AFRICA PROGRESS PANEL

An Agenda for Progress at a Time of Global Crisis

A Call for African Leadership

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Annual Report of the Africa Progress Panel
2009

Key Findings and Recommendations

WE ARE FACING A DEVELOPMENT CRISIS

The financial meltdown that evolved into an economic recession has now become a development crisis. Combined with the food crisis, the volatility in fuel costs and climate change, it threatens to reverse Africa's recent progress and endangers its people's lives. The prospect of reaching the MDGs by 2015, already a cause for serious concern, now looks even more distant. **We believe that these extra-ordinary times call for concerted action on the basis of shared responsibilities by African and international leaders to mitigate the impact of the crisis on the continent's economies and people, preserve progress and ensure that Africa is given the chance to contribute to global recovery and clean development.**

THE MAIN RESPONSIBILITY TO ACT RESTS WITH AFRICAN LEADERS

We believe that the main responsibility for safeguarding their people from the effects of the crisis rests with Africa's leaders. Their challenge is to maintain stability and economic growth, to support a participatory approach in setting, and driving national development strategies, to heed their commitments regarding governance, accountability and transparency as well as to find ways in which Africa's capacity to act in a more coordinated and concerted fashion can be strengthened and in which its needs can be communicated more clearly on the global stage.

ECONOMIC AND FISCAL PRUDENCE MUST BE MAINTAINED

The appropriate policy response depends on country-specific circumstances. As African Ministers of Finance and Central Bank Governors articulated before the London G20 Summit, the priority for all sub-Saharan African countries must be to contain the adverse impact of the crisis on economic growth and poverty, while preserving the hard-won gains of recent years, including macroeconomic stability and debt sustainability. **We call on Africa's leaders to resist temptations to respond to weakening balance of payments positions with protectionist measures, or by reverting to administrative controls.**

AFRICA NEEDS A STRONGER VOICE IN THE INTERNATIONAL INSTITUTIONAL ARCHITECTURE

It is clear that Africa is profoundly affected by wider global dynamics like the economic downturn and climate change. It is also clear that, as a continent of nearly a billion people, it is under-represented in many formal and informal international processes, and where it does have adequate representation, Africa lacks negotiation capacity. **We call on Africa's leaders to use this opportunity to press for substantial reforms of the world's governance structures to make them more representative, supportive and ultimately effective, and to focus on the strengthening of negotiating capacities, notably prior to the Copenhagen Summit on climate change.**

AFRICA NEEDS IMMEDIATE ASSISTANCE AND ACCESS TO RESOURCES

At the same time, today's recession will not be overcome by institutional reform alone. The nature of the crisis is such that African countries need immediate support to maintain economic activity and protect those least able to withstand its woes. We call on the IMF, World Bank, and the African Development Bank to ease access to credit and provide urgently-needed funds, preferably grants rather than loans, to compensate for the loss of domestic revenues, remittances and FDI and to address urgent social needs. **We also call on G8 and OECD countries to extend the cut-off date for the Highly Indebted Poor Countries Programme from the end of 2004 to the end of 2008 to give Africa's poorest countries more economic leeway.**

DONORS MUST DELIVER ON THEIR AID COMMITMENTS

While official aid from the OECD's DAC members to Sub-Saharan Africa rose by 11% in 2008 – a welcome increase following declines in 2006 and 2007 – the prospects of reaching the global Gleneagles target of $130 billion per year by 2010 are uncertain. The additional money needed to meet this target is a fraction of the support provided to rescue financial institutions in rich countries, and a tiny proportion of their fiscal stimulus packages. **We believe that the crisis calls for exceeding Gleneagles commitments to help poor countries meet increased needs.**

INTERNATIONAL POLITICAL COMMITMENT TO AFRICA'S DEVELOPMENT MUST BE MAINTAINED BEYOND THE CRISIS

The economic and political effects of the current crisis put growing pressure on donor countries. As domestic concerns mount and public finances become increasingly strained, their commitment to African development will be tested, especially once the full extent of the economic downturn becomes apparent. **We need new coalitions to maintain the political commitment around the achievement of development goals; African voices advocating more and better aid and investment need to be loud, clear and at the centre of this effort.**

AID NEEDS TO BE USED TO HELP REDUCE AID DEPENDENCY

Aid cannot be the basis for financing sustainable growth, but as experience around the world has shown, including in Asia and Europe after the Second World War, aid can be used to build capacities for growth and development. **We call on Africa's leaders to sustain and deepen efforts to increase domestic resource mobilization and investment flows, while reducing dependence on international aid. We also call on development partners to direct more ODA towards building government capacity to promote trade, entrepreneurship, and domestic resource mobilization.**

AFRICA NEEDS A GREEN REVOLUTION

More than 70% of Africans depend on agriculture for their livelihoods. Yet agriculture is not realizing its potential either as a driver of economic growth, or to ensure that everyone has access to sufficient food and a balanced diet. The food crisis is by no means over and accelerating climate change threatens to further reduce agricultural productivity in Africa. **We call on Africa's leaders, their international partners and the private sector to intensify efforts to realize the continent's vast agricultural potential.**

AFRICA NEEDS A STRONG COMMON POSITION ON CLIMATE CHANGE

Africa is the region which contributes least to climate change, but will arguably be the most affected. Its agriculture, water supply, disease burden and natural resources are already being profoundly impacted and the humanitarian, economic and financial implications of climate change are growing. Africa has a major stake in the forthcoming negotiations on a new post-Kyoto framework, including to ensure a fair deal that allows it to seize clean development opportunities. **We believe that Africa must develop and articulate a common position, championed by Heads of State, ahead of the December 2009 Climate Change Conference in Copenhagen to ensure that the special needs of least developed countries, most of which are in Africa, are taken into account.**

SCOPE FOR INVESTMENT IN CLEAN ENERGY AND INFRASTRUCTURE IS VAST

Africa's severe lack of sufficient, reliable transport and energy infrastructure not only reduces business efficiency, it also limits the volume of trade, constrains food security and hampers regional integration. **We believe that overcoming infrastructure deficits through public private partnerships and targeted investment is essential and offers opportunities for economic growth, jobs and a thriving private sector.**

EMERGING PARTNERS CAN BECOME CHAMPIONS OF DEVELOPMENT

The importance of emerging partners like China, India and Brazil is growing by the day. As some of the continent's largest trading partners and sources of investment, they have been instrumental in boosting growth rates and spurring much needed infrastructure improvements in Africa for many years. However, they have much more to offer to the continent than just economic partnership. **We believe that their unique development experience, particularly with respect to food security and health, uniquely position partners from the global South to support achievement of the MDGs in Africa.**

AFRICA CAN CONTRIBUTE TO GLOBAL RECOVERY

The potential for investment in Africa's real economy is vast, particularly in infrastructure, renewable energy, agriculture and the telecommunications sectors. More investment in these sectors will not only create jobs in Africa, but also create markets for developed countries. **We believe that, if given the chance, Africa can provide a valuable growth platform for the global economy and pioneer clean development models that contribute to global efforts to manage climate change.**

The Africa Progress Panel

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Content

A Time for Leadership

Last year, our report was dominated by concern about the impact of the food and fuel crises and of climate change on Africa's people. These concerns persist, but they have been overshadowed by yet another, potentially more perilous, threat. The global economic downturn is likely to hit Africa particularly hard, not only through the direct effects of decreases in trade, foreign direct investment, remittances and possibly aid levels, but also as a result of the response measures put together by the developed world, which encourage capital to flee from the economic periphery to perceived safety in the West.

> Accountability to people is the soundest basis for leadership, for ensuring that precious financial resources are best used to deliver tangible results, and to convince citizens, even in times of economic hardship, that leaders have their interests at heart.

This new setback is coming at a time when many African countries have been recording remarkable economic, social and political progress. There are numerous success stories, including double-digit economic growth, private sector development, innovative banking, use of mobile telephony, free and fair elections, roll-back of malaria, increased school enrolment rates, as well as civil society and women being more engaged in decision making.

There is plentiful and compelling evidence that rapid improvement in human development is possible in even the most difficult and resource constrained environments. But these success stories beg the question as to why hundreds of millions of Africans still lack access to the opportunities and basic means that would allow them to lead healthy and productive lives.

Africa faces hurdles unique to her circumstances, including political fragmentation, infrastructure and communication deficits, and vulnerability to infectious and other diseases. The continent's countries are least responsible for, yet most affected by, many of the problems that the world confronts, including climate change, financial instability and economic contraction. Responsibility for progress in Africa must therefore be shared. Africa's leaders and her international partners, whether industrialized countries or the emerging economies, donors or corporations, have each a role to play in contributing to the continent's economic, social and political progress. Strong partnerships will enable Africa to contribute solutions to global problems, including models for low carbon economic growth and investment opportunities to stimulate the global economy.

At a time when other financial flows are dropping, G8 and donor countries have an even greater responsibility to honour their international aid commitments and to ensure that global deals, whether on trade, climate change, intellectual property, illicit drugs, crime or migration, are supportive of Africa's development needs. Aid, effectively used, can leverage other financial flows, strengthen capacities and meet urgent social and humanitarian needs.

As this year's report from ONE underscores, despite the economic downtown many donors are honouring their aid commitments, recognizing the practical value of investing in Africa's development, as well as the moral and political imperative of keeping their promises. Regrettably others, including some G8 countries, are not; this is a cause of deep concern to us.

At the same time, primary responsibility for Africa's progress rests with her political leaders. They face the challenge of articulating and asserting Africa's needs and agenda on the global stage, drawing upon the values and standards enshrined in the Constitutive Act of the African Union and other landmark agreements as the basis for partnership and support from both the global South and OECD countries. This is also the basis for attracting investment and ensuring that urgently needed aid resources are used as effectively as possible.

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Africa's leaders face additional challenges. The success stories show that the quality of people's lives, the opportunities available to them, and their economic security can be rapidly improved with the right combination of leadership, resources and accountability. The problem is that these successes are not being replicated enough or taken to scale.

Resource wealth or availability is not alone sufficient for advancing human development whether at the national or project level. More important is the determination of national and local leaders to use these resources to achieve results and address what citizens want and deserve; security, jobs, food, access to health care and education. Engaging people in decisions as to how resources are used is an effective way to generate trust and the optimum use of funds.

As the barriers to progress multiply, the quality of political leadership has become ever more relevant, and Africa is no exception. The primary responsibility of leaders is to set and drive a national development agenda that is responsive to peoples' needs and aspirations, and for which leaders are then accountable. The quality of dialogue between citizens and their leaders is a critical condition for progress and also the best form of managing tensions, and therefore of conflict prevention.

Accountability of those in authority is a tradition and practice that has long roots in Africa's culture. But in many parts of the continent, it is frayed. There are too many instances of elite capture of resources, growing inequality in wealth and opportunity, and the abuse of electoral processes to legitimize exclusive deals among the most powerful.

Much more can and needs to be done to engage Africa's people in growth and achievement of the Millennium Development Goals, whether in towns or rural communities, in schools and health centres, in district assemblies and legislatures. Accountability to people, including to Africa's greatest resource, her women, is the soundest basis for leadership, and for ensuring that precious financial resources, whether from domestic sources or donors, are best used to deliver tangible results.

Kofi A. Annan
Chair

Responsibility for progress rests primarily with Africa's political leaders.

Introduction

Africa's story remains one of unsteady but remarkable progress punctuated by setbacks and chronic problems. On the one hand, the continent has never been in a better position than today. Not only are there more democratic countries than ever before (almost thirty as opposed to merely five at the end of the Cold War) and fewer civil wars (three as opposed to thirteen a decade and a half ago), but over the past decade most countries have also been able to record real progress, whether in terms of economic growth and private sector development, primary education, women's rights or the fight against poverty and disease. It is true that there are still too many countries with authoritarian and corrupt leaders, too many contested election results and that major problems persist such as the wars in Darfur and the Democratic Republic of Congo, the surge of piracy off the coast of Somalia, and coups, notably in Guinea, Guinea-Bissau, Mauritania and Madagascar. The positive trends towards less conflict, more democracy and greater development are nonetheless clear.

> Combined with the challenges of climate change, wide-spread poverty and economic marginalization, the global crisis now threatens Africa's development prospects and its peoples' lives.

These trends, however, are now at risk. The financial crisis and the ensuing economic downturn greatly compound the policy challenges already facing the region as they begin to erode progress, reduce per capita growth and cause severe budgetary problems. With the World Bank warning that 43 out of Africa's 53 states are highly exposed and vulnerable to the effects of the crisis, the continent faces the real danger of malignant decoupling, derailment and abandonment. Efforts to achieve the Millennium Development Goals will be affected and success stories may have to be rewritten. The ability of African countries to support basic services like education and healthcare will be heavily impaired. The human, social and political consequences could be enormous.

Combined with the challenges of climate change, wide-spread poverty and economic marginalization, the global economic crisis now threatens Africa's development prospects and its peoples' lives. There is, however, another more positive aspect. The crisis could serve as a wake-up call for both Africans and their international partners. It may drive home the imperative of economic prudence and good governance to Africa's leaders and encourage them to use the resources of their countries more effectively. It may also encourage partners to recognize and make use of the continent's enormous potential and the vast scope for investment in its real economy. As such, it presents a unique opportunity to address some of the blockages that have been constraining Africa's growth and development for decades.

Against this backdrop, we will begin this report by looking back to assess the progress Africa has made over the last year before detailing how the global recession threatens to reverse it. We will then look ahead and identify how African leaders and their international partners can mitigate the impact of the crisis on their economies and people, and ensure that Africa can realize its potential to contribute to global recovery. Given the diversity of the continent's 53 states and the disparate structure of their economies there is no single policy solution – one size certainly does not fit all. However, there are a number of broad measures that we believe will help African leaders to make the most out of their circumstances and allow for the optimal support of the international community.

In the process, we will also raise critical issues like reform of the international institutional architecture, the need for development partners to honour aid commitments, both in terms of quantity and quality, the responsibility of the private sector to contribute to the achievement of MDG-based targets and good governance, and the increasingly important role of emerging partners like China, India and Brazil in Africa's development dialogue. Most importantly, however, we will emphasize the imperative for African leaders to assume the responsibility for realizing their peoples' aspirations and potential.

Part I
A Year of Unsteady Progress

Looking back at the last year in Africa, we note that many positive results have been achieved which are often at risk of being overlooked. Enormous challenges remain, however, if African countries are to meet their MDG-based targets, particularly in light of the global economic downturn. This section will briefly summarize the main developments in the areas of (1) economic growth, (2) governance, (3) education, (4) health, (5) peace and security, (6) food and nutrition security, (7) climate change adaptation and mitigation, and (8) development finance since the publication of last year's report.

ECONOMIC GROWTH

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

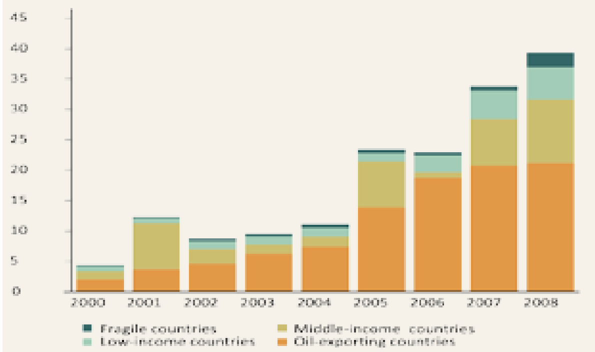
The crisis has also reversed the dramatic increase in energy and food prices that had such a profound and mixed impact on many African countries over the last year. With the price of a barrel of oil, for example, having halved since late 2008, those countries exporting oil now face enormous income shortfalls, while those needing to import it have seen their purchasing power increased. Crisis-related second-round dynamics, such as the sudden drop in commodity prices are beginning to impact on national revenues, terms of trade, inflation and general developmental prospects, some of them positively, many of them negatively.

