schooling, including vocational education.

What results have been achieved?

Good progress has been made on **net primary enrolment,** where percentage figures for total enrolment in sub-Saharan Africa have improved from 62% in 2000 to 71% in 2007, though there are wide discrepancies between countries. In North Africa, the initial enrolment figures were — with only one exception—above 85% in 1991, and no further change has been registered since. If current rates are sustained, Africa will reach enrolment figures of 100% by 2015. **Primary completion rates,** where data is available, remained lower than enrolment, at 60% (2007). This figure gives an indication of basic skill acquisition, returns on public investment in primary education, and 'employability' of primary graduates. The increased enrolment rates coupled with inadequate completion figures point towards deteriorating educational quality. Teacher/pupil ratios in SSA rose from 1/41 to 1/45 between 1999 and 2006. Most African countries are very likely to reach **gender parity at primary level** by 2015. Fifteen countries had already achieved this in 2007, and the gender parity rate has risen from 85% in 1999 to 89% in 2006. The **post-primary situation** remains more challenging. While there has been an increase in secondary school intake in SSA since 2002, the overall figure—at about 32% of cohort

Total net enrolment, secondary-school-aged children, 2006 (percentage)



Source: The Millennium Development Goals Report 2008, United Nations.

population in 2006—is still low. Tertiary intake remains low at 5% for SSA. The shortage of trained teachers remains acute, with about 1.6 million additional teachers currently required. Most North African countries have tertiary intake above 25%.

What are the future priority actions?

Africa: Following progress on primary enrolment, priority now should be placed on improving educational quality, including: (i) increasing completion rates; (ii) increasing the number of teachers; and (iii) aligning secondary and tertiary school curricula and vocational training with labour market needs. Secondly, existing commitments require adequate domestic resource mobilisation to finance them, and options—including greater reliance on the private sector—should be explored.

Development partners: Development partners should fulfil their pledge to meet the FTI financing shortfall. The FTI Secretariat estimates that the long-term external financing gap for the fifty-six countries that are expected to join the FTI by 2010 will be in the region of US$2 billion annually. They should also ensure that development assistance is coordinated so as to support educational needs as set out in countries' national education plans.

FOCUS ISSUE **7**

HEALTH

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Key commitments

Africa: Members of the AU have committed themselves to: (i) increasing health budgets to 15% of public expenditure; (ii) making HIV/AIDS one of their top national development priorities; (iii) introducing strategies to fight tuberculosis; (iv) halving the burden of malaria by 2010; and (v) strengthening household food security and nutritional well-being. In 1998, African countries signed up to the 'World Health Declaration' of the World Health Assembly, giving effect to the 'health-for-all policy for the twenty-first century' through relevant regional and national policies. The 'Africa Health Strategy 2007–2015', endorsed by Heads of State and Government in July 2008, aims to strengthen health systems for equitable health outcomes. Ministers of Health also adopted the Maputo Plan of Action on Sexual and Reproductive Health in 2006, which focuses on the integration of sexual and reproductive health services into primary healthcare.

Development partners: Commitments have been made regarding: (i) support for building health systems and a robust health sector workforce, including work to increase coverage towards the WHO threshold of 2.3 health workers per 1000 people; (ii) innovative financing methods; (iii) provision of drugs and treatment at affordable prices; (iv) fighting infectious diseases—namely malaria, tuberculosis (TB), and polio; (v) working towards universal access for HIV/AIDS prevention, treatment, and care by 2010; (vi) improving maternal and child health; and (vii) controlling neglected diseases.

What has been done to deliver on these commitments?

Africa: Five countries met the 15% target of government budget allocation to health in 2005; eighteen countries allocated between 10 and 15% of their budgets; sixteen countries met recommended per capita allocations, up from fourteen in 2000. Twenty-two countries in sub-Saharan Africa have plans and targets to achieve universal access to HIV and AIDS treatments. In 2005, eighteen countries implemented special action plans to accelerate TB control. To increase access to malaria control interventions, 74% of African countries have waived taxes on

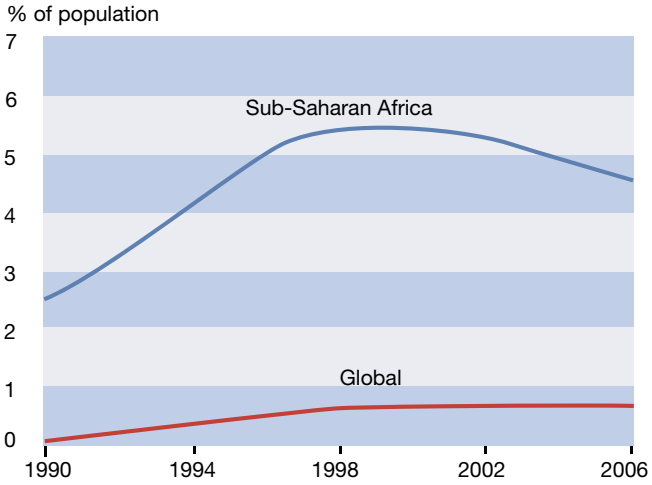
antimalarials, 64% have removed taxes or introduced waivers on insecticide treated nets (ITNs), and about half have waived taxes and tariffs on nets, netting materials, and insecticides.

Development partners: Financing for health has increased significantly. The Global Fund for AIDS, TB and Malaria (GFATM) has been fully funded (US$9.7 billion for 2008–2010), and innovative financing mechanisms have been launched, including the Advance Market Commitment pilot and the International Financing Facility for Immunisation (IFFIm). The WHO is developing a voluntary code of practice on ethical recruitment of health workers, and an International Health Partnership was launched in September 2007 to create and improve health services for poor people.

What results have been achieved?

Several African countries have significantly reduced their AIDS prevalence rate, and a quarter of the 4.6 million Africans living with the virus and requiring antiretrovirals are undergoing treatment. Three countries have achieved the goal of treating at least 50% of their AIDS-afflicted population. TB detection rates rose by 23%, to roughly 50%, between 1995 and 2005. By the end of 2006, ten countries had halted and even started to reverse overall and smear-positive TB incidence. Two-thirds of African countries have adopted policies that include the use of drugs that are effective against malaria, and use of ITNs by children under five in malaria-risk areas in sub-Saharan Africa is reported to have improved from 2% in 2001 to 5% in 2005 and 8% in 2007. Measles deaths are down, and immunisation has increased. But challenges remain: improvements in under-five mortality and maternal mortality have been marginal, leaving most African countries significantly off track in achieving the relevant MDGs; many countries still face critical shortages of health workers—Africa has an average of two doctors and eleven nurses or midwifery personnel for each 10,000 people, compared to high-income country averages of twenty eight and eighty-seven, respectively; the vertical nature of funding for health has not facilitated the strengthening of health systems; and there is still a large unmet need for family planning and other reproductive health services. Contraceptive prevalence in sub-Saharan Africa is low—at 23%—compared to the global average of 61%.

