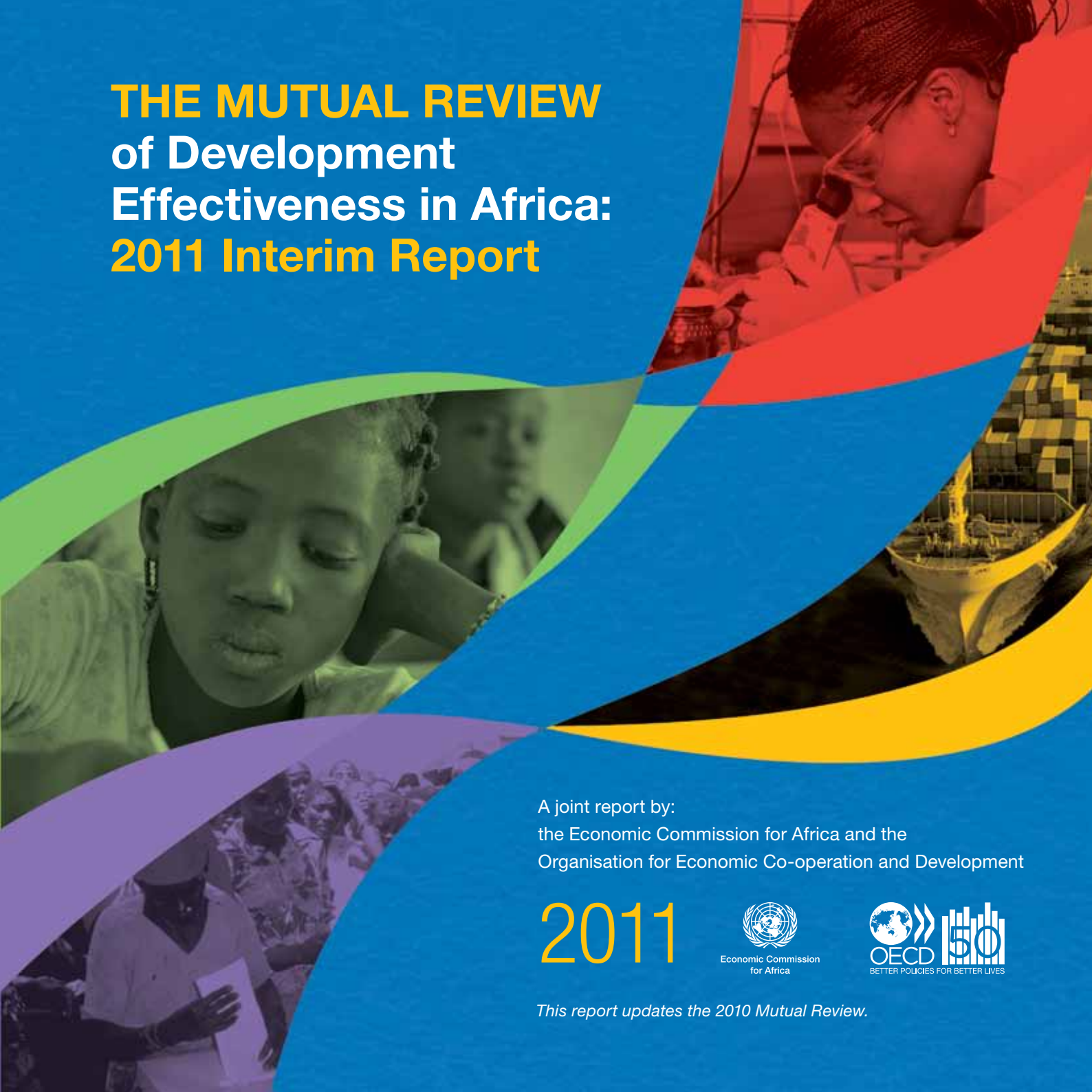
THE MUTUAL REVIEW of Development Effectiveness in Africa: 2011 Interim Report



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

2011

Economic Commission for Africa

OECD
BETTER POLICIES FOR BETTER LIVES

This report updates the 2010 Mutual Review.

ECONOMIC COMMISSION FOR AFRICA (ECA)

The ECA was established by the Economic and Social Council (ECOSOC) of the United Nations (UN) in 1958 as one of the UN's five regional commissions. ECA's mandate is to promote the economic and social development of its member states, foster intra-regional integration and promote international co-operation for Africa's development. ECA's dual role as a regional arm of the UN, and a part of the regional institutional landscape in Africa, positions it well to make unique contributions to member states' efforts to address their development challenges. Its strength derives from its role as the only UN agency mandated to operate at the regional and subregional levels to harness resources and bring them to bear on Africa's priorities.

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The APF was established in 2003, following the G8 Evian Summit, as a Forum for high-level dialogue between Africa and its main development partners. Its purpose is to catalyse and support action on both sides of the partnership in support of Africa's development, to make recommendations to leaders on decisions that need to be taken in key regional and global processes, and to monitor the delivery of commitments by both sides of the partnership. It is composed of Personal Representatives of Heads of State or Government, or their equivalents, Personal Representatives of the Heads of African continental and regional organisations and relevant international development institutions.

THE MUTUAL REVIEW of Development Effectiveness in Africa: 2011 Interim Report

The 2011 *Interim Mutual Review of Development Effectiveness in Africa* 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 Agency (NPCA). The APF Support Unit has facilitated the preparation of this report.

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THE MUTUAL REVIEW of Development Effectiveness in Africa 2011 Interim Report

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

Contents

Executive Summary

The Mutual Review of Development Effectiveness is an exercise in mutual accountability undertaken jointly by the UN Economic Commission for Africa and the OECD following a request of NEPAD Heads of State and Government in 2003. Its purpose is to assess what has been done by Africa and its development partners to deliver commitments in relation to development in Africa, what results have been achieved, and what the key future priorities are. It complements the self-assessments produced by each side to the partnership.

The meeting of AU/ECA Finance Ministers in March 2011 reaffirmed the value of this exercise and asked for more regular reports to be produced. In response to this request, this is an interim update of the last report published at the MDG Review Summit in September 2010. It is based on information available as at mid-April 2011. A full report will be published later in 2011.

The report follows the same structure as previous reports, divided into 4 main 'clusters' of issues covering: sustainable economic growth, investing in people, good governance and financing for development. Its main findings are:

Sustainable economic growth

(i) A strong rebound in economic activity in 2010: a combination of sound domestic macroeconomic policies and the wider global recovery has helped to bring about a sharper rebound in economic activity in Africa than expected in the last report. Having fallen to 3.2% in 2009, growth for Africa as a whole recovered to 4.7% in 2010. There has been a similar re-bound in trade performance, driven by demand pressures which have pushed up most commodity prices;

(ii) But with continuing challenges: growth prospects continue however to depend significantly on a more volatile global economic and financial environment. There are increased concerns on food security connected to more extreme weather conditions both in Africa and in significant food exporting countries, and more generally on the risks associated with higher vulnerability to natural disasters. The business environment has improved but more needs to be done. And poor infrastructure remains a major constraint both on growth and improving food security and social welfare;

(iii) Pointing to the key priorities for both Africa and its international partners including: to sustain global recovery and address issues such as global imbalances which could put this at risk; to achieve successful outcomes in global negotiations on trade and climate change; to accelerate regional integration and trade facilitation; to continue to improve the environment for both domestic and foreign investment; and to accelerate joint action to overcome infrastructure constraints.

Investing in people

(iv) The acceleration of growth since 2000 has contributed to some progress towards the MDGs: this varies by sub-region, country and goal, but is broadly moving in the right direction. Important progress has been made in primary enrolment rates; many countries have shown some progress towards achieving the health-related MDGs and improvements in stemming the HIV/AIDS pandemic have been significant; many countries have recorded declines in malnutrition; there has been some progress in access to safe drinking water and improved sanitation, and there has been some progress in women's political representation;

(v) But the pace is not commensurate with the improved economic performance achieved over the last decade, and still largely inadequate for achieving the goals by 2015. Improving primary completion rates, post-primary access and the quality of education, child and maternal mortality, and access to sanitation remain major challenges, and there are major disparities by income group and location in access to education and health services;

(vi) Pointing again to key priorities: increasing public expenditure on social spending including social protection of vulnerable populations; tackling the unequal opportunities due to gender, income and location biases; addressing issues of governance particularly in post-conflict states where progress is lagging; and providing increased and more effective support from international partners.

Good governance

(vii) The overall trend in governance has been strongly positive including: a general improvement in the quality of elections, the successful reversal of unconstitutional changes of government, momentous political change in North Africa and the peaceful referendum in Southern Sudan. The AU and regional organisations have taken a strong lead in rejecting unconstitutional action and promoting a return to democratic government, with support from the international community;

(viii) However there have also been problems: the disputed outcome of elections led to armed conflict in one region; in other regions there continue to be longstanding and unresolved conflicts; and much still needs to be done to ensure that elections are universally free and fair as well as to improve other indicators of political governance;

(ix) At a global level there has been a continued evolution of the wider international architecture including the growing engagement of the G20 on development issues, with a shift from crisis management and IFI reform to how the new G20 architecture can be used to promote development;

(x) Pointing again to key priorities: the AU and regional organisations should continue to promote free and fair elections and to maintain the 'zero-tolerance' approach to unconstitutional change; the wider international community should support this and continue to play its part in helping to tackle the international dimension of better economic governance; the G20 process should be used to promote progress in Africa and other regions.

Financing for development

(xi) Domestic revenue rebounded in 2010 on the back of stronger economic growth: Domestic revenue is by far the major source of financing for development. It increased four-fold between 2002 and 2008 to US$506 billion, fell sharply to US$ 388billion in 2009 with the bulk of the decline occurring in oil-exporters, and partly recovered to US$ 477billion in 2010. However performance remains varied, with a significant group of countries still collecting less than 15% of GDP in tax, and issues of allocation and effectiveness are also important to address;

(xii) Total net private inflows also rebounded in 2010 following their decline in 2008-09, to reach US$ 63 billion, representing around 90% of the all-time high of US$69 billion reached in 2007. Remittances proved unexpectedly resilient in 2009 and rose again to US$40 billion in 2010, representing a three-fold increase over the decade. In addition to legal capital outflows, Africa has however also experienced large illicit outflows estimated to average US$50 billion a year over the last decade though all figures in this area must be treated with great caution;

(xiii) Official Development Assistance increased in 2010 but the 2005 commitments have not been met: ODA to Africa is estimated to have risen to US$46 billion in 2010. This is a record level, but the increase from 2004 is signifcantly below the level implied by commitments in 2005. Whilst the picture varies between individual donors, the main reasons are: a shortfall against the global commitments made in 2005, and the fact that Africa has received only around a third of the increase since then rather than the half assumed at the time. Improving effectiveness also remains a key issue;

(xiv) Some significant progress was made on climate finance at the last COP meeting both in terms of funding and, more importantly for Africa, the strong support for REDD plus. This in turn has implications for Africa in terms of ensuring preparedness to benefit from the new facilities;

(xv) Key priorities for the future include: action by African governments to strengthen domestic revenue mobilisation and attract investment, with support from the wider international community in tackling the loss of tax revenues through offshore non-compliance, and illicit financial flows; action by development partners to deliver their 2005 commitments in full, to improve aid effectiveness and to accelerate development of innovative sources of finance including delivery of the fast-start and longer-term climate finance agreed in the Copenhagen Accord and the Cancun Agreements.

TOPICS

Cluster I: Sustainable Economic Growth

Trade and diversification
Agriculture and food security
Infrastructure
The private sector
Environmental sustainability
Climate change

Cluster II: Investing in People

Education
Health
Promoting gender equality and women's empowerment

Cluster III: Good Governance

Political governance
Economic governance
Peace and security
Global governance and institutions

Cluster IV: Financing for Development

Domestic public resources for development
Foreign direct investment and other private flows
Development assistance
External debt
Climate financing

Topic **1**

TRADE & DIVERSIFICATION

Key commitments

Africa: African governments have consistently emphasised the importance of trade, with three broad, inter-related commitments: (a) to reduce supply-side constraints, improve competitiveness and foster comparative advantages in industrial production; (b) to take practical steps to reduce trade barriers and facilitate trade; (c) to deepen regional integration. Most recent commitments emphasise regional integration, modernising domestic and regional trading systems, removing obstacles to trans-border trade and rationalising Regional Economic Communities (RECs).

Development partners: Development partners have reiterated, most recently at the G20 Summit in Seoul: (a) long standing commitments to bring the Doha Development Round to a balanced and ambitious conclusion; (b) long-standing commitments on enhancing trade capacity and access to markets, including specific commitments in the G20 Multi Year Action Plan on Development to at least maintain Aid for Trade (AfT) levels in 2011 above the annual average for 2006 - 2008; and (c) commitments to keep markets open, and to refrain from raising new trade barriers or imposing new export restrictions.

What has been done to deliver on these commitments?

Africa: African governments and RECs are taking steps to tackle supply-side and competitiveness problems, demonstrated by the high level of investments in infrastructure and productive capacity building (see also Topic 3). Average tariffs have fallen, through unilateral measures and implementation of regional integration protocols. Progress is being made on fast-tracking the African Economic Community, following commitments made by AUC Ministers of Trade in November 2010 in Kigali. Although the rate of progress varies considerably between RECs, an ambitious project of an FTA between COMESA, EAC and SADC has the potential to integrate half of the countries in Africa. The three RECs have already endorsed the roadmap individually at Summits in 2010. The historic Grand FTA agreement is expected to be approved at the Tripartite Summit of Heads of State and Government set for 2011. Despite key infrastructure projects such as the North-South corridor and institutional efforts to reduce supply side constraints, trade logistics remain insufficient in Africa.

Development partners: There has been little progress on the Doha Round. Against this, there has been some progress on duty and quota free market access for least developed countries (LDCs), with several emerging economies introducing preferential schemes. AfT has increased. Africa was the main recipient of aid for trade in 2009 as commitments rose to US$17 billion, more than 21% in constant prices above the 2008 figure. The focus has been on infrastructure and productive capacity. Nevertheless, progress at country level has been uneven, and the share of AfT dealing with adjustment costs remains very low.

Commitments made in response to the financial crisis are positive. While some G20 governments have imposed new trade restricting or distorting measures, in aggregate there has been a slight decline in the number of these measures relative to the levels registered earlier in 2010. There has been a marked increase in the number of new measures introduced to facilitate trade, especially by reducing or temporarily exempting import tariffs and by streamlining customs procedures.

What results have been achieved?

Africa's trade performance improved significantly over 2000 to 2008. Its merchandise trade rose to $1,022bn, and its share of world merchandise trade increased from 2.1% to 3.2%, though this was still only around half the peak of 1980. Africa's share in trade of commercial services was also growing over this period of time, to $220bn in 2008 and 3% of the world trade in commercial services.

Against a backdrop of a steep fall in world trade in 2009, Africa trade merchandise fell to $778bn (-24%). This drop was marginally larger than the fall in world merchandise trade, leading to a reduction in Africa's share to 3.1%. African merchandise export volumes fell by 2.4%, and import by 7.9%, in 2009. The loss in value was sharper, at 30.9% for exports and 19.5% for imports, reflecting a significant deterioration in

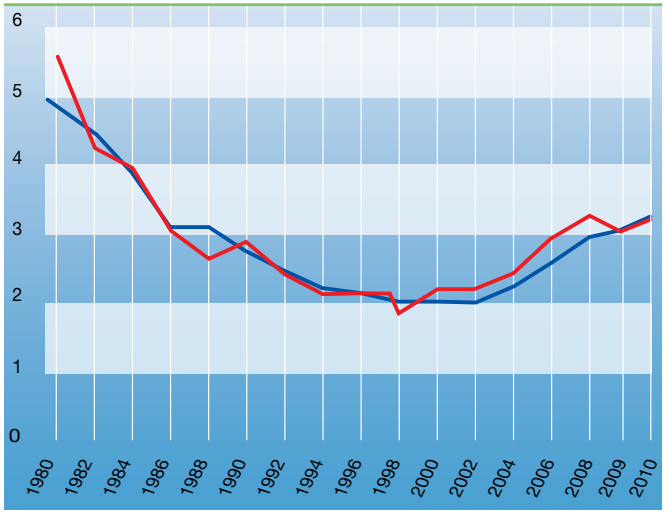
Africa's trade performance back on track. More needed to tackle supply side constraints, reduce trade barriers and deliver Doha commitments.

African term of trade. Services trade was also negatively impacted by the global downturn as it shrunk to $195bn in 2009, still representing 3% of global services trade.

In 2010, Africa went back on track with the strong trade performances it experienced in 2000 – 2008, with an estimated merchandise trade of $963bn (+24%). Its share of world merchandise grew to 3.2% as African trade performances were slightly better than the 19.1% increase in world trade. Export and import volumes rebounded by respectively 6.5% and 7%. These performances were driven by the significant rise in fuel, agricultural and food commodity prices: IMF indices of primary commodities for non-fuel and energy gained 26% in 2010. African trade of commercial services amounted to $227bn and 3.2% of world trade this year.

African exports remain poorly diversified in terms of both structure and destination. Eighty percent of Africa's exports are oil, minerals and agricultural commodities. In 2009, African export of manufactured goods accounted for less than 1% of global manufactured exports. Europe and North America continue to absorb most African exports, though trade with emerging economies is growing quickly. BRICs markets accounted for 19.2% of African exports in 2009 versus 8% ten years earlier. Lack of export diversification and reliance on mature OECD markets are persistent sources of vulnerability for African economies, highlighting the pro-cyclical character of their trading patterns.

Share of Africa in world trade and exports (in %) – 1970 - 2010



Source: WTO Statistics database.

Intra-regional trade remains low, on average only about 10% of total African exports over the last decade. It is more than 20% in manufactured and agricultural products, pointing to complementarities within the region. It fell by less than international African trade in 2009, proving more resilient and less dependent on international commodity markets, so that its share in total regional trade rose to around 11.5% that year. The level of trade integration in Africa is still much lower than in other regions, such as Asia and South and Central America, where regional markets accounted for respectively 58% and 27% of exports in 2009.

What are the future priority actions?