These developments originate from outside the African continent and mask the significant structural improvements made over the last year. Many African countries have worked hard to achieve macroeconomic

Many African countries have worked hard to achieve macroeconomic stability, including stable and low inflation and debt sustainability, pursue sound economic policies, and reinforce their institutions.

SUB-SAHARAN FOREIGN DIRECT INVESTMENT

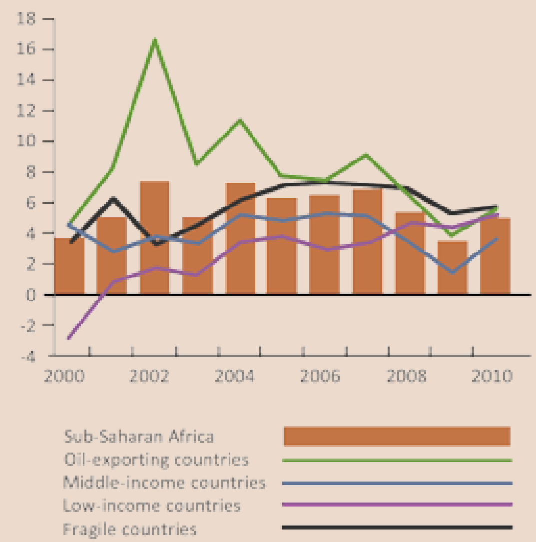
(IN BILLIONS OF USD)



Source: IMF 2009c

SUB-SAHARAN AFRICA: GDP GROWTH

(IN PERCENT)



Source: IMF 2009b

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

According to the World Bank's Doing Business Report 2009, African governments have implemented more business-friendly reforms over the last year than in any previous year covered. Four African countries feature among the top ten reformers in the report, which also found that twenty-eight countries had implemented a total of fifty-eight reforms that made it easier to start a business. Improvements have also been made in commercial law, property rights and investor protection.

Development partners have contributed to this success by helping to promote investment, to improve the business environment, and to develop financial markets through initiatives like the Enhanced Private Sector Assistance (EPSA) for Africa, the Foreign Investment Advisory Service of the International Finance Corporation, the NEPAD/OECD

Entrepreneurs in Africa face greater regulatory and administrative burdens, and less protection of property and investor rights, than entrepreneurs in any other region.

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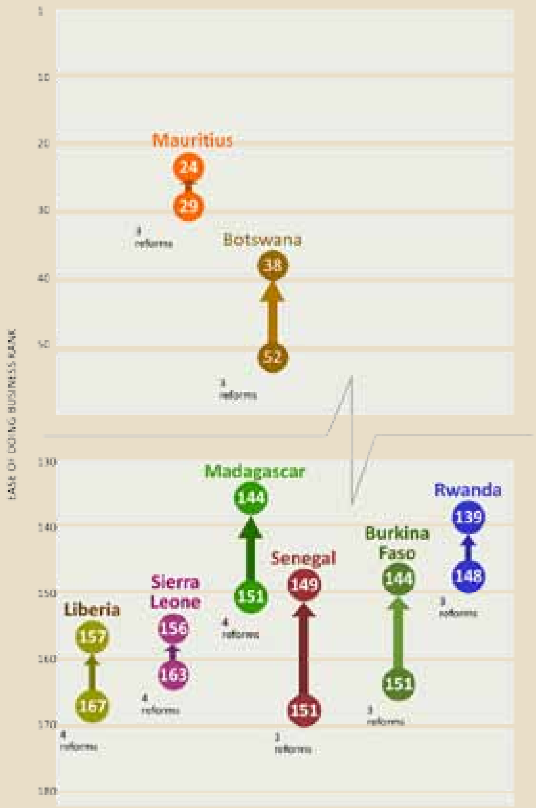
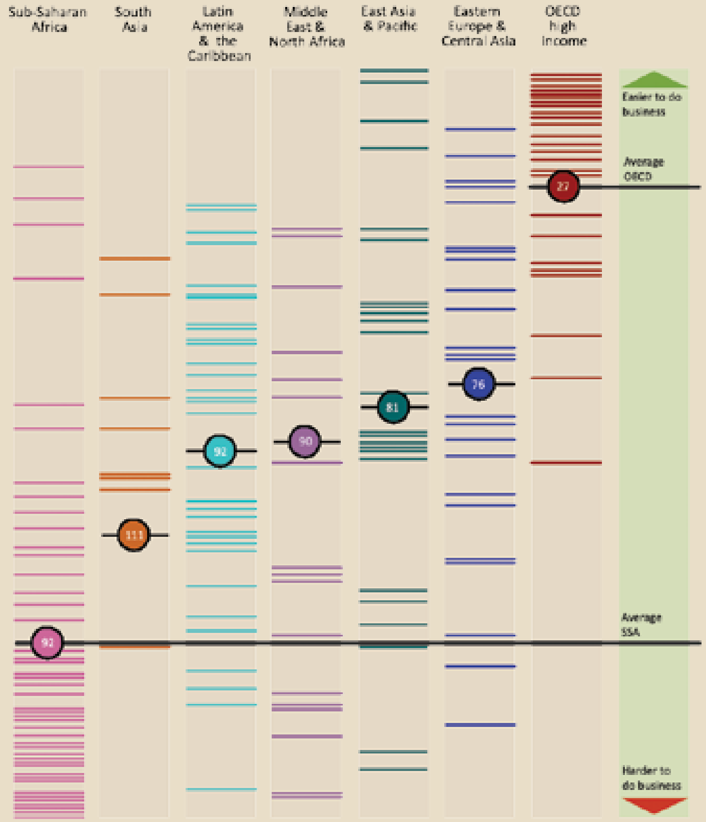
AFRICAN COUNTRIES REFORM AND RISE IN THE EASE OF DOING BUSINESS RANKING



Source: World Bank 2009a

EASE OF DOING BUSINESS RANKING PER REGION



Source: World Bank 2009a

Africa Investment Initiative, the Investment Climate Facility, and the Partnership for Making Finance Work for Africa (UNECA/OECD, 2009).

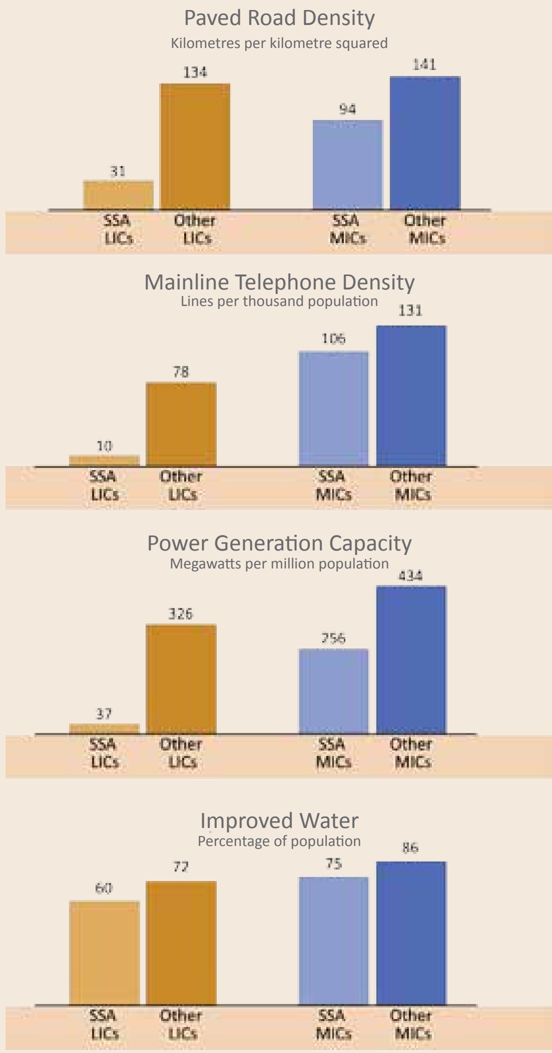
While the business climate in Africa has improved substantially over the last year, the cost of doing business in Africa is still the highest in the world. Entrepreneurs in Africa continue to face greater regulatory and administrative burdens, and less protection of property and investor rights, than entrepreneurs in any other region. They also continue to struggle with inadequate infrastructure which in many areas of the continent restricts their entrepreneurial potential to a bare minimum (Centre for Global Development, March 2009). The World Bank, for example, estimates the infrastructure constraint on doing business reduces the productivity of Africa's firms by as much as 40%.

The lack of sufficient and reliable transport and energy infrastructure not only reduces business-efficiency, it also limits the volume of regional and international trade and hampers regional integration. The Africa Infrastructure Country Diagnostic reports that for most countries the negative impact of deficient infrastructure is at least as large as that associated with crime, red tape, corruption, and financial market constraints (AICD, 2009). Despite the obvious need for progress in this sector, persistent financing constraints mean that Africa continues to lag behind other regions, particularly in the area of sanitation, electricity and rural road access (AfDB, 2009).

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

Addressing the infrastructure challenge is made more difficult by the current economic crisis. Previous crises have shown that infrastructure is among the expenditure categories cut most severely by governments under financial stress. Such responses come at great developmental cost as subsequent rehabilitation of facilities is exponentially more costly than regular maintenance, while inadequate infrastructure slows economic recovery and poverty reduction. Making sure that vital spending is maintained without sacrificing macroeconomic and fiscal prudence is one of the great challenges for African policy-makers in the year to come.

SUB-SAHARAN AFRICA: LAGGING BEHIND IN INFRASTRUCTURE



Source: Foster 2008

GOVERNANCE

It has been a very mixed year for governance in Africa. On the one hand, there has been progress with respect to overall accountability, political liberalization, and economic management. Multi-party elections have become more regular, with particularly encouraging electoral processes in Ghana, South Africa, and Zambia. To date, twenty-nine countries have voluntarily acceded to NEPAD's African Peer Review Mechanism (APRM), fifteen have launched reviews, and five countries are actively implementing the Extractive Industries Transparency Initiative (EITI) which is designed to monitor the use of funds earned from oil and other natural resources. The scope of political representation has widened and efforts have been made through constitutional provisions to reflect the diversity of African societies in organs of government, especially in the executive and legislature. The growing role of civil society in many countries is also a great sign of progress as non-governmental organizations and other citizen groups are increasingly holding governments accountable for their actions.

Data from the World Bank's Governance Indicators Project, UNECA's Africa Governance Report 2008, Freedom House, and from Transparency International attest to this progress. Average scores in the Ibrahim Index of African governance, for example, have risen from 52.7 in 2002 to 55.8 in 2008, with 31 out of 48 sub-Saharan countries improving their governance performance over this period. On the sixtieth anniversary of the Universal Declaration of Human Rights, it is notable that the largest improvements are in the categories of political participation and human rights. In some countries, such as Liberia, with the continent's first elected female head of state, the change has been transformational.

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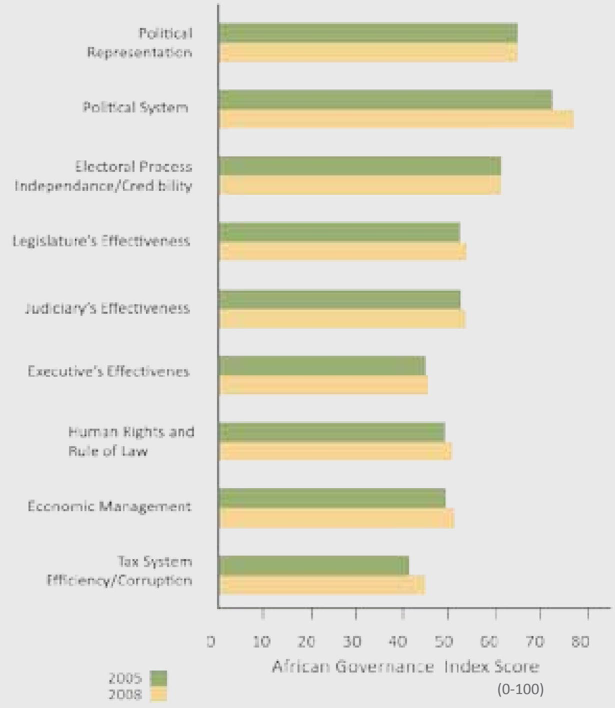
On the other hand, there have been glaring setbacks such as the coups in Guinea, Guinea-Bissau, Mauritania and Madagascar, or the refusal of most African states to support the indictment of Sudan's President Omar al-Bashir by the International Criminal Court (ICC). The power-sharing deals in Zimbabwe and Kenya are fragile, the quality of elections remains suspect in many countries (with a continuing tendency to re-elect the incumbent), and adherence to constitutionalism and the rule of law are still not entrenched everywhere. 18 out of Africa's 53 states remain governed by rulers with military roots and even though there have been notable breakthroughs in anti-corruption investigations and convictions in several countries, corruption also remains a major challenge. The AU estimates that corruption is costing the continent nearly $150 billion a year, and the AfDB estimates that it leads to a loss of around 50% of domestic tax revenues thus significantly curtailing the ability of African governments to fund vital public and social services.

GOVERNANCE SCORES HAVE IMPROVED BETWEEN 2005 AND 2008



Source: UNECA 2005 and 2008

EDUCATION

The picture on education is equally mixed. In the second year of Africa's Second Decade of Education, many countries have committed to a wide-ranging agenda, including tertiary and vocational education and scaled up domestic resources allocated to education. Almost half of African countries (23) have developed national education plans endorsed by the World Bank's Education for All Fast Track Initiative (FTI), and around a third (17) have already formulated long-term plans to achieve Education for All, outlining available domestic resources and external funding needs as agreed at the Abuja Financing for Development Conference in 2006. African countries have also made considerable progress in increasing access to education – net primary enrolment, for example, has grown at the fastest rate of any region – and reaching gender parity at primary level by 2015. Fifteen countries had already achieved this by 2008.

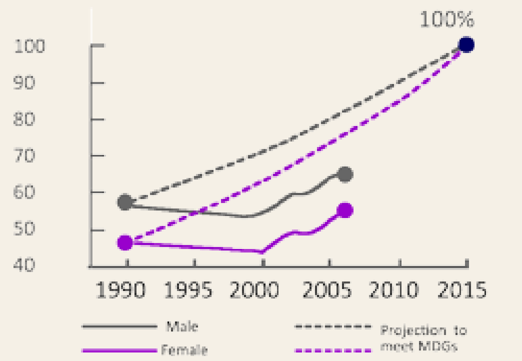
However, enormous challenges remain. The primary enrolment rate is still the lowest in the world. 49 million children remain out of school, the female illiteracy rate is the highest of any region, completion rates are much lower than enrolment rates and secondary and tertiary intake rates in sub-Saharan Africa remain as low as 32 percent and 5 percent respectively. Despite the establishment of trusts like the Education Programme Development Fund and the Extended Catalytic Fund, public and private investments in education are still far below the required levels, with the financing shortfall for the FTI alone estimated to be in the region of $2 billion annually (UNECA/OECD, 2009).