Estimated HIV prevalence trends for ages 15-49



Source: UNAIDS/WHO.

What are the future priority actions?

Africa: Governments should: (i) increase health budgets, expenditure efficiency, and planning; (ii) bolster personnel management policies and address the shortage of health personnel through strategies that promote retention and sustain productivity; (iii) target vulnerable groups so as to promote equity in health service delivery; (iv) tackle under-five and maternal mortality rates; (v) strengthen the coherence of sectoral policies (e.g. health, water, sanitation); (vi) decentralise and strengthen sub-regional capacity; and (vii) encourage community-level provision.

Development partners: Efforts should focus on: (i) supporting the reinforcement of national planning capabilities; (ii) providing more predictable funding and gradually moving to budgetary support for the health sector; (iii) increasing the effectiveness of health-related assistance through lowering the cost of treatments; and (iv) working towards increasing the capacity and reach of the health workforce.

FOCUS ISSUE **8**

GENDER

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Key commitments

Africa: Key declarations include the Protocol on the Rights of Women in Africa, which covers a range of economic rights for women. The Solemn Declaration on Gender Equality in Africa (SDGEA) is an important instrument for promoting gender equality and women's empowerment, and the Beijing Platform for Action (BPA) is an international commitment to promote gender mainstreaming. There are a range of other sectoral AU commitments that are relevant to gender in the areas of health, education, HIV/AIDs, and migration.

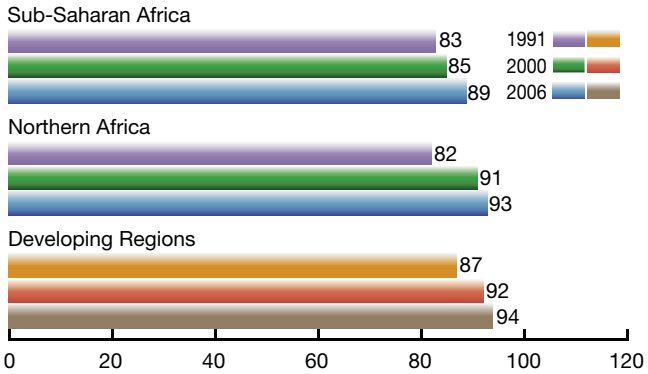
Development partners: The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) commits States to end discrimination against women. MDG 3 on gender calls for the elimination of gender disparity in primary and secondary schools. Most multilateral and bilateral agencies have pledged support for gender equality, including in successive G8 Summits. Some of the key commitments and actions underpinning the Monterrey Consensus, the Paris Declaration, and the Accra Agenda for Action make reference to gender equality objectives.

What has been done to deliver on these commitments?

Africa: As of 2008, only 50% of African countries had ratified the Protocol on the Rights of Women in Africa. According to the ECA's Africa Women's Progress Scorecard, most countries have scored less than half in terms of meeting their gender commitments. Most progress is being made in the social area, particularly in relation to health. Least progress is being made in the political area, particularly in relation to conflict resolution, support for women's quotas, and affirmative action.

Development partners: More development assistance resources are being devoted to gender equality targets, particularly in the social sectors: the share for Africa is higher than the global average. The absolute volume of bilateral ODA

Girls' primary school enrolment in relation to boys', 1990/1991, 1999/2000 and 2005/2006 (Girls per 100 boys)



Source: UN 2008 MDG Report.

supporting gender-related activities and objectives has risen. Multilateral Development Banks and IFIs have been making progress in strengthening their support through the AfDB's Gender Plan of Action (GPOA) and the World Bank's Gender Action Plan (2007–2010).

What results have been achieved?

Educational attainment: Africa has the largest gender gap in educational attainment. Among females above the age of fifteen, only 51% are able to read and write compared to 67% of men. African women have the highest illiteracy rates in the world.

Economic participation: The rate of female participation in the total non-agricultural labour force remains below that of men. Women are predominantly employed in the agriculture sector and account for 60 to 80% of the labour force. Women continue to face employment and career advancement barriers in African labour markets.

HIV/AIDS: There are currently more women than men living with HIV/AIDs in Africa. The HIV infection rate in Africa is highest among young women fifteen to twenty-four years old, who are about three times more likely to be infected with HIV than males.

Maternal mortality: Africa has the highest maternal mortality rates in the world. A pregnant woman in Africa is still 180 times more likely to die of pregnancy complications than in Western Europe.

Political participation: Women's political participation is improving, and currently twenty African countries have achieved over 30% representation in parliament. As of June 2008, the regional average for the proportion of women in African parliaments was 17.2%. The regional average for Europe (excluding Nordic countries) is not much higher at 19.1%.

What are the future priority actions?

Africa: Urgent and reinforced efforts are needed as regards: (i) full ratification of the Protocol on the Rights of Women in Africa; (ii) accelerated implementation of the Protocol and the SDGEA, and prompt efforts to fulfil reporting requirements; (iii) stronger action to tackle the high levels of maternal mortality, and the continuing gender gap in education; (iv) enacting and implementing legislation and policies that address women's access to land and credit; and (v) encouraging an increase in women's representation in national parliaments.

Development partners: Support by development partners should prioritise: (i) efforts by AU Member States to implement their gender equality commitments; (ii) development of regional and national implementation strategies for the SDGEA and the Protocol; (iii) efforts to ensure that strategies to achieve gender equality are clearly integrated into the design of the new aid architecture; and (iv) efforts to develop indicators on economic empowerment under MDG 3.

FOCUS ISSUE **9**

POLITICAL GOVERNANCE

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Key commitments

Africa: Key declarations agreed by African countries include the 2007 African Charter on Democracy, Elections and Governance and the 2002 Declaration on Democracy, Political, Economic and Corporate Governance, both of which spell out key objectives regarding governance and socio-economic development among AU states. The 1981 African Charter on Human and Peoples Rights is an instrument that seeks to promote and protect human rights in Africa. The Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa (2003) is also a landmark human rights commitment.

Development partners: G8 leaders have committed to strengthen programmes related to improved governance in Africa. The 1948 Universal Declaration of Human Rights is the foundation of international human rights law, which serves as the foundation for the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights (1966). The joint Africa-EU Strategy identifies, *inter alia*, strategic priorities in the areas of peace and security, democratic governance and human rights.

What has been done to deliver on these commitments?

Africa: The prominent focus of the AU Constitutive Act on human rights and good governance has led to the establishment of a range of accountability mechanisms and institutions, including the African Peer Review Mechanism (APRM), the Pan-African Parliament and the Economic, Social, and Cultural Council (ECOSOCC). In 2006, the African Court of Human and People's Rights and the African Court of Justice were created. To date, twenty-nine African countries have voluntarily acceded to the APRM process, fifteen have formally launched their review process, and five have completed reviews.