Africa

- Continue to improve competitiveness by tackling supply-side constraints and improving infrastructure and productive capacities (see also Topic 3);
- Continue to remove constraints to trade, including through the reduction of trade barriers and further trade facilitation measures;
- Accelerate regional economic integration, including greater coherence between the different FTAs and customs unions.

Development partners

- Continue to keep markets open, taking action as necessary to dismantle restrictive measures;
- Agree urgently, with other parties, on a way to bring the Doha Round to a balanced and ambitious conclusion as soon as possible;
- Continue to meet Aid for Trade commitments with increasing focus on regional projects and trade facilitation.

Topic 2

AGRICULTURE AND FOOD SECURITY

Key commitments

Africa: African governments have made a series of both quantitative and qualitative commitments for agricultural development. They have committed to raise the share of their national budget allocated to agriculture to 10%, and through the Comprehensive African Agricultural Development Programme (CAADP) Framework have called for annual agricultural growth rates of 6%. They have committed to increase agricultural trade within Africa, and to work at regional and continental levels, including harmonising fertiliser policies and reducing costs of procurement. In 2009, the African Union (AU) acknowledged the AU-NEPAD's CAADP as the overarching framework for agricultural development and investment.

Development partners: Development partners have prioritised sustainable agriculture and food security through a series of commitments to increase volumes and improve the quality of agricultural assistance. Under the 2009 L'Aquila Food Security Initiative (AFSI) they committed to mobilise US$20 billion over three years for agricultural development. The G20 Multi-Year Action Plan on Development adopted at Seoul in November 2010 re-emphasised the need for increased investment and financial support for agricultural development, with a special focus on smallholder farmers, and initiated work on a range of issues including ways of mitigating price volatility, with a timetable for preliminary and final reports in 2011. Leaders also re-iterated earlier commitments to bring the Doha Round to a successful and balanced conclusion. Increased agricultural productivity and food security are recognised as key actions for tackling climate change (see also Topics 6 and 18).

What has been done to deliver on these commitments?

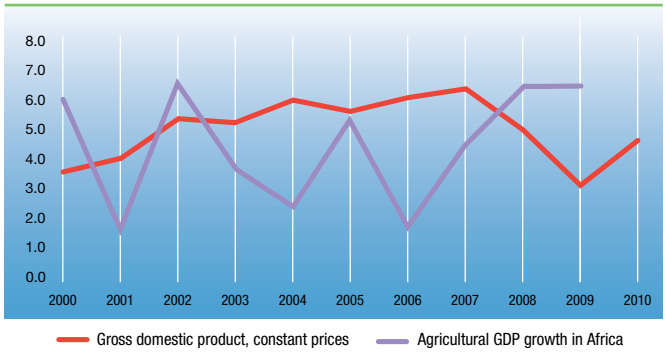
Africa: Only 10 countries met the Maputo 10% target in 2008. In aggregate, agricultural spending in Africa has made little progress, ranging from 4 to 6% of domestic public expenditure between 1980 and 2008. Regional policies to foster agricultural growth, trade and food security have been established, linked to the CAADP framework. By January 2011, 25 countries had signed CAADP Compacts. 19 investment plans have been developed.

ECOWAS and COMESA have moved to harmonise fertiliser regulatory frameworks and trade policy. The African Fertiliser Development Financing Mechanism (AFFM) established to increase the use of fertiliser from 8 kg per hectare to 50 kg per hectare by 2015, mobilised pledges of over US$30 million. However, implementation has stalled due to failure of African countries and development partners to fulfil funding pledges. Little progress has been made in harmonising and eliminating fertiliser taxes across Africa.

Development partners: Agricultural assistance (including forestry and fisheries) to Africa has increased from US$823mn in 2002 to US$2.915 billion in 2009, increasing by nearly 40% between 2008 and 2009, and rising from 4% as a proportion of total assistance in 2002 to 5.5% in 2009.

Pledges for the AFSI had increased to over US$22 billion by mid 2010, of which US$6 billion is additional. Tracking disbursements has proved difficult. The Global Agriculture and Food Security Program, launched in

GDP, Agricultural GDP growth in Africa, 200-2010



Sources: IFPRI-ReSAKSS based on UN National statistics Division 2009; WDI 2009; and IMF, Regional Economic Outlooks (April-May 2011).

Agricultural growth improving, but below 6% target and economic growth. Food insecurity remains high. More needed on investment, policy reform and trade.

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2010, has mobilised US$880 million in commitments. Allocations in 2010 included $223.5m for five African countries.

Preliminary reports have been prepared within the G20 framework by the relevant international organisations on 5 topics: innovation, delivery of the AFSI, policy coherence, price volatility and responsible investment in agriculture.

On trade, the Doha round has stalled (see also Topic 1).

What results have been achieved?

Growth: On average, the agriculture sector grew more slowly than the economy overall for most of the period from 2000-2007, exceeding the 6% target in only 2 out of 8 years (2000 and 2002) in Africa as a whole, and none in SSA. This position was reversed in 2008 due to a combination of higher agricultural growth exceeding 6% in Africa as a whole (though again not SSA), and lower overall growth in the economy.

Productivity: Production increases in Africa have been heavily dependent on expansion of land cultivated, which is increasing at less than 1% a year. African yields per hectare for cereals rose marginally from 1.13 t/ha in 1980 to 1.42 t/ha in 2008, compared to over 5 tonnes per hectare in high income countries. While countries have made progress in reforming the legal and regulatory framework (over 65% have formal fertiliser legislation in place, 65% of countries did not have tariffs on fertilisers in 2008 and 75% did not have taxes on fertilisers), fertiliser consumption in most African countries remains well below the 50 kg/ha target which only four countries exceeded in 2008. Less than 10% of arable land is irrigated, and in the last 40 years only an additional 4 million hectares have been brought under irrigation (see also Topic 3).

Food security: Although Africa is in a better position today than it was in 2007-2008 to cope with the latest surge in global food prices, 30% of the population of SSA was under-nourished in 2010 (239 million people), the highest prevalence of under-nourishment of any region in the world. Seventeen of 22 countries currently facing a protracted crisis, of which high levels of food security are a major characteristic, are African. Most African countries remain off-track towards achieving MDG 1 by 2015, and only nine are on track to meet the indicator on the prevalence of underweight children.

Trade and diversification: Since 2001, the volume of African agricultural exports has increased by 13% and their value has increased by 74%. Although some countries have diversified into high added-value products, most trade is in bulk agricultural commodities. Africa's share of the global agricultural export market remains low, at 2%, and is concentrated in a small number of countries

What are the future priority actions?

Africa

- Increase public investment, particularly in irrigation and rural infrastructure.
- Continue policy reform, particularly to encourage private sector engagement;
- Accelerate efforts to improve food security, including through stronger regional co-ordination and increased investment in science and technology;
- Scale up safety net programmes in countries vulnerable to food price fluctuations and climate shocks.

Development partners

- Deliver existing AFSI commitments on agriculture and food security, and make specific, new commitments, backed by detailed plans, to deliver sustained assistance beyond 2012;
- Follow up on options identified in G20 reports being prepared on innovation, policy coherence, food price volatility and responsible investment in agriculture;
- Intensify efforts to reduce agriculture subsidies, increase Africa's access to markets and complete the Doha Round (see also Topic 1).

Topic 3

INFRASTRUCTURE

Key commitments

Africa: African governments have increasingly emphasised the importance of infrastructure and have made broadly similar commitments spanning four main subsectors – energy, transport, water and ICT – to strengthen national planning frameworks, reform the regulatory environment, mobilise increased domestic public resources and develop regional and continental programmes. They have adopted targets, including: (a) that 35% of the population have access to electricity by 2020; (b) halving the proportion of people living beyond 2 km from an all-season road by 2015; and (c) reducing the proportion of people without access to safe water and sanitation by 75% by 2015.

Development partners:
Development partners have undertaken to increase financial support for infrastructure, and to help mobilise increased private sector participation in the sector. They have made specific commitments to promote clean energy and energy efficiency. In 2010, access to water and sanitation was recognised by the UN as a fundamental right.

What has been done to deliver on these commitments?

Africa

National planning: With few exceptions, most countries and for all four sub-sectors lack planning frameworks or long-term strategies, though the situation is significantly better in road transport and in ICT, and is beginning to take shape in water and sanitation under the leadership of the African Ministerial Conference on Water (AMCOW) in a new global partnership known as Sanitation and Water for All.

Regulatory reform: Regulatory agencies have been established but capacity remains weak. The greatest progress has been in telecommunications. Regulatory reforms are receiving more attention in the power sector, to address electricity shortages and to promote renewable energy, particularly in East and North Africa. In the transport sector, there are renewed efforts to improve logistics competence and trade facilitation with a focus on land-locked countries.

Private sector: Participation varies enormously across the sub-sectors: it is highest in mobile telephony, followed by transport with the contracting of road maintenance and concessions in container terminals and railroads. In the energy sector, state-owned utilities are still prevalent although there is interest in privatisation of power generation and distribution. In water, management or lease contracts of national systems have been problematic but public private partnerships (PPPs) have become a more common form of delegated management of small piped schemes, co-existing with community-based or municipal management models.

Regional initiatives: Cross-border initiatives have been launched in energy through the creation of power pools in all sub-regions of Africa; in transport with transit corridors; in water with the sharing of transboundary resources; and in ICT with the development of broadband connectivity such as the East Africa Submarine System (EASSy) international fibre-optic cable. In 2010 the AU launched the Programme for Infrastructure Development in Africa (PIDA) which will bring together various regional and continental infrastructure initiatives and will be led by the AfDB.

Expenditure: African governments account for two-thirds of total yearly spending on infrastructure in sub-Saharan Africa, estimated at US$45 billion or about 5% of overall GDP, most of which is for maintenance.

Development partners: Development partners have significantly increased support for infrastructure, including through the Infrastructure Consortium for Africa (ICA) which was established in 2005 as a partnership between bilateral donors, multilateral agencies and African institutions to promote more effective support to infrastructure development in Africa. Total funding commitments from all sources rose in 2009 to US$39.3 billion with ICA members contributing half this amount, the private sector 30% and other sources the remaining 20%. Funding commitments for energy and transport increased sharply over 2008-09 and together account for three-quarters of total funding commitments in 2009. Commitments for water decreased. Funding commitments for regional projects almost doubled to reach US$3.9 billion.

Despite increased investment, weak infrastructure remains a major constraint on growth and on achieving the MDGs.

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What results have been achieved?

Despite the increase in investment, progress has been slow (with the exception of ICT), and weakness of infrastructure remains a major constraint on growth and on achieving the MDGs:

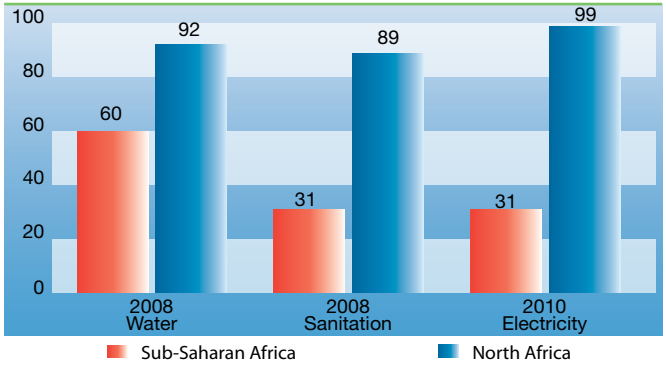
Energy: In North Africa there is almost universal access to electricity; in sub-Saharan Africa only 31% of the population had access in 2010, the lowest level in the world and far below the figure of 50% in South Asia with similar levels of per capita income. Access in rural areas is significantly lower and rapid population growth has meant that per capita energy consumption has fallen. The small-scale nature of most national power systems and the extensive reliance on expensive oil-based generation makes the average cost of generating power in Africa exceptionally high (3.5 times that in South Asia). Thirty countries in sub-Saharan Africa have experienced energy crises in recent years.

Transport: Only one-third of Africans living in rural areas are within 2 km of an all-season road, compared with two thirds of the population in other developing regions. The limited data available suggests that a number of countries have improved road access over time, but road access in rural areas remains a critical challenge to linking farmers to their urban markets. Poor road access together with high profit margins for trucking companies also led to high transport costs.

Water and sanitation: Between 2000 and 2008, access to improved water in sub-Saharan Africa rose by less than 1% a year to reach 60%. For sanitation, progress has been even slower, with only 31% of the population having access to improved sanitation facilities in 2008 (see also Topic 8). As for the other sectors, rural coverage is significantly lower. The absence of water storage and irrigation infrastructure led to a severe underutilisation of the continent's resources. Seven per cent of sub-Saharan Africa's hydropower potential has been tapped and only 6 million hectares, concentrated in a few countries, are equipped for irrigation.

ICT: Mobile telephony has been a success story, with mobile subscribers growing from 16 million in 2000 to 390 million in 2009. Internet penetration, however, lags considerably behind with less than 10% of the population having access to the Internet.

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



Sources: WHO/UNICEF, Progress on Drinking Water and Sanitation, 2010 Update: World Energy Outlook, 2010, IEA.

What are the future priority actions?

Africa

- Strengthen planning frameworks to improve access and better reflect the role of infrastructure for economic growth and poverty reduction;
- Continue efforts to improve the efficiency of existing infrastructure, to reduce costs and to encourage greater private sector participation;
- Accelerate the development of cross-border initiatives by enhancing the roles and capacity of the RECs and other regional technical bodies.

Development partners

- Maintain increased financial support, including through the ICA;
- Support African efforts to ensure more equitable provision of basic services to rural areas;
- Increase technical and financial capacity of the RECs and other regional technical bodies.

Topic 4

THE PRIVATE SECTOR

Key commitments

Africa: African governments have made a series of policy declarations and statements to improve the environment for business, although few specific targets have been set. Private sector growth was identified as a priority through the NEPAD founding statement and reiterated in the 2010 AU "African Private Sector Forum Declaration". These encouraged private financial flows and new partnerships between governments, the private sector and civil society, and approved eight codes and standards for achieving good economic and corporate governance. Successive commitments have sought to create suitable conditions to develop the private sector, to strengthen the legal and institutional framework for the promotion of African industrial enterprises and the harmonisation of African business laws and to promote PPPs, notably in the areas of transport and energy infrastructure (see also Topic 3).

Development partners: Development partners have committed to support African efforts to remove obstacles to investment and reduce the cost of doing business, such as through sound economic policies, efforts to improve security of goods and transactions, consolidated property rights, legal and judicial reforms and mitigating risks faced by investors. Improved synergies between ODA and other sources of development finance have been called for, together with new private flows for PPPs. The G20 identified private investment and job creation as a key pillar of the Seoul MYAP and commissioned follow-up work on maximising the value added of private investment, promoting responsible investment, and support for small and medium enterprises.

What has been done to deliver on these commitments?

Africa: Starting from a low base, Africa has continued to improve its regulatory environment. Since the MRDE 2010 several countries, including those recovering from conflict, have introduced new, or have reformed existing, laws to improve the business environment. Forty nine regulatory reforms were registered in sub-Saharan Africa across 27 countries in 2010, building on respectively 67 and 58 in 2009 and 2008. Three African countries were amongst the World Bank's Doing Business 10 top reformers in 2009–2010.

Reforms in 2009/2010 focused on making it easier to start a business and improving cross-border trade – constituting almost half of all reforms in sub-Saharan Africa. Globally since 2005 Sub-Saharan Africa has made the most reforms to make it easier to start a business, with 46 economies undertaking 65 reforms such as the establishment of one-stop shops bringing together relevant ministries and agencies, and the streamlining of registration procedures. Improved IT has played an important role in simplifying regulatory processes. Several countries have implemented improved customs processes and border co-operation, and reformed trade regulations, to expedite trade times and reduce costs. Sub-Saharan Africa was the highest ranking region for trade facilitation reforms in 2009-2010, with 9 reforms.

Sub-Saharan Africa is also the second-most tax-reforming region globally. Several countries have also revised labour codes, making it easier to employ workers. Reforms in commercial laws and property rights vary considerably among countries, with institutional weaknesses more evident and acute in countries with Civil Code traditions. Sub-Saharan Africa still falls short in a number of regulatory reforms, such as dealing with licenses and protecting investors.

Development partners: Development assistance for business support and banking and financial services increased in 2008-2009 to over US$2.2 billion. Partners have helped to improve the business environment, develop financial markets and promote investment through a series of initiatives, including the NEPAD/OECD Africa Investment Initiative, the Enhanced Private Sector Assistance for Africa, the Investment Climate Facility and the Partnership for Making Finance Work for Africa (see also Topics 11 and 15). The World Bank, UNECA and the Public-Private Infrastructure Advisory Fund have undertaken a number of PPP capacity-building initiatives including training, advocacy and facilitating public-private dialogue. The AfDB expects to lend $2.2 billion to private sector development in 2011, up from $2 billion in 2010.

Continued improvements in business environment, but more still to be done to reduce costs of doing business, promote private sector engagement, and improve access to finance.

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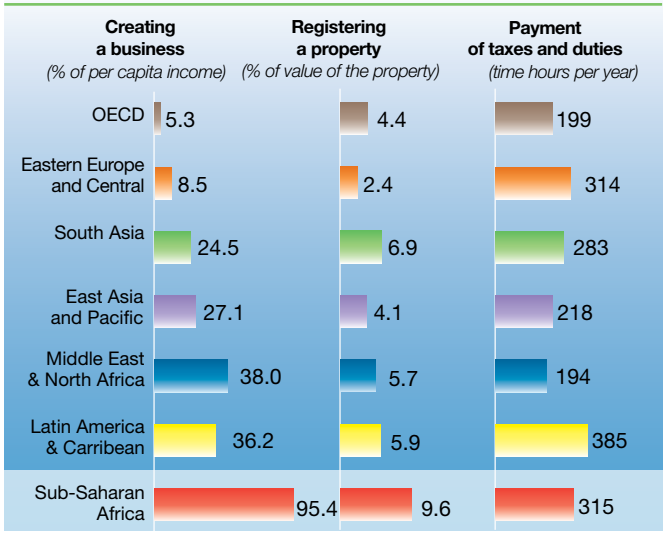
Costs of doing business



Source: World Bank, Doing Business, 2011.