African countries have made considerable progress in increasing access to education – net primary enrolment, for example, has grown at the fastest rate of any region and the following fifteen countries have already achieved gender parity at primary level by 2008:

Botswana	Mauritius	Seychelles
Gabon	Namibia	Uganda
Ghana	Rwanda	United Republic of Tanzania
Kenya	São Tomé and Príncipe	Zambia
Lesotho	Senegal	Zimbabwe

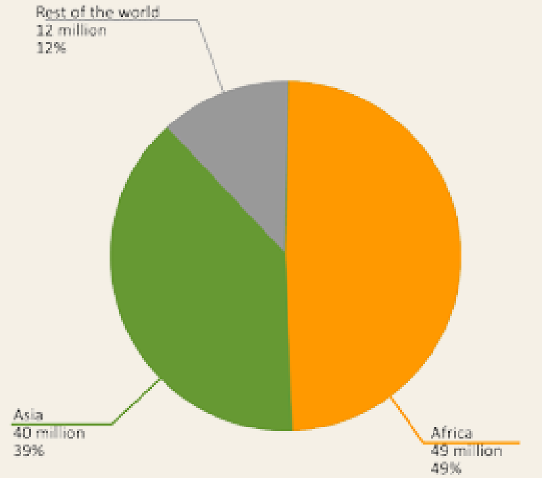
EDUCATION INDICATORS SHOW PROGRESS BUT MUCH REMAINS TO BE DONE.

Percent of Children Completing Primary School



Source: World Bank 2009b

Primary-School-Age Children Out of School 2007



Source: UNICEF Global database

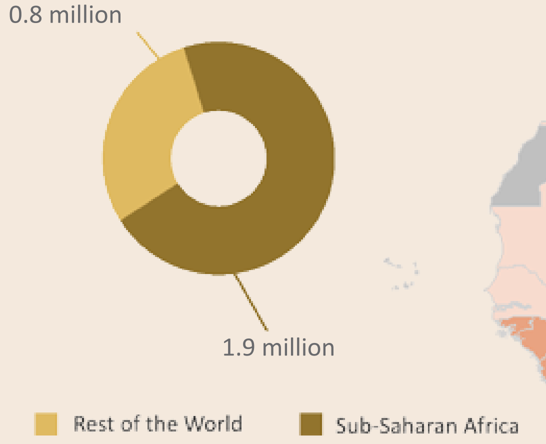
HEALTH

The last year has seen some very positive developments in Africa's health sector. For instance, Heads of State and Government endorsed an Africa Health Strategy for the period 2007-2015 which aims to strengthen the quality and coverage of the continent's health systems. The WHO launched an effort to maximize positive synergies between global health initiatives like the Global Alliance for Vaccination and Immunization (GAVI) and national health systems. Financing for health has also increased significantly, with the US having made a particularly significant contribution through its Presidential Emergency Plan for AIDS Relief (PEPFAR). Innovative financing mechanisms like Advance Market Commitments, the UNITAID airline ticket solidarity tax, and the International Financing Facility for Immunization (IFFIm) have been launched to bridge existing and expected funding gaps.

Several African countries appear to have significantly reduced their AIDS prevalence rate and a growing number of Africans living with the virus and requiring anti-retrovirals are undergoing treatment. Three countries have achieved the goal of treating at least 50 percent of their AIDS-afflicted population. Two thirds of African countries have adopted policies that include the use of drugs that are effective against malaria and Ethiopia, Rwanda, Tanzania and Zambia have achieved particularly impressive reductions in malaria-related mortalities.

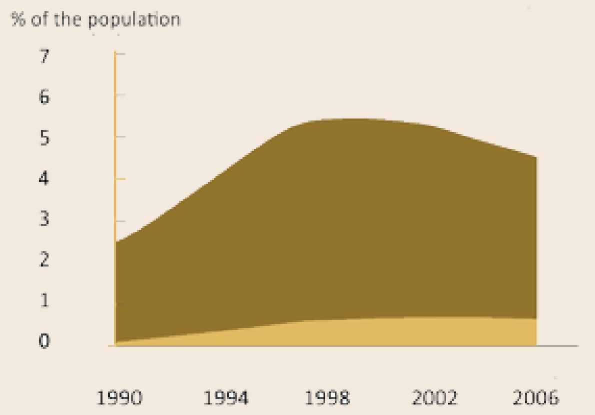
HIV/AIDS IN AFRICA

Distribution of New Infections in 2007



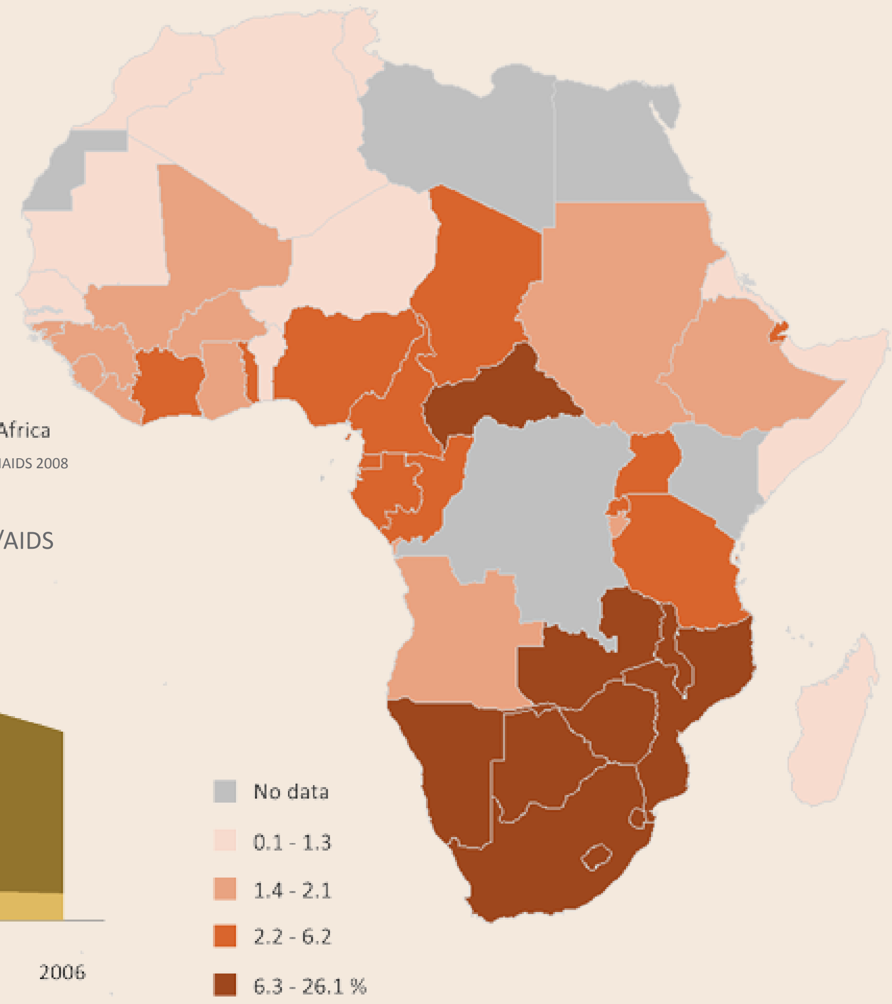
Source: UNAIDS 2008

Percentage of the Population with HIV/AIDS



Source: OECD/UNECA 2009

Adult HIV/AIDS Prevalence Rate (15-49 years)



Source: UNICEF SOWC Database 2009

APP Publication on Maternal Mortality

(Forthcoming)

There is no mystery about what measures are required to tackle maternal mortality. There are many examples of dramatic improvements in maternal health, including in severely resource-constrained environments in Africa and beyond. The Africa Progress Panel is preparing a policy brief targeted at African leaders and decision-makers in both the public and private sectors on what can and needs to be done to accelerate progress on MDG 5. This will make the case that maternal health is not just a public health issue, set out the costs of failure and benefits of success, provide relevant examples of progress, identify the blockages, and encourage the formation of new coalitions to overcome them.

Despite this progress, achieving MDG-based targets on health by 2015 will be difficult. Many of Africa's health systems remain under-funded, under-staffed and ill-equipped. African health indicators are the lowest in the world. More than two-thirds of people living with AIDS are in Africa, and more than one million people, mostly women and children, die each year due to malaria. Improvements in under-five mortality and maternal mortality have been very small, leaving most African countries significantly off-track to achieve the health MDGs: a pregnant woman in Africa is 180 times more likely to die of pregnancy complications than her European counterpart. At the current pace, the child mortality goal will not be achieved until 2045, our promise on maternal health will not be fulfilled at all, and in some regions maternal mortality rates will actually become worse (Global Campaign for the Health MDGs, 2008).

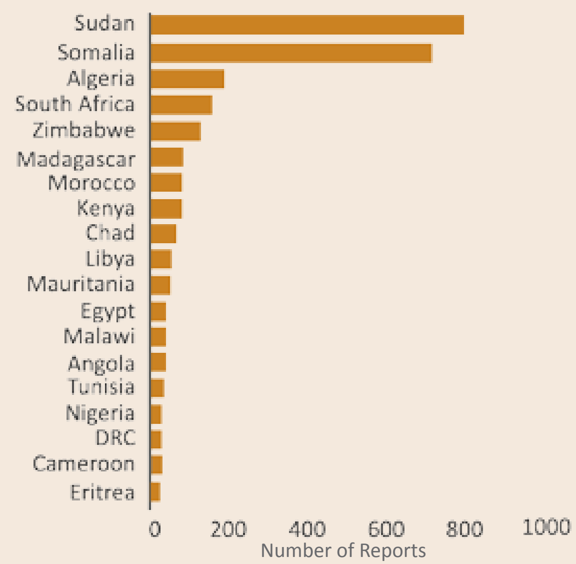
By 2008, only a handful of countries, including Botswana, Tanzania and Uganda had met the Abuja target of allocating 15 percent of their budget to health and more than half allocated less than 10 percent (UNECA-OECD, 2009). The result is that the startling contrast with other regions in areas such as the number of health care workers per 10,000 people (13 compared to an average of 115 in high-income countries), access to health care, and vaccination coverage remains a clear sign of insufficient progress towards MDG-based targets. Unfortunately, the Global Fund which has shown that it could help to address some of these challenges currently faces a funding shortfall of around $4 billion for the period 2008-2010.

PEACE & SECURITY

The media coverage of the wars, rebellions and counter-rebellions in the Great Lakes Region, the never-ending conflicts in Darfur, Somalia and the Democratic Republic of Congo (and the AU's inadequate response to it), the recent coups in Guinea, Guinea-Bissau, Mauritania and Madagascar, the surge of piracy around the Horn of Africa, the insurgency in the Niger-Delta, and the uneasy truces in

CRISIS COUNTRIES ARE FAR MORE VISIBLE IN THE INTERNATIONAL MEDIA

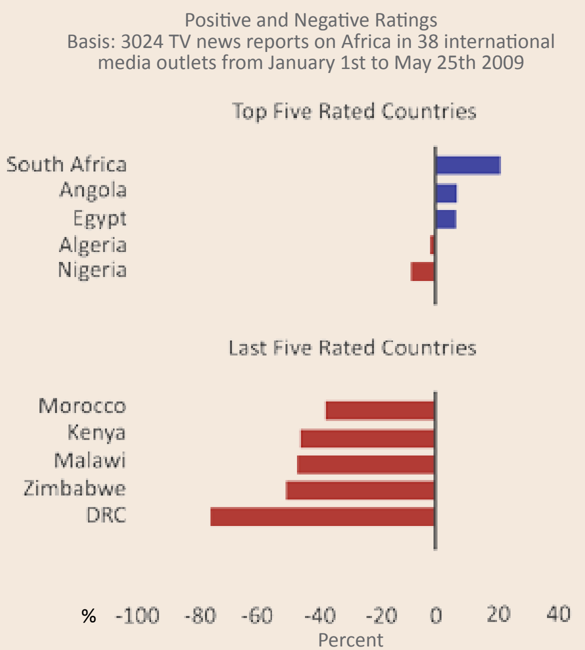
Basis: 3024 TV news reports on Africa in 38 international media outlets from January 1st to May 25th 2009



Source: Media Tenor 2009

Zimbabwe and Kenya would suggest that there has been no improvement in the security situation over the last year. In fact, it too often gives the impression that Africa is inextricably enmeshed in conflict.

While it is true that Africa continues to have the largest number of armed conflicts of any region and around one fifth of the continent's population still lives in conflict zones, there have been a number of positive developments over the last year. The member states of the AU, for example, have made tangible progress in operationalizing the African Peace and Security Architecture (APSA) as a unique framework for joint action. Several of the five regional brigades making up the African Standby Force (ASF) are nearing completion ahead of schedule, the Continental Early Warning System (CEWS) is almost operational, the Panel of the Wise is meeting regularly, and capacity-building support from international actors like the EU and the UN has increased (Franke, 2009). The regional economic communities have also continued to harmonize their security mechanisms in an effort to complement the continental initiatives of the AU, and there has been an increase in intergovernmental cooperation to tackle shared challenges like cross-border crime, drug trafficking and transnational terrorism. One example is the unprecedented cooperation between the armies of Rwanda and DRC to contain the insecurity that has characterized the border between them since the genocide in Rwanda 15 years ago.



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APP Publication on Smart Subsidies (Forthcoming)

Last year's spike in international food and fertilizer prices has underlined the vulnerability of poor urban and rural households in developing countries, particularly in Africa. "Smart" input subsidies are seen as one way to reduce this vulnerability, though subsidies remain controversial. Smart subsidies are designed to have a significant impact on the production and availability of food in the short run while stimulating growth and rural development and increasing (or at least not suppressing) demand for and distribution of inputs in the longer run. The APP is preparing a policy brief on the need for such subsidies in partnership with AGRA and a network of African policy experts.

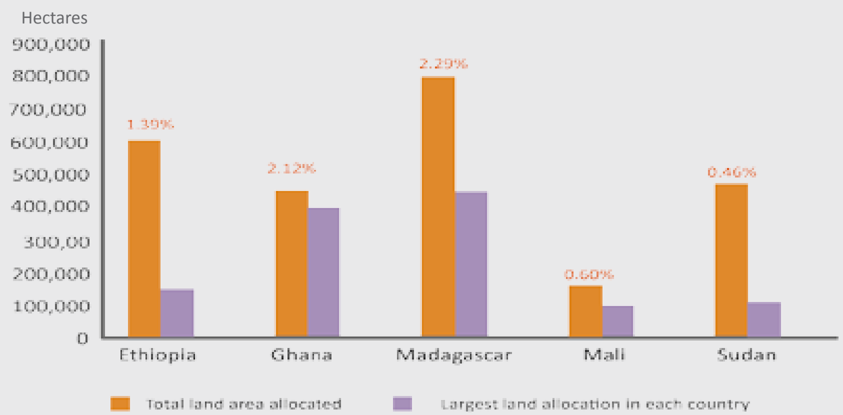
FOOD AND NUTRITION SECURITY

International food prices have fallen sharply since last year's spike in response to economic recession, increased supplies and revised expectations. However, recent FAO data and analysis show that food prices on domestic markets have fallen less, or even not at all, in several developing countries and that food crises persist in at least 32 countries around the world, 20 of which are in Africa.

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

The nutritional needs of poor people are also still not receiving the attention they deserve. Old problems like unfair trade rules, under-investment in agriculture, and the influence of bio-fuel demand for food crops are now combining with the effects of the economic crisis and

LAND ALLOCATED TO FOREIGN INVESTORS
2004 - 2009
(IN PERCENT OF AVAILABLE ARABLE LAND)

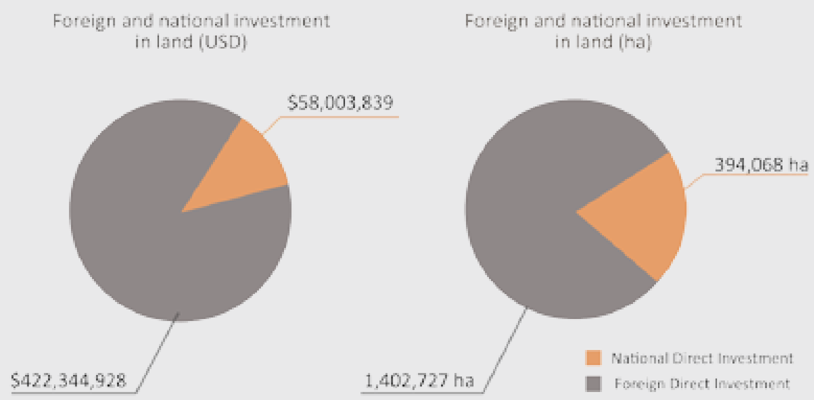


Source: Cotula et al. 2009

climate change to threaten even more people on the continent with acute hunger and malnutrition. At their meeting in April 2009, the G8 Ministers of Agriculture acknowledged that the world is increasingly unlikely to reach the goal of halving the number of people facing chronic hunger by 2015.