Development partners: Development partners are looking into ways of providing more effective, coordinated donor support to the APRM process, including through the EU

Governance Initiative which supports APRM-related reforms. The adoption of the Vienna Declaration and Programme of Action (VDPA) in 1993 has formally instituted the 'right to development' as an integral part of human rights law.

What results have been achieved?

Democratic practices and electoral processes: An increasing number of African States are moving towards multiparty democratic systems of governance. From 2005 to 2007, twenty-six presidential and twenty-eight parliamentary elections were held on the continent. While progress has been made in terms of the regularity of elections, there is still a deficit in terms of the quality of elections in many countries. Political participation is improving. Of nineteen countries with at least two successive elections, 63% show a marked increase in voter registration.

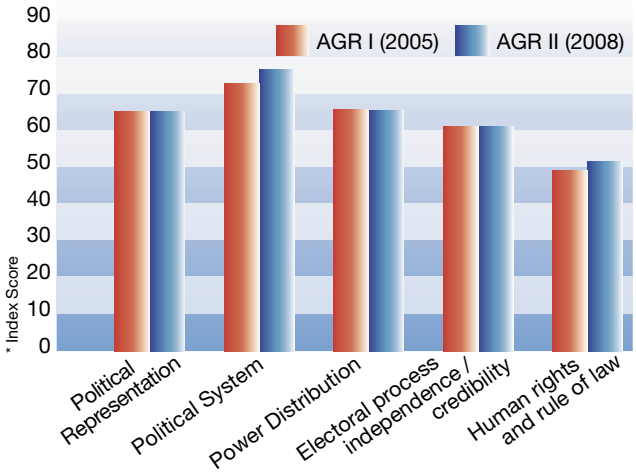
Social inclusiveness in political representation: The scope of political representation has widened and efforts have been made through constitutional provisions to reflect the diversity of African societies in organs of government, especially in the executive and legislature. However, with respect to social inclusiveness, large discrepancies still occur along ethnic, regional and religious lines.

APRM impact: The APRM is legitimising the demand for accountability by public institutions to domestic constituencies and is opening up space for civil society participation in governance processes. APRM reports are also serving as an early warning of impending threats to peace and stability.

Institutional checks and balances: There is still a tendency for the executive branch to dominate other branches of government. However, the introduction of decentralisation and local government reforms has facilitated greater participation in decision-making and policy implementation.

Human rights: Progress in ensuring economic, social and cultural rights has been slow. Nevertheless, the rights of marginalised groups such as children and disabled people are increasingly being recognised. The lack of observance of human rights by security forces is generally attributed to poor training.

Political governance



* For more details on the Index Score, see the UNECA African Governance Report 2008.
Sources: UNECA Expert Panel Surveys, UNECA Africa Governance Report (AGR) 2005 and 2008.

What are the future priority actions?

Africa: Governments need to reinforce progress achieved by ensuring (i) National Plans of Action (NPOAs) are costed, time-bound, and aligned with existing development strategies and incorporated into national planning and expenditure frameworks—with governance-related policies and programmes prioritised, and (ii) development of systems and capacity for monitoring and evaluation in order to track progress in implementation.

Development partners: Development assistance should (i) support the APRM process through coordinated NPOAs, (ii) be aligned with partner country priorities (including National Development Plans and Poverty Reduction Strategies), and (iii) be augmented to support the EU Governance Initiative and build capacity within human rights institutions.

FOCUS ISSUE **10**

ECONOMIC GOVERNANCE

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Key commitments

Africa: Key declarations for Africa include: the 2001 Constitutive Act of the African Union which identified good governance and economic management as an essential prerequisite for sustainable development; the 2003 African Union Convention on Preventing and Combating Corruption, which called for Member States coordination to prevent and combat corruption; and the 2003 Abuja Declaration on Economic and Corporate Governance which established the APRM and approved codes and standards to promote good economic governance.

Development partners: Various multilateral and bilateral agencies have pledged support for economic governance. G8 leaders have committed to strengthen programmes related to economic and corporate governance. The UN Convention Against Corruption (UNCAC) is a globally binding instrument which aims to combat corruption. The OECD's Anti-Bribery Convention aims to reduce corruption in international business transactions. Within the framework of the 2005 Paris Declaration and the 2008 Accra Agenda for Action, donors have committed to give support to economic and public financial management processes in partner countries, including related capacity-building. The Extractive Industries Transparency Initiative (EITI) supports improved governance in participating resource-rich countries through the publication of payments and revenues from oil, gas and mining.

What has been done to deliver on these commitments?

Africa: Sixteen African countries have now ratified the AU Convention on Corruption. The entry into force of the Convention in 2006 set a strong regional standard to pragmatically fight corruption across the continent. To date, twenty-nine countries have voluntarily acceded to the APRM process, fifteen have launched reviews, and five countries have completed their reviews. Several oil-exporting African countries are actively implementing the EITI.

Development partners: One-hundred forty countries have signed the UNCAC, and another ninety-two have ratified it.

Thirty-seven countries have ratified the OECD Anti-Bribery Convention. The OECD and the AfDB are developing a joint Anti-Bribery and Business Integrity Initiative for Africa. The IMF has developed a code of Good Practice on Fiscal and Resource Revenue Transparency. The UN and World Bank have launched the Stolen Asset Recovery (StAR) initiative to help developing countries recover stolen assets.

What results have been achieved?

Public Financial Management: African governments have shown marked improvements in their revenue mobilization. Excluding Nigeria and South Africa, the increase in government revenue as a share of GDP rose sharply from 18.8% for 1997–2002 to 25.4% in 2007. This is due to a mix of factors, including increased revenue from buoyant commodity prices as well as more effective tax administration.

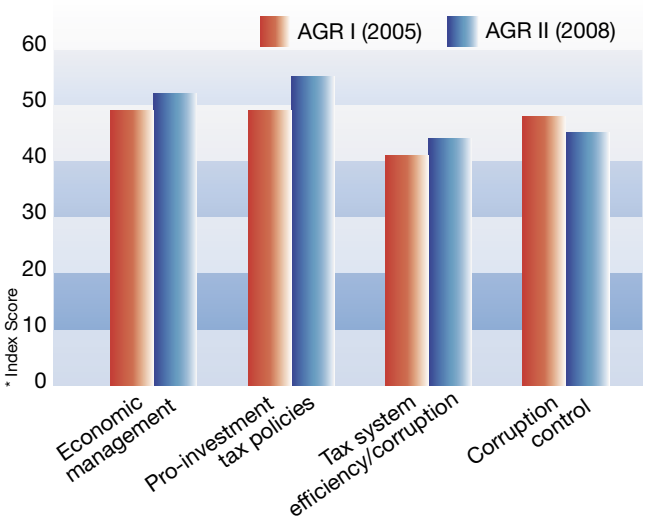
Budgetary Process: In 2007, over twenty African countries were at some stage of implementation of their Medium Term Expenditure Frameworks (MTEFs) and are, overall, improving budget and public financial management practices through diagnostic exercises, targeted training initiatives, reallocations, and peer-to-peer learning.

