

# STILL **OUR COMMON INTEREST**

COMMISSION FOR AFRICA REPORT 2010

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## PREFACE

This publication would not have been possible without the commitment and support of a number of individuals and institutions.

Financial support for the production of the report and associated events has come from GlaxoSmithKline (GSK), the Bill and Melinda Gates Foundation, the Small Foundation and the Rockefeller Foundation. They have also given us encouragement throughout. Without them, there would be no report. We are enormously grateful to them.

Many bodies and organisations have produced or will produce reports in this crucial year of assessing progress against the Millennium Development Goals (MDGs). The risks of duplication and mixed messages are high; the rewards of maximising the synergies are higher still. We are pleased to have had the opportunity to cooperate with many colleagues and organisations who share the same aims for a prosperous and secure future for African citizens. In particular, the Commission for Africa has benefited from the analysis and policy prescriptions to be found in the reports from African Monitor (*Development Support Monitor 2010*), ONE (*The DATA Report 2010*), the Africa Progress Panel (*From Agenda to Action: Turning Results into Resources. Africa Progress Report 2010*) and the Africa Partnership Forum (*Mutual Report on Development Effectiveness 2010*). A number of organisations have been of particular help to us in various ways in putting together and promulgating this report and associated events. These include the UN; Wilton Park; the Open University (OU); the British Museum; and Portland PR. We thank them very much.

We have enjoyed the intellectual, moral and logistical support of Tony German, Judith Randel, Daniel Coppard, Asma Zubairi, Rosanna Mann and their colleagues at Development Initiatives, and of Andy Sumner, Ricardo Santos, Graca Sousa and Mohammed Nurul Azam at the Institute of Development Studies (IDS), Sussex throughout; we owe a large debt of gratitude to all of them. Many other individuals – Rebecca Affolder, Laura Kelly, Nick Stern and Zahid Torres-Rahman among them – have helped us to take into account key developments, including in specific policy areas such as health, trade and the private sector. We would also like to thank our copy editor David Wilson for proof-reading and Diane Broadley Design for the design of this report.

Above all, our thanks are due to the Commissioners. They have enthusiastically embraced the notion, and recognised the value, of a follow-up report which only they could produce, because it comments on their own recommendations. Those original recommendations were made in 2005, one-third of the way into the timetable for the MDGs. This review comes, in 2010, two-thirds of the way towards the proposed completion of that timetable. The Commissioners have willingly given their time, their support, their comments and their energy. They believed in 2005 that it was in our common interest to work together for a well-governed and prosperous Africa. They still believe that to be the case. We have been delighted to support them in this work.

This is their report.

Myles A Wickstead CBE  
Claire Hickson

September 2010

## EXECUTIVE SUMMARY

*"This is our responsibility, it is the responsibility of this generation, it is costed, it clearly is affordable and this is what must take us forward, together."*

**Trevor Manuel**, at the launch of *Our Common Interest*, March 2005

When the Commission for Africa's report, *Our Common Interest*, was launched in 2005, the Commissioners hailed the report as providing a coherent and practical package of measures for the creation of a strong and prosperous Africa. They called upon Africa and its partners to implement them. The purpose of this report – published five years later – is to find out what has happened since.

*Our Common Interest* argued that responsibility for tackling poverty in Africa lay in the hands of Africans and that the rest of the world, particularly developed economies, should follow their lead by providing resources, through aid and debt cancellation, but also by ending the damage being done to Africa's fortunes by unfair trade rules, ineffective aid, corruption, the trade in conflict resources and arms, and irresponsible business practices. As the report's title itself states, we have a collective common interest in a strong and prosperous Africa because it would lead to a more prosperous and secure world.

The Commission's recommendations had considerable influence. It contributed to the agreement at Gleneagles to double aid to Africa and provide 100% debt relief to eligible countries. It contributed to the creation of the Investment Climate Facility for Africa, the Infrastructure Consortium for Africa and Business Action for Africa. It gave support to the creation of the UN Peacebuilding Commission and to the UN decisions to commence discussions on an international Arms Trade Treaty later in 2005.