Over the last year, African countries have slowly pushed ahead with reforms of their agricultural sectors. Recent data shows that only eight countries have met the Maputo target of 10 percent of public expenditure allocated to the agricultural and rural sectors (UNECA/OECD, 2009). On the intergovernmental level, they have continued to develop initiatives like the Comprehensive Africa Agriculture Development Programme (CAADP) and its Framework for African Agricultural Productivity (FAAP), the African Fertilizer Development Financing Mechanism (AFFM), and a new Agricultural Investment Fund under the auspices of the African Development Bank. Given the continuing urgency of food and nutrition security issues, the forthcoming summit of the AU's Heads of State and Government will be dedicated to "Increasing Investment in Agriculture for Economic Growth and Food Security".

DISTRIBUTION OF FOREIGN AND NATIONAL INVESTMENT IN LAND
ETHIOPIA AND MALI 2004 - 2009
(COMBINED)



Source: Cotula et al. 2009

Donors are stepping up their support too. The World Bank, for example, has announced a substantial increase of its support to African agriculture from $250 million to $400 million. However, the challenges remain enormous. Africa's yield per hectare for food crops is less than half the level in developing countries, its soils remain the most depleted, less than 10 percent of its arable land is irrigated, and fertilizer remains scarce (8kg per hectare as compared to a global average of over 100kg per hectare).

The recent surge of large-scale acquisitions of African farmland by international investors presents African policymakers with yet another challenge. While the deals reaching up to individual sizes of more than 400,000 hectares may promise jobs, investments in infrastructure and technology spill-over, data recently compiled in a joint report of the Food and Agricultural Organization, the International Fund for Agricultural Development, and the International Institute for Environment and Development highlight the potential risks. Not only may such large scale land acquisitions result in the displacement of local people and lead to civil strife as was the case in Madagascar, but the high proportion of products destined for export, as well as the long duration of the leases, suggests that these deals may actually exacerbate Africa's food insecurity. Similar to other extractive situations, there is a need for African governments to find the right balance between perceived macro-level benefits and the protection of their people.

APP Publication on Climate Change
May 2009

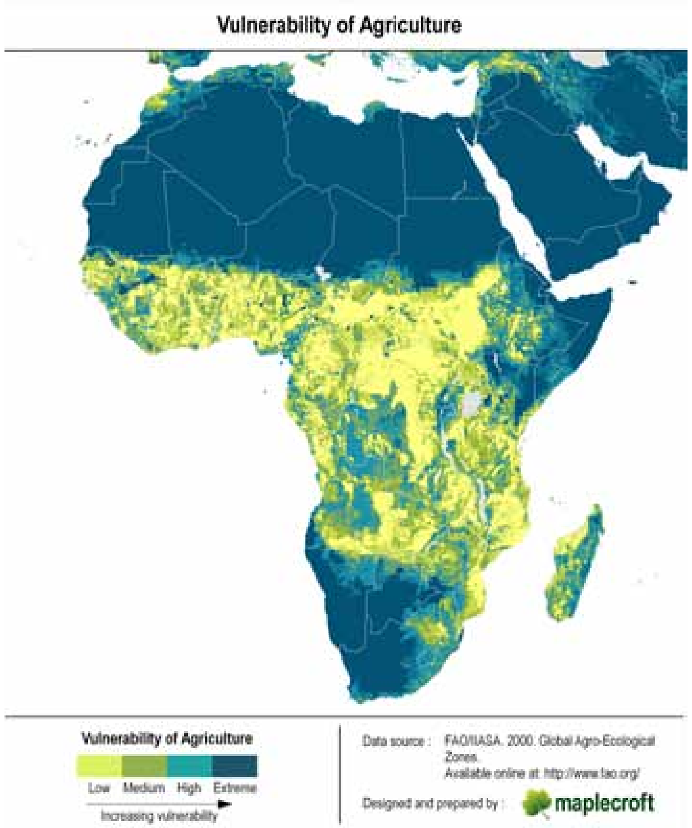
This APP publication was prepared in partnership with the United Nations Environment Programme (UNEP), African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) and in consultation with the Economic Commission for Africa and the African Development Bank as input to meetings of African Ministers of Finance, of Environment, and of AU Heads of State in July. The purpose of the publication was to support African leaders in developing a strong common African position on climate change in the run-up to and at the Copenhagen Conference in December 2009. Such a common position is necessary to ensure that Africa's special needs in terms of financing, technology transfer and technical support required to adapt to climate change and seize mitigation opportunities are acknowledged and met.

CLIMATE CHANGE

The evidence is clear. Climate change is a reality that is already affecting the lives of millions of Africans by reducing agricultural production and food security, increasing water stress, facilitating the spread of diseases, increasing the risk of droughts, flooding and mass-migration, as well as by eroding coastal habitats and valuable agricultural space through rising sea levels. This reality is threatening to overwhelm fragile communities and push millions of Africans even deeper into poverty. Research conducted by Oxfam projects that by 2015 substantially more people may be affected by natural disasters as a result of climate change (Oxfam, April 2009), and more people will be vulnerable to them because of their poverty or location. According to International Alert, 23 African countries will face "a high risk of violent conflict" when climate change exacerbates traditional security threats. A further 14 African countries face "a high risk of political instability".

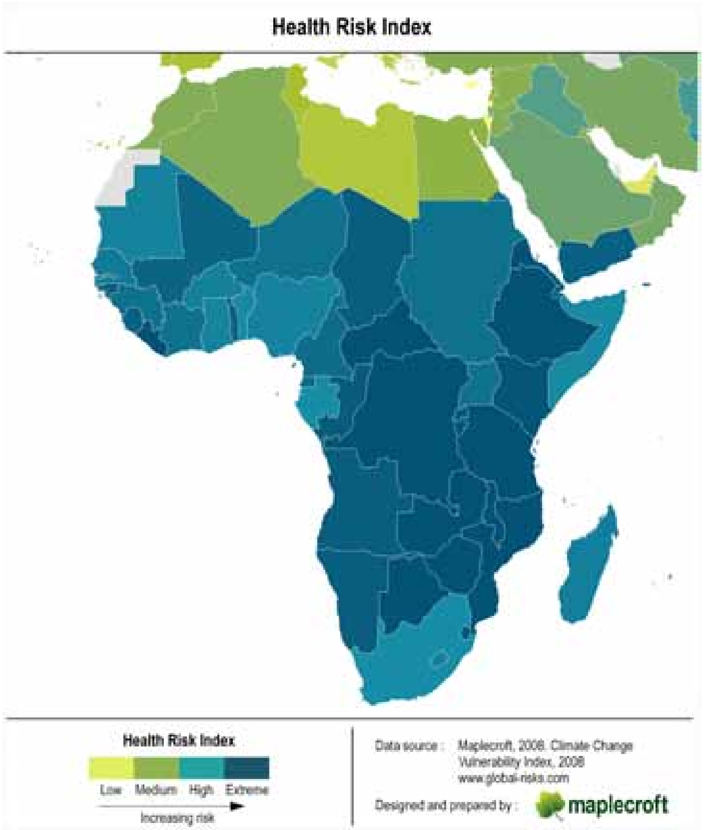
Climate change is affecting the revenue and expenditure side of national budgets. It cannot be treated solely as an environmental issue but needs to be seen as integral to growth and development strategies, both to ensure that risks are managed and opportunities such as investments in renewable energy and low carbon growth are seized. While 22 countries have completed their National Adaptation Programmes of Action (NAPA) and many are pursuing reforms to encourage sustainable land management and combat deforestation, few have reviewed their national development plans from a climate change perspective.

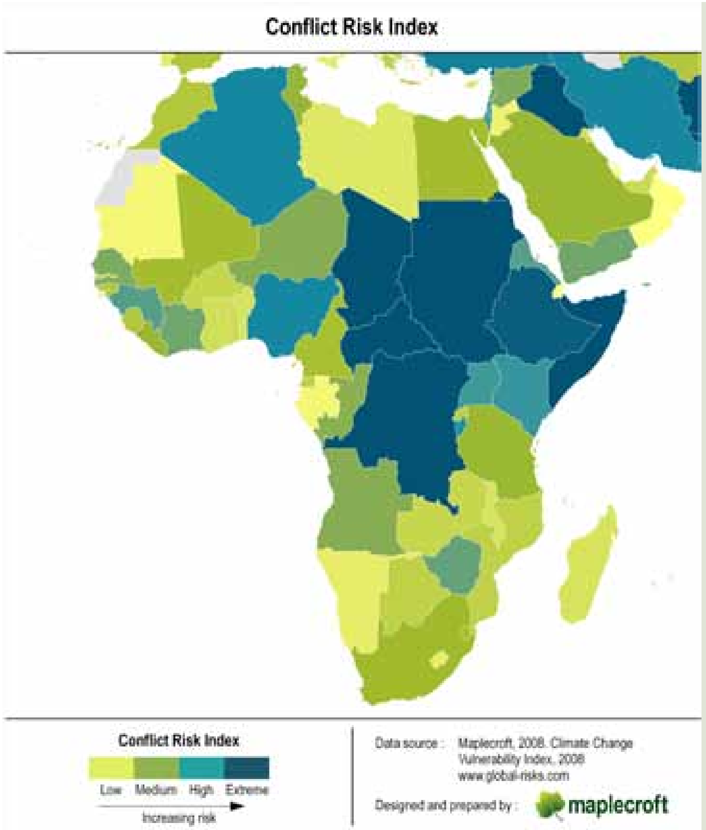
On the inter-governmental level, the African Ministerial Conference on the Environment (AMCEN) has held meetings in Johannesburg (June 2008), Algiers (November 2008), and Nairobi (May 2009) to formulate a common African position on climate change in the run-up to the Copenhagen Conference in December 2009. The body has also decided to create an Africa Climate Policy Centre at



UNECA as well as a comprehensive framework of African climate change programmes, bringing together existing and new intergovernmental decisions, initiatives and programmes in a consolidated manner. Other noteworthy developments include the launch of the Congo Basin Forest Fund, the World Bank's pilot programme for climate resilience in Mozambique, Niger and Zambia, and the financing of projects aimed at reversing land and water degradation and establishing observatories for monitoring the environment by the Global Environment Facility.

Much remains to be done. Resources from the Clean Development Mechanism (CDM) which helps to promote low emission projects in developing countries, for example, have so far bypassed Africa completely (less than 30 out of 1,400 projects supported were in Africa) and the Reduced Emissions from Deforestation and Forest Degradation (REDD) scheme is yet to lead to graspable results.





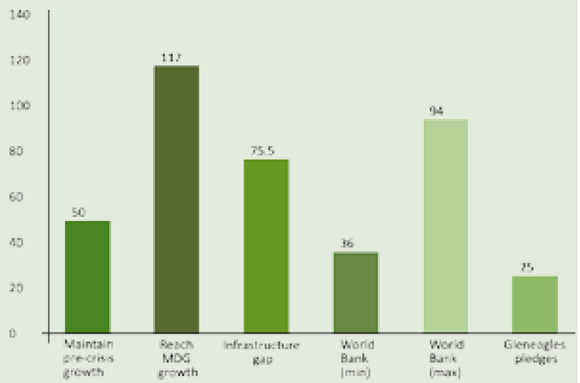
African countries have continued to adapt to the climate change challenge. They have carried out reforms to encourage sustainable land management and developed regional plans to combat desertification. Twenty-two countries have completed their National Adaptation Programs of Action (NAPA) and a number of them have established national disaster management organizations.

DEVELOPMENT FINANCE

The last year was a busy one for development finance in Africa. In July 2008, the recommendations of the MDG Africa Steering Group were launched at the AU Summit in Egypt. This was closely followed by the G8 Summit in Hokkaido, Japan, where leaders renewed their 2005 Gleneagles ODA commitments to increase development assistance to Africa by $25 billion a year by 2010. A Forum on Aid Effectiveness was held in Accra in late August. In September 2008, a high-level meeting on Africa's development needs was held, closely followed by the UN MDG meeting at which an estimated $16 billion in commitments was announced. The G20 Summit in Washington in November 2008 reaffirmed the development commitments made and the Doha Conference on Financing for Development held in late November 2008 was another key opportunity to strengthen the commitment of countries, inter-governmental agencies and the private sector to eradicate poverty and accelerate progress on the MDGs.

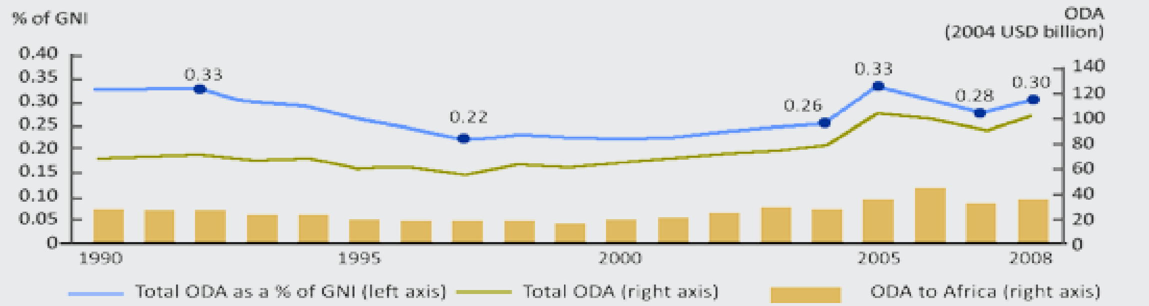
While the G8 as a whole continues to be significantly off track with respect to its aid commitments to Africa, the 11 percent increase in aid to Sub-Saharan Africa to $36.7 billion announced by the OECD's Development Assistance Committee (DAC) in March 2009 makes a welcome break from the declines in 2006 and 2007. At the same time, aid from non-DAC donors like China, India and Brazil and private actors, particularly foundations and businesses, is becoming increasingly important, with official numbers for private giving having risen to as much as $18.6 billion. Innovative financing approaches and leveraging have generated additional finance.

FINANCING GAPS VS AID PLEDGES TO AFRICA
(IN BILLIONS OF USD)



Source: Committee of African Finance Ministers and Central Bank Governors March 2009

DAC MEMBERS' NET ODA 1990-2008

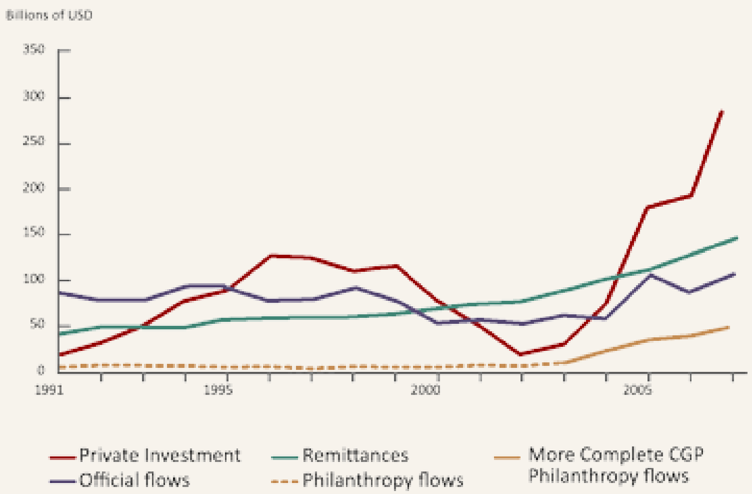


Source: World Bank 2009b

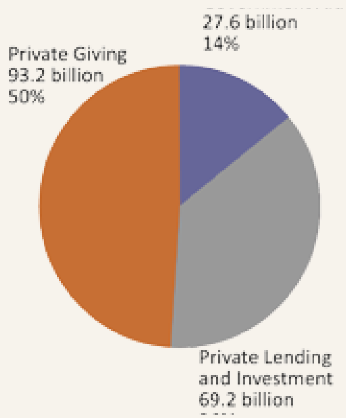
Private giving

Over the last years, charitable giving to developing nations by individuals, foundations, companies and other organizations has increased rapidly, in some countries such as the US even dwarfing official development assistance. According to the Index of Global Philanthropy and Remittances 2009 (Center for Global Prosperity, 2009), Africa continues to be the greatest beneficiary of this surge. Despite the global recession and an average loss of 30 per cent of foundation assets, private giving is not expected to decline significantly in 2009. The spread of innovative models of charitable giving such as technology transfers and the projected decline of official development assistance and remittances may actually mean that its share of total capital inflows will increase even further.