Corruption: Even though there have been major breakthroughs in anti-corruption investigations and convictions in several countries, corruption remains a major challenge. Corruption is costing Africa nearly US$150 billion a year and approximately 50% of tax revenues a year. Little progress has been made in asset repatriation from financial institutions operating in development partner countries.

Corporate Governance: More countries are adopting regulations and developing institutions to enforce contracts and property rights. However, corporate governance has not advanced much in Africa, and the data show that laws to protect shareholders, especially small shareholders, are not effective. Africa ranks as the region with the lowest protection of shareholders.

Parliamentary Oversight: A number of African countries are now promulgating Acts to give parliaments power to amend executive branch budget proposals.

Economic governance



*For more details on the Index Score, see the UNECA African Governance Report 2008.
Sources: UNECA Expert Panel Surveys, UNECA Africa Governance Report (AGR) 2005 and 2008.

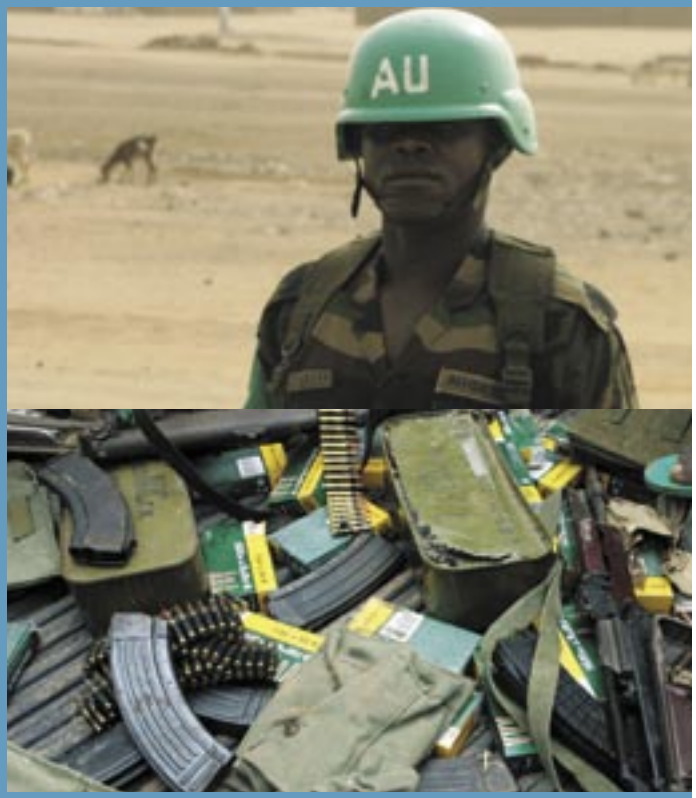
What are the future priority actions?

Africa: There is a need for more countries to ratify the AU Convention and support its implementation. More generally, it is important to sustain recent positive growth trends through improved economic management, effective regulation, and careful oversight of the banking and financial sector as well as improving the business-enabling environment to stimulate private investment. Finally, steps should be taken to improve management of oil revenues and business transparency, and strengthen and empower parliaments to ensure better oversight.

Development partners: More countries should ratify the UNCAC and develop effective monitoring mechanisms to track its implementation, and participating countries need to intensify efforts to implement the OECD Anti-Bribery Convention and encourage new members to join. Increased support (including legal assistance) is needed for efforts to recover stolen assets, including through the StAR initiative.

FOCUS ISSUE **11**

PEACE AND SECURITY



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Key commitments

Africa: The African Peace and Security Architecture (APSA) established as a result of the 2002 AU Protocol on Peace and Security comprises the AU Peace and Security Council and several continental mechanisms for the prevention, management and resolution of disputes and armed conflicts. The architecture is complemented by the mandates and related peace and security activities undertaken by the Regional Economic Communities (RECs). African countries have also subscribed to the Bamako Declaration on Small Arms and Light Weapons (2000), and to the Protocol on the Rights of Women (2003) which covers the protection of women during armed conflicts.

Development partners: Many countries are signatories to global instruments, such as the UN Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Parts, and Components and Ammunition (Firearms Protocol), and the Geneva Declaration on Armed Violence and Development. The G8 has focused, in particular, on supporting Africa's efforts to develop its capacity to undertake peace support operations and peace-building activities. Action plans on this and on related issues, including the illicit spread of Small Arms and Light Weapons (SALW) and the illicit trade in natural resources, have been adopted at successive G8 Summits since 2002. The Joint Africa-EU Strategy identifies peace and security as a top priority.

What has been done to deliver on these commitments?

Africa: Africa's five regions are in the process of setting up their regional brigades of the African Stand-by Force, and several peace support operations are currently operational, including in Somalia and Central African Republic. The Economic Community of West African States (ECOWAS) has put in place peace-keeping forces in both Liberia and Côte d'Ivoire. Three other brigades covering the Economic Community of Central African States, the East African Community, and Southern African Development Community (SADC), have secured Member State contributions. A Peace Fund has been established to provide financial resources to operational activities. A Continental Early Warning System

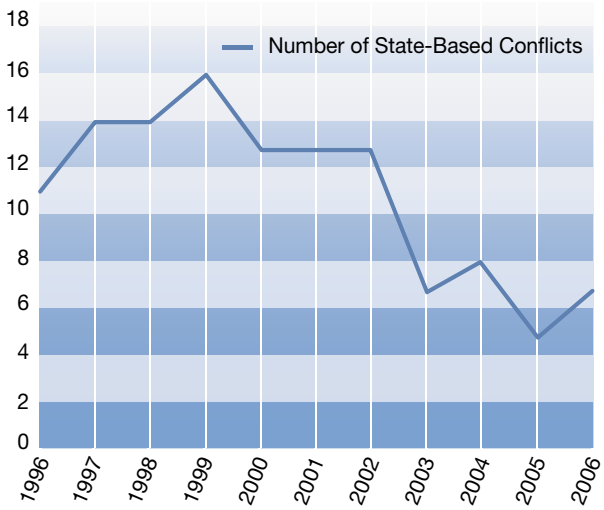
is being established and a framework for its operation is in place. The international conference on the Great Lakes Region has sought to develop a regional protocol against the illegal exploitation of natural resources.