As discussed in the first section of this new report, *Still Our Common Interest*, Africa has made extraordinary progress in the past five years. From 2003 to 2008, the continent sustained average annual growth rates of 6%. Foreign investment and exports quadrupled. This was largely driven by African governments' efforts to make it easier to do business in their countries supported by increased African and international investment in infrastructure - as well as record levels of demand for African goods. This demand for Africa's natural resources, particularly from emerging economies, has transformed the continent's relationships with the outside world. Relief for debt valued at \$100 billion and a 46% increase in aid to Africa since 2004 have helped African countries increase their spending on health, education and other social sectors. Governance has improved in many countries, and though some existing conflicts remain intractable, there have been no major new conflicts on the continent.

As a result of this progress, many commentators are predicting great things for Africa. Growing external demand for Africa's goods and its growth as a market for goods from elsewhere could see Africa becoming the next major emerging market, with increased political power to match.

However, this progress has not been enough to put sub-Saharan Africa on track to meet the Millennium Development Goals (MDGs). Despite the massive progress made by some countries in reducing poverty, sub-Saharan Africa as a whole will not achieve any of the MDGs on time and the vast majority of Africans have yet to benefit from the economic success of recent years. Economic growth and trade have been damaged by the global economic crisis. Climate change and rising food prices will make poverty reduction more challenging in many parts of the continent.

At the centre of this new report is an 'audit' of action against all of the recommendations made by the 2005 report on governance, peace and security, investing in people, growth, trade, aid and reform of international organisations.

There has been substantial progress in some areas. In addition to the steps taken by African governments to improve the investment climate, a substantial increase in investment in infrastructure has contributed to Africa's growth. Progress has been made towards an international Arms Trade Treaty. Ever growing donor support for the Global Alliance for Vaccines and Immunisations (GAVI) means that this year the 300 millionth child will be immunised with a GAVI-supported vaccine. African governments' commitment alongside strong donor support has enabled access to the anti-retroviral treatments for HIV/AIDS to grow from 14% in 2005 to 43% in 2008. More children go to primary school and more get to sleep under a bed net that can protect them from malaria than ever before. Africa is very close to eradicating polio.

But there are also a few areas where progress has been disappointing. International trade reform is perhaps the area of least progress with no movement towards an agreement in the Doha Development Agenda, on the removal of agricultural subsidies or on trade agreements between the EU and African countries. The Commission called for the amount of arable land under irrigation to be increased by 50% by 2010 – it has grown by just 0.9%. Investment in higher and technical education has not increased – contributing to a continuing shortage of trained teachers, doctors and other key professionals.

Progress on most recommendations has been mixed. Advances in expanding enrolment in and closing the gap between girls and boys going to primary school, for example, have been tempered by a relative lack of progress in improving the quality of basic education, completion rates and enrolment in post-primary education. Africa still accounts for the majority of new HIV infections. Expanded support to sexual and reproductive health services masks an ongoing underinvestment in reproductive health, contributing to the lack of progress in reducing child and maternal mortality. Despite the fact that African governments have made it easier than ever before to do business in their countries, there is still a lot to do to attract investment – including a massive need for better infrastructure.

We were clear in *Our Common Interest* that our recommendations represented a package, and that failure to make progress in some areas risked undermining progress in others. Because they have not been fully followed though, many of the recommendations we made in 2005 remain relevant. At the same time, we recognise that the world of 2010 is not the same as the world of 2005, and that Africa must also address new challenges which include climate change and the continuing impact of the global downturn on its economies. We have therefore also updated some of our recommendations to respond to this changing reality, and these are set out in the final section of this new Report.