PRIVATE GIVING, PHILANTHROPIC AND REMITTANCE FLOWS FROM OECD COUNTRIES 1991-2007



AMERICAN PRIVATE GIVING EXCEEDS US GOVERNMENT AID



Source: Center for Global Prosperity, Hudson Institute 2009

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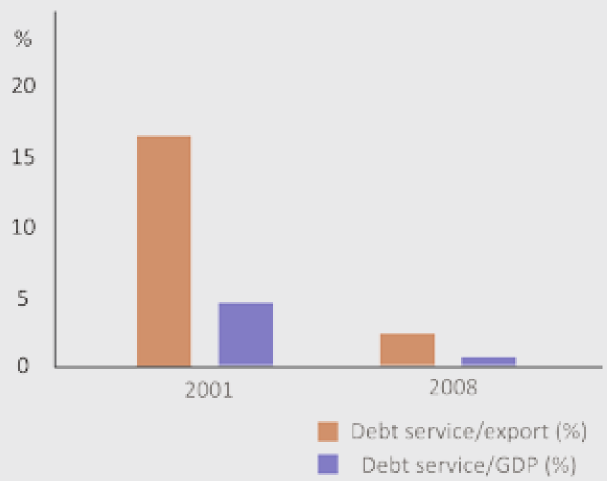
FALLING DEBT SERVICE BURDEN FOR HEAVILY INDEBTED AFRICAN COUNTRIES



UNECA 2009

Significant progress has also been made in reducing the burden of external debt. Of the 27 African countries that have been accepted for debt relief under the Highly-Indebted Poor Countries (HIPC) programme, 19 have reached the completion point by early 2009 and therefore qualify for irrevocable debt relief.

These positive developments notwithstanding, the prospects of reaching the Gleneagles target ($130 billion per year by 2010) remain uncertain. In fact, the financial crisis and its aftermath risk reversing some of the recent gains. Several countries, including Italy and Ireland, have already announced significant cuts in their ODA in response to budgetary pressures. Crisis-related effects such as exchange rate movements and falling gross national incomes (on which ODA calculations are based) are bound to put further downward pressure on overall aid commitments.

With respect to the quality of aid, the implementation of the Paris and Accra Declaration commitments has been slow. The latest OECD monitoring survey shows that on average only 45 percent of aid is delivered on schedule and there remain problems in key areas of aid effectiveness, including significant medium-term unpredictability, a lack of alignment to country systems, a fragmented aid architecture and aid conditionality.

Debt relief

Despite the significant benefits that the HIPC and MDRI rounds of debt cancellation have brought, many countries are drifting towards additional borrowing, often for social investments, thus creating the potential for another accumulative debt crisis in the future. Among the 20 countries that have reached Completion Point in the HIPC process, eleven are now facing high to moderate risk of debt distress through re-accumulation (ONE/DATA Report, 2009). As the effects of the global financial crisis unfold in Africa, this figure is likely to increase further. This should be prevented by increasing the amount of development assistance given in the form of grants rather than loans, extending the cut-off date for HIPC debt relief from the end of 2004 to the end of 2008, encouraging conversion programmes like the Global Fund's *Debt2Health* initiative, creating a framework of legal standards to ensure that new debt is used to spark economic growth, and establishing a fair and transparent process for orderly debt workouts. At the same time, African governments need to restrict their borrowing and maintain macroeconomic prudence in order to ensure debt sustainability.

COUNTRIES THAT HAVE QUALIFIED FOR OR ARE ELIGIBLE OR POTENTIALLY ELIGIBLE AND MAY WANT TO RECEIVE HIPC INITIATIVE ASSISTANCE

(as of March 2009)

Post-Completion-Point Countries

Benin, Burkina Faso, Burundi, Ethiopia, The Gambia, Ghana, Cameroon, Mauritania, Mali, Mozambique, Malawi, Niger, Rwanda, Madagascar, Senegal, São Tomé and Príncipe, Sierra Leone, Tanzania, Uganda, Zambia

Interim Countries (between Decision and Completion Point)

Democratic Republic of Congo, Côte d'Ivoire, Chad, Central Africa Republic, Guinea, Guinea-Bissau, Liberia, Togo

Pre-Decision Point Countries

Comoros, Eritrea, Somalia, Sudan

Source: IMF 2009a

The Millennium Development Goals in Africa

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

	North Africa	SSA Africa
Reduce extreme poverty by half	low poverty	very high poverty
Productive and decent employment	large deficit in decent work (youth and women) moderate productivity	large deficit in decent work (youth and women) very low productivity
Reduce hunger by half	very low hunger	very high hunger

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

	North Africa	SSA Africa
Universal primary schooling	high enrolment	low enrolment

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

	North Africa	SSA Africa
Equal girls' enrolment in primary school	close to parity	almost 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

	North Africa	SSA Africa
Reduce mortality in under-five-year-olds by two-thirds	low mortality	very high mortality
Measles immunization	high coverage	moderate coverage

GOAL 5: IMPROVE MATERNAL HEALTH

	North Africa	SSA Africa
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

	North Africa	SSA Africa
Halt and reverse the spread of HIV/AIDS	low prevalence	high prevalence
Halt and reverse the spread of tuberculosis	low mortality	high mortality

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

	North Africa	SSA Africa
Reverse loss of forests	low forest cover	medium forest cover
Halve proportion of people without improved drinking water	high coverage	low coverage
Halve proportion of people 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

	North Africa	SSA Africa
Internet users	moderate usage	very low usage

- Already met the target or very close to meeting the target
- Progress sufficient to meet target if prevailing trends persist
- Progress insufficient to meet target if prevailing trends persist
- No progress or deterioration

Sources: United Nations Statitstics Division, 2008.

Embargoed for release on 10 June 2009 at 14:00 GMT+2

Part II
The Impact of the Global Crisis

Financial inflows are dropping, including levels of international assistance and remittances as the budgets of international partners and the Diaspora shrink and capital flees from the economic periphery to perceived safety in the West. In nearly all African countries, job losses are mounting, job creation is slowing and the number of working poor is increasing dramatically.

When the global meltdown was viewed as primarily financial, many thought that Africa might be spared. But this failed to recognize what globalization means, and how our economies, countries and fortunes are interconnected. Africa is now on the front line. Its countries are already experiencing reduced trade and economic activity, withdrawal of investors and an acute scarcity of credit. Tourist bookings are evaporating and vital infrastructure projects are being postponed or cancelled altogether. Financial inflows are dropping, including remittances and possibly levels of international assistance as the budgets of international partners and the Diaspora shrink and capital flees from the economic periphery to perceived safety in the West. In nearly all African countries, job losses are mounting, job creation is slowing and the number of working poor is increasing dramatically.

The forecasts paint an increasingly gloomy picture. As a result of the crisis, the IMF has reduced its growth forecast for Sub-Saharan Africa from 5.5 percent in 2008 to 1.7 percent in 2009. It also forecasts that a continued decline in economic activity could result in more than 53 million people being added to those living on less than $2 a day. The World Bank estimates that by the end of this year, the countries of sub-Saharan Africa will have lost expected incomes of at least $50 billion and the Institute of International Finance predicts an 82 percent decline of net capital flows to developing countries, from $929 billion to $165 billion, with Africa's share of this drop expected to be particularly severe. UNCTAD predicts that as a result of the anticipated poor performance of African economies, job creation will weaken, pushing unemployment rates higher and forcing more workers into the already large informal economy.

These are more than mere statistics. Every percentage fall in growth means a reduction in budget allocations for public services and reduced household incomes, with immediate social impacts – for example on nutrition levels, infant mortality and school attendance. Every person pushed back

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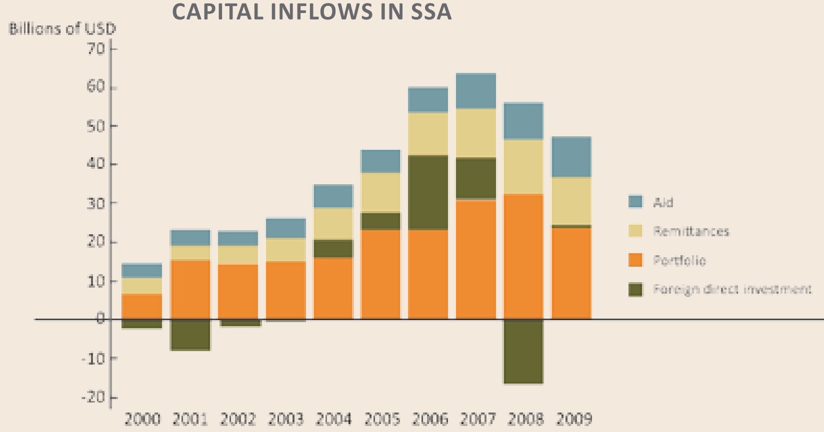
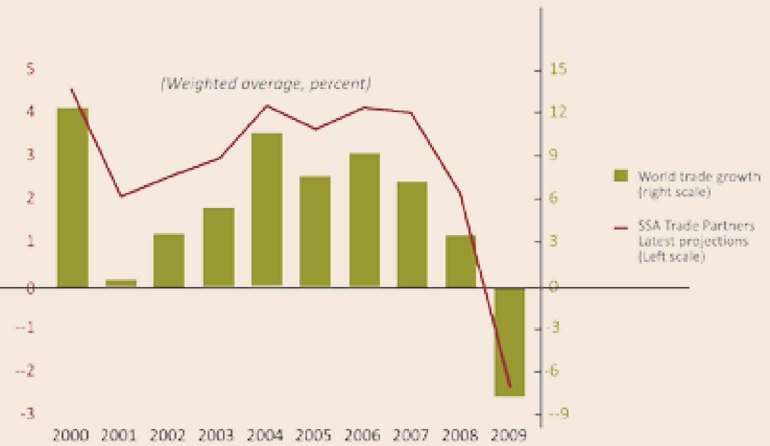
CAPITAL INFLOWS IN SSA



Source: IMF, 2009

GDP GROWTH IN RECIPIENTS OF SSA EXPORTS



Source: IMF, 2009

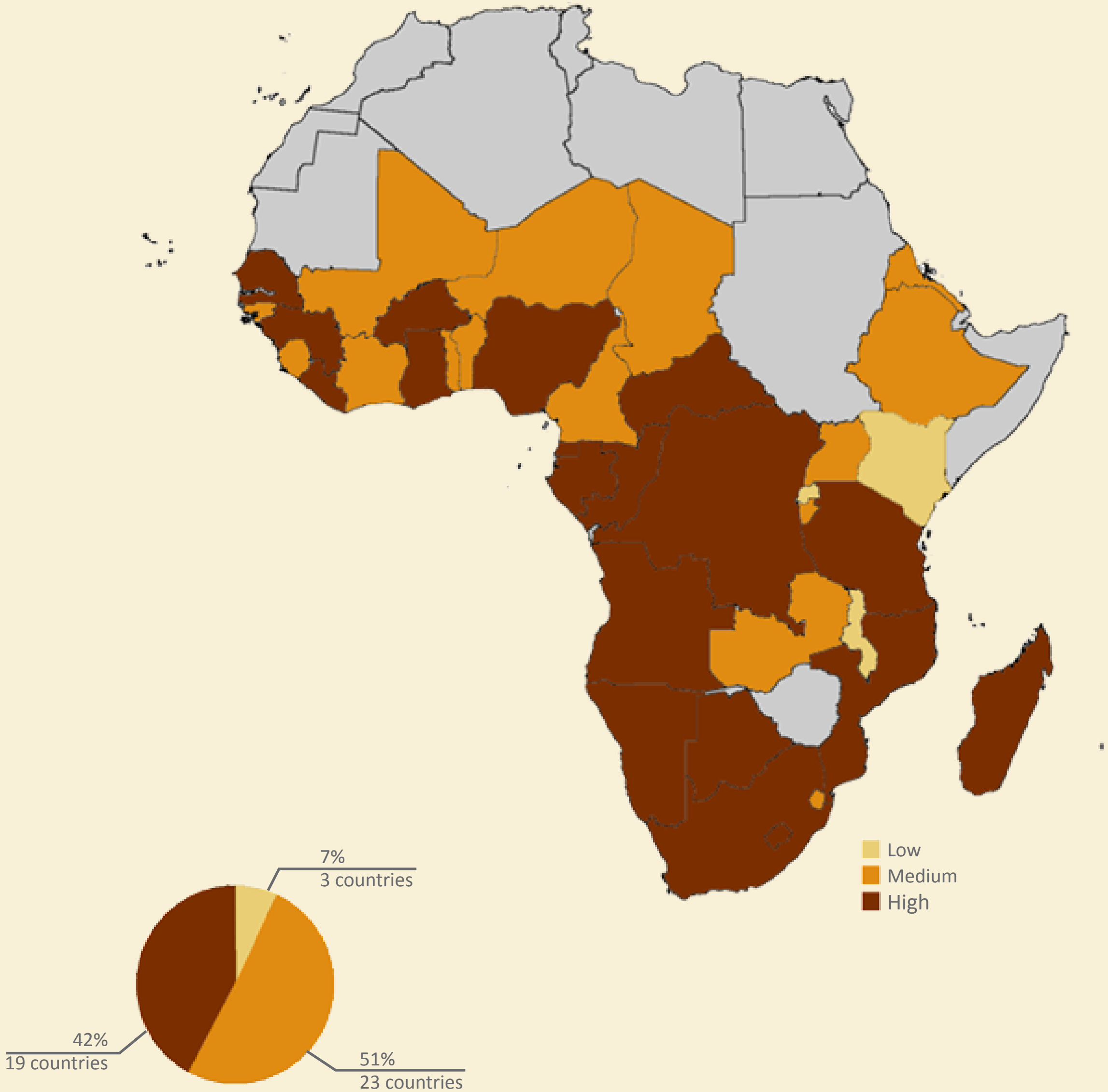
into poverty means another step away from achieving the Millennium Development Goals. Hard won gains in poverty alleviation, health, education and food security are now at risk of being reversed.

The impact of the crisis, its symptoms and the ability to cope will vary widely across the continent, its countries, regions and groups of populations. While the contraction in the volume of global trade, the dramatic shift in commodity prices and the drop in financial inflows will have strong effects across most of Africa, some countries are going to be hit harder than others. The degree of vulnerability and resilience of a country thereby relates to its dependence on export revenues and degree of integration into world trade, its dependence on external financial flows and transfers, and its capacity to react, which in turn depends on the overall quality of governance, availability of external reserves, external debt and margin to adopt fiscal stimulus measures.