Development partners: As members of the UN, development partners have supported a number of major peace-keeping missions in Africa. G8 countries have provided technical and financial resources to peace-keeping missions, different components of the APSA, and the UN Peace-building Commission. The EU has established the EU-Africa Peace Facility, and new resources have been committed for 2008–2010. But although the costs of AU-led peace-keeping missions have been largely funded by development partners, the lack of sufficient predictable funding remains the major constraint on African peace-keeping efforts. The implementation of the UN Programme of Action on Small Arms and Light Weapons has been uneven. A number of countries still do not have laws controlling the production and export of small arms On conflict resources, the Kimberley Process Certification Scheme has been set up to prevent illicit conflict-related trade in diamonds.

What results have been achieved?

The number of state-based armed conflicts in sub-Saharan Africa—those in which a government is one of the warring parties—fell from sixteen in 1999 to seven in 2006. Nearly all of these were fought within—not between—States. Although conflicts have continued to break out, this has been at around half the rate of the 1990s. Conflicts are ending at more than twice the rate of previous decades. Post-conflict peace-building missions have expanded and played a positive role in helping prevent negotiated settlements from breaking down. Reported battle deaths from State-based armed conflicts fell from 100,000, in 1999 to less than 2000, in 2006. The number of coups has fallen, and other security indicators are also positive—refugee numbers have declined by over 60% since 1994. However, Africa still accounts for 40% of global conflicts. Long-running conflicts continue to cause immense human suffering, and instability remains a major problem in some regions, even if not across the continent as a whole. The illicit spread of SALWs is still having an impact: out of the estimated 500 million SALWs in circulation world-wide, 100 million are found in Africa.

State-based armed conflicts in sub-Saharan Africa 1996-2006



Sources: Human Security Brief 2007.

What are the future priority actions?

Africa: Efforts should focus on (i) increased funding for African peace-keeping efforts and accelerated implementation of capacity-building programmes; (ii) implementation on Small Arms and Light Weapons under UN and African instruments; and (iii) development and implementation of continental and regional instruments against the illegal exploitation of natural resources.

Development partners: Development partners should work to ensure (i) more secure, predictable, flexible and coordinated funding arrangements in support of the peace-building and peace-keeping efforts of both the AU and RECs; (ii) full implementation of commitments under UN and where relevant other (e.g. EU) instruments on the illicit trade in small arms and light weapons; and (iii) strengthened mechanisms to stop illicit trade in natural resources linked to conflict.

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DOMESTIC PUBLIC RESOURCES FOR DEVELOPMENT

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Key commitments

Africa: The 2001 NEPAD founding statement and subsequent statements by the African Union have identified domestic savings and strengthened public revenue collection as key resources to be supplemented by official development assistance, debt relief, and private capital flows. African leaders resolved to mobilise additional domestic resources for financing the programmes and services required to reach the MDGs.

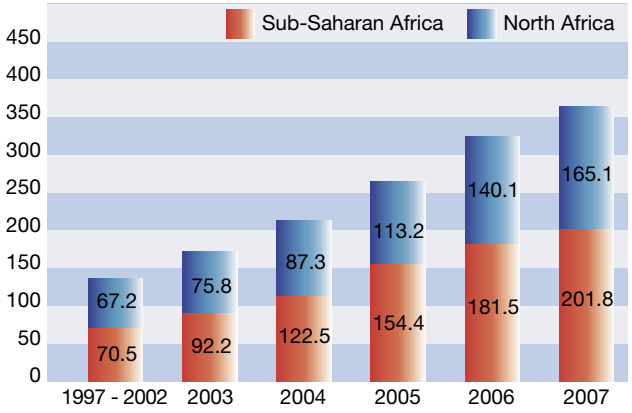
Development partners: At Monterrey in 2002, development partners undertook to support efforts by developing countries to create the necessary domestic conditions for mobilising national savings. G8 leaders subsequently committed to support initiatives aimed at fostering efficient and sustainable regional financial markets, and domestic savings and financing systems.

What has been done to deliver on these commitments?

Africa: Most African governments have adopted the value-added tax to broaden the tax base. According to World Bank assessments, there has also been a gradual improvement in revenue mobilisation efficiency in many African countries. Fourteen governments have established autonomous revenue agencies to make tax administration more efficient. Increased efforts have been made to address weaknesses in public financial management (PFM) systems. More attention has been given to the recovery of illicit capital flight, with Nigeria as one of three developing countries that have successfully recovered illegally acquired assets. More recently, Africa has launched the African Tax Administration Forum to help build national tax administration capacity.

Development partners: External partners have moved from a narrow focus on revenue targets to broader support for tax administration capacity-building. They have also committed

Recent domestic public revenue mobilisation in Africa (US$ billion)



Sources: World Bank, World Economic Indicators 2008: IMF Regional Economic Outlook Series: Sub-Saharan Africa (October 2008) and Middle East and Central Asia (May 2008)

to help to build PFM capacity. The UN and the World Bank have recently launched the Stolen Asset Recovery (StAR) initiative, and the fight against tax fraud and evasion has been given renewed political impetus by OECD countries.

What results have been achieved?

After remaining basically unchanged in the 1990s, total government revenue as a share of GDP has increased from an average of 21% to over 25% of GDP between 2001 and 2007, although the range of these ratios varies considerably. Forty percent of African governments are collecting revenues of more than 20% of GDP. But one-fourth of SSA governments still collect public revenues totalling less than 15% of GDP, a level considered as the minimum needed to cover the state's basic functions. Total domestic revenue rose from an average of US$138 billion over 1997–2002 to US$367 billion in 2007. It represents by far the major source of development finance in Africa, accounting for around 75% of the combined total of domestic public revenue, private external flows and ODA. The increase has been uniform across all groupings of countries. Both resource-rich and other countries have achieved higher revenue collection, and while higher commodity prices account for most of the increase in the former group, for the others most of the improvement can be attributed to more effective tax administration, underscoring the importance of progress in this area. The overall domestic savings rate increased from 18.1% in 1997–2002 to 23.8% in 2005–2007, but most of this reflects the performance of resource-rich countries, thanks to buoyant commodity prices. For other countries, the overall domestic savings rate has hardly moved, and sub-Saharan Africa's low savings rates contrast sharply with the higher savings rates of other developing regions.

What are the future priority actions?

Africa: Priorities on the African side include: (i) boosting public revenue by addressing tax evasion and avoidance, broadening the tax base and improving the efficiency of tax administration, in particular where the ratio of revenue to GDP remains below 15%; and (ii) strengthening efforts to improve management of natural resources. Sustaining and extending this effort should be an area of policy focus in view of reduced trade tax revenues stemming from widespread trade liberalisation across Africa and the importance of corporate tax regimes that enable Africa to compete for foreign direct investment.

Development partners: There is a need for Africa's development partners to: (i) reinforce Africa's domestic efforts by taking more effective international action to address tax fraud and evasion, including through improved transparency, better information exchange and more effective control mechanisms; and(ii) provide more technical assistance to enable African countries to further improve the efficiency of tax administration.