It is our clear view that Africa's potential, which has become increasingly evident over the past five years, is enormous. We continue to believe, as we believed in 2005, that it is in our common interest that Africa should realise that potential by ensuring that the gains of growth are shared by all and that the lives of those currently living in poverty are transformed. Hence the title of this new report: *Still Our Common Interest*. It remains our conviction that, with shared political will by African governments and by the international community, significant progress towards the MDGs can be achieved by 2015.

# Introduction

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## AFRICA FIVE YEARS ON

The Commission for Africa's report, *Our Common Interest*, was launched in March 2005.

The Commission itself had been set up just a year previously. With 17 Commissioners, nine of whom were from Africa, its aim was to feed ideas into the discussions on Africa and global poverty that were scheduled to take place in 2005.

2005 was a significant year for both Africa and for development. It marked five years since the UN had agreed the UN Millennium Development Goals (MDGs) and ten years before these were due to be achieved. A UN World Summit was due to take place in September 2005 to review progress and renew commitment to the MDGs. The UK had chosen to use its joint presidency of the G8 and the EU to focus on Africa and on climate change. It was also the year of the groundbreaking Make Poverty History campaign, which raised popular support for tackling global poverty to new heights in developed countries. The Live 8 concerts took the message to even more people across the world.

At its launch, the Commissioners hailed the report as providing a coherent and comprehensive set of practical steps that both Africa and the developed world should take to promote growth and development and

to ensure that Africa was put on track to achieve the MDGs. They said that the steps recommended were 'do-able' and that therefore the onus was on Africa and its developed country partners to take them forward.<sup>1</sup>

It is now five years since the Commission published the report – and five years closer to the date when the MDGs are due to be achieved. The purpose of this new report is to find out what has happened in the past five years in terms of the recommendations made by *Our Common Interest*: whether they have influenced commitments made by African leaders and others and whether the recommendations and the commitments made as a result of them have been implemented. A thorough audit of action against each of the recommendations is the subject of the second section of this report. This introduction puts this in context by looking at what has happened in Africa since the report was published and whether, five years later and with the benefit of hindsight, it remains relevant to Africa. Finally, the concluding section makes recommendations for what needs to happen in the next five years.

<sup>1</sup> The report focused on sub-Saharan Africa, which includes 48 countries: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo (DRC), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon,

Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia and Zimbabwe.



## WHAT 'OUR COMMON INTEREST' SAID

The central theme of the report was reflected in its title. It argued that responsibility for tackling poverty in Africa lay in the hands of Africans, but that the rest of the world also needed to play its part. The report presented the moral case for urgent action, and concluded that the developed world's obligation to act did not arise from charity but rather from enlightened self-interest: it was to everyone's benefit to have a strong and prosperous Africa because that would lead to a more prosperous and secure world.

The report argued that developed economies should increase the aid they provide to support African efforts to promote growth and foster development, but that it was equally important for the developed world to end the damage it was doing to Africa's economies – for example, by reforming unfair trade rules, addressing developed countries' role in corruption and ensuring that international businesses operating in Africa behave responsibly.

The Commission put this principle of mutually beneficial partnership at the centre of its report and across its various themes. Aiming to provide a coherent package of actions that would collectively push Africa towards inclusive growth, development and the achievement of the MDGs, the report argued that capable and accountable governments were essential to growth and transparency, and outlined a number of steps by which African politics and institutions could become more transparent and accountable and better able to meet the needs and demands of Africans.

Likewise, growth and development are not sustainable if societies are under the continual threat of violent conflict and insecurity. Drawing its inspiration from African-led efforts to promote peace in sub-Saharan

Africa, *Our Common Interest* called for much greater investment aimed at preventing violent conflicts.

The section on 'Investing in People' called for greater investment in teachers and schools to enable the region to improve access to the high-quality education that it needs to grow. It also encouraged the international community to focus aid on building up national health and education systems rather than bypassing them with their programmes, which undermines them in the long term.