With respect to trade, it will be the poorest countries of the continent that are hit particularly hard as they depend most on trade-related income. Countries like Lesotho, Swaziland and Cote d'Ivoire, where trade income makes up between 40 percent and 50 percent of fiscal revenues will not only find it difficult to maintain basic services like healthcare and education, but will also struggle to contain the resultant increase in social unrest and political instability.

With respect to falling commodity prices, net exporters of primary commodities like oil and metal will be the ones

THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON SUB-SAHARAN AFRICA



Source: IMF 2009b

hit hardest. Zambia, for example, is struggling with a 40 percent drop in copper prices which has already resulted in the loss of 8,100 mining jobs – that is more than 25 per cent of the 30,000 mining jobs lost globally in 2008. African Finance Ministers and Central Bank Governors estimate the shortfall in export revenues to amount to $251 billion in 2009 and $277 billion in 2010 for the continent as a whole, with oil exporters suffering the largest losses.

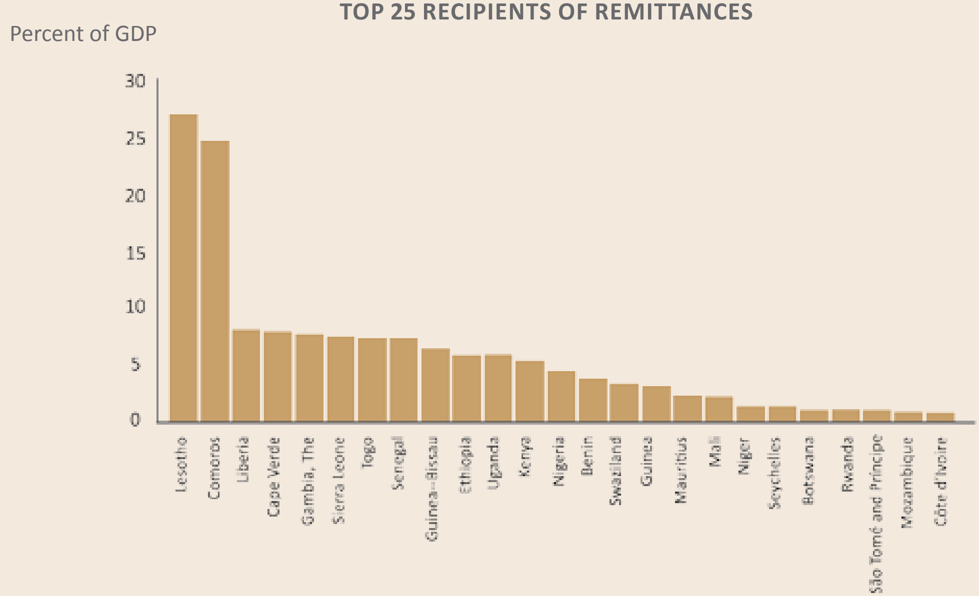
After increasing to record heights in 2007, global financial flows to Africa are set to drop dramatically over the coming year, potentially even turning negative (IMF, 2009a). The countries most affected by this drop are those with the greatest exposure to transmission belts like foreign direct investment, remittances, and official development assistance, all of which already show clear downward trends. Foreign direct investment in Africa, for example, has already fallen substantially in the first quarter of 2009 as compared to last year with Uganda, for example, estimating that the share of FDI in its annual budget will decrease from 10 percent to 4 percent in 2009/2010. Several countries including Nigeria and Kenya have already had to cancel plans to raise funds on global capital markets due to rising risk premiums and the drying up of credit.

As labour markets weaken in rich countries, remittances estimated at $40 billion in 2008 are also down across the continent, with particularly detrimental effects on countries like Lesotho where remittances make up as much as 27 percent of GDP. According to the latest Global Monitoring Report of the World Bank, remittances are expected to fall by up to 8 percent this year.

Given the projected decline in export revenues, private financial flows, remittances and reduced access to credit faced by African countries, official development assistance is more important than ever in mitigating the impacts of the crisis and achieving MDG-based targets. While aid flows to sub-Saharan Africa have increased to around $36.7 billion in 2008, exchange rate effects, the calculation of aid as a percentage of falling gross national incomes, and budget cuts recently announced by some countries are putting downward pressure on overall aid commitments. The World Bank estimates that the volume of ODA in 2009 may drop by as much as $5 billion because of currency movements alone.

Foreign direct investment in Africa has already fallen substantially in the first quarter of 2009 as compared to last year with Uganda, for example, estimating that the share of FDI in its annual budget will decrease from 10 percent to 4 percent in 2009/2010.

TOP 25 RECIPIENTS OF REMITTANCES



Source: World Bank 2009b

VULNERABILITY CRITERIA

Source: Commission of the European Communities, 2009

EXPOSURE TO THE GLOBAL ECONOMIC CRISIS IN AFRICA

Source: IMF 2009b

In the short term, the reduction of capital inflows reduces the ability of countries to import what they need. In the longer term, weak economies facing a reduction in capital flows in a context of financing constraints, decreasing prices and weaker global growth may be even less able to cope with internal structural weaknesses and development needs in the future, notably in infrastructure and network industries (European Commission, April 2009).

There is also a risk that the global financial crisis leads to domestic financial crises in some developing countries if it exposes existing structural weaknesses in their domestic financial systems. Countries with high domestic credit growth rates in the private sector in recent years, such as Nigeria, Guinea Bissau and Angola, are particularly at risk. As with the impact of climate change, the most vulnerable countries are those both least responsible for the economic crisis and least able to withstand its effects. What is true for countries is also true for people. Many Africans were hit hard in 2008 by rising food and fuel prices. The economic crisis has now made the poorest of them even more vulnerable to sudden shocks, reduced the opportunities available to them, and frustrated their hopes. Their frustration could turn latent political divergences into acute strife and political contests into civil wars as parties fight for total power or access to resources.

Several African governments have already undertaken measures to minimize the impact of the crisis which range from setting up special monitoring units, providing fiscal stimulus packages, revising budget expenditures, targeting assistance on key sectors and strengthening the regulation of the banking sector and markets to expansionary monetary policy and foreign exchange controls to protect the exchange rate (Report of the Committee of African Finance Ministers and Central Bank Governors, March 2009). The continent's Ministers of Finance and Central Bank Governors have held several meetings in order to discuss the impact of the crisis and articulate possible solutions for African countries. Their scope for an independent monetary and fiscal policy response is severely limited because of persistent inflationary pressures, strained budgets, deteriorating external balances, the continuing effect of the surge in food and energy prices in 2008, and downward pressures on their exchange rates.

Whatever response measures African countries have put together, they have been overshadowed by unprecedented activism at the global stage. The first formal meeting of the UN Commission of Experts on Reforms of the International Monetary and Financial System, chaired by Professor Stiglitz, was held in early January 2009 and resulted in eleven recommendations for immediate action. On January 15 the World Economic Forum launched its own report on the future of the global financial system, while on the same day, the finance minister of Italy unveiled plans of his country's G8 presidency for a global "legal standard" of far-reaching rules to govern the future of globalization. Since then, the Stiglitz Commission has presented its follow-up report and the G20 has held its landmark summit in London where it announced an unprecedented $1.1 trillion stimulus plan.

While there have been occasional references to low income countries in the summit documents and even though there is an increasing body of reports on the devastating impact of the crisis on them, politicians in developed countries are understandably rushing to protect their own economies first. As a result, the legitimate concerns of LICs in general, and Africa in particular, have not featured prominently in the international rescue efforts.

As we wait to see what exactly the G20 and other stimulus plans mean for Africa, there is a strong consensus on what it is that the continent needs in order to be able to weather the storm, preserve the progress already made and become part of a global recovery. Looking ahead, we identify political leadership, accountability and effective governance systems, as well as access to resources and markets as key requirements for growth and recovery in Africa, and beyond.

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Part III
Looking Ahead

Africa's challenges seem daunting. Given the disparate nature and structure of African countries and their economies there is no single policy solution – one size certainly does not fit all. But we believe that these challenges are manageable with the right combination of accountability, resources, and leadership.

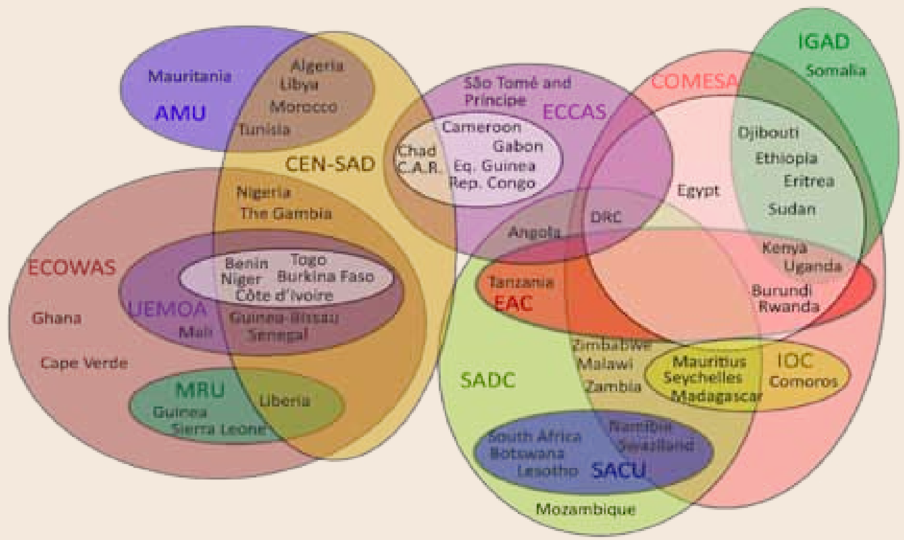
ACCOUNTABILITY

The crisis has clearly shown the need for accountability and effective governance systems at all political levels. At the national level, African countries must consolidate the trend towards improved political governance, including by tackling the key cross-cutting issues emerging from the UNECA Africa Governance Report and the APRM process. They should continue to improve the quality of elections, promote broad-based participation in the development process and strengthen institutional checks and balances to increase the accountability of the executive branch. At the same time, efforts should be redoubled to combat the spread of corruption. Underlying all of the above is the importance of making governance systems more accessible and responsive to the continent's rapidly increasing young population.

At the regional level, Africa needs to find cooperative ways to overcome the structural challenge of small market size. Sub-Sahara's total economy is equivalent to that of metropolitan Chicago, but spread over a vast area and fragmented into 48 separate countries. It will be important to accelerate three processes: The first is the rationalization of currently overlapping agreements; second is deepening the process of integration within sub-regions; and third is

Africa's leaders must make the best use of the current opportunity to push for a new multilateralism which anchors the continent more fairly in international decision-making processes and institutions.

MEMBERSHIP(S) IN AFRICA'S MAIN INTEGRATION ARRANGEMENTS



AMU: Arab Maghreb Union
CEN-SAD: Communauté des États sahélo-sahariens
COMESA: Common Market for Eastern and Southern Africa
EAC: East African Community
ECCAS: Economic Community of Central African States
ECOWAS: Economic Community of West African States

IGAD: Intergovernmental Authority on Development
IOC: Indian Ocean Commission
MRU: Mano River Union
SADC: Southern African Development Community
SACU: Southern African Customs Union
UEMOA: Union Economic et Monétaire Ouest Africaine

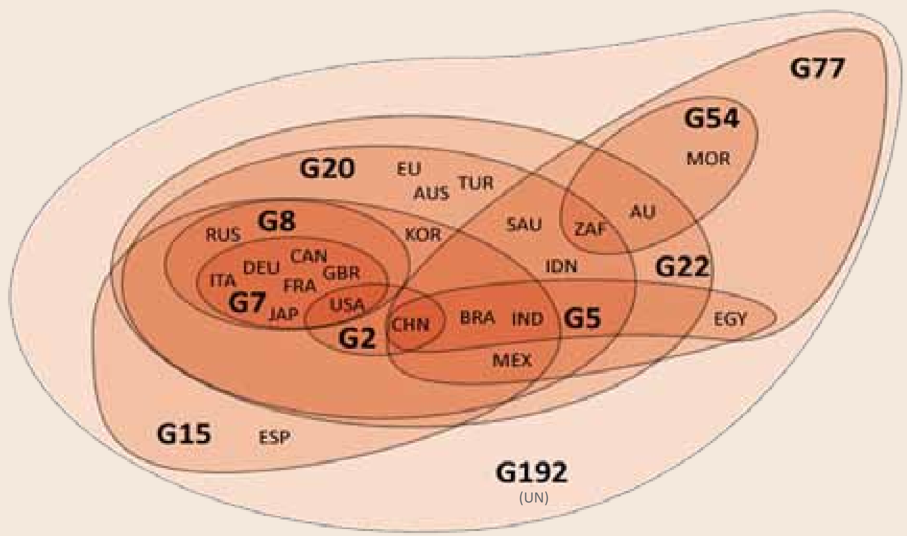
Source: Franke, 2009

APP Publication on New Multilateralism

April 2009

The APP launched a publication on the need for a new multilateralism in the days before the G20 Summit in London. Michel Camdessus, Goodall Gondwe, Gilbert Houngbo, Trevor Manuel, Simon Maxwell, Festus Mogae, Linah Mohohlo, Todd Moss, Benno Ndulu, Ngaire Woods argue that a new form of multilateralism is needed. The contributors call for Africa's leaders to use the current opportunity and push for substantial reforms of the world's governance structure to make it more representative, supportive and ultimately effective.

THE Gs PLATTER



Source: APP 2009

improving the process of coordination across the different sub-regions. While African governments and the African Union need to lead these processes, it is also important that the policies of development partners, for instance in trade and investment, incentivize their efforts.

At the global level, the financial crisis has triggered a re-examination of a range of wider systemic issues such as the effectiveness of international institutional arrangements for policy dialogue, coordination and action. Africa's leaders should make good use of this opportunity to push for a new multilateralism which anchors the continent more firmly in international decision-making processes and institutions.

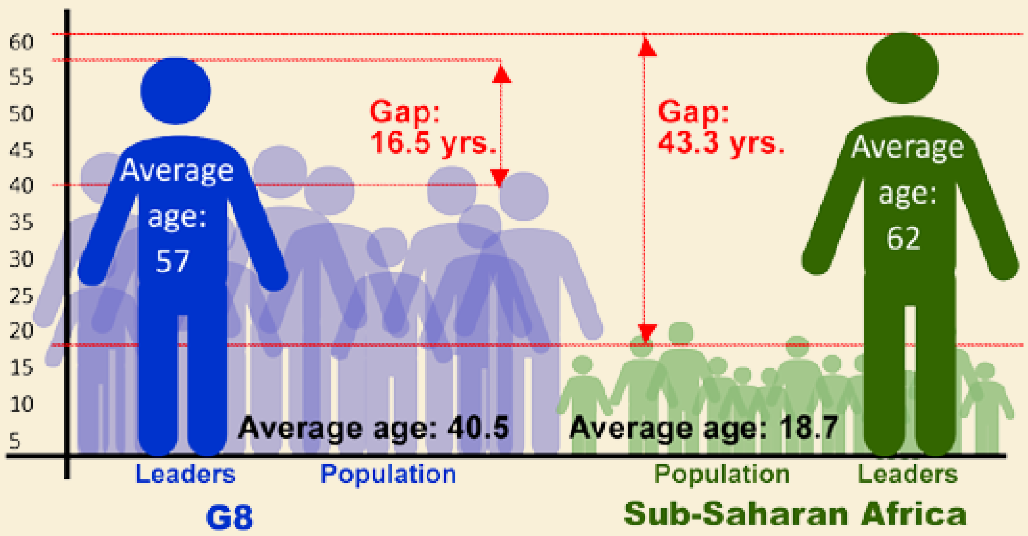
They have a strong case to argue. It is clear that Africa is profoundly affected by wider global developments such as climate change and the economic crisis. It is also clear that, as a continent of nearly a billion people, it is hugely under-represented in virtually all international fora that deal with such challenges. Unfortunately, where Africa does have adequate representation, it often lacks negotiation capacity; this also needs to be rectified.