What results have been achieved?

Continued reforms, and political and macroeconomic stability and sustained growth, have improved Africa's environment for business (see also Topics 10 and 11). Of 28 key indicators defined by the World Bank to measure the ease of doing business, 23 have improved in Africa since 2005; for 15 of these the gap between Sub-Saharan African results and global averages is less than 20%. For some sub-indicators, such as the average time needed to obtain a construction permit, pay taxes and enforce contracts, Sub-Saharan Africa has reached performance levels comparable to most regions. In other areas, such as the number of days and income required to open a business, and times taken to register a property, the differences between sub-Saharan Africa and the rest of the world are decreasing; availability of credit to the private sector is improving through new licensed private credit bureaus, a wider range of assets used as collateral and a strengthened legal framework for secured transactions. The 4 sub-indicators where the gap with the global average was greater than 50% relate to cost, measured in 3 of these cases as a proportion of GDP per capita (rather than in absolute terms).

Capital markets grew from 8 to 22 stock exchanges between 2002 and 2010, and market capitalisation of the 5 leading stock exchanges tripled over the period. Severely hit in 2009, African financial markets have rebounded in 2010.

However there are areas where further progress is needed. Costs of credit remain high and access to credit is a primary inhibitor to doing business in Africa. The small size and lack of liquidity of capital markets remain problems and investor protection, including corporate disclosure and legal protection, remains weak.

What are the future priority actions?

Africa

- Accelerate improvements in access to finance, particularly for small-sized firms and informal businesses;
- Promote private sector participation in strategic sectors, particularly through effective implementation of PPPs, to address constraints caused by poor and costly infrastructure, with particular attention to energy and transport (see also Topic 3);
- Deepen regulatory and institutional reforms to provide adequate infrastructure, reduce bureaucracy and address corruption.

Development partners

- Assist governments and investors in their work to increase the economic value-added generated by the private sector and create more competitive industries in Africa;
- Direct increased investment in lower-level capacity building to tackle binding constraints to financial, human and technological development;
- Support efforts to improve access to finance particularly for small and medium enterprises.

Topic **5**

ENVIRONMENTAL SUSTAINABILITY

Key commitments

Africa: In ratifying the Convention on Biological Diversity (CBD), the Convention to Combat Desertification (UNCCD), and the UN Framework Conference on Climate Change (UNFCCC), African governments have committed to integrating sustainable development objectives in their national development strategies. The NEPAD Environment Action Plan, endorsed by the African Union, set out a comprehensive framework to Africa's common and shared sustainable development problems and concerns.

Development partners: In addition to specific statements of support for Africa's efforts toward environmental sustainability, partners have made specific commitments to promote sustainable forest management and to tackle illegal activities such as logging and illicit trade in wildlife.

What has been done to deliver on these commitments?

Africa: Two-thirds of African countries are developing or implementing national forest programmes. Several countries have adopted new forest policies and laws. About 65% of Africa's forests are covered by a national forest programme. At the regional level, partnerships and programmes to promote sustainable forestry management have been established. Over two-thirds of African countries have developed national biodiversity strategies and action plans. Twenty-five countries in West and Central Africa have adopted a code of conduct for responsible fisheries, and 10 African countries sharing the Western Indian Ocean have signed an agreement to protect their marine environment.

Practically all African countries have developed National Action Programmes to combat desertification and implementation has commenced in some countries. Five Sub-regional Action Programmes and coordinating organisations have been finalised, while a Regional Action Programme (RAP) has also been developed with support from the African Development Bank. The Great Green Wall for the Sahara and the Sahel Initiative is a priority action of the African Union–European Union Partnership on Climate Change, aimed at catalysing sustainable development and poverty reduction in desert margins north and south of the Sahara.

At the second inter-ministerial conference on health and the environment in 2010 African governments adopted the Luanda Commitment which outlines the continent's health and environment priorities and formally established the Health and Environment Strategic Alliance (HESA) aimed at stimulating policies and investments in favour of joint actions for health and environment in Africa.

Development partners: The Global Environment Facility (GEF) has supported over 730 projects in Africa on all aspects of the environment worth US$1.6 billion. In its fifth replacement (2010), the GEF has also adopted a funding mechanism for sustainable forest management. The TerrAfrica Initiative, an international partnership launched in 2005, has leveraged US$1 billion - including from the GEF's Strategic Investment Programme for sustainable land management (SLM) - to scale up sustainable land and water management in over 25 African countries working with NEPAD in the framework of CAADP.

Seventeen African countries are getting technical assistance to prepare for the implementation of the UNFCC mechanism known as Reducing Emissions from Deforestation and Forest Degradation (REDD+) designed as an incentive for sustainable management of forests while contributing to climate mitigation by creating a financial value for the carbon stored in standing trees. The Congo Basin Forest Fund has approved funding for over 40 projects in five Central African countries, with several aimed at building readiness for REDD+ in the Congo Basin.

To help African and other developing countries to overcome the lack of capacity to fulfil their obligations as signatories of multilateral environmental agreements (MEAs), the United Nations Environment Programme (UNEP) has joined forces with the European Commission (EC) and the ACP Secretariat and several other partners to enhance the capacity of African, Caribbean, and Pacific (ACP) countries to implement MEAs.

Jointly: At the Conference of the Parties of the CBD, world govern-

Plans in place but implementation limited, resulting in continued deforestation and land degradation.

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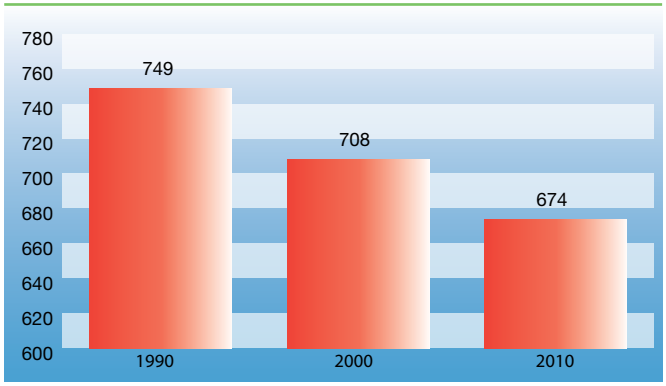
Forest area in Africa, 1990–2010 (millions Ha)



Source: FAO, State of the World's Forests, 2010.

ments established the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization and adopted more clearly defined biodiversity targets.

What results have been achieved?

Although Africa continues to experience deforestation, forest losses have slowed between 1990 and 2010, particularly in North Africa. Forest planting programmes were established in several countries for both productive and protective purposes. Africa's total area of planted forests was about 15 million hectares (or 2.3 percent of the total forest lands) with the largest area located in North Africa. About 14% of the total forest area in Africa is designated for conservation of biodiversity and this area is rising at about 0.7% per annum. However, there was an overall decline in primary forest area - area showing no visible indications of human activity - by more than half a million hectares per year over the period 2000–2010. As a result, Africa has the lowest share of primary forest of total forest areas of all the continents.

Two-thirds of Africa is classified as deserts or dry lands, concentrated in the Sahelian region, the Horn of Africa and the Kalahari Desert in Southern Africa. Degraded land affects almost two-thirds of the entire African population. Bio-diversity information is patchy. Data on medicinal plants by geographical regions show the highest risk of extinction in Africa (over 50%) with significant potential impact on the health and well-being of people who are dependent on them for health care and income. There is furthermore a risk of dramatic loss of biodiversity from the continuing loss of forests.

While some initiatives have moved from planning to action, implementation is generally weak and effectiveness has been limited. Inadequate institutional capacity, poor data and weak priority setting are key constraints, often compounded by limited political voice and budgetary resources of Environment Ministries. Funding, including innovative financial solutions, merits more attention. As the result of weak or ineffective implementation, all but one African country fell in the bottom half of the 2010 Environmental Performance Index (EPI), which ranks 163 countries over 25 performance indicators that assess performance against established environmental policy goals.

What are the future priority actions?

Africa

- National governments with the support of the RECs to more effectively integrate environmental policies and programmes into national development plans.
- Accelerate the move from planning to implementation.

Development partners

- Strengthen the priority given to environmental concerns in development assistance policies and programmes in Africa;
- Fully implement commitments made under international conventions and treaties.

Topic 6

CLIMATE CHANGE

(This section should be read together with the separate Topic 18 Climate Financing)

Key commitments

Africa: To address the threat posed by climate change, Africa's leaders have taken several decisions and resolutions through the African Union (AU) and relevant ministerial bodies such as the African Ministerial Conference on the Environment (AMCEN). The AU has urged African states and Regional Economic Communities (RECs) to integrate climate change adaptation into strategies and programmes at national and regional levels.

Development partners: Under the Kyoto Protocol negotiated in the context of the UNFCCC, developed and transition economies committed to collectively reduce their GHG emissions by 5.2% below 1990 levels during the first commitment period of 2008-2012 and agreed that the COP shall initiate the consideration for commitments for subsequent periods. This Although COP 16 in December 2010 did not reach agreement on a second commitment period, the Cancun Agreement includes a goal to limit average global temperature warming below 2˚C and further recognizes the need to consider a 1.5˚C goal at a future date. Details of the shape of the future international framework on emission reduction and how it will operate remain to be worked out.

What has been done to deliver on these commitments?

Africa: African governments, through AMCEN, have taken action both to develop a comprehensive framework of climate change for Africa and to develop a common negotiating position on climate change. Regional frameworks of climate change programmes have been completed for all five sub regions. A major aim of the negotiating stance of the African group is to increase the scale of emission reduction ambitions of developed countries and more specifically further commitments under the Kyoto Protocol.

Thirty one African least-developed countries have developed National Adaptation Programs of Action (NAPAs) which focus on urgent and immediate adaptation needs; 15 of them have received approval for funding. Also, given the strong linkages between climate change adaptation and disaster risk reduction (DRR), the Africa Regional Strategy for DRR was established as part of the implementation of the Hyogo Framework for Action. At the regional level, the AfDB, the AUC, and UNECA have launched the Climate for Development in Africa (ClimDev-Africa) programme to improve climate-related information and its use in developing processes in Africa. The African Climate Policy Centre (ACPC) was established to support knowledge development, advocacy, and capacity mobilisation and building for climate change.

To enhance Africa's role in climate negotiations, the AU established in 2009 the Conference of African Heads of State and Governments on Climate Change (CAHOSCC) to ensure effective coordination of the negotiations on climate change.

Development partners: In aggregate, Annex B Parties to the Kyoto Protocol (i.e. excluding the US who have not ratified the Protocol) reduced emissions by 17% between 1990 and 2008. Progress is mixed, with significant differences across countries. Cuts have been driven by significant reductions within transition economies. By contrast, emissions from non-transition Annex B countries (industrialized countries that are signatories to the Kyoto Protocol) have risen in aggregate. However, as a group, Annex I Parties are projected to meet or surpass their targets by 2012.

As part of the understanding agreed at the 2009 Copenhagen Accord, many countries submitted their existing plans for controlling greenhouse gas emissions to the Climate Change Secretariat and these proposals have now been formally acknowledged under the Climate Change Convention. Industrial countries presented economy-wide pledges to reduce emissions while developing nations proposed voluntary plans of action.

Jointly: Parties to the UNFCCC have also established: i) the Cancun Adaptation Framework to boost international cooperation to help developing countries protect themselves from climate change impacts; ii) a Green Climate Fund to house the international management, deployment and accountability of long-term funds for developing country support; iii) a new Technology Mechanism to facilitate technology development in and transfer to developing countries; and iv) a Registry where develop-

Cancun represents key steps in helping developing nations protect themselves from climate impacts but much more effort is needed on mitigation.

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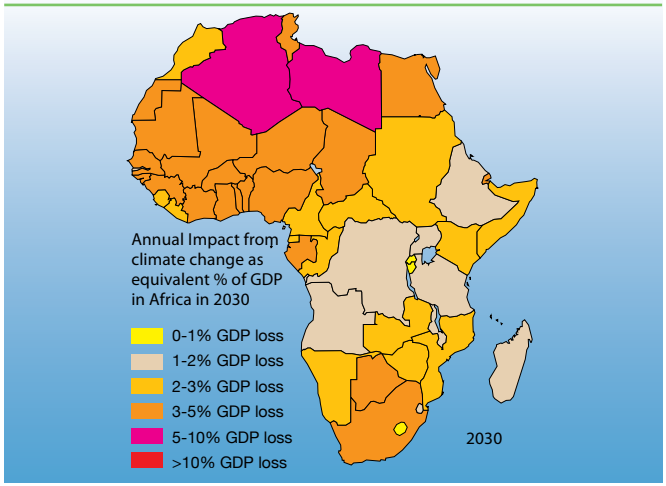
ing countries will detail their voluntary mitigation plans and the support they need to achieve them. 18 African countries have submitted Nationally Appropriate Mitigation Actions (NAMAs). In Cancun, the Parties also agreed on approaches and incentives relating to the reduction of deforestation and degradation, known as REDD+, and addressed the goals to slow, halt and reverse forest cover, in addition to avoiding carbon loss from deforestation.

What results have been achieved?

Various projections confirm that Africa will be disproportionately affected by climate change because of its overreliance on rain-fed agriculture and weak capacity. The short-term impact has been severe. The World Meteorological Organization's "Statement on the Status of the Global Climate," confirmed that the year 2010 was exceptionally warm in most of Africa. Temperatures for the 2001–2010 decade averaged 0.85°C above normal. Heavy monsoon rains caused the worst flooding on record in terms of impact in one country while a number of locations in East Africa received less than half their usual rainfall for the September-December period. Investigations on the impact of drought and heat stress project that maize yields across Africa are set to decline drastically with the rising temperature.

High potential costs for most Africa, higher than for other world regions



Source : AdaptCost/East Africa study based on FUND national model.

Mainstreaming climate adaptation efforts are underway but face significant challenges. Sixteen African countries, assisted by development partners, are building technical, analytical and institutional capacity to integrate climate change into development planning. Twenty-eight African countries have established and are strengthening national platforms to promote disaster risk reduction. Several learning forums to share knowledge and good practices, such as the African Adaptation Programme and AfricaAdapt, have been established providing support to many African countries. Thirty African countries have prepared National Technology Needs Assessments (TNAs) but the lack of resources for implementation and weak in-country capacity remain major constraints.

What are the future priority actions?

Africa

- Accelerate integration of climate change into national development programmes and build appropriate institutional frameworks at both national and sectoral levels;
- Coordinate activities between climate resiliency and low carbon development in a more systematic fashion.

Development partners

- Maintain momentum on making the institutions for climate funding, technology cooperation and adaptation fully functional within the deadlines agreed in Cancun;
- Substantially increase the speed of emissions reductions required for the world to stay below the maximum 2 degrees Celsius temperature rise;
- Ensure that adaptation no longer remains the poor sister of mitigation in allocation of effort and funds.

Topic 7

EDUCATION

Key commitments

Africa: The AU has acknowledged and reiterated the primary role of education in human development through a series of founding statements. African governments have signed up to the Education for All (EFA) programme of action and have committed to developing costed plans to achieve EFA, supported by the Fast Track Initiative (FTI). The Second Decade of Education for Africa (2006-2015) has built on gaps identified in the first education plan, moving beyond primary school enrolment to include commitments on: gender and culture; education management information systems; teacher development, education and training; tertiary education; technical and vocational education and training; and curriculum teaching and learning materials and quality management. This was backed by a strong and effective monitoring mechanism and enhanced political support involving the Regional Economic Communities.

Development partners: Development partners have made a series of commitments to support global education frameworks and targets, including the MDG goals of universal primary education and of gender equality in education (see also Topic 9). They have committed to support the Education for All Framework for Action on the achievement of six education goals, with a particular focus on primary education. G8 summits have reiterated commitments to the EFA and members have pledged to meet resource shortfalls faced by the FTI to provide coordinated financial and technical assistance for countries with national education plans. Two trust funds have been established for countries without the capacity to design and/or implement a national education plan. Development partners have also committed to create an International Task Force "Teachers for EFA" to counteract limited supply of qualified teachers in low-income countries. The 2010 G20 Summit in Seoul reiterated the link between education and labour markets, to increase employment in quality jobs, boost productivity and enhance potential growth.

What has been done to deliver on these commitments?

Africa: Domestic resources across the majority of sub-Saharan Africa have been scaled-up, with government spending on education in 2008 reaching an average of 20.3%, compared with 17% in more than half the countries for which information was available in 2006. As a proportion of GDP, expenditures have also increased, with about 40% of African countries spending more than 5% in 2008. Five low income African countries cut education spending in 2009. 25 African countries have had their national education plans endorsed by FTI, one more since last year's report.

Development partners: Although total development assistance to education has risen significantly since 2000, aid levels to basic education in Africa dropped from 2007 to 2008, falling from US$1.7 billion in 2007 to US$1.6 billion in 2008. Current aid levels are incompatible with donors' pledge that no government committed to achieving Education for All by 2015 would be allowed to fail for want of finance: UNESCO estimates an annual US$6.8 billion external financing gap to achieve Universal Primary Education (UPE) in sub-Saharan Africa by 2015. Assistance to secondary education has been consistently lower, ranging from 20% to 47% of basic education levels over the last five years and reaching US$444 million in 2008.

What results have been achieved?

Net primary education enrolment has risen in all African countries. Comprehensive data available for 36 African countries for 1999 and 2008 show that average net primary education enrolment reached 83 percent in 2008 compared with 65 percent in 1999, and 16 countries had achieved rates above 90%. The region as a whole is likely to attain its MDG target. Increases in primary completion rates have not kept pace and the regional average remains less than 70 percent. Inequities still constrain progress to higher enrolment and completion rates. The rural-urban divide, gender differences and income distinc-

Significant progress in primary enrolment. More needed to improve completion rates and quality, to tackle inequity and ensure education contributes to economic and social goals.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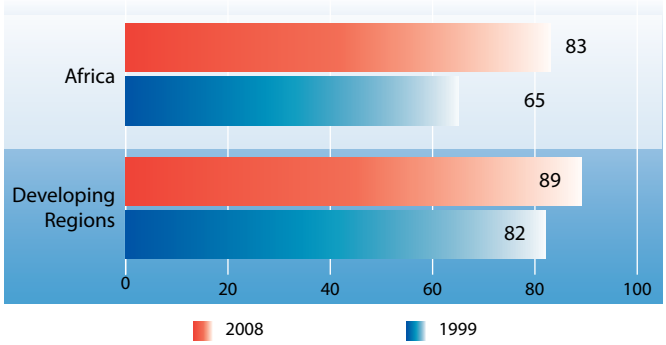
tions remain serious impediments. Girls in the poorest 20 percent of households are 3.5 times more likely to be out of school than girls in the highest income groups and 4 times more than boys in the higher income groups.