The section on growth argued that a reversal of the decline in investment in infrastructure was essential to boosting Africa's growth and investment opportunities, as were steps to improve the investment climate. The poorest people can only benefit from growth if it creates jobs and opportunities for small enterprises to flourish, and the report therefore called upon African governments to identify strategies for job creation and for the international community to support them in supporting small enterprises.

The section on 'More Trade and Fairer Trade' recommended fundamental reform of the global trade rules and preferential schemes, as well as improved international support to build up Africa's trading capacity, to put an end to its exclusion from international trade networks.

The final two sections looked at how to make all of this happen. The resources section identified where the money would come from, and the final section looked at what changes were required to give Africa a stronger voice in international institutions.



## WHAT HAPPENED NEXT

A large number of the Commission's recommendations were taken forward in various international forums and by various international organisations – as is reflected in more detail in the audit section of this report that follows.

Influencing the G8 was not the Commission's sole purpose. The report did, however, have a huge influence on the outcome of the G8 Summit that year in Gleneagles, with many of its recommendations forming the basis of the Communiqué that was agreed by G8 leaders and many other commitments made at the Summit.

The report recommended a doubling of aid to sub-Saharan Africa to \$50 billion by 2010. At the Summit, the G7 and other donors collectively committed to an additional \$25 billion per annum in aid to the region by 2010, more than doubling aid compared with 2004.

Another key recommendation was that 100% debt relief should be given to poor countries in sub-Saharan Africa that needed it. The Multilateral Debt Relief Initiative (MDRI) was launched at the Summit and has contributed to the region receiving a total of \$100 billion in debt relief.

The Commission also called for the decline in aid for infrastructure to be reversed and for the creation of an Investment Climate Facility (ICF) for Africa and an Africa Enterprise Challenge Fund (AECF) to promote investment. The Infrastructure Consortium for Africa (ICA) was launched at Gleneagles with the aim of catalysing private sector and donor investment in infrastructure in sub-Saharan Africa. The ICF was launched at the World Economic Forum in June 2006 and the AECF was set up the same year.

The Commission placed considerable emphasis on consulting the private sector, and a Business Contact Group was set up for this purpose. Keen to continue this work, companies and organisations that were part of this group launched the Business Action for Africa (BAA) initiative at a business summit that took place on the eve of the G8 Summit. BAA has since brought together over 150 organisations, 80% of them businesses, to advocate for changes in policy, to publicise best practice and to help change perceptions of Africa. Many of those involved in BAA have also become involved in the Business Fights Poverty initiative.

The final recommendation of the report was that a high-level mechanism for monitoring progress against commitments made by both Africa and its partners should be set up, under the leadership of senior figures from Africa and from the international donor community. In 2006, the Africa Progress Panel (APP) was launched under the chairmanship of the former UN Secretary-General, Kofi Annan. Consisting of 11 senior figures from Africa and elsewhere, including a number of the Commissioners, the APP has published annual reports on progress since.

The Commission's recommendations were based on extensive consultations in Africa and elsewhere in the world. As much as possible, it sought to support existing or emerging processes – not least the African Union's leadership and programmes. While the Commission sought out new solutions, many of

the ideas it took on board had been the subject of long-running campaigns or were emerging from other processes happening around this time.

Through this support, the report helped to influence commitments other than those made at Gleneagles. For example, the push for the creation of a Peacebuilding Commission, supported by the Commission and the Gleneagles Communiqué, was agreed by UN member states in the UN World Summit outcome document in September 2005 and established via resolutions in the UN General Assembly and Security Council later that year.

The report's recommendation that negotiations begin on an Arms Trade Treaty (ATT) was not reflected in the G8 Communiqué nor in the World Summit outcome document. However, the recommendation gave additional support to the efforts of those leading the campaign for an ATT, which resulted in a resolution in the First Committee of the 2006 UN General Assembly to begin discussions on drawing up such a treaty.