FOCUS ISSUE **13**

FOREIGN DIRECT INVESTMENT AND OTHER PRIVATE FINANCIAL FLOWS

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Key commitments

Africa: In the 2001 NEPAD founding statement, African leaders agreed to encourage and boost private capital flows as an essential component of a sustainable long-term approach to filling the resource gap in Africa and to promote the deepening of financial markets within countries as well as cross-border financial market harmonisation and integration.

Development partners: In the 2002 Monterrey Consensus, development partners were encouraged to increase their support for private foreign investment in infrastructure development and other priority sectors in developing countries. At Heiligendamm (2007), the G8 committed to implement measures to reduce the transfer costs of remittances and improve access to financial services in Africa. They also committed to providing assistance to deepen and strengthen capital markets in Africa.

What has been done to deliver on these commitments?

Africa: Over the past few years African countries have increased their efforts to develop or enhance their national policies and laws with a view to improving the investment climate. In 2006 alone, forty African countries introduced measures to encourage FDI. In 2007, African countries signed eleven bilateral investment treaties. Partial or full foreign ownership in the telecommunication sector is now the rule, with very few exceptions. Several countries have opened banking, legal and insurance services to foreign participation. At the regional level, COMESA, ECOWAS and SADC have undertaken regional investment promotion programmes.

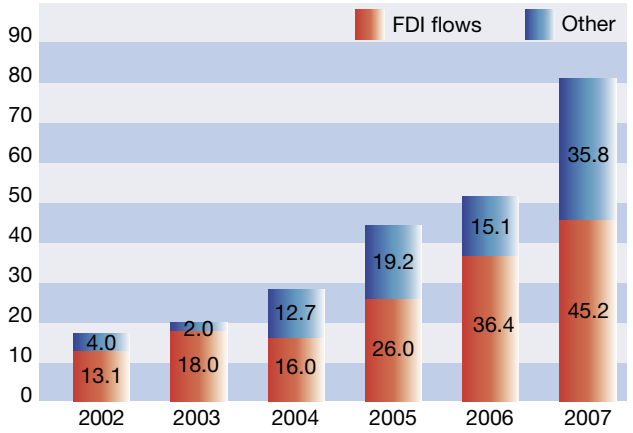
Development partners: Several donors have taken measures to strengthen financial markets and launched initiatives to promote investment in Africa. In Hokkaido (2008), the G8 stepped up efforts to enhance local bond

market development in African countries. To reduce the cost of remittance transfers, several EU countries have set up websites that provide information to migrants on prices charged. Various countries and international and regional organisations have launched a number of initiatives to promote investment in Africa—such as the NEPAD-OECD Africa Investment Initiative—to improve capacity in Africa to strengthen the investment environment.

What results have been achieved?

Net private capital flows to Africa have risen by more than five-fold since 2002, reaching US$81 billion in 2007—the highest level on record. Within this figure, North Africa accounted for about a third and sub-Saharan Africa for two-thirds of the increase. The rise was mostly due to a surge in FDI and private debt flows. FDI inflows to Africa rose from US$13 billion in 2002 to US$45 billion in 2007. While the surge was in large part related to extractive industries, FDI also rose in various service industries. Other net private capital flows (portfolio equity, bank debt, and bonds) also increased sharply from US$4 billion in 2002 to over US$35 billion in 2007. Also, Africa has enjoyed renewed access to commercial bank lending. The year 2007 witnessed the expansion of African sovereign as well as corporate access to international bond markets, with Ghana becoming the first Heavily Indebted Poor Countries (HIPC) to have mobilised a Eurobond issue (totalling US$750 million). Workers' remittances are becoming important sources of development finance, increasing from US$13 billion in 2002 to US$38 billion in 2007. Private external funds are likely to fall sharply in the aftermath of the 2008 financial crisis. Portfolio investment and debt flows are likely to fall in reaction to greater risk aversion by international lenders. While FDI is historically more resilient to shocks, it, too, is expected to decline. As labour markets slacken in OECD countries, flows of remittances are also likely to be affected.

Net private capital flows to Africa (US$ billion)



Sources: World Bank, Global Development Finance (2008).

What are the future priority actions?

Africa: African governments should continue efforts to: (i) improve the business environment and promote public/private partnerships (PPPs); (ii) improve capacity to monitor and manage private capital flows; (iii) foster regional integration and South-South cooperation; and (iv) create the conditions (including human capital development) that would foster more diversified FDI to higher value-added activities.

Development partners: A range of priority actions can be undertaken by donors in response, including: (i) supporting Africa's efforts to promote private capital flows and build an enabling domestic business environment; (ii) promoting and providing risk alleviation instruments and techniques to facilitate private sector investments particularly in infrastructure; and (iii) reduce the transfer costs of remittances and increase their developmental impact through measures that encourage migrants to use the banking system for sending money to their home countries.

FOCUS ISSUE **14**

DEVELOPMENT ASSISTANCE

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Key commitments

Africa: African governments made commitments in relation to improved aid effectiveness in the Paris Declaration of 2005, including exercising effective leadership over their development policies and programmes, strengthening public financial management and being accountable for development results. These commitments were re-affirmed in the Accra Agenda for Action adopted in 2008.

Development partners: At Monterrey in 2002, the EU committed to reach a target of 0.39 % of ODA/GNI in 2006 and the US to increase ODA by US$5 billion between 2002 and 2006. A second wave of commitments followed in 2005, including more specific commitments for Africa. The EU as a group pledged to reach 0.7% of ODA/GNI by 2015, with an interim collective target of 0.56% by 2010—with at least half of the increase going to Africa. Other development partners also made commitments to increase their ODA to sub-Saharan Africa, and at the Gleneagles Summit it was estimated that the various commitments that had been made would lead to an increase of ODA to Africa of US$25 billion a year by 2010 compared to a 2004 baseline. Development partners also made commitments to improve aid effectiveness in the Paris Declaration of 2005, with specific targets to be reached in a number of areas by 2010. Further specific commitments were made in the Accra Agenda for Action. Finally, development partners have made a number of commitments to the development of innovative financing mechanisms.

What has been done to deliver on these commitments?

Africa: Most African governments have strengthened the ownership and leadership of their development programmes; seventeen countries have completed substantially stronger and more operational second-generation PRSPs, and a few have completed fully-costed MDG needs assessments.