Gender parity in primary education is likely to be achieved by most countries, with past improvements sustained at the primary level (see also Topic 9). In sub-Saharan Africa 91 girls, and in North Africa 94 girls, were enrolled for every 100 boys in 2008, slightly up from 2006/07 figures of 89 and 94. Sixteen of 43 countries with data had reached parity.

The picture at secondary level is less promising, with only 34% of the age cohort in sub-Saharan Africa enrolled in 2007 (up from 24% in 1999). Gender parity is also less good than at primary level, although 38 percent of countries with data available decreased the gap between girls and boys between 1999 and 2010. Ten countries had a parity index of more than 0.9.

Gap to net enrolment target in primary education in selected African countries



*Defined as the number of pupils of the theoretical school age for primary education enrolled in either primary or secondary school, expressed as a percentage of the total population in that age group. Source: Computations based on UNSD data 2010.

Adult illiteracy remains high and female literacy rates are on average lower than those of men. However, 15 countries had literacy rates above 90 for both men and women. Enrolment in tertiary education has increased slightly in sub-Saharan Africa, from 5% to 6% over 2006-08, but is still insufficient to meet demand given the low baseline, and the gap with other regions has widened. Qualified teacher numbers remain well below requirements, with a shortfall estimated around 3 million. In 2007, 22 African countries had pupil teacher ratios at primary level above the international norm of 1:40.

Priority areas

Africa

- Maintain and scale-up progress in primary education; increase educational budgetary allocation to ensure free primary education in all countries; and ensure equity in access for vulnerable groups including low income groups, rural dwellers and girls, through increased targeting;
- Make quality of primary school graduates a top priority, so as to provide better access to post-primary education and increase "employability" of young primary school leavers;
- Increase investment in post-primary education to expand the volume of institutions and quality of teaching to address the needs of the wider labour market;
- Further promote gender parity at all levels of schooling.

Development partners

- Accelerate progress in education assistance with an increased attention to African priorities, including recognition of the importance of post-primary and tertiary investment;
- Support African efforts to improve the quality of education at all levels;
- Support comprehensive reform of the FTI to improve delivery and restructure governance to incorporate developing countries and their interests.

Topic 8

HEALTH

Key commitments

Africa: African governments have made a series of broad and specific commitments to scale up investments in health. AU members have committed to allocate at least 15% of their expenditure from domestic resources to the sector. They have committed to a target of universal health care access, including sexual and reproductive health services. They have set universal access to HIV/AIDS treatment as a top development priority. They have committed to accelerate interventions to combat HIV/AIDS, tuberculosis and malaria, including a target to halve the burden of malaria by 2010. Maternal and infant health was the central theme of the AU July 2010 Heads of State summit, which called for increased resources for this, as well as for HIV/AIDS. Commitments to reduce maternal and child mortality, strengthen health systems and address the health needs of vulnerable groups have not been accompanied by specific targets.

Development partners: Development partners have sought to support Africa's investment in health. G8 summits in particular have identified health as a priority, pledging an additional US$60 billion over 2006-11 to counter infectious diseases and build health systems. Early commitments since 2005 emphasised HIV/AIDS and specific infectious diseases, particularly through the support of vertical health funds and innovative financing mechanisms. More recent commitments have broadened with increased emphasis on health systems, health worker training and neglected tropical diseases. They have also committed to the provision of drugs and treatment at affordable prices, and have pledged US$5 billion to address maternal mortality over 2010-15.

What has been done to deliver on these commitments?

Africa: Progress towards meeting the 15% Abuja budget target has been limited. As of 2009, 27 countries had increased the proportion of total government expenditures allocated to health since 2001, although only two of these had achieved the Abuja budget target. Seven countries reduced government expenditures to health during the period. In 12 other countries, government expenditures remained unchanged. The median level of real per capita government spending from domestic resources on health increased from US$10 to US$14 over the decade, less than half of the expected expenditure of US$33 per capita needed to meet the MDGs in low income countries in 2009. In 2009, 39 African governments distributed insecticide treated mosquito nets (ITNs) free of charge. The number of ITNs delivered in sub-Saharan Africa rose from 5.6 million in 2004 to 88.5 million in 2009. Twenty-two countries have launched the Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA) to promote maternal and child health. All countries have developed national plans or strategies to promote comprehensive HIV treatment, care and support.

Development partners: DAC Official Development Assistance (ODA) commitments to health in Africa increased from US$1.6 billion in 2002 to US$8.4billion in 2009. The bulk of existing funding has been directed towards infectious diseases, including HIV/AIDS. By contrast, assistance for health systems has remained unchanged for the last decade. The Global Fund for AIDS, Tuberculosis and Malaria (GFATM) has been fully funded; innovative financing mechanisms, including the Advance Market Commitment pilot and the International Financing Facility for Immunisation (IFFIm) have been supported, as have a number of international initiatives to tackle diseases such as malaria and polio. In 2008, the International Health Partnership+ (IHP+) and the US President's Emergency Program for AIDS Relief (PEPFAR) committed to address the health workforce crisis by training and retaining a minimum of 140,000 new health care professionals and paraprofessionals. The WHO Global Code of Practice on the International Recruitment of Health Personnel, to stem the flow of health workers from poor countries where there are shortages, was agreed in 2010.

Progress continues in several areas, but more is needed to meet MDG targets. Funding targets are being missed . More emphasis is needed on health systems and health workers.

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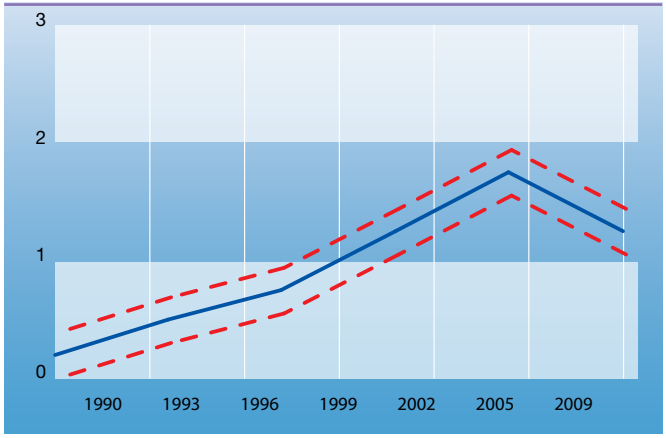
What results have been achieved?

Africa remains the region most heavily affected by HIV/AIDS, although infection rates continue to decline, and the HIV prevalence rate has decreased from 5.8% in 2001 to 5.0% in 2009. Treatment coverage has improved; 43% of those who need it now have access to antiretroviral therapy, up from 14% in 2005. Tuberculosis prevalence declined slightly from 507 to 475 per 100,000 between 2007 and 2009.

11 countries have seen malaria cases fall by more than 50% since 2000, and while access to treatment remained poor in most African countries, it increased significantly from 1.2 million in 2004 to 62.6 million in 2008. Deaths from malaria dropped from 802,000 in 2007 to 709,000 in 2009.

Immunisation of one year-olds against measles in sub-Saharan Africa increased from 55% in 2000 to 72% in 2008, and currently stands at 92% for North Africa. Under-five mortality rates declined from 180 to 129 per 1000 live births from 1990 to 2008 in sub-Saharan Africa and from 80 to 26 per 1000 live births between 1990 and 2008 in North Africa. Maternal mortality declined from 230 to 92 per 100 000 live births between 1990 and 2008 in North Africa. Although it remains much higher in sub-Saharan Africa, where the ratio is 640, this is an improvement from a maternal mortality ratio of 870 in 1990.

Sub-Saharan Africa HIV/AIDS deaths, 1990–2009 (millions)



Source: UNAIDS / WHO Global Report 2010.

Availability of health personnel remains low. With 24% of the global burden of disease, sub-Saharan Africa has only 3% of the world's health workers, and projections identify an 800,000 shortfall of health workers across 31 sub-Saharan African countries by 2015. Overall health systems remain weak, with poor data, monitoring and evaluation, exacerbated further by poor water and sanitation coverage and underdeveloped energy and road infrastructure (see also Topic 3).

What are the future priority actions?

Africa

- Increase overall health financing to meet its commitments, including domestic resource mobilization, encouraging dialogue between Ministers of Health and Ministers of Finance, as was done at the 2010 AU Heads of State Summit and the 2011 Fourth Annual Joint AU ECA Conference of Ministers of Finance;
- Strengthen health systems in conjunction with sectoral collaborations with education, trade and finance, and heightened attention to water and sanitation infrastructure;
- Build skilled workforce capacity through improved training, incentives and resources.

Development partners

- Continue to develop and support innovative financing mechanisms;
- Maintain commitments on infectious diseases, and balance efforts with increased investment in health systems, including through budgetary support and local capacity;
- Support Africa's efforts to retain human resources through more responsible approaches to scarce skilled labour recruitment.

Topic 9

PROMOTING GENDER EQUALITY AND WOMEN'S EMPOWERMENT

Key commitments

Africa: African leaders have affirmed a broad range of commitments to gender equality, women's rights and empowerment in both economic and political spheres, including key declarations such as the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa, (2003) and The Solemn Declaration on Gender Equality in Africa (2004). Through such declarations, African governments have committed to report annually on progress towards gender equality. A series of commitments emphasising gender concerns in social and economic spheres have also been made through AU and regional level sectoral declarations, including health, education, food security and migration (see also Topics 2, 7 and 8).

Development partners: Development partners have committed to the principles of gender equality through a series of international agreements, such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). MDG3 calls for gender equality and empowerment of women with a target of eliminating gender disparity in education (see also Topic 7). Key commitments on development assistance and aid effectiveness refer to the objectives of gender equality. Development partners have also committed support to gender equality through a series of sectoral initiatives, and recent commitments to assist developing countries manage the impact of the financial crisis have pledged to accelerate action on gender equality. The G20 have highlighted gender gaps in relation to skills in their multi-year action plan.

What has been done to deliver on these commitments?

Africa: Progress in entrenching norms and standards for promoting and protecting the rights of women is mixed. 29 countries have ratified the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa. Many countries are making efforts to implement their gender equality commitments through strengthening social policy and enacting laws to promote women's socio economic rights. 10 countries, however, still maintain reservations to the CEDAW and periodic reporting to the UN Committee on CEDAW remains relatively weak, with some countries not having reported at all since 1992. 18 out of the 28 countries practicing female genital mutilation have outlawed it. Strategic responses to violence against women have been strengthened by the UN Secretary General's Africa Unite Campaign to end Violence against Women and Girls. Since 2007, 6 countries have developed National Action Plans on women, peace and security.

Development partners: Development partners continue to strengthen their support in socio economic sectors, aimed at addressing vulnerable groups and promoting gender equality. In 2007-2009 the OECD–DAC members committed US$23 billion per year to providing bilateral support to promote gender equality. In 24 of 26 countries providing direct support, the top 10 recipient countries were in Africa. Multilateral development banks and IFIs have also made progress in strengthening their support, such as through the African Development Bank's (AfDB) Gender Plan of Action (GPOA) and the World Bank's three year road map for gender mainstreaming (2011 – 13), which will build on lessons learned.

What results have been achieved?

Incremental progress by African governments in the social sectors has been recorded, most notably in the education and political decision making spheres. However, this has yet to transform the persistent and multiple gender equality challenges and largely poor socio economic indicators.

Education: The majority of African countries are on course to achieving the MDG primary enrolment and gender parity targets in education; 16 countries have already reached parity. The challenge lies at secondary and tertiary levels, where African governments are under-investing and no country has yet reached gender parity (see also Topic 7).

Gender policies largely developed, but progress in implementation mixed. Improvements in social spheres and in political representation, but limited progress in economic participation.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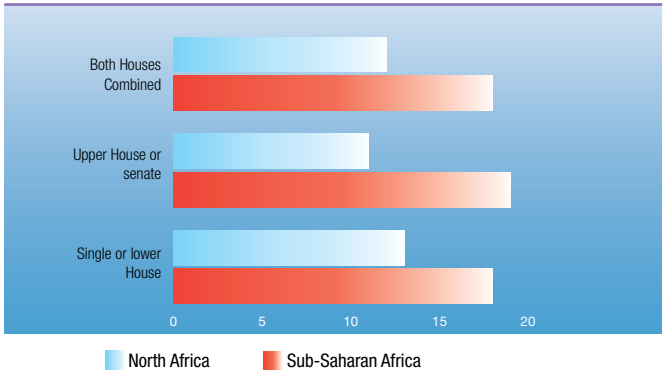
Health: Available data on maternal mortality shows that Africa has registered an overall decline between 1980 and 2008, across all sub regions, although the rate remains high, particularly in Sub-Saharan Africa. 50% of all maternal deaths globally are in Africa. Of the 52 African countries that reported on the proportion of births attended by a skilled health professional in 2010, only 7 countries recorded 90 percent and above. Recent HIV prevalence data show that in sub Saharan Africa, 13 women become infected for every 10 men infected. Much has been done to scale up prevention, treatment and support efforts, but the disproportionate impact on women remains a major challenge. (see also Topic 8).

Economic participation: More effort is required to close the gender gap in employment. A majority of African countries have ratified ILO Conventions 100 and 111 that address wage and employment discrimination respectively. However, women's employment ratio remains about 25% below men's, and more than twice as many women are in the informal sector. In most countries women remain poorly represented as employers, and in economic policy development and decision making. In 26 countries private sector involvement in financial service provision and skills building has resulted in increased female entrepreneurship.

Political representation: Representation in Parliaments has increased in most countries. In 2011, 7 of the 25 countries globally which had reached 30% female participation (in single or lower houses of national parliaments) were African: in one country the figure is over 50%. Findings show that women's equal participation in decision-making is critical to more accountable and responsive governance. For instance, women in top decision-making positions have played a championing role in ensuring that gender is taken into account in policies and laws in mainstream portfolios, such as mining and agriculture. Increased representation of women in decision making at local government levels is also reported in a number of countries, with one country at 58%.

Proportion of women in national parliaments in 2011 (%)



Source: Inter-Parliamentary Union website, as of January 31, 2011, based on available data.

What are the key priorities?

Africa

- Broaden strategies to enhance women's access to economic opportunities through promoting their human rights and participation in policy development and implementation;
- Strengthen policies and mechanisms for cross sectoral financing of gender equality, including ensuring that both men and women benefit equally from public resources;
- Move quickly beyond policies and plans to implementation, including prioritizing actions to achieve the goals of the African Women's Decade 2010-2020;
- Generate quality gender disaggregated data in order to effectively monitor progress in achieving gender equality.

Development partners

- Ensure adequate finances are directed to support African partners translate gender equality commitments into concrete policies, actions and programmes.

Topic **10**

POLITICAL GOVERNANCE

Key commitments

Africa: African governments continued to underscore good political governance as an essential prerequisite of development and poverty reduction, as evidenced by the focus on 'Shared Values' of the 16th Ordinary Summit of the African Union in January 2011. They have committed to electoral reform and to taking collective action through continental and regional institutions to improve democratic processes and human rights. In particular, the African Union (AU) has adopted its zero-tolerance policy to unconstitutional changes of government. With the African Peer Review Mechanism (APRM). African governments have also established a continental apparatus to monitor and promote good governance.

Building on these commitments, the 16th AU Summit committed to the establishment of a Pan-African Governance Architecture (AGA) to enhance the capacity of AU organs and institutions to promote, evaluate and monitor governance trends. The AGA would consolidate charters and protocols already adopted to improve political governance, including the African Charter on Democracy, Elections and Governance (2007), the most authoritative expression of the commitment of the African Union and its member states to a set of shared values. Once ratified it would create an obligation amongst AU Member States to respond to unconstitutional actions within member states and secure the gains made in democracy and governance. The 16th AU Summit also adopted the Charter on Values and Principles of Public Service and Administration in Africa (January 2011).

Development Partners: Development partners have welcomed Africa's growing emphasis on good political governance. They have committed to support the APRM and related processes, whilst recognizing their own limited role in African governance. The ongoing EU-Africa Strategy on governance and human rights has contributed to shaping the focus of the AGA. Under the United Nations, partners are signatories of several international commitments on human, civil and political rights.

What has been done to deliver these commitments?

Africa: Elections continue to be the most visible and tangible expression of the African Union and its member states' commitment to democracy and governance. By the end of 2010, 36 countries had signed and eight had ratified the African Charter on Democracy, Elections and Governance. The AU continues to campaign for further ratifications, with the expectation that the required 15 member states should ratify soon. Elections have become more frequent: between January 2010 and April 2011, more than half African States held elections, whether Presidential, Parliamentary or local. The AU and regional organizations have supported this process through election observation missions, through the establishment of a technical assistance program for Election Management Bodies, and at a political level. They have thus taken a firm stand in support of the peaceful transfer of power following elections, and against unconstitutional changes of government.

The implementation of the African Peer Review Mechanism (APRM) has accelerated since the 2010 report. From January 2010 to March 2011, three countries received Country Support and Review Missions, while two additional countries completed the full-cycle of the review culminating with the APRM Heads of State Forum. This brings the total number of countries that have undergone a review by the APRM Forum to fourteen. Moreover, two of the three pioneer countries are ready for a second cycle review in 2011.

Progress has also been made on a number of areas of human rights. The Panel of Experts for the African Charter on the Rights and Welfare of the Child (2003) is now in place and has started to issue reports.