Similarly, the Commission's recommendation calling for the creation of a media development facility was not included in the G8 Communiqué nor the World Summit outcome document, but the UN Economic Commission for Africa (UNECA) and the BBC World Service took the lead in creating their own initiatives, leading ultimately to the launch this year of the African Media Initiative.

The report also influenced the debate around Africa. For example, it sought to revive interest in a number of issues that had been neglected by many donors for some time, such as support to water and sanitation, infrastructure, agriculture and higher education. As discussed in the audit section of this report, the Commission appears to have been more successful in helping to revive interest in investment in infrastructure than in resuscitating support for higher education, sanitation or irrigation projects.

Changing perceptions of Africa and responsibility for its development were also central to the work of the Commission. It recognised that poverty in Africa is tragic and unjust, but also recognised the positives in the region's progress and potential and argued that responsibility for that and for future progress lay firmly in the hands of Africans. As outlined above, the Commission's rationale for why developed countries should support Africa was not pity or charity but enlightened self-interest.

These messages were not unique to the Commission for Africa, but it was a strong proponent of them. They have been much repeated before and since – particularly recently as the football World Cup in South Africa has further boosted interest in the region's progress. US President Barack Obama's speech in Accra during his first visit to Africa following his election forcefully expressed a similar narrative to assembled Ghanaian parliamentarians. Yet this view of Africa and the solutions to its poverty competes on a daily basis with opposing views of the continent as tragic and powerless, reliant on the charity of others. Africa's recent experience continues to challenge this perception, not least because much of the credit for progress made is due to its own efforts.

## HOW AFRICA HAS CHANGED

The past five years have seen dramatic economic growth, a surge in trade and investment, a deepening relationship with China and other 'non-traditional' partners, ever increasing demand for African resources and growing international power for Africa. In many ways, the hero of the story is Africa itself – African governments in particular, which have promoted economic and political stability and increased investment in areas vital to growth, paving the way for ever greater investment. This, and other trends such as the growing spending power of African households and the continued growth of Africa's potential labour force, are leading many commentators to point to Africa as the next major emerging market.<sup>2</sup>

Increases in the mobilisation of domestic resources have been behind much of Africa's progress, but increased external aid has also, alongside debt relief, helped to support African governments' efforts to promote growth and development. It has also helped to increase school enrolment rates, check the spread of HIV/AIDS in a number of countries, expand vital infrastructure and support African efforts to attract investment.

Both domestic and international businesses have seized the opportunities presented by the improvements made in the investment climate.

However, the lives of most Africans remain unaffected by Africa's growing economic power. Many Africans' incomes have not improved. Poverty remains widespread, the region's share of international trade remains tiny, and climate change and the global economic crisis are threatening to undermine progress made.

Africa's future will depend largely on whether it can seize the further economic opportunities coming its way and whether African governments can ensure that they translate these into poverty reduction as well as economic growth.

### Africa's rapid economic growth

Perhaps the most striking change in Africa is its recent rapid economic growth.

The region has not achieved the 7% growth rate that the Commission argued was necessary if it was to achieve the MDGs, but between 2003 and 2008 it came close, with annual average growth rates of 6%. Foreign investment and trade both quadrupled.

Growth rates in Africa were reduced by the global economic crisis, as they were in the rest of the world – as discussed further below. However, according to the recent *African Economic Outlook* (AEO) report,<sup>3</sup> African economies are recovering faster than in other parts of the world: 80% of the African countries covered in the AEO, which includes North as well as sub-Saharan Africa,<sup>4</sup> registered positive growth in 2009, compared with only 10% of OECD countries.<sup>5</sup>

As stated in the AEO, this growth has contributed to a growth in resources mobilised internally by African countries through taxes – from an average of 22% of GDP in the 1990s to 27% in 2007.