The Bretton Woods Institutions must be reformed at several levels to make them more inclusive, more relevant to the reality and diversity of today's global community, and ultimately, more effective for addressing global

Demographics

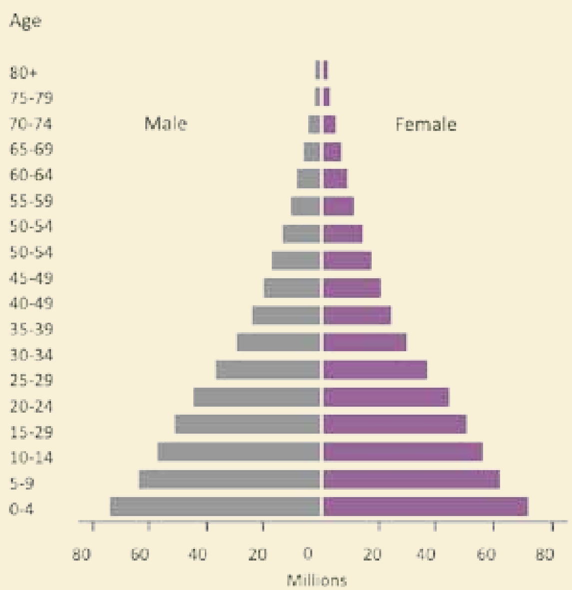
Africa's population is rapidly approaching the one billion mark with more than 43 percent being under the age of 15, and 62 percent under the age of 25. These demographic trends compound the policy challenges African leaders face, in particular those relating to urbanization, youth unemployment, the provision of public services such as education and health, and food security. In order to adapt to growing population pressures, African countries need to expand job and education alternatives in the rural areas, encourage and support entrepreneurship, improve the access to and quality of skills formation and adapt their governance systems in such a way as maximize representativeness and accountability, while minimizing the risk of environmental degradation and civil strife.

SUB-SAHARAN AFRICA AND THE G8: THE RULERS AND THE RULED



Source: APP using CIA Country Data

POPULATION STRUCTURE IN AFRCIA:
THE YOUNG OUTNUMBER THE OLD



Source: Population Reference Bureau 2008 problems. The World Bank's allocation of a third seat on its Executive Board to sub-Saharan Africa is a step in the right direction, but others like it must follow to ensure a more equitable and fair distribution of voting power. At the same time, the ways in which the leadership and staff of these institutions are chosen should be revised. It is in this context that we welcome and support the key conclusions of the eminent panel convened by Trevor Manuel on the reform of the governance structure of the IMF, particularly regarding the expansion of the Fund surveillance mandate to the entire financial sphere, the activation of a Council of Ministers and Governors, an accelerated quota revision process, the elimination of appointed chairs and of the de facto veto power of major countries, and the introduction of an open and transparent system for the appointment of key officials.

RESOURCES

At the same time, the current crisis will not be overcome by institutional reform alone. Faced with enormous funding shortfalls, African countries also need increased access to alternative resources. These include several categories, namely, emergency aid, support to sustain basic social services and economic activity, and development assistance to fund long-term growth-multipliers like infrastructure and agriculture. Both should be accompanied by systemic changes to biased trade rules, bloated subsidy regimes, and other forms of market distortion currently restraining Africa's economic potential.

The G20 meeting in London acknowledged the need for emergency aid to mitigate the impact of the economic crisis on developing countries. While this is already an important step, it is still unclear what it actually means for Africa. Open questions include how much of the $1.1 trillion is really new, how much of it will be for Africa and how and when the funds can be accessed.

As we wait for answers, the IMF and the World Bank should be encouraged to take urgent measures to ease access to credit and support a strong counter-cyclical response on the continent. We also support the call of World Bank President, Robert Zoellick, for a Vulnerability Fund of $15 billion (0.7 percent of the stimulus of developed countries) to shield Africa from the worst effects of the crisis. The Fund would direct spending to projects that are urgently needed to create jobs and avert potential humanitarian crises.

With respect to developmental assistance, the 11 percent increase in ODA to sub-Saharan Africa announced by the OECD DAC members in March 2009 makes a welcome break from the declines of 2006 and 2007 and we would like to commend partners for it, particularly Australia (275 percent increase), Japan (56 percent), Canada (52 percent), and the United States (26 percent). However, even though aid flows to sub-Saharan Africa have now reached $36.7 billion, this year's ONE Report shows that donors are still significantly off track regarding their aid commitments to the continent. In fact, the G8 as a whole has done only a third of what is necessary to be on track to deliver their 2010 ODA commitment to Africa (One/DATA Report, 2009).

The economic crisis threatens to reverse recent gains through exchange rate effects and declines in gross national incomes on the basis of which ODA is calculated. Oxfam, for example, estimates that the global recession could knock off more than $8 billion from the $50 billion promise the G8 countries made at the Gleneagles Summit in 2005. While some countries like the UK have already announced their intention to stick to the cash figure promised for 2010 despite falling GNI, many other G8 and OECD countries seem to be wriggling out of their commitments by redefining them, recycling them or abandoning them altogether.

Against the background of gigantic stimulus plans, we strongly believe that the global crisis should not be used as a pretext to water down ODA commitments. Aid can be a crucial investment in growth and capacity-building;

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if effectively used, it can serve as a driver of recovery and leverage other financial flows. Its predictability is invaluable and must be ensured. To increase the effectiveness of aid, conditionality needs to be lessened, and disbursement speed accelerated. At the same time, aid dependency must be reduced, for example, by enhancing the role of ODA in building government capacity for domestic resource mobilization.

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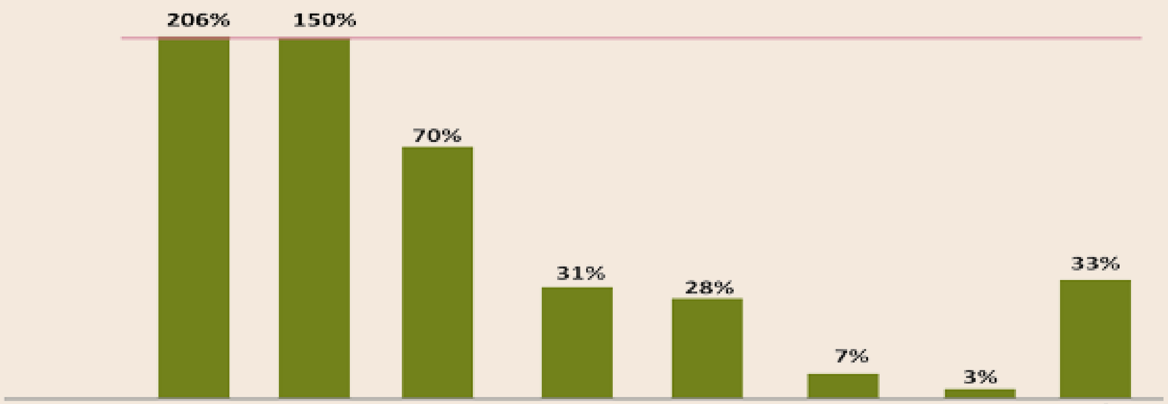
ODA alone, however, will not be enough. International partners should also step up efforts to leverage assistance aimed at stimulating growth, investment, and job creation through other channels. We share the hope of the European Commission that every Euro spent on aid should leverage five Euros in non-ODA such as technology transfers, trade finance and private investment.

PERCENT OF ODA INCREASES TO SSA SINCE THE GLENEAGLES PROMISES



	Canada	Japan[1]	United States	Germany	United Kingdom	France	Italy	G8[2]
2008 ODA	1911	2613	7750	3897	4023	3542	1430	25165
2010 Target	1500	1004	8800	6529	7088	8398	5089	39754

Millions of USD

1 Only bilateral ODA
2 Russia did not make any ODA commitments

Source: ONE DATA Report 2009

APP Publication Preserving Progress at a Time of Global Crisis
(January 2009)

This publication launched at the World Economic Forum in Davos argues that the international community should maintain its financial and aid commitments to the continent in spite of the credit crunch. It also calls on the private sector to seize the many investment opportunities that Africa has to offer, particularly in the infrastructure, energy and communications sectors. It concludes by arguing that without sustained and reliable efforts, those least able to withstand its woes, will have to bear the brunt of the global economic crisis. An Italian version of the document (Africa: proteggere il progresso in un clima di crisi globale) was issued as an input for meetings in preparation of the G8 Summit.

APP Publication Increasing the Role of Business in Achieving the MDGs
(Forthcoming)

The APP has set up a Business Advisory Group to examine the role business in adding social value in Africa in the current environment. This business-led initiative is chaired by Richard Harvey, ex-CEO of Aviva and a volunteer for Concern Universal, and is composed of fifteen prominent African and international business leaders, including three APP members. The group has identified several recommendations in which business can add social value – strengthening agricultural supply and value chains; mobilizing investment (on several levels, ranging from identifying and facilitating 'shovel ready' infrastructure and energy projects, increasing access to capital to SMEs, and making loans available at the community level); strengthening national business-government-civil society fora to support a better business environment; building on existing efforts to strengthen corporate governance and eliminate corruption; and explore the possibility to create social businesses in Africa while drawing on international lessons.

The private sector certainly also has an important role in mobilizing additional resources for Africa. We call on international institutions and source countries' governments to provide specific development-orientated financial tools such as lending facilities and risk guarantees in order to increase the incentives for private sector investment in the continent. African countries need to make every effort to attract private capital for the funding of vital development projects in the infrastructure and agriculture sector; regulatory and pricing reform, as well as monitoring mechanisms to prevent corruption, will need to be ramped up to achieve this goal.

However, business has much more to contribute than just urgently-needed investments. It can also add social value. At a minimum, this means doing no harm, paying taxes, not partnering in corruption and implementing codes of good practice, including the Extractive Industries Transparency Initiative. But more is possible. Business can partner with authorities and civil society to strengthen access to products, achieve specific development outcomes, and ensure that progressive standards are implemented. After all, healthy, educated and connected people are essential for market growth and political stability, and thus in businesses' very own interest.

LEADERSHIP

We recognize that many of the measures outlined in this report – particularly those regarding institutional reform, climate change and economic responses to the crisis – require difficult decisions and compromises, some even substantial sacrifices, from Africa's leaders and their international partners. Both must resist rising domestic pressures, maintain macroeconomic as well as fiscal prudence, and heed the mutual commitments they have entered into as part of the Monterrey Consensus.

The economic and political effects of the current crisis put growing pressure on both sides to reconsider their commitments. In donor countries, development aid risks being de-prioritized as domestic concerns mount and public finances are becoming increasingly strained. In the short-term, strong political determination will be required to restructure budgetary expenditures in a way that ODA commitments can be reached and are not curtailed at a time when developing partners need this support most. In the longer term, ways need to be found and new coalitions to be built to maintain the political commitment around development aid that has characterized the past decade.

On the African side, leader's primary responsibility is to set and drive a national development agenda that is responsive to peoples' needs and aspirations, and for which leaders are then accountable. Without such leadership, opportunities to forge common national positions and promote economic growth will be squandered.

Conclusion
Shared Responsibility for Progress & Recovery

Individual success stories in Africa provide the evidence that even in the most difficult conditions, extraordinary advances are possible. Countries can recover from conflict, entrepreneurs can be incentivized to deliver goods and services that improve the lives of the poorest, impoverished lands can be regenerated, people living with HIV and TB can be helped to live productive lives, children from the remotest villages can become professors, and women can become Heads of State. This is not fantasy; it is happening.

While acknowledging Africa's cultural, economic and social diversity, we believe that there is a winning combination for progress: leadership to provide the vision, values and drive; financial resources, responsibly used; and accountability, so that those in authority remain answerable to those they are meant to serve. These are the basis for political stability, for growth and achievement of the Millennium Development Goals.

Many of Africa's problems have been imported, including financial instability and climate change. Her partners share responsibility with Africa's leaders for protecting people from the negative impact of the economic crisis, for promoting stability, growth and human development. At the same time, Africa can also contribute solutions to global problems. Her vast human and economic potential, natural resources and sources of clean energy offer highly attractive investment opportunities which can be exploited for the benefit not just of Africa, but the world. For this to be realized, Africa needs a stronger voice on the international stage, in the multilateral architecture and at key decision taking fora, whether the G8, G20, trade and climate change negotiations, to attract the political, financial and technical support required.

Progress in Africa depends upon partnership and mutual accountability between African leaders and their donor and business partners, whether governmental or corporate. Donors must honour their commitments; trading partners and corporations respect international human rights, environmental and transparency standards; and African governments implement their own commitments to good governance.

Ultimately, responsibility for driving progress rests with Africa's leaders. Their task is not easy, given capacity constraints and the many challenges set out in this report. But only they can provide the direction that can attract and retain the investment and support that Africa's people need and deserve, and ensure that revenues are used to achieve development results. Winning the trust of their own citizens is the best possible basis for success.

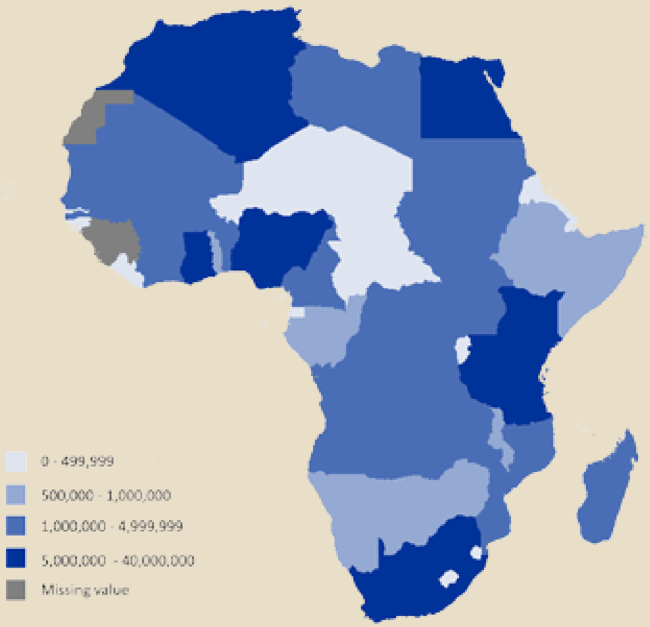
Emerging partners

The importance of emerging economies like Brazil, China and India is growing by the day. As some of the continent's largest trading partners and sources of investment, they have been instrumental in boosting growth rates and spurring much needed infrastructure improvements in Africa for many years. However, they have much more to offer to the continent than just economic partnership. The unique development experiences of emerging economies, particularly with respect to food security and health (China), cash-transfer programs (Brazil), and education (India) are often more relevant to the situation of African countries than those of post-modern Western states and, as a result, uniquely positions them to support the achievement of the MDGs in Africa.