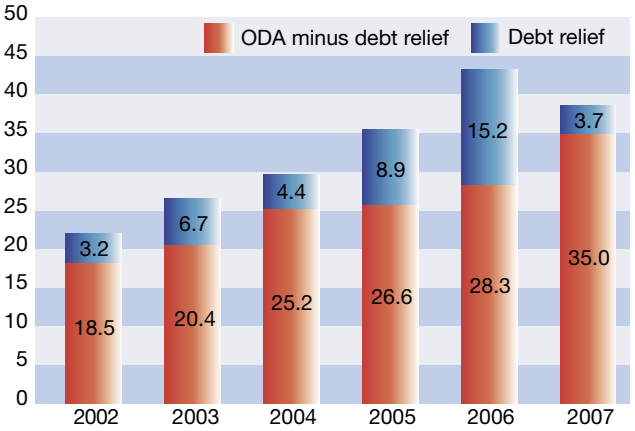
Africa has also begun to take leadership of the public financial management process. Parliamentary oversight has become more effective in a number of countries.

Development partners: Significant progress had been made by 2006 towards meeting the first wave of commitments from 2002. In 2006, the EU's ODA disbursements reached 0.43% of its combined gross national income (GNI) against the 0.39% target announced at Monterrey. The global ODA/GNI ratio in 2006 was 0.31% compared to 0.23% in 2002. A significant factor in this was, however, the exceptional level of debt relief. As debt relief returned to more normal levels in 2007, the global ODA/GNI ratio fell to 0.28%, resulting in a fall in total ODA, both globally and for Africa. Sustained and substantial increases in ODA, both globally and for Africa, will now be required over 2008–2010 to meet the second wave of commitments announced in 2005. On aid effectiveness, progress against most of the specific targets set out for 2010 in the Paris Declaration has been slow. In some areas, such as aid untying, the picture in Africa is the same as the picture globally, but in other areas, progress has been even slower, and in some the position has worsened. More rapid progress will be needed to meet the 2010 targets. Several innovative financing mechanisms have been launched.

What results have been achieved?

ODA flows to Africa have risen from US$21.7 billion in 2002 to US$38.7 billion in 2007. The total was indeed higher in 2006 (US$43.5 billion), but this was due to exceptional debt relief. Excluding debt relief, ODA to Africa almost doubled between 2002 and 2007, with an increase of 24% in nominal terms (12% discounting price and exchange rate movements) from 2006 to 2007. There has been a continuous shift of aid over the years towards the social sectors, but this situation is likely to change in the near future in light of a sharp increase of commitments for infrastructure. Innovative financing approaches have generated additional finance, and new

ODA to Africa (US$ billion) in nominal terms



Source: "Geographical Distribution of Financial Flows by Aid Recipients, 2001-2005", OECD 2007 and preliminary estimates for 2007 figures by OECD/DAC.

actors have also increased the resources for development. However, the slow progress in implementing Paris Declaration commitments means that there are continuing problems in key areas of aid effectiveness, including significant medium-term unpredictability, a lack of alignment to country systems, and a fragmented aid architecture.

What are the future priority actions?

Africa: African governments should continue to reinforce their efforts on the aid effectiveness agenda, including: (i) exercising leadership in coordinating and harmonising donor activities at country level; and (ii) strengthening public financial management and procurement systems.

Development partners: They should put in place clear plans to: (i) meet their existing commitments to increase ODA to Africa by 2010; (ii) meet their commitments on aid effectiveness under the Paris Declaration and the Accra Agenda for Action; and (iii) continue to develop and expand innovative financing mechanisms.

FOCUS ISSUE **15**

EXTERNAL DEBT

Key commitments

Africa: Heavily Indebted Poor Countries (HIPC) have taken policy measures necessary to become eligible for the HIPC debt relief initiative, including comprehensive national strategies to monitor and manage external liabilities embedded in debt sustainability frameworks.

Development partners: The Monterrey Consensus called for the speedy, effective, and full implementation of the enhanced HIPC initiative. At Gleneagles in 2005, G8 countries committed to further cancel 100% of outstanding debts held by eligible HIPCs to the IMF, IDA and African Development Fund. The Multilateral Debt Relief Initiative (MDRI) commitments were reaffirmed in St. Petersburg in 2006 and Heiligendamm in 2007.

What has been done to deliver on these commitments?

Africa: Of the twenty-seven African countries that have been accepted for debt relief under the HIPC programme as of December 2008, nineteen have reached the completion point and therefore qualify for irrevocable debt relief. The other eight countries are between the HIPC decision and completion points and receive interim debt relief. Six other African countries are considered eligible to the HIPC initiative but have not yet reached the decision point because they are either in a conflict or post-conflict situation. According to the World Bank, debt management systems have improved, albeit only marginally in sub-Saharan Africa, where half the countries are considered to have satisfactory administrative, financial and debt management setups in place.

Development partners: Substantial progress has been achieved since Gleneagles in extending and deepening debt relief to African countries. In the framework of MDRI, the African Development Fund, IDA, and the IMF have provided 100% debt relief to HIPCs that have reached the completion point. Assistance provided to the twenty-seven post-decision-point HIPCs in Africa amounts to US$90 billion

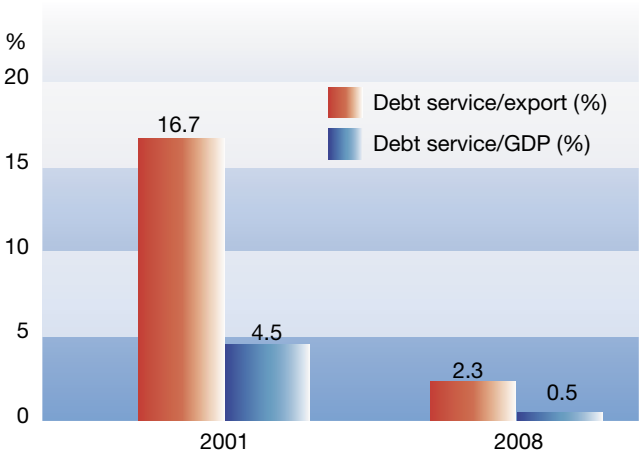
(in nominal terms) representing, on average, about 50% of these countries' 2007 GDP. Several partners have provided technical assistance to African countries for debt issuance and management. To help countries avoid lawsuits by creditors who do not participate in the HIPC process, the World Bank and other donors have proceeded with commercial debt buy-backs, thus clearing the share of outstanding debt that is not covered by the HIPC Initiative.

What results have been achieved?

Significant progress has been made in reducing the burden of external debt: for instance, it is projected that the stock of external debt of post-completion-point countries will be reduced by more than 90% in end-2007 net present value terms. Debt stocks in the eight 'interim period' countries are expected to decline by a similar factor. The ratio of external debt to gross national income (GNI) in Africa decreased from approximately 55% in 2002 to 24% in 2006. The debt service ratio (debt service over exports) for these countries has dramatically declined—from an average of about 17% in 1998–1999 to about 4% in 2006.