The increased and ever growing demand for Africa's natural resources has fuelled this growth, as have high commodity prices. Much of this growing demand has come from emerging economies elsewhere in the developing world. Natural resources are, however, far from the only sector of African economies experiencing growth, with two-thirds of GDP growth from 2000 to 2008 coming from other sectors, such as retail, transportation, telecommunications and manufacturing. Countries without significant resource exports have seen similar growth rates to those that do have them.<sup>6</sup> Growth in various sectors is illustrated in Figure 1.

However, African economies remain among the least diversified in the world, with approximately 80% of all African exports coming from oil, minerals and agricultural goods.<sup>7</sup> Only 12% of the growth seen in Africa in this period was in the agricultural sector, which employs 60% of the workforce.

As *Our Common Interest* stated, growth will not lead to poverty reduction unless its benefits are broadly shared – through, for example, job creation or benefits to small enterprises – including among women and youth. As outlined in the growth part of the following section of this report, however, employment rates among young people have not improved a great deal.

<sup>2</sup> McKinsey Global Institute: *Lions on the Move: the progress and potential of African economies*. June 2010. [www.mckinsey.com/mgi/publications/progress\\_and\\_potential\\_of\\_african\\_economies/pdfs/MGI\\_african\\_economies\\_full\\_report.pdf](http://www.mckinsey.com/mgi/publications/progress_and_potential_of_african_economies/pdfs/MGI_african_economies_full_report.pdf). This report estimates that over half of Africa's households will have discretionary spending by 2020 and that Africa's consumer spending will amount to \$1.4 trillion by the same year.

<sup>3</sup> The *African Economic Outlook* reports are published annually by the African Development Bank, the UN Economic Commission for Africa and the Organisation for Economic Co-operation and Development.

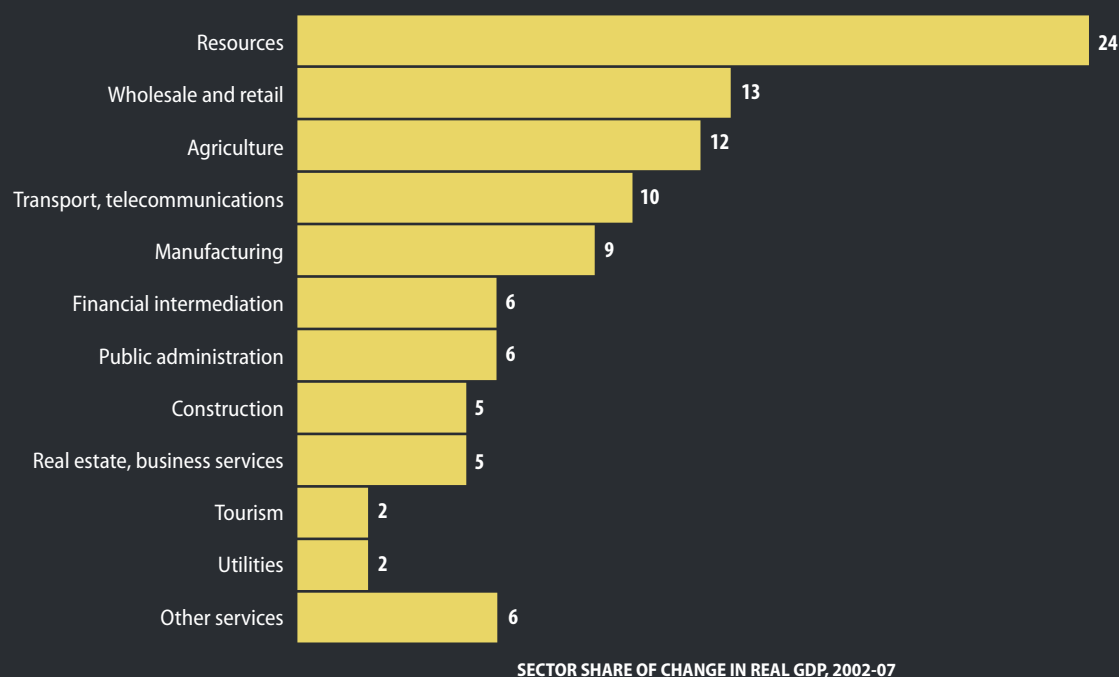
<sup>4</sup> Countries not included in the study are Comoros, Eritrea, Guinea-Bissau, São Tomé and Príncipe, Somalia and Zimbabwe.