Development partners: Development partners have supported initiatives to strengthen the rule of law and improve parliamentary oversight and civil society engagement. They have provided support for upstream stages of the APRM process through a UNDP Trust Fund, and have helped countries conduct self assessments or design national action plans. Financial assistance has been modest, but is increasing. Development assistance in supporting elections in Africa increased by

Democratic processes strengthening, but quality of elections varies. Strong stance taken against unconstitutional changes of government. Continued support and recognition of APRM process.

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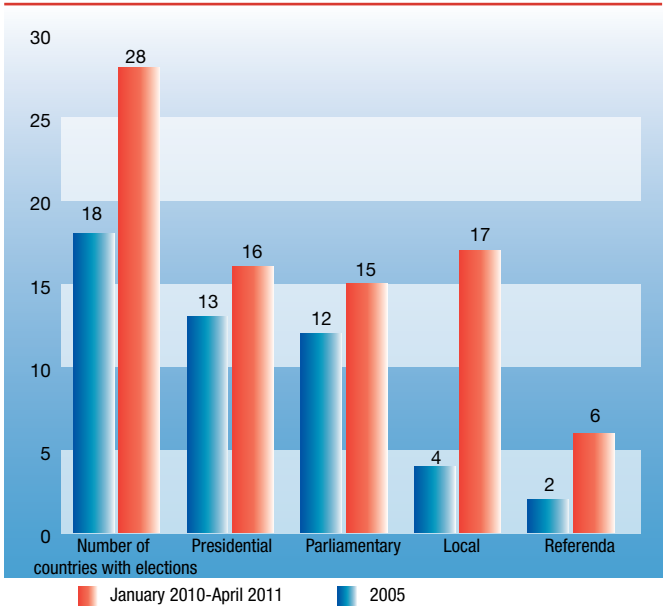
almost 85% over 2007-2008, reaching US$275 million, and has more than tripled since 2000. Development partners have further shown strong support to the AU's position on unconstitutional changes in government.

Development partners continue to support and participate in a number of related initiatives, such as the Extractive Industries Transparency Initiative (EITI) (see also Topic 11).

What results have been achieved?

(i) The quality of elections has improved, but continues to be uneven, with an increase in associated violence. More than 60% of electoral processes between 2005 and 2009 were considered independent and credible.

Number and type of elections



Source: Electral Institute for the Sustainability of Democracy in Africa (EISA).

(ii) There has been some success in reversing unconstitutional change. In several countries elections have led to the successful transfer of power to civilian regimes. In one case political pressure was applied by the AU and regional organizations, with the support of the wider international community in response to unconstitutional change. Although this pressure was not sufficient to secure constitutional change of government without conflict (see chapter 12) the end result has been a transfer of power to a democratically elected government.

(iii) Popular movements based on organized networks led by social media as distinct from conventional opposition parties with a central leadership, have led to momentous political changes in North Africa. The underlying causes have been both political and economic. Elections are due to be held later in 2011. These changes are likely to have significant implications for the African Union, and the rest of the continent.

What are the future priority actions?

Africa

- Continue to promote improvements in the quality of elections;
- Maintain the AU's strong zero-tolerance policy for unconstitutional change of power and promotion of democratic processes and inclusive participation in governance;
- Continue to promote the implementation of the APRM as an instrument of Shared Values and the resulting National Programs of Action (NPoAs).

Development partners

- Continue to give political support to the efforts of continental and regional institutions to improve democracy;
- Where requested by African institutions, continue to provide practical and financial support for elections;
- Continue to support the APRM, whilst respecting African ownership of this process.

Topic **11**

ECONOMIC GOVERNANCE

Key commitments

African governments African governments have made commitments on macroeconomic policy, public financial management, budgetary processes, and tackling corruption. The 2003 AU Convention on Preventing and Combating Corruption (AUCPCC) which entered into force in August 2006 provides a comprehensive framework covering a range of criminal offences including bribery and money laundering, asset recovery provisions, and corruption in the private sector. Twenty-one African countries are parties to the Extractive Industries Transparency Initiative (EITI) which aims to promote revenue transparency in the oil, gas and mining industries. The African Peer Review Mechanism (see also Topic 10) provides a mechanism for reviewing progress in economic as well as political governance.

Development Partners: Development partners are parties to the United Nations Convention against Corruption (UNCAC) and the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions (OECD Anti-Bribery Convention). The OECD has issued Guidelines to Multinational Enterprises on responsible business conduct. Parties to the Anti-Bribery Convention also support the Joint African Development Bank/OECD Initiative to Support Business Integrity and Anti-Bribery Efforts in Africa. They have made commitments to tackle money laundering and help identify and return stolen assets, as well as related commitments on tax transparency and transfer pricing (see also Topics 14 and 15). At its 2010 Summit, the G8 expressed support for the efforts of regional mechanisms and organizations to prevent, curb and eradicate illicit exploitation of and trade in natural resources and for the efforts of the Kimberley Process to manage the trade of rough diamonds and ensure compliance by all participants with its standards. At its November 2010 Summit, the G20 adopted an Anti-Corruption Action Plan on Combating Corruption, Promoting Market Integrity, and Supporting a Clean Business Environment.

What has been done to deliver on these commitments?

African: Many African countries have instituted reform across the public resource management cycle including the reconstitution of national revenue administrations, modernisation of legal frameworks including in procurement, creation of new structures in the budget preparation process, and strengthening of supreme audit institutions. Yet, progress is slow and gains held back by a series of challenges, including a significant transparency deficit, inadequate accountability, deficient political will to adhere to constitutional frameworks, tax and budget management laws, and technical and managerial capacity shortfalls.

At August 2010, 45 AU member states had signed the AUCPCC and 31 ratified it. At the end of March 2011, forty African countries have signed and forty two ratified the UNCAC. Nine African countries have first year reviews underway. By the end of March 2011, five African countries had been designated as EITI compliant and sixteen were candidate countries. In the same period, sixteen African countries met the minimum requirements of the Kimberley Process Certification Scheme.

Development partners: Thirty-eight countries are Parties to the OECD Anti-Bribery Convention. and have also adopted in 2009 a new Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Recommendation). These measures include provisions for combating small facilitation payments, protecting whistleblowers and improving communication between public officials and law enforcement authorities. How well countries live up to their obligations under these instruments is evaluated by a peer-review monitoring system that evaluates the adequacy of a country's legislation to implement the Convention and assesses the application and enforcement of the legislation. In terms of enforcement, 148 individuals and 77 entities have been sanctioned under criminal proceedings in 13 countries since the Convention entered into force in 1999. Approximately 280 investigations are ongoing

Significant macro-economic reforms limited the impacts of crisis. National and continental initiatives to tackle corruption. More international co-operation now required.

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in 21 countries. The Stolen Assets Recovery Initiative (StAR) has been launched by the UN and the World Bank Group to help developing countries recover stolen assets, including the proceeds of corruption. The OECD and the World Bank are currently monitoring the efforts of OECD countries in this area. StAR has received requests for assistance from 23 countries and has provided training for officials in 40 countries.

What results have been achieved?

Public resource management: there are pockets of the public resource management cycle that are performing better on average, for example tax payer management, fiscal forecasting and budget credibility, central budget planning and in some countries sector planning practices, internal financial reporting and the timely submission of audit reports to parliaments.

Transparency: African countries lag the rest of the world in terms of transparency in revenue from the oil, gas and mining industry and the budget. The fifteen African countries that made up the 2010 Revenue Watch Index report had an average score of 37.6 compared to an average of 51.8 for the forty-one countries covered by the report. Of the 27 African countries surveyed for the Open Budget Index (OBI), 18 published either no or scant or minimal budget information and 8 published some budget information. Only one African country published significant or extensive budget information.

Budget Practices and Procedures

Are there multi-year expenditure targets or ceilings?	Countries
No	3
Yes, at the aggregate level	3
Yes, at the ministry level	14
Yes, at the line item level	6

Source : Budget Practices and Procedures in Africa 2008 (Collaborative Africa Budget Reform Initiative and African Development Bank, 2009)

Corruption: It is difficult to put a figure on the sums involved in corruption, or to quantify results. But the potential benefits are huge. A study conducted by the AU has indicated that the costs of corruption accounted for 10% of Africa's resource-generated wealth. Corrupt money associated with bribes received by public officials is alone estimated at US$20 to 40 billion a year for developing and transition countries. Measured through perceptions, progress continues to be slow, although there is marginal progress: Transparency International's 20010 Corruption Perceptions Index indicates that corruption is perceived to be rampant in 33 countries assessed in Africa, down from 35 in 2009.

Recovery of stolen assets: Every year an estimated US$20 to 40 billion in stolen assets leave developing countries, much of which finds safe haven in international financial centres. Some African countries have recovered stolen assets but differences in legal jurisdictions mean that the processes involved are often complex and costly. In the past 15 years, only US$5 billion has been returned to the countries of origin.

What are the future priority actions?

Africa

- Improve transparency in public financial management systems;
- Increase ratification and implementation of AUPCC and UNCAC;
- Give more attention to mobilizing domestic revenue including reducing revenue lost as a result of trade mispricing and transfer pricing, and by maximizing the benefit from natural resources.

Development partners:

- Step up efforts to tackle bribery and corruption through implementation of the UNCAC and adoption of OECD anti-bribery standards;
- Further strengthen international co-operation and monitoring on the recovery of stolen assets;
- Enhance the support given to African countries in the area of PFM and anti-corruption, especially with regards to human and institutional capacity.

Topic **12**

PEACE AND SECURITY

Key commitments

Africa: African Governments have made commitments to intensify their security cooperation under the African Peace and Security Architecture (APSA) and have institutionalized innovative conflict prevention, management and resolution mechanisms at continental and regional levels. They have established the Peace and Security Council (PSC), a 15,000-troop-strong African Standby Force (ASF), a Special Peace Fund, a Panel of the Wise, and an Early Warning System (EWS). Recent commitments have sought to consolidate progress, strengthen institutional capacities, secure flexible but predictable funding and build relationships with the UN and other partners. African governments have also adopted a number of common positions, including on the illicit Proliferation, Circulation and Trafficking of Small Arms and Light Weapons, the Prevention and Combat of Terrorism, the Prevention and Control of Organized Transnational Crime and the Protection of and Assistance to Internally Displaced People.

Development partners: Development Partners have made commitments in three areas: support to African efforts, including through commitments to train and equip peacekeeping forces, build institutional capacities, and improve their funding and disbursement mechanisms. They have committed to support the global peace and security architecture through the UN system. They have also pledged to address drivers of conflict and insecurity, including terrorism, the trafficking of small arms and light weapons, and the illicit trade in natural resources and narcotics.

What has been done to deliver on these commitments?

Africa: The African Peace and Security Architecture is increasingly operational. The PSC has to date intervened politically and/or militarily in 15 countries, including 10 during 2010. In 2011, the PSC has thus far reviewed eight country cases and politically and/or militarily intervened in five countries. The majority of cases relate to issues around elections, including mediation efforts. The responses have ranged from political statements and actions, such as calling for monitoring and support for elections, imposing travel bans and freezing of funds of individuals and suspension from AU activities, to military action. The PSC has also considered a number of policy issues, such as post conflict reconstruction and development, and the situation of women and children in conflict. The AU High Level Implementation Panel on Sudan has been engaged in resolution of critical referendum issues in Sudan. The AU has also taken steps to enhance co-operation in addressing the threat of terrorism.

The AU has conducted a number of peace operations, ranging from election support, to a hybrid mission with the UN; and full blown peace enforcement operations. Overall, the participation of African peacekeepers in UN, AU and regional missions in Africa has increased fourfold over the last decade, reaching more than 40,000 in 2011, and four African countries are in the top ten providers of uniformed personnel to peacekeeping missions. A major exercise has been undertaken to improve capacity for planning, deployment, and management of peace support operations.

Africa's Regional Economic Communities have taken steps to meet their commitments in support of the APSA. The extent of progress has however been uneven. While most components of the EWS are operational, only three of the ASF's five regional brigades are nearing operational status. Regional protocols aimed at addressing the proliferation of small arms and light weapons have been signed. Five countries had ratified the Kampala Convention on protection and assistance to internally displaced people by April 2011.

Development partners: Development Partners have given strong support to the APSA through provision of financial assistance, capacity building and national expertise, and met commitments on training. However funding has often been provided in an ad-hoc and uncoordinated fashion, and legal constraints on the uses to which some funds can be put have limited development of regional and continental military capabilities. Some bilateral partners have provided support to AMISOM, including equipment, training and logistical assistance. Development Partners are providing most of the funding for AU and REC's operations, and the UN Security Council continues to explore

Stronger action from AU and RECS, with international support. Less conflict, but challenges emerging. Continued efforts needed from Africa and partners.

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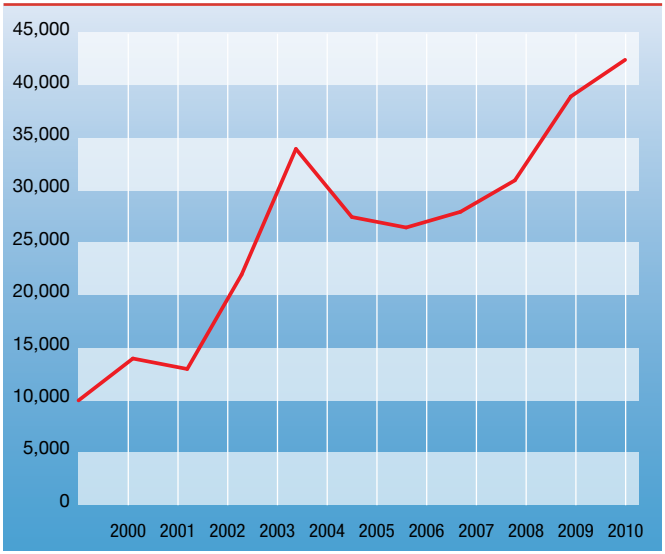
African peacekeepers to AU, UN and Regional missions in Africa



Source: Center on International Co-operation's Program on Peacekeeping and Security Sector Reform.

modalities for funding future AU peacekeeping operations.

Direct support to African initiatives has occurred within a broader framework of support and cooperation through the UN, with a global peacekeeping budget of USD 7.2 billion between July 2010 and June 2011, of which USD 5.6 billion was for seven operations in Africa, of which one completed its mandate and withdrew at the end of 2010.

The UN and AU have strengthened cooperation and redefined the scope and content of their collaborative partnership in conflict management.

Development Partners have continued support towards breaking the links between natural resources and conflict including through active participation in the Kimberley Process Certification Scheme for rough diamonds.

What results have been achieved?

In overall terms, armed conflict has decreased significantly in recent years, as has the number of conflict-related deaths. There have been some major achievements, notably the peaceful conduct of the self determination referendum for Southern Sudan in January 2011 and the successful resolution of the election related conflict in Cote d'Ivoire with a transfer of power to an elected government. In both cases a key factor was Africa and her partners working together. Overall, stability has led to elections in nine post-conflict countries.

Set against this, some ongoing conflicts remain longstanding, complex and difficult to resolve, and election-related violence as a cause of conflict has increased. Whilst the action of the AU and regional organizations in condemning unconstitutional changes of government and calling for election results to be accepted has helped contain conflict and uphold constitutional order in some cases, in others it has been unable to prevent the outbreak of large-scale conflict.

What are the future priority actions?

Africa

- Continue to act at continental and regional levels to prevent, manage and resolve conflict;
- Provide sufficient financial and human resources to do so;
- Address the drivers of conflict through implementation of agreements tackling conflict resources and the proliferation of small arms and light weapons.

Development partners

- Drawing on recent lessons, provide political support for African regional and continental organizations in resolving conflict;
- Provide practical resources where needed in support of peacekeeping and peace building capacities;
- Enhance efforts to address the illicit trade in natural resources and narcotics.

Topic **13**

GLOBAL GOVERNANCE

Key commitments

Arrangements for global economic governance continue to evolve. Commitments in this area are not specific to Africa, but are nonetheless highly relevant for the region. This section focuses on commitments made at G20 Summits over 2009–2010 in 3 main areas.

(i) G20 Leaders have committed themselves to strengthened international economic co-operation in response to the crisis. G20 Presidencies have consulted with low-income country representatives in preparation for Summits and have invited non-G20 Leaders to attend.

(ii) They have made commitments to modernising global institutions to reflect changes in the global economy, and to reforming the governance of the International Monetary Fund (IMF) and the multilateral development banks (MDBs), with the objective of shifting voting power to under-represented countries, whilst protecting the voting power of the poorest countries and introducing more transparent management processes. They have committed themselves to improving the responsiveness and adaptability of the international financial institutions (IFIs), and to increasing the funds available to these institutions and regional development banks, and accelerating and expanding their lending to the poorest countries (see also Topic 16).

(iii) They have made a series of specific commitments on development issues, in the Multi-Year Action Plan on Development (MYAP) adopted at the Seoul Summit. This has 16 Action areas organised under 9 'pillars': It focuses on policy issues and follow-up through international and regional organisations, mainly during 2011. It does not include specific financial commitments.

What has been done to deliver on these commitments?

International economic co-operation: The crisis led to significantly increased international economic co-ordination within the G20, with four Summits between April 2009 and November 2010. Summits have addressed a wide range of issues that impact Africa, including trade (Topic 1), anticorruption (Topic 11) and tax (Topic 14);

IFI governance: A major overhaul of quotas and governance was agreed by the IMF Executive Board in November 2010, including measures to protect the voting power of the poorest, with a target date for completion by the 2012 Annual Meetings. The package of quota and voice reforms agreed in 2008 which will increase the quotas for 54 countries took effect as of April 2011;

At the World Bank Group, agreement was reached at the 2010 Spring Meetings on a second phase of reforms, resulting in a small shift of voting power to developing and transition countries (DTCs). At the IBRD, the voting power of DTCs was increased by 4.59% after two phases of reform since 2008 to 47.19%. At the IFC, voice reform represented a total shift of 6.07 percentage points to DTCs, bringing DTC voting power to 39.48%. At IDA the voting share of developing countries was increased from 40% to 46%. These shares are however still below the target of equitable voting power between developed and developing countries;

IMF/MDB resources: IMF/MDB resources have been increased. G20 countries are contributing over US$500 billion to a renewed New Arrangements to Borrow (NAB), meeting their commitment to treble the resources available to the IMF. Resources from the agreed sale of IMF gold and funds from internal and other sources will more than double the Fund's medium-term concessional lending capacity. An 18% funding increase for the 16th replenishment of the International Development Association (IDA) and the IBRD capital increase were approved. A new IDA crisis response window has been created. The Governors of the African Development Bank have endorsed a trebling of its capital resources to nearly US$100 billion;

Multi-Year Action Plan: implementation of the Plan is being overseen by a high-level Working Group on Development. 8 specific target dates set up to end-March have been met. These mainly concern food security, plus infrastructure, trade and growth, and involve the preparation of reports or preliminary reports by international organisations. Over 20 further target dates have been set for 2011.