Investment in telecommunications

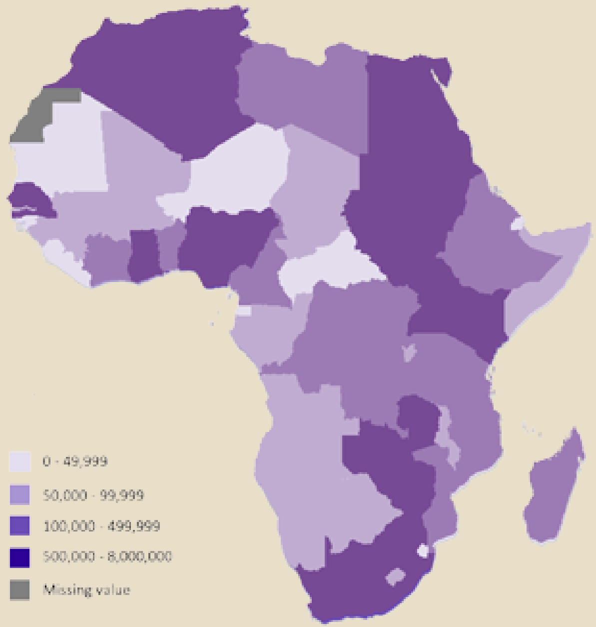
Across the African continent the uptake of mobile telecommunications is proceeding apace, not least due to the "leapfrogging" of traditional fixed-line telecommunications networks in Africa. Mobile phone penetration, for example, has risen from 2 percent in 2000 to over 30 percent by 2008 and is expected to increase to over 50 percent by 2012, meaning that there will be more than 500 million African subscribers. These developments present investment opportunities across the continent, not only for telecommunications companies, but also for companies who benefit from lower communications costs and more sophisticated business environments. A number of African countries, including Egypt and Kenya, are already seeking to establish themselves as alternatives to Asian process and IT outsourcing, capitalizing on language advantages and favorable time zones (Exclusive Analysis, 2009). The World Bank has committed $2 billion of financing until 2012 to encourage private sector investment in African telecoms.

MOBILE PHONE SUBSCRIBERS IN AFRICA
(number of users)



Source: United Nations Statistics Division, MDG Database, 2008

INTERNET USERS
(per 100 population)

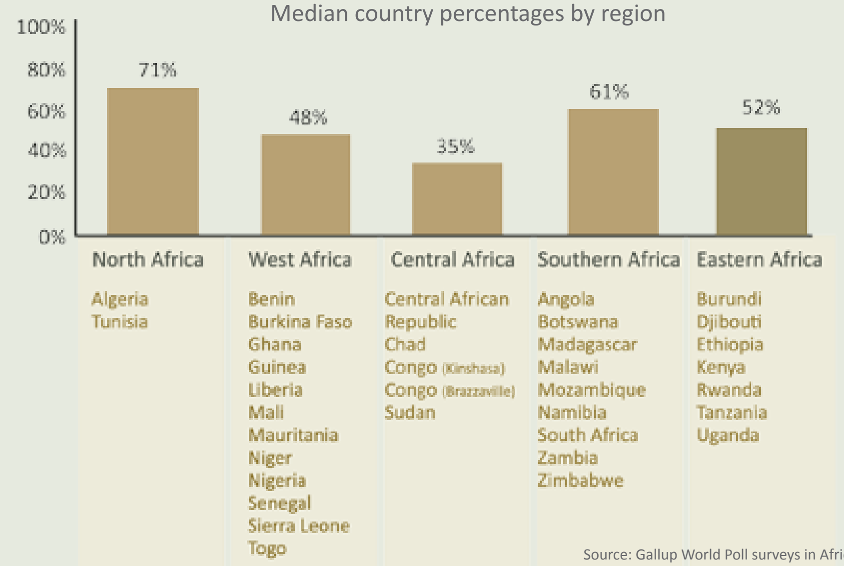


Source: UNICEF, SOWC 2009

Investment in renewable energy

Africa has enormous potential for energy production from renewable sources – solar, hydro, wind and geothermal. Almost all Sub-Saharan African countries have sufficient renewable resources, exploitable with current technologies, to satisfy many times their current energy demand. The private sector is increasingly aware of the enormous opportunities involved. Kenya, for example, is seeing the construction of Africa's first privately financed geo-thermal plant and a joint programme of the World Bank and UNEP is hoping to replicate this success up and down the Greater Rift Valley. The last year also saw the Ethiopian Electric Power Corporation signing a $284 million agreement for the installation of 120 wind turbines, Uganda installing its first hydro plant and South Africa announcing a feed-in-tariff that may propel the country to the forefront of renewables development on the continent. Helping Africa to make a real push to get on a carbon-free path of power generation is as much a business opportunity as a development imperative.

Confidence in national governments



Source: Gallup World Poll surveys in Africa conducted in 2008 and 2007

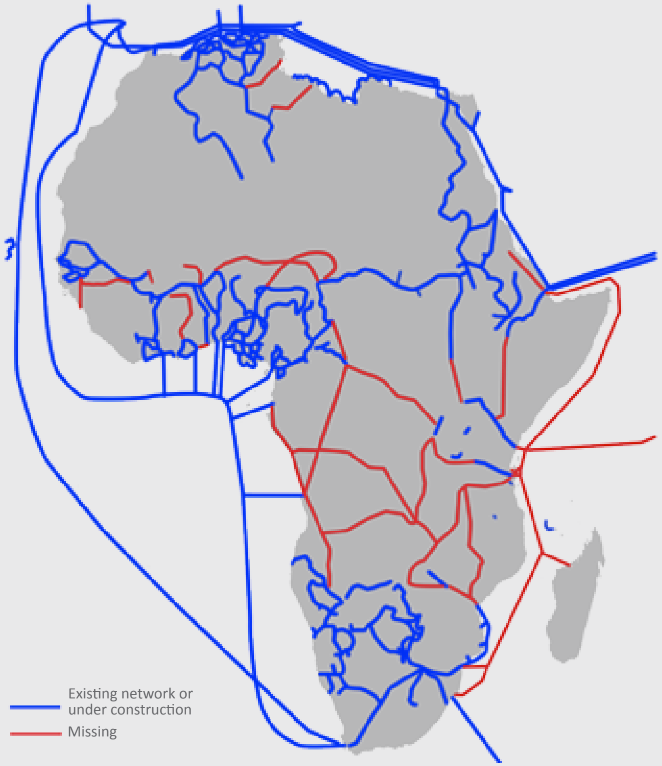
Investment in agriculture

Africa's agricultural potential is vast. The market for livestock products and staple food crops within Africa alone is worth $150 billion a year and the FAO estimates that there are almost 800 million hectares of untapped cultivatable land. Investing in the agricultural sector to expand production, including through contract farming or the development of urgently-needed infrastructure such as feeder roads and storage facilities not only promises great returns on investments, but will also reduce poverty, increase food security and spur economic growth. The Alliance for a Green Revolution in Africa (AGRA), for example, argues that a 1 percent growth in agriculture produces a 1.5 percent growth across the economy (AGRA, 2009). Maintaining their drive to encourage private sector investments in the agricultural sector, the African Development Bank, the International Fund for Agricultural Development and other organisations have recently created an Investment Fund for African Agriculture.

Investment in infrastructure

Investments in infrastructure are central to achieving a lasting solution to the current crises and beyond. As argued throughout this report, Africa's lack of roads, railways and power generation capacity restricts the continent's economic potential, hampers business efficiency and constrains food security. Overcoming this infrastructure deficit will greatly boost African growth, open new markets and ease business conditions throughout the continent. As such, the private sector should increase its investments in this crucial growth sector not only for the benefit of short-term profits but also for the longer term benefits of increased market access, lower business and transport costs as well as greater productivity.

AFRICA'S BROADBAND NETWORK



Source: African Development Bank, 2009a

AFRICA'S MAIN ROAD CORRIDORS

Source: African Development Bank, 2009a

MATRIX OF SHARED RESPONSIBILITES

Leadership

Resource

Africa

Leadership

GOVERNMENTS

- Champion people-centered growth & poverty reduction strategies to achieve the MDGs
- Implement NEPAD agenda for political and economic reform
- Subscribe to APRM process and act upon commitments regarding accountability, good governance & transparency
- Maintain macroeconomic & fiscal discipline
- Seek and support common African positions on key issues such as trade, regional integration, climate change & reform of the UN and IFIs
- Commit to the operationalization of the African Peace & Security Architecture
- Push for a reduction of institutional overlap of regional integration arrangements, increase coherence & delineate responsibilities
- Support the AU by paying overdue fees

REGIONAL ORGANIZATIONS

- Promote regional coordination and projects to capture supranational opportunities and economies of scale
- Facilitate agreement on common African positions on key issues and support African negotiation capacity
- Advocate and seek support for Africa's role in providing and accessing global public goods
- Develop and implement short, medium and long-term organizational strategic plans

Resource

GOVERNMENTS

- Strengthen revenue mobilization, including by improving tax administration & the transparency & equity of tax policy
- Mobilize investment in areas of national competitive advantage & encourage private sector investment by promoting a good business environment, reducing transaction costs, fighting corruption & fostering regulatory reforms
- Demonstrate results of aid & join coalitions for the mobilization of additional resources
- Boost access to credit and savings through micro-finance institutions, deeper and more diversified financial systems and regional integration of capital markets

International Partners

Leadership

GOVERNMENTS

- Make the case for supporting Africa's development
- Promote the coherence of policies to ensure they are supportive of African development, & increase the volumes and quality of aid in line with Gleneagles commitments & the Accra Agenda for Action
- Support greater representation of Africa in the international architecture including the G8, G20, and IFIs
- Encourage greater south-south cooperation & sharing of development experience around MDG achievement
- Support institutional reform of the UN & IFIs to make them more responsive to Africa's needs particularly in coping with the impact of the global economic crisis
- Reach agreement on multilateral trade negotiations –directed specifically at the needs of Africa – including the accelerated elimination of subsidies of crops which Africa produces
- Support African position, needs & negotiation capacity on key issues in particular a post-Kyoto Protocol framework & multilateral trade arrangements
- Incentivize greater private sector investment in Africa
- Provide financial & technical support for operationalization of the African Peace & Security Architecture

MULTILATERAL ORGANIZATIONS

- Review & reform procedures to improve responsiveness to African countries' need for technical & financial support
- Support completion of Gleneagles Scenarios by including more African countries & using them as a basis for addressing capacity gaps & supporting resource mobilization for MDG achievement
- Facilitate greater private sector engagement in Africa including by promoting ease of doing business reforms, investment opportunities and public private partnerships

Resource

GOVERNMENTS

- Reach agreement in multilateral trade negotiations and ensure Africa's access to markets
- Promote and provide risk alleviation instruments and techniques to facilitate FDI to Africa
- Reduce the transfer costs of remittances
- Address tax evasion and fraud as well as harmful tax practices and repatriate illegally acquired assets including through the joint UN/World Bank StAR initiative
- Support African governments' capacity to access additional financial flows notably relating to climate change and clean development
- Increase predictability of and simplify aid in accordance with the Paris Declaration and Accra Agenda for Action

Non-State Actors

Leadership

BUSINESS

- Align operations and strategies to standards and practices set out in the Global Compact
- Join and act on transparency and anti-corruption initiatives such as EITI and implement them
- Pioneer the role of business in adding social and environmental value in Africa
- Engage with other business leaders to identify ways in which business can contribute to African growth and development
- Seek partnerships with authorities and civil society around investment and governance
- Engage stakeholders in activities related to MDG achievement
- Increase philanthropic activities and explore new ways of charitable support such as knowledge and technology transfer

CIVIL SOCIETY

- Role model highest professional and ethical standards whether related to reporting, advocacy, fundraising, recruitment, human resource management and financial accounting
- Engage local and national authorities to provide constructive input, track decision making and monitor use of resources
- Advocate people-centered growth and prioritization of MDG achievement

Resource

BUSINESS

- Pay taxes and duties
- Strengthen supply and value chains to benefit local communities and producers
- Identify ways in which essential goods and services can be made affordable for poor people
- Share knowledge to improve people's access to information, services, markets, credit and each other
- Prioritize employment of local people and support training and education initiatives

Mobilization

Accountability

Africa

Mobilization

- Ensure prudent debt management
- Promote regional economic integration & intra-regional trade
- Promote South-South cooperation
- Improve management & responsible extraction of natural resources
- Identify revenue streams from the protection of carbon assets including forests and drylands
- Identify opportunities to attract investment, including through public/private partnerships, in the areas of clean development, low carbon growth & reduced emissions

REGIONAL ORGANIZATIONS

- Facilitate an African agenda for dealing with the impact of the global economic crisis
- Prioritize & mobilize funding for intra-regional infrastructure and clean development projects
- Support member states with regional resource mobilization strategies and sharing best practices
- Encourage common African positions on efforts to address Illicit financial flows
- Increase support to strengthen governmental financial management capacities

Accountability

GOVERNMENTS

- Respect Constitutive Act of the African Union and implement UN, AU and other international treaties, conventions and agreements
- Respect constitutional norms and standards
- Subscribe to common African position and advocate reform of the international financial architecture
- Act on issues identified in the UNECA Africa Governance Report and the APRM process
- Support and implement recommendations from independent electoral evaluations
- Encourage systematic participation of civil society in planning, prioritizing and reviewing national development strategies and budgets
- Accede to and implement EITI and the UN Convention Against Corruption
- Encourage good corporate governance
- Strengthen public financial management and procurement systems & human resource management
- Engage in efforts to strengthen regional governance systems

REGIONAL ORGANIZATIONS

- Take appropriate action with members breaching treaties and agreements
- Strengthen results-based reporting to member states

International Partners

Mobilization

- Use aid to boost trade, increase the capacity of African governments to mobilize domestic revenues, FDI and remittances
- Support public debt management capacities of African governments
- Help African governments avoid a new debt crisis by lending responsibly, extending debt relief to countries not already covered & by shifting the HIPC cut-off date from 2004 to 2008
- Increase sources of innovative financing, including the generation of additional revenue from the carbon market

MULTILATERAL ORGANIZATIONS

- Increase MDB capital available to least developed African countries including through a Vulnerability Fund, raising access limits and possibly gold sales
- Simplify lending procedures
- Deepen and broaden 'one UN' process
- Support MDG-based growth and development strategies, including the Gleneagles Scenarios
- Strengthen governmental management capacities
- Strengthen capacity to quantify and communicate development results

Accountability

GOVERNMENTS

- Respect international norms and standards, and lead by example
- Enforce national and international standards of corporate behaviour with regard to transparency, taxation and operational procedures, notably in the extractive industries
- Publish international development commitments including aid schedules, and support independent audit of their implementation
- Review the coherence of sectoral policies in areas such as financial regulation, migration, intellectual property, transnational crime, security, health and environment from the perspective of promoting Africa's development
- Engage parliamentarians and civil society in reviews of development effectiveness
- Support the strengthening of African countries' financial management and procurement systems
- Support the strengthening of the policy & practical capacity of legislators & civil society to engage in decision making

MULTILATERAL ORGANIZATIONS

- Facilitate mutual accountability mechanisms between African governments and their international partners on the basis of the Paris Declaration and the Accra Agenda for Action
- Undertake independent evaluations of performance and results in priority areas such as agriculture, health and education and make these publicly available as the basis for engagement with member states and civil society

Non-State Actors

Mobilization

- Identify investment opportunities in Africa, including in infrastructure and clean energy, projects that connect producers to markets, improve agricultural productivity, and increase access to financial services
- Explore & form private-public partnerships to pursue investment opportunities
- Make distribution and logistical capacity available to support health, education and other development campaigns

CIVIL SOCIETY

- Advocate for development outcomes, highlighting best practice, using media, professional, faith based, business, academic, governmental and other networks
- Engage with the Diaspora & encourage return or sharing of skills
- Monitor and promote fiscal integrity with a view to increasing domestic revenues
- Partner with authorities and the private sector to increase capacity to deliver essential social services
- Lobby for more & more effective international assistance

Accountability

BUSINESS

- Undertake regular social and environmental audits
- Publish accounts
- Enforce or where necessary develop corporate codes of conduct to increase accountability

CIVIL SOCIETY

- Advocate respect for constitutional, human rights and other norms and standards
- Hold governments & businesses accountable to their own as well as to internationally agreed standards and practices particularly regarding human rights, labour, social protection and the environment

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