<sup>5</sup> *African Economic Outlook 2010*. [www.africaneconomicoutlook.org/en/news-events/article/afdb-oecd-unece-report-forecast-africas-growth-to-rebound-in-2010-56/](http://www.africaneconomicoutlook.org/en/news-events/article/afdb-oecd-unece-report-forecast-africas-growth-to-rebound-in-2010-56/)

<sup>6</sup> McKinsey Quarterly. *What's Driving Africa's Growth?* June 2010.

<sup>7</sup> Includes North Africa as well as sub-Saharan Africa. *African Economic Outlook 2010*.



**FIGURE 1: AFRICA'S GROWTH BY SECTOR (SECTOR SHARE OF CHANGE IN REAL GDP, 2002-2007)**

Source: McKinsey Quarterly. *What's Driving Africa's Growth?* June 2010

Increased investment in and improvements to Africa's infrastructure have been major drivers in its recent economic growth. A massive gap remains, however, between the infrastructure that Africa has and the infrastructure it needs. A recent study found that the funding gap is likely to be double that originally estimated by the Commission, and it is now estimated that Africa needs approximately \$93 billion a year to address its infrastructure needs.<sup>8</sup> It is difficult to overstate how important funding that gap will be to its future growth.

Sub-Saharan Africa has continued to expand as a major market for mobile phone technology. Between 2003 and 2008, it was the world's fastest-growing mobile phone market. Mobile phone technology is now estimated to employ over 3.5 million people in the region and to have accounted for around 6% of East Africa's GDP in 2008.<sup>9</sup> The spread of the mobile phone continues to change the way in which Africans communicate and is bringing a wide range of benefits.

#### MOBILE TECHNOLOGY AND DEVELOPMENT

Mobile phones are becoming an important tool in the region's growth and development. For example:

- Cell-Life Aftercare in South Africa uses mobile phones to remotely monitor the treatment of patients with HIV/AIDS.
- The Satellife initiative created by the Academy of Educational Development uses handheld computers to collect public health data in Uganda.
- The Ushahidi website tracked violence around the 2008 elections in Kenya through 'crowdsourcing' reports from mobile phone users from around the country. It is now piloting its system for tracking crises in the Democratic Republic of the Congo.
- The M-PESA mobile phone money transfer system enables its seven million customers to make secure payments and is estimated to process around 10% of Kenya's GDP.
- Africa's farmers and fishermen are making use of mobile phones to get better information about market prices for their goods – enabling them to make better judgements about when and where to sell their products. The Kenyan Agricultural Commodity Exchange (KACE) has partnered with Safaricom, Kenya's largest cell phone company, to equip farmers with up-to-date commodity market prices via their phones.

<sup>8</sup> Vivien Foster and Cecilia Briceño-Garmendia (editors). 2010. *Africa's Infrastructure: A Time for Transformation*. World Bank/ Agence Française de Développement.

<sup>9</sup> Gabriel Solomon, Senior Vice President, GSMA. 'Towards a Digital Revolution in Africa' in *From Crisis to Opportunity: Harnessing the Power of Business to Sustain Progress Towards the MDGs*. Published by Business Action for Africa, June 2009.

## Improvements in governance have helped to drive growth and have increased investment

It is widely recognised that improvements in governance, particularly economic management, and the efforts of African governments have been among the key drivers of Africa's recent growth. Across the continent, African governments have taken steps to increase the ease of doing business in their countries through macro-economic reform, investment in infrastructure and other changes, helping to attract ever greater levels of foreign investment.