Stronger G20 commitment on development issues, and reform at global institutions. Importance of Africa's enhanced participation in any new arrangements for global governance.

Image courtesy of Presidencia de la Nación Argentina

What results have been achieved?

International economic co-operation: Strengthened international co-ordination has helped create a foundation for economic recovery, to prevent backsliding into protectionism (see also Topic 1) and to generate new momentum on anti-corruption and tax havens (Topics 11 and 14). The international institutional architecture has been transformed, with the G20 now clearly established as the premier forum for international economic co-operation. Although not a member of the G20, the AU/NEPAD has participated in each of the Summits held over this period;

IFI governance: At the IMF, Africa's quota share declined from 5.5% to 4.9% after the reforms agreed in 2008 came into effect and will further decline to 4.4% after the 2010 reforms come into effect. Its voting share increased from 6.0% to 6.2% with the 2008 reforms, but will fall to 5.6% with the 2010 reforms. Whilst the reforms at the World Bank have increased the overall voting share of developing and transition countries to 47.19%, most of this has accrued to high-growth countries, with Africa's share falling (due to reduced shares of the larger African economies). A third chair to represent sub-Saharan Africa on the Executive Board is operational;

IMF/MDB lending (see also Topic 16): Transfer of resources from the IMF and MDBs to Africa has accelerated, combined with the introduction of more flexible instruments. New commitments by the IMF to sub-Saharan Africa increased to US$2.9 billion in fiscal year 2010 (ending April 2010) together with US$17 billion of Special Drawing Rights (SDR) allocations. Lending from the World Bank Group to Africa jumped to US$11.5 billion in fiscal year 2010 (ending June 2010) including a sharp rise in IBRD lending to one country. The AfDB has also frontloaded commitments, increasing its lending to US$11.8 billion in 2009, and has also put new instruments in place;

Multi-Year Action Plan: It is too early to gauge any results from a plan adopted only in November 2010. This will be considered in future Reports.

What are the future priority actions?

International economic co-operation: ensure that evolving arrangements are consultative, inclusive and transparent, and allow for engagement of low-income countries outside G20;

IFI governance: implementation of agreed reforms, combined with measures to protect the voting power of the poorest countries in future reforms;

IMF/World Bank/AfDB resources and lending: continued efforts to strengthen their capacity to help their members sustain recovery and cope with future economic and financial volatility;

Multi-Year Action Plan: implementation of Plan on schedule and effective follow-up to the reports commissioned from international and regional organisations.

G20 members

Argentina	France	Japan	Republic of Korea
Australia	Germany	Mexico	Turkey
Brazil	India	Russia	United Kingdom
Canada	Indonesia	Saudi Arabia	United States of America
China	Italy	South Africa	European Union

Topic **14**

DOMESTIC PUBLIC RESOURCES FOR DEVELOPMENT

Key commitments

Africa: Since the 2001 NEPAD Founding Statement, African governments have emphasised the primary significance of domestic savings and of strengthened public revenue collection for development finance, and have pledged on many occasions to raise additional domestic resources. With the establishment of the African Tax Administration Forum (ATAF), increasing domestic revenue mobilisation is becoming an important tool for improving fiscal legitimacy.

Development partners: Supporting developing-country efforts to mobilise national savings was one of the major commitments of the Monterrey Consensus and the follow-up 2008 Conference in Doha. G8 countries have further committed to support initiatives to foster regional financial markets. In 2009, G20 countries have committed to take firmer action on non-cooperative tax jurisdictions, and to ensure that developing countries benefit from efforts to improve tax transparency and the exchange of tax information.

What has been done to deliver on these commitments?

Africa: Many African countries have gradually improved revenue mobilisation efficiency by broadening their tax bases. For the second year in a row, Africa scored the second-largest number of positive tax reforms in 2010. Thirty-five countries have adopted value-added taxes to reduce reliance on trade taxes. Sixteen countries have established autonomous revenue authorities with the last two established in 2010. On-going efforts to build capacity through the ATAF, which currently has 36 African countries as members, has created a platform to share experience and best practices in strengthening tax administrations. Measures have also been taken to enhance transparency and public sector management. Yet businesses in Africa still face the highest average tax burden in the world and paying taxes continues to be time-consuming and cumbersome (see also Topics 4 and 11).

Challenges remain. Domestic revenue mobilisation has improved (see below) but is weak compared to other parts of the developing world, with one-quarter of countries in sub-Saharan Africa still collecting less than 15% of GDP. Recent assessments of tax effort show that half of sub-Saharan African countries can, on the basis of their economic potential, further improve revenue mobilisation.

These low levels are attributed to a narrow tax base, large informal sectors and weaknesses in tax administration. Tax exemptions or holidays and other incentives to attract foreign investments are also a concern. Further, whereas reforms have led to greater tax efficiency, they have also led to a less equitable system, as regressive indirect taxes play a greater role. By contrast, direct taxes have experienced only a small increase as a share of GDP, mostly in upper-and middle-income countries.

The gross national savings rate increased from an average of 18.3% of GDP in the pre-Monterrey period to a high of 24% in 2006 but has since dropped back to an average of 20.7% in the past three years. However, the increases reflect the performance of resource-rich and middle-income countries, whilst low-income countries have made minimal improvement.

Development partners: Development partners have stepped up efforts on broader related issues of economic governance, including non-cooperative jurisdictions, transfer pricing issues and the taxation of minerals and oil and gas (see also Topics 11 and 15).

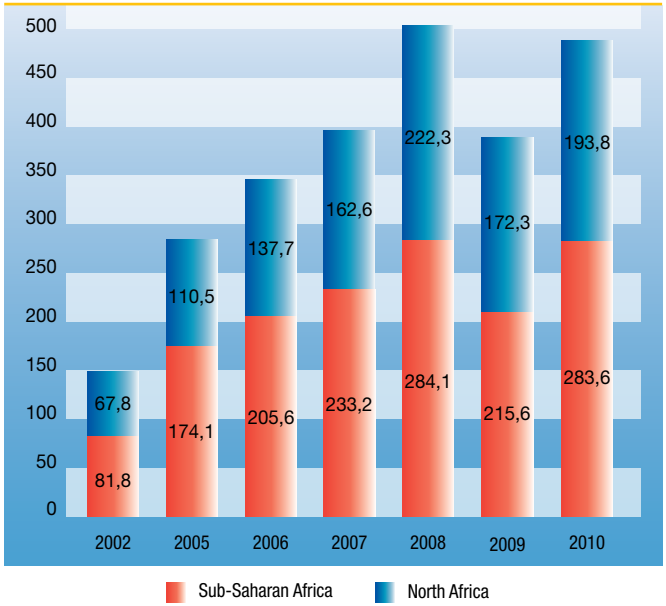
To counter harmful tax practices based on lack of transparency – practices that undermine the fairness and integrity of each country's tax system - OECD and non-OECD economies are working together through the Global Forum on Transparency and Exchange of Information for Tax Purposes on improving transparency and establishing effective exchange of information. 100 jurisdictions including all OECD economies, all G20 countries, all financial centres, and several developing countries including four African have substantially implemented the internationally agreed tax standard. Another 20 developing countries are likely to join the Global Forum in 2011.

In 2010, an Informal Task Force on Tax and Development, which involves business, NGOs, civil society, developing countries and OECD countries, was created. In its advisory capacity to the OECD's Commit-

Domestic revenue increased more than threefold between 2002 and 2008, fell sharply in 2009, and partly recovered in 2010. More international support needed on tax havens and illicit financial flows.

© African Tax Administration Forum launch Uganda, November 2009

Recent domestic public revenue mobiisation (US$ billion, nominal)



Sources: IMF, Regional Economic Outlooks (April-May 2011); World Economic Outlook database (April 2011).

tee on Fiscal Affairs and Development Assistance Committee, the Task Force's initial work program will support developing countries on a broad range of tax issues including, inter alia, raising more resources to help build tax systems; exchanging of information to counter cross-border tax evasion; and developing the capacity to implement international standards on transfer pricing.

What results have been achieved?

After minimal improvement through the 1990s, total government revenues increased from 21% to over 28% between 2001 and 2008 for sub-Saharan Africa as a whole. Revenue/GDP ratios exceeded 35% for North Africa before the global crisis but have since declined to about 32%. Whilst the boom in oil and commodity exports has contributed to the strong revenue mobilisation performance of resource-intensive countries, the so-called fragile countries also managed to increase government revenue as a percentage of GDP. As a result, Africa more than tripled its revenue collection between 2002 and 2008 to reach over US$506 billion, or more than ten times the volume of ODA.

The global economic crisis caused a sharp fall in public revenue in 2009, due to the combined impact of lower commodity prices, compounded with lower GDP. As a share of GDP, public revenue fell by the equivalent of 5.6 and 7.1 percentage points of GDP in sub-Saharan Africa and North Africa respectively in 2009 compared to the previous year's level. In nominal terms, public revenue declined by US$118 billion, some 23% over the previous year, to US$388 billion. The bulk of the decline occurred in oil exporters, where revenue fell by nearly 40%, from US$288 billion to US$167 billion, or roughly the level reached in 2006 before the oil price hike. Public revenue has since recovered to reach US$477 billion in 2010 but is still US$40 billion lower than the peak in 2008.

What are the future priority actions?

Africa

- Broaden the tax base by eliminating economic distortions, reducing/eliminating fraud and evasion and rationalising tax policy including the treatment of tax preferences, tax exemptions and tax incentives;
- Streamline tax administration and strengthen tax administration efforts including revenue mobilisation from natural resources;
- Give higher priority to facilitating savings through the development of financial markets and microcredit institutions.

Development partners

- Accelerate co-operation with Africa on wider issues of international economic governance, including tax havens, transfer pricing and greater transparency in key areas such as extractive industries and illicit capital flows (see also Topics 11 and 15);
- Increase the support towards improving Africa's tax systems.

Topic **15**

FOREIGN DIRECT INVESTMENT AND OTHER PRIVATE FINANCIAL FLOWS

Key commitments

Africa: In the 2001 NEPAD Founding Statement, African leaders committed to encourage and boost private capital flows as a long-term approach to addressing Africa's resource gap. They further agreed to promote the deepening of financial markets and enhance cross-border financial market harmonisation and integration. They have also agreed to promote an improved business environment to encourage both domestic and external investment (see also Topic 4).

Development partners: Since 2002 in Monterrey, development partners have repeatedly reaffirmed their support to increase the flows of private foreign investment (see also Topic 3). The G8 have pledged to assist African governments to deepen and strengthen capital markets. At L'Aquila in 2009, the G8 adopted the goal of reducing the global average costs of transferring remittances from 10% to 5% in five years (known as the 5X5 Objective). In its 2010 Multi-Year Action Plan on Development, the G20 emphasised the importance of maximising economic value added and job creation arising from private sector investment and of increasing the efficiency of international remittances.

What has been done to deliver on these commitments?

Africa: Many African countries have put in place policy incentives to attract FDI. Beyond unilateral measures, Africa has concluded by end-2008 a total of 715 bilateral investment treaties (BITs) or 27% of all BITs. At the regional level, COMESA, ECOWAS and SADC have undertaken regional investment programmes.

Significant financial sector reforms have been implemented over the past decade. Banks' capital adequacy ratios across the continent averaged a high of 19% and nonperforming loans reached a low of 6% of total loans in 2008, helping to partly alleviate the impact of the global crisis. Initiatives have been launched to promote the use of postal services and mobile banking for remittance transfers.

Development partners: Partners have provided support to strengthen financial markets and launched initiatives to promote investment in Africa. The NEPAD-OECD Africa Investment Initiative is helping to build African capacity to strengthen the investment environment by providing a forum for policy makers and supporting country-led investment reviews and reforms (see also Topic 4). Over the last few years, databases on the cost of remittance transfers have also been developed.

What results have been achieved?

Following six consecutive years of growth, total net private inflows to Africa, which followed the general trend experienced by all developing countries, declined to a four year low of USD49.3 billion in 2009, rebounded sharply in 2010 to US$62.7 billion but were still below the record high level in 2007 of US$69 billion. However compared to a 54% plunge for the rest of the developing world, the decline 2008-09 (-28%) was more moderate for Africa. While inflows continued to contract sharply in 2009 for all developing countries, sub-Saharan Africa recorded a modest increase, helped by strong FDI and a rebound in portfolio investment.

The better-than-average performance of Africa was due partly to the continent's stronger reliance on FDI which, over the last five years, accounted for 80% of total private inflows compared to only 58% for the rest of the developing world. FDI to sub-Saharan Africa reached a record high of $35 billion in 2008, suffered a modest decline in 2009, and recovered to $32bn in 2010. Forty percent of FDI went to the three largest economies but for over 15 countries net FDI was also significant and accounted for more than 20% of total investment. Africa's share of FDI flows to developing countries has remained relatively stable at 8-12%. Extractive industries have continued to attract the bulk of FDI but there is a clear trend toward diversification with manufacturing accounting for 41% of new investments over 2003-2009. FDI from emerging Asian economies are making a rapid entry into Africa providing additional development opportunities and access to global markets.

Except for contraction in 2008, portfolio equity investment has been positive in seven of the last eight years, increasing by over $20 billion in the last two. After notable success in attracting international bond flows,

Private flows increased fivefold between 2002 and 2010. FDI remains the largest component. Continued efforts are needed to improve business environment.

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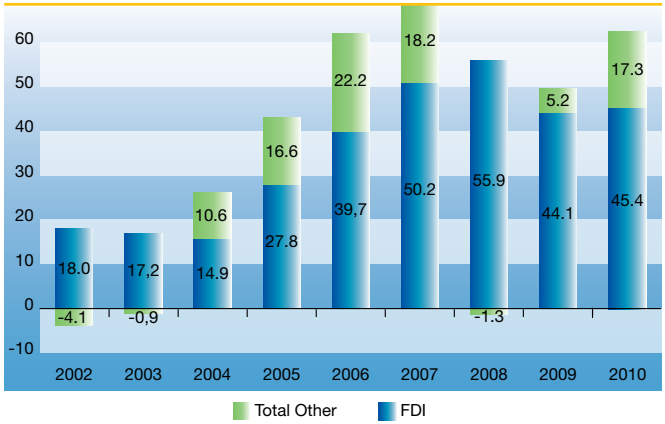
Net private capital flows to Africa (US$ billion, nominal)



Sources: World Bank, Global Development Finance (2011) and Global Economic Prospects (2011); IMF, Regional Economic Outlooks (April 2011).

bond markets have been closed to Africa in 2009-2010 but prospects look more buoyant in 2011. After a reduction in commercial loan exposure in 2009, bank lending has rebounded in 2010. Thanks to stronger economic ties with Asia, several African countries have benefited from access to loans from Asian countries most of which for the financing of infrastructure projects.

In addition to legal capital flows, Africa has experienced large illicit financial flows, estimated at US$854 billion over the period 1970 to 2008. According to the Washington-based Global Financial Integrity (GFI), illicit financial outflows have increased over time, averaging US$50 billion in the past decade, and require efforts by both African governments and development partners (see also Topic 11). Trade mispricing is a major conduit. Besides the loss accounted by accruing to import over-invoicing and export under-invoicing, trade mispricing also caused significant revenue losses.

With increasing global migration flows, workers' remittances have become an important source of inflows for many African countries. Between 2000 and 2010, remittances to Africa rose more than threefold to US$40 billion with a more rapid increase for sub-Saharan Africa – from $4.7 to $21.5 billion. The increase was also significant, although less rapid, in North Africa, reaching US$18 billion in 2010. Actual remittances to sub-Saharan Africa are estimated to be much larger if transfers through unofficial channels are included. In spite of the earlier fear of a sharp decline, remittances to Africa have proven to be rather resilient with only a 3.5% decline in 2009. The cost of remittances has declined somewhat but remains high for transfers to Africa compared to other developing regions. For 13 countries in the region, remittances account for more than 5% of GDP in 2009.

What are the future priority actions?

Africa

- Continue efforts to improve the business environment in order to attract both domestic and foreign investment;
- Create the conditions, including building human capital, to foster the diversification of FDI to higher value-added activities;
- Develop the capacity to better track remittance trends and to leverage the impact of this massive capital inflow.

Development partners

- Support Africa's effort to promote private capital flows and build an enabling domestic business environment;
- Promote risk alleviation instruments and techniques to facilitate private sector investments, particularly in infrastructure;
- Strengthen action to reduce the transaction costs of remittances.

Topic **16**

DEVELOPMENT ASSISTANCE

Key commitments

Africa: African governments have committed to exercise effective leadership over their development policies and programmes, strengthen public financial management and be accountable for development results. These commitments were reaffirmed in the 2008 Accra Agenda for Action, which called for stronger involvement of parliamentarians and civil society in shaping development policies.

Development partners: Development partners made a series of commitments in 2005 to increase development assistance by 2010. It was estimated at the time that these would lead to an increase in ODA from US$80 billion in 2004 to around US$130 billion in 2010 (using 2004 prices). It was assumed that Africa would receive half of the increase, equivalent to US$25 billion (2004 prices), taking ODA to Africa from US$29.5 billion in 2004 to US$54.5 billion in 2010 (2004 prices) or US$64 billion (2010 prices) and that this would be equivalent to doubling ODA to Africa. Adjusting for lower GNI, the global 2010 target was US$127 billion. Half of this slightly lower increase would be US$23.5 billion, taking ODA to Africa to US$53 billion (2004 prices) or US$62 billion (2010 prices).