Nevertheless, several challenges remain. Co-ordinating all creditors for comprehensive debt relief to HIPCs remains a challenge. Furthermore, the problem generated by creditors bringing suit against HIPCs has not been totally resolved. Debt sustainability remains an issue in conflict and post-conflict countries. And despite the recent gains that have been achieved in the area of debt relief, there is concern that debt ratios are beginning to deteriorate in several post-completion-point HIPC countries in the region. A recent study shows that fourteen of the twenty-three post-completion-point HIPCs are at either moderate or high risk of debt distress. The 2008 financial crisis and its aftermath, and more specifically, lower export demand from OECD countries and weaker commodity prices, could further aggravate the debt sustainability situation.

Falling debt service burden for heavily indebted African countries



Source: World Bank/FMI - Heavily Indebted Poor Countries and Multilateral Debt Relief Initiative, Status of Implementation,
Note: the figures cover the 19 HIPCs that have reached completion point in or before 2007. The remaining 8 HIPC interim countries will receive similar reductions in debt service burden once they have reached HIPC completion point and will thus be eligible to MDRI debt relief.

What are the future priority actions?

Africa: Prudent debt management actions and continued vigilance is essential to ensure that new debt from emerging official and private creditors and a rapid build-up in domestic debt do not lead to a renewed debt build-up, potentially jeopardising these countries' newly-restored capacity to borrow externally or domestically to finance development. The application of the debt sustainability framework by both low-income countries and their creditors can help mitigate these risks. Enhancing overall debt management and debt sustainability are the other priorities.

Development partners: Chief priority should be attached to providing additional technical assistance to strengthen public debt management capacities in African governments, in particular to ensure debt sustainability and to intensify efforts to discourage lawsuits against HIPCs by non-Paris Club creditors.

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PART III

APPENDICES: CHARTS AND FIGURES

The Millennium Development Goals

Goal	Target A	Target B	Target C	Target D
1. Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people whose income is less than a dollar day	Achieve full and productive employment and decent work for all, including women and young people*	Halve, between 1990 and 2015, the proportion of people who suffer of hunger	
2. Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling			
3. Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015			
4. Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate			
5. Improve maternal health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Achieve, by 2015, universal access to reproductive health*		
6. Combat HIV/ AIDS, malaria and other diseases	Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	Achieve, by 2010, universal access to treatment for HIV/ AIDS for all those who need it	Have halted by 2015, and begun to reverse the incidence of malaria and other major diseases	
7. Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss*	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	
8. Develop a global partnership for development	Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Including a commitment to good governance, development and poverty reduction—both nationally and internationally	Address the special needs of the least developed countries. Including: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC, and cancellation of official bilateral debt; and more generous ODA for countries omitted to poverty reduction	Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty second special session of the General Assembly)	Deal comprehensively with the debt problems of developing countries through national and international measures, in order to make debt sustainable in the long term

**Targets added at the 2005 UN World Summit*

Sources: The Millennium Development Goals Report 2007, United Nations; World Bank website, February 2008.

Development Finance: overview tables (US$ billion, nominal)

Africa

	2002	2003	2004	2005	2006	2007
Domestic revenue	137.6*	168.0	209.8	267.6	321.6	366.9
Private flows	17.1	20.0	28.7	45.2	51.5	81.0
ODA	21.4	27.1	29.5	35.5	43.5	38.7
Total	**176.4**	**215.1**	**268.0**	**348.3**	**416.6**	**486.6**

North Africa

	2002	2003	2004	2005	2006	2007
Domestic revenue	67.2*	75.8	87.3	113.2	140.1	165.1
Private flows	7.4	3.3	6.5	15.3	21.1	27.7
ODA	2.3	2.2	3.0	2.6	2.7	3.2
Total	**76.9**	**81.3**	**96.8**	**131.1**	**163.9**	**196.0**

Sub-Saharan Africa

	2002	2003	2004	2005	2006	2007
Domestic revenue	70.5*	92.2	122.5	154.4	181.5	201.8
Private flows	9.7	16.7	22.2	29.9	30.4	53.3
ODA	18.9	24.5	26.0	32.2	40.0	34.2
Total	**99.1**	**133.4**	**170.7**	**216.5**	**251.9**	**289.3**

*** This is an average for the period 1997–2002, based on data available as of February 2009.**

Sources: IMF Regional Economic Outlook Series; Middle East and Central Asia (May 2008), Sub-Saharan Africa (September 2008); World Bank, Global Development Finance (2008); OECD Development Co-operation Report, 2007 (published January 2008) and updates.

The Global Outlook

(Percentage change from previous year)

	2007	2008	2009	2010
Advanced economies	2.7	1.0	-2.0	1.1
Emerging and developing countries	8.3	6.3	3.3	5.5
Africa	6.2	5.2	3.4	4.9
Sub-Saharan Africa	(6.9)	(5.4)	(3.5)	(5.0)
North Africa	(3.8)	(4.5)	(3.1)	(4.9)

Source: IMF, World Economic Outlook update (January 2009).

LIST OF ACRONYMS

ACP countries	African, Caribbean and Pacific Group of States
ADF	African Development Fund
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
AFT	Aid for Trade
AIDS	Acquired Immune Deficiency Syndrome
AMCEN	African Ministerial Conference on the Environment
AMFm	Affordable Medicines Facility for malaria
APF	Africa Partnership Forum
APRM	African Peer Review Mechanism
ARVs	Antiretrovirals
AU	African Union
CAADP	Comprehensive African Agricultural Development Programme
CDM	Clean Development Mechanism
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CPIA	World Bank's Country Policy and Institutional Assessment
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EDI	Education Development Index
EFA	Education for All
EPI	Environmental Performance Indicator
EPSA	Enhanced Private Sector Assistance for Africa
EU	European Union
FTI	Fast Track Initiative
G8	Group of Eight
GDP	Gross Domestic Product
GEF	Global Environment Facility

GFATM	Global Fund for AIDS, TB and Malaria
GNI	Gross National Income
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICA	Infrastructure Consortium for Africa
ICTs	Information and Communication Technologies
IDA	International Development Association
IFFIm	International Financing Facility for Immunisation
IMF	International Monetary Fund
ITNs	Insecticide Treated Nets
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
NAPA	National Adaptation Action Plan
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PPI	Private Participation in Infrastructure
REC	Regional Economic Communities
SDGEA	Solemn Declaration on Gender Equality in Africa
SSA	Sub-Saharan Africa
STAP	NEPAD's Short-Term Action Plan
TB	Tuberculosis
UN	United Nations
UNECA	United Nations Economic Commission for Africa
WHO	World Health Organisation
WSSD	UN World Summit for Sustainable Development
WTO	World Trade Organisation

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The UNECA-OECD 2009 *Mutual Review of Development Effectiveness in Africa: Promise & Performance* is intended to provide a focussed and accessible set of answers to four questions:

- **What are the main commitments which have been made by Africa and its development partners?**
- **Have these been delivered?**
- **What have the results been?**
- **What are now the key future policy priorities?**

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