Development partners have also made a number of commitments to develop innovative financing mechanisms and to improve aid effectiveness particularly transparency, predictability, harmonisation and use of country systems.

In 2009 the G20 made a series of specific commitments in response to the crisis (see also Topic 13). including (a) doubling of the IMF's concessional lending capacity for low-income countries (LICs); (b) an increase in lending of at least US$100 billion by multilateral development banks over 2009–2011; and (c) the provision of up to US$50 billion of trade liquidity over three years for all developing countries.

What has been done to deliver on these commitments?

Africa: Most African governments have strengthened the ownership and leadership of their development programmes. Over twenty 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: Total ODA increased to US$129 billion in 2010 (2010 prices), an increase of US$49 billion over the 2004 level. Although the highest real ODA level ever, this was still significantly below the level implied by 2005 commitments, around US$149 billion in 2010 prices. Africa received around a third of the global increase since 2004.

Donors have created three innovative financing mechanisms in the health sector including Advanced Market Commitments (AMCs) to support the development of vaccines, and the International Finance Facility for Immunisation (IFFIm), plus the Solidarity Air Ticket Levy and carbon market mechanisms. There are ongoing discussions on the introduction of a levy on financial transactions to support development among other objectives.

Data to evaluate progress in aid effectiveness since Accra continues to be limited though more should become available in the run-up to the Busan Conference late in 2011. However, in response to evidence of only modest improvements, several development partners have prepared and strengthened action plans to meet effectiveness targets. Eighteen have signed up to the International Aid Transparency Initiative (IATI), which aims to make information on aid spending and activities more available and accessible.

In contrast, there has been good progress in delivering the commitments made in response to the crisis, with large transfers of resources from international financial institutions and the AfDB to Africa, including a special allocation of Special Drawing Rights (SDRs), frontloaded and fast-tracked interventions, a dedicated crisis response window to provide additional funding to protect core spending in LICs and support for trade finance (see also Topic 13).

What results have been achieved?

ODA to Africa rose from US$29.5 billion in 2004 to an estimated US$46

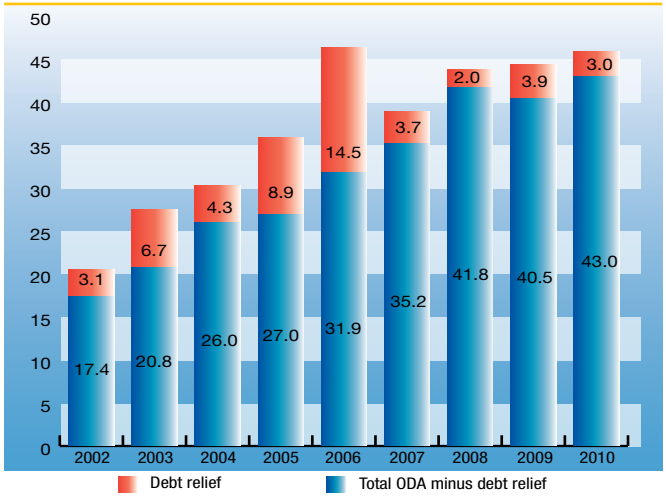
The commitments made to double ODA by 2010 have not been met. Africa's share of total ODA should be increased.

ICRC Photo Library

billion in 2010 (around US$40 billion in 2004 prices). Although a record high, this figure is still significantly below the figure of around US$64 billion in 2010 prices implied by the 2005 commitments. In practice, Africa has received only around half of the increase implied by the 2005 commitments. About half of the shortfall is due to lower global ODA compared to commitments; the other half is due to Africa's lower-than-anticipated share of the increase - about 34% instead of the 50% assumed in 2005. Africa's share of global ODA has stayed between 30 to 36% since 2000 (excepting the temporary increases from exceptional debt relief).

Innovative financing mechanisms have generated more than US$6 billion. At end-2010, the IFFIm, funds raised by government-guaranteed bonds for the immunization programmes had raised more than US$3 billion. UNITAID, a drug-purchase facility to make HIV/AIDS, malaria and tuberculosis treatments more affordable has committed more than US$1.4 billion. In addition, donors have committed US$1.5 billion to help develop pneumococcal vaccines. The Adaptation Fund (for climate change) had generated US$224 million as of January 2011 (see also topic 18).

Official Development Assistance to Africa (US$ billion, nominal)



Source: OECD/DAC.

On aid effectiveness, progress against most of the targets set out for 2010 in the Paris Declaration has been slow, with little indication of improvement. A 2008 survey showed progress in Africa (and globally) on aid untying. However, in other areas, progress in Africa has been slower or has worsened. Similarly, there has been little aggregate improvement in recording ODA in recipients' budgets – a key indicator of transparency.

New commitments by the IMF to sub-Saharan Africa reached US$2.9 billion in fiscal year 2010 (ending March 2010). Through a special allocation of SDRs, Africa received additional financial support worth some US$17 billion. The International Development Association (IDA) of the World Bank Group posted successive record lendings to sub-Saharan Africa of US$7.8 billion in fiscal year 2009 (ending June 2009), a 37% increase, and an even larger US$11.5 billion in fiscal year 2010 including a sharp jump in IBRD lending to one country which is unlikely to be repeated. The AfDB has increased its lending from US$4.9 billion in 2008 to US$11.8 billion in 2009 (see also Topic 13).

What are the future priority actions?

Africa

- Exercise effective leadership and develop capacity in co-ordinating and harmonising donor activities;
- Strengthen public financial management and procurement systems.

Development partners

- Increase Africa's share of global ODA over 2010– 2015;
- Ensure that future aid targets are clear and monitorable on a regular basis;
- Significantly accelerate efforts to improve aid effectiveness and enhance aid transparency, in order to reach Accra targets ahead of the 2011 Busan Conference , and to meet IATI standards.

Topic **17**

EXTERNAL DEBT

Key commitments

Africa: At Monterrey (2002), Africa committed to establish national comprehensive strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability.

Development partners: The Monterrey Consensus called for a speedy, effective and full implementation of the enhanced Heavily Indebted Poor Countries (HIPC) initiative. In 2005 at Gleneagles, G8 countries further committed, through the Multilateral Debt Relief Initiative (MDRI), to cancel 100% of outstanding debts of eligible HIPCs to the IMF, the World Bank International Development Agency (IDA) and the African Development Fund (AfDF), and to provide additional resources to ensure that the financing capacity of the above institutions is not reduced. Recognising significant improvement in key debt sustainability indicators, the 2008 Doha Financing for Development Conference stressed the need to avoid a recurrence of unsustainable levels of debt.

What has been done to deliver on these commitments?

Africa: Debt management systems in most African countries have advanced, albeit only marginally. Most countries have now set up a debt management unit, debt recording systems have improved, and data on public debt is becoming more readily available. In most countries, the legal framework for public borrowing is better defined, and there are nascent efforts to co-ordinate debt-related decisions across key government agencies.

Development partners: The HIPC and MDRI Initiatives have made substantial progress. In addition, to help countries avoid lawsuits by creditors who do not participate in the HIPC process, the World Bank and other donors have assisted countries in buying back commercial debt at a steep discount, thus clearing debt not covered by the HIPC Initiative. Under the Evian approach, development partners have also taken action to deal with debt problems of non-HIPC African countries including partial write-off. In one case of a non-HIPC country who defaulted on its external bonds, debt rescheduling and partial debt write-off by the Paris Club opened the way for a successful bond exchange facilitated by an AfDB's partial credit guarantee.

On financing, however, there remain shortfalls to the World Bank and the African Development Fund as additional contributions by bilateral donors do not fully compensate the foregone revenue from debt cancellation. Similarly, resources available for the IMF are currently insufficient to finance the cost of debt relief to all countries that meet the initial conditions. This has undermined the sustainability of the debt relief effort.

What results have been achieved?

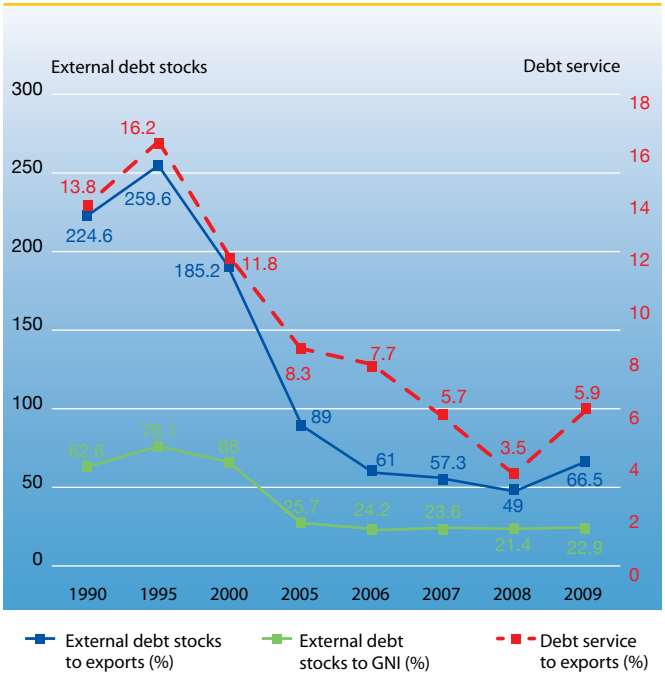
Of the 33 eligible African countries, 30 have benefited from debt relief to date. Within this group, those reaching the HIPC post-completion point, allowing access to irrevocable debt relief and 100% debt cancellation under the MDRI, has risen from 24 to 26. Over US$10 billion of external commercial debt has also been written off in 22 low-income countries since the creation of the Debt Reduction Facility in 1989. Grants provided in 2009 to the most recent beneficiary of this facility, enabled the country to 'buy back' US$1.2 billion in outstanding government commercial debt with a payment of US$38 million, representing a discount of over 97%.

Africa's external debt burden has declined dramatically as a direct result of these initiatives, from 66% to 23% of GNI over 2000–2009. As a share of export earnings, debt service payments of sub-Saharan Africa have fallen sharply, from an average of about 17% in 1998–1999 to less than 6% in 2009. These cuts have provided more fiscal space for poverty reduction. Before the HIPC Initiative, eligible countries were, on average, spending slightly more on debt service than on health and education combined. Now, spending on health, education and other social services is about five times the levels of debt servicing.

Nevertheless, several challenges remain. The 3 African countries yet to benefit from temporary or permanent debt relief require renewed

External debt service ratios have fallen dramatically, freeing resources for poverty reduction. But global crisis has led to a significant deterioration in debt ratios and to increases in domestic debt, and some risks for future.

Debt service burden for heavily indebted countries in sub-Saharan Africa



Source: World Bank Global Development Finance (2011).

international assistance to strengthen domestic policies and institutions in order to meet qualifying criteria. Co-coordinating all creditors, including smaller multilateral creditors, non-Paris Club bilateral official creditors and private creditors - which together account about 25% of HIPC - for comprehensive debt relief also remains a challenge. Support to debtor countries to buy back their commercial debts has reduced, but not totally eliminated, remaining claims on HIPCs. Lastly, there may be the need on a case-by-case basis to consider debt relief or restructuring for developing countries with an unsustainable debt burden that are not part of the HIPC Initiative.

The global economic crisis has compounded these challenges. Lower dollar values of both exports and gross national income due to the crisis have led to a worsening in debt ratios in 2009 and a reversal of the advances achieved during the 2000-2008 period. Reduced external financing has also forced a number of countries to increase domestic debt to address widening fiscal financing gaps (see also Topics 1, 14 and 15). This has undermined debt sustainability efforts: 9 of the 26 African countries that have benefited from HPIC and MDRI debt relief are again experiencing, or are at high risk of experiencing, debt distress. In the absence of a longer-term, comprehensive mechanism to reduce a country's exposure to its creditors, the outlook of such countries is uncertain, and the need for future debt relief measures cannot be ruled out.

What are the future priority actions?

Africa

- Sustain efforts to enhance debt management and sustainability;
- For the remaining 7 pre-HIPC completion countries, sustain efforts to reach completion.

Development partners

- Provide more technical assistance to strengthen public debt management capacities in African countries;
- Continue efforts to ensure that eligible countries get full debt relief from all their creditors and discourage lawsuits against HIPCs by non-Paris Club creditors;
- Maximise the concessionality of new funding and prioritise grants over loans to ensure that a return to unsustainable debt levels is avoided.

Topic **18**

CLIMATE FINANCE

(This section should be read together with the separate Topic 6 discussion on Climate Change)

Key commitments

Africa: The African Ministerial Conference on the Environment at the Special Session on Climate Change (Nairobi, 2009) urged that the financial resources for climate change should be new and additional, adequate, predictable, sustainable and provided primarily in the form of grants. African Ministers attending the Cancun Conference of the Parties (COP 16) in 2010 called for the early establishment of an Africa Green Fund.

Development partners: Development partners have made several commitments on climate change financing. The 2007 Bali Action Plan underlined the need to provide developing countries with adequate, new and additional financial resources. In the 2009 Copenhagen Accord, developed countries pledged resources approaching US$30 billion of new and additional fast-start finance over 2010–2012 with a balanced allocation between mitigation and adaptation; industrialised countries also commit to jointly mobilize US$100 billion per year by 2020. In the 2010 Cancun Agreements parties decided to establish a Green Climate Fund through which a significant share of new multilateral funding should flow.

What has been done to deliver on these commitments?

Africa: As part of the preparation for climate negotiations, Africa has commissioned studies on financing requirements by the continent to address climate change challenges and has organised a side event in Cancun to discuss the African Green Fund.

Development partners: Under the aegis of the UNFCCC, three funds have been established: (1) the Least Developed Countries Fund (LDCF) with US$290 million pledged to date to help least-developed countries prepare and implement national adaptation programs of action; (2) the Special Climate Change Fund (SCCF), with US$169 million pledged to support adaptation and mitigation projects in all developing countries; and (3) the Adaptation Fund (AF) with resources coming primarily from a 2% levy on proceeds issued to Clean Development Mechanism (CDM) projects; cumulative receipts as of January 2011 amount to US$224 million including US$85 million of donations by several European countries and Japan. It is estimated that the Fund could mobilise about US$350 million in the remaining two years of the first commitment period of the Kyoto Protocol (2011-12). In addition, the Global Environment Facility (GEF) has used contributions to the GEF Trust Fund to support climate-related projects. To help expand the CDM, the African Development Bank recently launched the Africa Carbon Support Programme (ACSP) to promote CDM activities, working jointly with other partners.

Much larger funding initiatives have been set up outside of the UNFCCC. Most noteworthy are the Climate Investment Funds (CIF), a pair of funds to help developing countries pilot low-emissions and climate-resilient development. The CIF are channeled through the World Bank Group and the four regional development banks. The CIFs have received pledges of US$6.4 billion from 13 donors, of which US$680 million has been paid in. As of September 2010 donors have pledged $972 million with $614 million as grant resources. A number of specialized funds, including from bilateral sources, have been established to reduce emissions from deforestation and forest degradation and to promote energy efficiency and renewable resources (see also Topics 5 and 6).

Fast Start Funding: Most countries committing to the Copenhagen Accord have announced detailed pledges, with many outlining how and through which mechanisms assistance will be delivered. Total pledges now amount to US$29.3 billion most of which from public sources. However, pledges from some donors may in fact represent reallocation of funds that were already committed to the environmental and development budget.

Longer-Term Funding: To scale up the provision of long-term financing for developing countries, industrialised countries commit to jointly mobilize US$100 billion per year by 2020 through a mix of public and private finance. The new fund will support projects, programmes, policies and other activities in developing countries using thematic funding windows. The fund will be governed by a Green Climate Fund Board, comprising 24 members with equal representation from developing and developed countries.

Climate finance will become increasingly important. Africa's access to existing mechanisms marginal. Greater access needed to Fast Start and new longer-term funding.

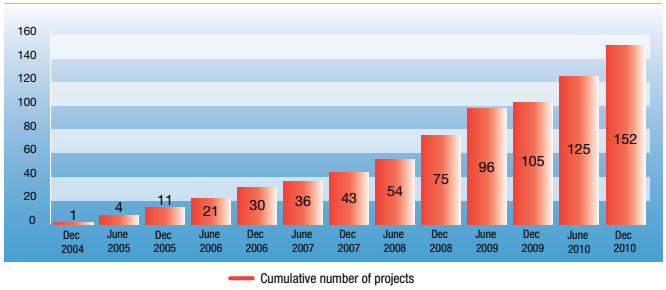
UN Photo/Evan Schneider

What results have been achieved?

Results have not been impressive to date, and climate financing faces a series of challenges. Firstly, disbursements relative to needs are off track by orders of magnitude. Established in 2001, the 2 GEF-managed climate funds for developing countries have disbursed a total of US$52.6 million of which about 30% to Africa. Since the Adaptation Fund became operational in 2010, a total of US$24 million have been approved for 4 projects including one for Africa of the amount of US$8.6 million. Consolidated data on disbursements of the Fast Start funds are not yet available. With CIF support, 45 developing countries are piloting transformations in clean technology, sustainable management of forests, increased energy access through renewable energy, and climate-resilient development. Twelve countries have submitted phase one proposals and $411 million have been approved.

Secondly, there are significant challenges concerning the structure, governance and allocation of existing climate funding mechanisms. Most common among developing country concerns are the disproportionally larger role of developed countries in decisions on allocations and disbursements. Recent UNFCCC discussions have made some progress on climate financing governance.

Number of CDM projects in Africa



Source: UNEP Risoe Centre, CDM Pipeline, March 2011 update.

Thirdly, Africa's access to carbon finance has been marginal but is slowly improving. The CDM, a major catalyst of low-carbon investments in developing countries, with US$2.7 billion in sales of emissions credits in 2009 - because of the global crisis, the sale of CDM emission credits had declined sharply in 2008-09, has so far been insignificant for Africa. But recent information shows an upward trend: as of February 2011, 23 African countries had submitted a total of 156 CDM projects accounting for 2.6% of all CDM projects, a 35% increase over the previous 12 months.

What are the future priority actions?

Africa

- Develop plans and initiatives to effectively and efficiently use climate change finance and ensure accountability of resource use;
- Strengthen capacities to better engage in CDM and REDD+ processes.

Development partners

- Accelerate disbursements of fast-start funding of US$30 billion over 2010–2012 to support both adaptation and mitigation in developing countries, including Africa;
- Support reforms, such as streamlining CDM registration and emission credit issuance, to make existing carbon market mechanisms more relevant and accessible to Africa.

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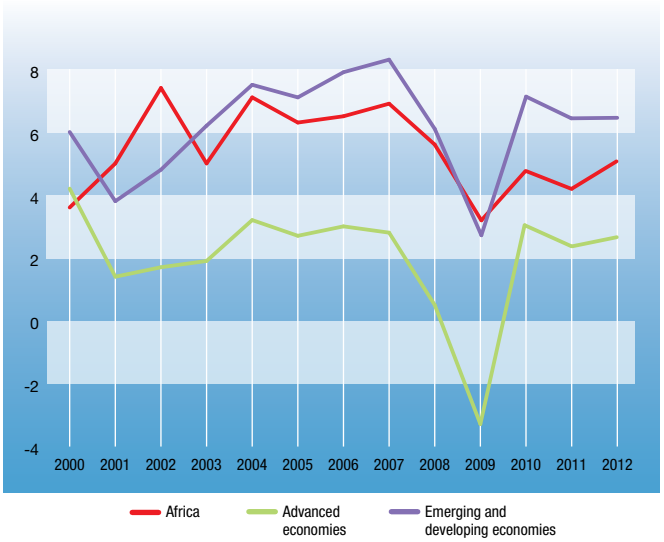
APPENDICES

CHARTS & FIGURES

Real GDP Growth



Source: WEO April 2011 and calculations using WEO data.

After two years in which growth slowed (2008-2009), Africa experienced a strong economic rebound in 2010, thanks to sound macroeconomic policies and the wider global recovery, coming back on track with its performances in 2000-2008. The forecast for 2011 takes preliminary account of the uncertain impact of recent developments in North Africa. It will be updated in the main report in Autumn 2011.

Millennium Development Goals: progress at 2010

The progress chart operates on two levels. The words in each box indicate the present degree of compliance with the target. The colours show progress towards the target according to the legend below:

- Already met the target or very close to meeting the target
- Progress sufficient to reach the target if prevailing trends persist
- Progress insufficient to reach the target if prevailing trends persist
- Deterioration or no progress

	North Africa	Sub-Saharan Africa
GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER		
Reduce extreme poverty by half	low poverty	very high poverty
Productive and decent employment	very large deficit in decent work	very large deficit in decent work
Reduce hunger by half	low hunger	very high hunger
GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION		
Universal primary schooling	high enrolment	moderate enrolment
GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN		
Girls' equal enrolment in primary school	close to parity	close to parity
Women's share of paid employment	low share	medium share
Women's equal representation in national parliaments	very low representation	low representation
GOAL 4: REDUCE CHILD MORTALITY		
Reduce mortality of under-five-years-olds by two-thirds	low mortality	very high mortality
GOAL 5: IMPROVE MATERNAL HEALTH		
Reduce maternal mortality by three quarters*	moderate mortality	very high mortality
Access to reproductive health	moderate access	low access
GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES		
Halt and reverse spread of HIV/AIDS	low prevalence	high prevalence
Halt and reverse spread of tuberculosis	low mortality	high mortality
GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY		
Reverse loss of forests	low forest cover	medium forest area
Halve proportion without improved drinking water	high coverage	low coverage
Halve proportion without sanitation	moderate coverage	very low coverage
Improve the lives of slum-dwellers	moderate proportion of slum-dwellers	very high proportion of slum-dwellers
GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT		
Internet users	high usage	low usage

*The available data for maternal mortality do not allow a trend analysis. Progress has been assesssed by the responsible agencies on the basis of proxy indicators.
Source: Department of Economic and Social Affairs, United Nations, 2010.

Development finance: overview table (US$ billions, nominal)

Africa

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Domestic revenue	149.6	184.9	223.2	284.6	343.3	395.8	506.4	388.0	477.4
Private flows	13.9	16.3	25.5	44.4	61.9	69.0	54.6	49.3	62.7
ODA*	20.4	27.5	30.4	35.9	46.4	38.9	43.7	44.4	46.0
Total	**184.0**	**228.8**	**279.2**	**364.8**	**451.6**	**503.6**	**604.7**	**481.6**	**586.1**

North Africa

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Domestic revenue	67.8	77.8	86.1	110.5	137.7	162.6	222.3	172.3	193.8
Private flows	2.1	3.1	3.8	10.4	17.5	18.3	20.2	13.4	13.4
ODA*	2.3	2.4	3.4	2.8	3.0	3.6	3.8	3.9	4.0
Total	**72.2**	**83.3**	**93.3**	**123.7**	**158.3**	**184.5**	**246.3**	**189.7**	**211.2**

Sub-Saharan Africa

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Domestic revenue	81.8	107.2	137.2	174.1	205.6	233.2	284.1	215.6	283.6
Private flows	11.8	13.2	21.7	34.0	44.4	50.7	34.4	35.9	49.3
ODA*	18.1	25.1	27.0	33.1	43.4	35.3	39.9	40.5	42.0
Total	**111.7**	**145.5**	**185.9**	**241.1**	**293.3**	**319.1**	**358.4**	**292.0**	**374.9**

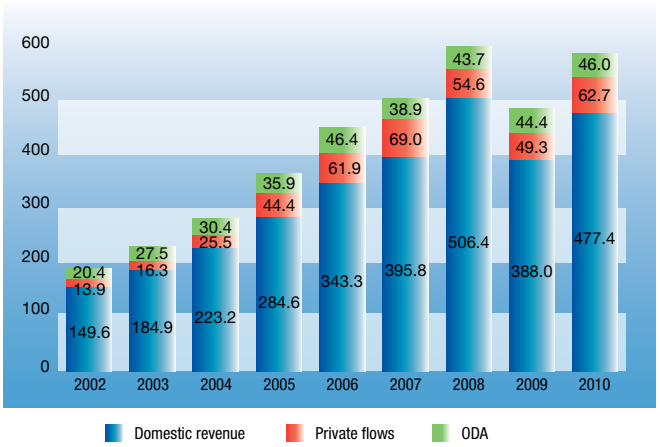
*Unallocated ODA (shown in the Development Assistance table below). which reflects regional projects or programmes. is split between sub-Saharan Africa and North Africa in this table. Sources: IMF World Economic Outlook database (April 2011); OECD-DAC International Development Statistics database; World Bank Global Development Finance (2011); World Bank Global Economic Prospects (2011)

Development assistance: overview table

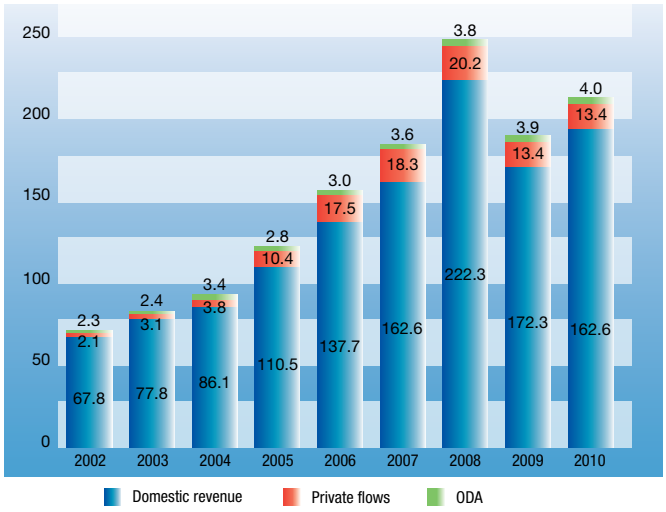
Region or country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 est.
South of Sahara	14.1	14.2	17.7	24.7	26.5	32.5	42.8	34.3	39.0	39.2	42.0
North of Sahara	2.3	2.3	2.1	2.2	3.1	2.5	2.7	3.1	3.3	2.9	4.0
Africa, unallocated	0.8	0.5	0.6	0.7	0.8	0.8	0.8	1.4	1.5	2.3	N/A
Total Africa	**17.2**	**17.0**	**20.4**	**27.5**	**30.4**	**35.9**	**46.4**	**38.9**	**43.7**	**44.4**	**46.0**
Debt relief (bilateral)	1.1	1.3	3.1	6.7	4.3	8.9	14.5	3.7	2.0	3.9	3.0
Total ODA minus debt relief	**16.1**	**15.7**	**17.4**	**20.8**	**26.0**	**27.0**	**31.9**	**35.2**	**41.8**	**40.5**	**43.0**
Percentage											
Share of Africa (%)	32.6	32.6	35.5	40.1	38.4	33.4	44.3	37.7	36.1	37.4	35.7
For reference											
Global ODA (US$ billions)	54.0	52.7	58.6	69.4	79.9	107.8	104.8	104.2	122.0	119.8	128.7
ODA/GNI (%)	0.22	0.22	0.23	0.24	0.25	0.32	0.30	0.27	0.30	0.31	0.32

Source: OECD-DAC, International Development Statistics database.

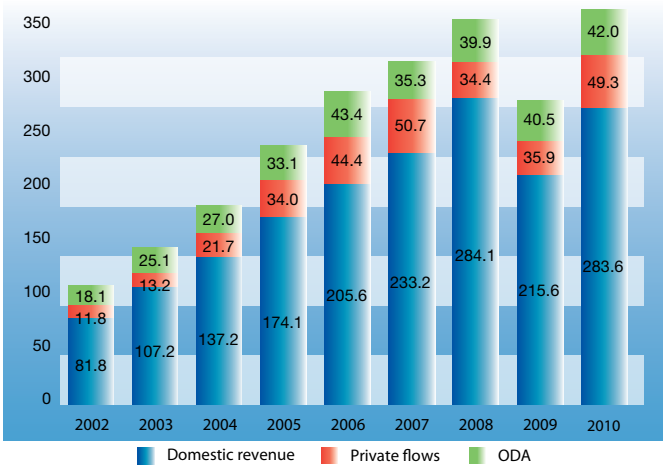
Development finance to Africa (US$ billion)



Development finance to North Africa (US$ billion)

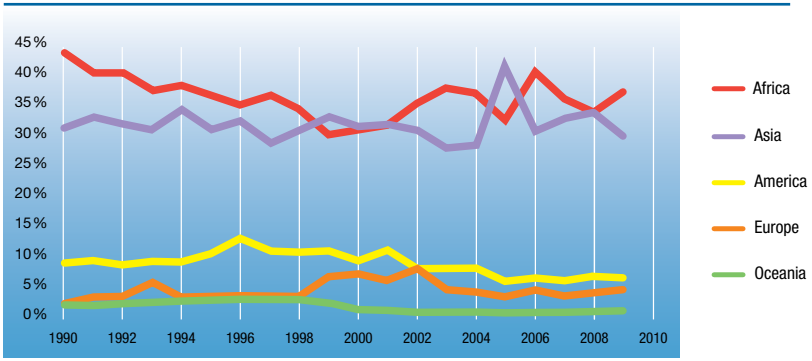


Development finance to sub-Saharan Africa (US$ billion)



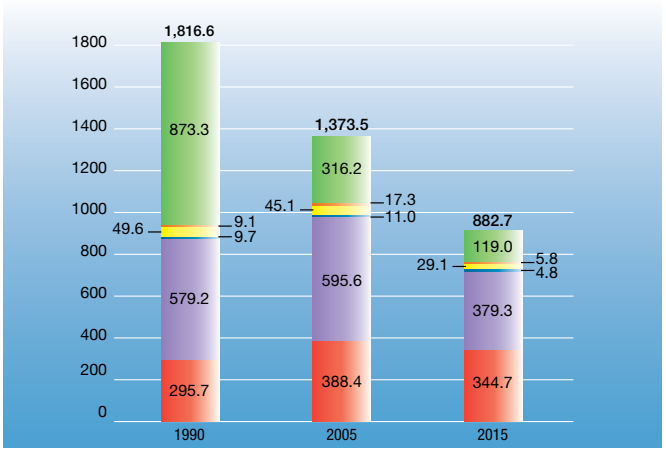
Sources: IMF World Economic Outlook database (April 2011); OECD-DAC International Development Statistics database; World Bank Global Development Finance (2011); World Bank Global Economic Prospects (2011)

Regional shares of net total ODA



Source: OECD Development Aid at a Glance, 2011: Statistics by region.

Numbers of people living on less than US$1.25 a day (millions) by region



Region or country	1990	2005	2015	1990	2005	2015
	Percentage of the population living on less than $1.25 a day			Number of people living on less than $1.25 a day (millions)		
East Asia and Pacific	54.7	16.8	5.9	873.3	316.2	119.0
of which China	*60.2*	*15.9*	*4.8*	*683.2*	*207.7*	*66.1*
Europe and Central Asia	2.0	3.7	1.2	9.1	17.3	5.8
Latin America and the Caribbean	11.3	8.2	4.7	49.6	45.1	29.1
Middle East and North Africa	4.3	3.6	1.3	9.7	11.0	4.8
South Asia	51.7	40.3	22.4	579.2	595.6	379.3
of which India	*51.3*	*41.6*	*22.4*	*435.5*	*455.8*	*276.8*
sub-Saharan Africa	57.6	50.9	35.8	295.7	388.4	344.7
Total	**41.7**	**25.2**	**14.4**	**1,816.6**	**1,373.5**	**882.7**

Source: IBRD/World Bank, 2010. Global Monitoring Report (post-crisis scenario).

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ACRONYMS

ACPC	African Climate Policy Centre
ACSP	Africa Carbon Support Programme
AfDB	African Development Bank
AfDF	African Development Fund
AfT	Aid for Trade
AF	Adaption Fund
AFSI	L'Aquila Food Security Initiative
AGA	African Governance Architecture
AIDS	Acquired Immune Deficiency Syndrome
AMC	Advanced Market Commitments
AMCEN	African Ministerial Conference on the Environment
AMISEC	African Mission in Support of Elections in the Comoros
AMISOM	African Mission in Somalia
APF	Africa Partnership Forum
APP	Africa Progress Panel
APRM	African Peer Review Mechanism
APSA	African Peace and Security Architecture
ATAF	African Tax Administration Forum
ATT	Arms Trade Treaty
AU	African Union
AUC	African Union Commission
AUSPCC	AU Convention on Preventing and Combatting Corruption
BITs	Bilateral Investment Treaties
CAADP	Comprehensive African Agricultural Development Programme
CAHOSCC	Conference of African Heads and Governments on Climate Change
CARMMA	Campaign on Accelerated Reduction on Maternal Mortality in Africa
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CEDAW	Convention on the Elimination of all forms of Discrimination against Women
CIF	Climate Investment Funds
CO_2	Carbon Dioxide
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of the Parties
CPIA	World Bank's Country Policy and Institutional Assessment
DAC	Development Assistance Committee
DTCs	Developing and Transition Countries
EAC	East African Community
EASSy	East Africa Submarine Cable System
ECOWAN	ECOWAS Wide Area Network
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EFA	Education for All
EISA	Electoral Institute for the Sustainability of Democracy in Africa
EITI	Extractive Industries Transparency Initiative
EPI	Environmental Performance Indicator
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FTA	Free Trade Area
FTI	Fast Track Initiative
G8	Group of Eight
G20	Group of Twenty
GDP	Gross Domestic Product
GEF	Global Environment Facility
GFATM	Global Fund for AIDS, Tuberculosis and Malaria
GHG	Greenhouse gas
GNI	Gross National Income
GPOA	Gender Plan of Action

HIPC	Highly Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
ICA	Infrastructure Consortium for Africa
ICTs	Information and Communication Technologies
IDA	International Development Association
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IFFIm	International Financing Facility for Immunisation
IFI	International Financial Institution
IFPRI	International Food Policy Research Institute
IHP	International Health Partnerships
IMF	International Monetary Fund
IT	Information Technology
ITNs	Insecticide Treated Nets
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
LICs	Lower Income Countries
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MRDE	Mutual Review of Development Effectiveness
MYAP	Multi-Year Action Plan on Development
NAB	New Arrangements to Borrow
NAMA	Nationally Appropriate Mitigation Actions
NAPA	National Adaptation Programme of Action
NEPAD	New Partnership for Africa's Development
NPCA	NEPAD Planning and Co-ordination Agency
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PEPFAR	US President's Emergency Program for AIDS Relief
PIDA	Programme for Infrastructure Development in Africa
PPI	Private Participation in Infrastructure
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
PSC	Peace and Security Council
RAP	Regional Action Programme
RCIP	Regional Communications Infrastructure Programme
REC	Regional Economic Community
REDD	Reducing Emissions from Deforestisation and Forest Degradation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SALWs	Small Arms and Light Weapons
SCCF	Special Climate Change Fund
SDR	Special Drawing Rights
SIPRI	Stockholm International Peace Research Institute
SSA	sub-Saharan Africa
StAR	Stolen Assets Recovery Initiative
TB	Tuberculosis
TNA	Technology Needs Assessments
UN	United Nations
UNAIDS	The Joint United Nations Programme on HIV/AIDS
UNAMID	United Nations-African Union Mission in Darfur
UNCAC	United Nations Convention Against Corruption
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNOSAA	United Nations Office of the Special Adviser on Africa
UPE	Universal Primary Education
US	United States
WEF	World Economic Forum
WHO	World Health Organization
WTO	World Trade Organization

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Fuller details on commitments by both Africa and its development partners are contained on the Commit4Africa web-site (http://www.commit4africa.org): this will be up-dated following publication of the Report as further commitments are made.

This report may be found on the UNECA website at: www.uneca.org or on the OECD website at www.oecd.org/apf.

The UNECA-OECD *Mutual Review of Development Effectiveness in Africa* is intended to provide a focused 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?**

The 2011 Interim Report incorporates information available at mid-April 2011. The 2011 main Report will be published in Autumn 2011.

The report can be found at:

United Nations Economic Commission for Africa
www.uneca.org

Organisation for Economic Co-operation and Development
www.oecd.org

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