According to the Mo Ibrahim Foundation's Index of African Governance, which measures African countries' progress against various governance indicators, economic management is the area in which African governments have improved the most on average – by six points since 2000 on the Index's scale, with four of those being in the past five years.<sup>10</sup>

According to the Ibrahim Index, there has also been progress against two of the other dimensions measured by the Index: participation and human rights and human development. Competitive electoral politics are becoming more entrenched in many countries, with elections more regular and in many places more effective. As discussed further below, with the assistance of debt relief, increased aid volumes and improved domestic resource mobilisation, African governments have also increased their investment in areas vital to poverty reduction, including health and education.

There has, however, been little movement on the fourth dimension of the Index: safety and rule of law. This covers issues relating to violence and conflict (discussed below), but it also includes efforts to ensure transparency and tackle corruption. Though the Transparency International Corruption Perceptions Index showed that 43% of countries in sub-Saharan Africa saw an improvement in reducing corruption between 2005 and 2009, progress in the fight against corruption is slow in many countries. Indeed, 13% of countries saw no change whatsoever. Both Africa and its partners still have to tackle corruption and other sources of capital flight that divert vital resources away from development.

## DOING BUSINESS IN AFRICA

The *Doing Business 2010* report by the World Bank and the International Finance Corporation (IFC) recorded 67 regulatory reforms in 29 countries in sub-Saharan Africa over the preceding year – more than in any other year covered to date.

Rwanda was the top reformer in the world, with the greatest number of reforms having the most impact in the period covered by the report. Its reforms covered seven of the ten areas measured by the report and included steps making it easier to set up a business, conduct import and export business and transfer property.

Liberia was the other sub-Saharan African country among the global top ten reformers. Over the year, it had taken steps to make it easier to start a new business, to reduce fees for construction permits and to speed up trade.

Other notable reformers were Sierra Leone, Burkina Faso, Mali, Madagascar and Zambia. Mauritius maintained its status as the best place in Africa to do business and moved into the top 20 economies worldwide for its overall rating on ease of doing business.

However, only 32% of African countries have improved their ranking on the overall ease of doing business indicator between 2009 and 2010. Of the total, 17% remained the same and 51% got worse – meaning that there is still a lot to do for many governments in Africa.

Source: *Doing Business 2010: Reforming through Difficult Times*. World Bank and International Finance Corporation. September 2009.

<sup>10</sup> See [www.moibrahimfoundation.org/en/section/the-ibrahim-index](http://www.moibrahimfoundation.org/en/section/the-ibrahim-index).

### **Violent conflict has continued to decline, but security continues to be a concern**

A number of studies also point to increased political stability and a reduction in violent conflict as another of the factors driving Africa's growth. The AEO report's own dataset suggests a 34% reduction in incidents of civil tension in sub-Saharan Africa between 2004 and 2008.<sup>11</sup>

No major new conflicts have emerged on the continent since 2005 and there remain no conflicts between African countries.

However, despite the progress of the past five years, Africa remains the region of the world most vulnerable to the threat of violent conflict. A number of major conflicts ongoing at the time of the original Commission report – for example, in Darfur, Somalia and the DRC – remain entrenched and have experienced periods of escalation since 2005. Countries, such as Nigeria, that have serious but localised conflicts have also experienced an escalation in some of those conflicts or increased insecurity in particular regions. Violence around elections continues to be a major problem and has brought countries such as Kenya to crisis point.

Change – positive or negative – brings a renewed threat of tension and conflict. Climate change has already demonstrated that it will increase pressure on resources, and is likely to result in population movements that may provoke further violent conflict. Rapid urbanisation is also a potential threat to social cohesion.

### **Aid and debt relief have increased but international trade rules remain unchanged**

Aid, trade and debt were the triumvirate of issues at the centre of the Make Poverty History campaign in 2005.

The campaign played a vital role in bringing about increased aid and debt relief to the continent. Aid, excluding debt relief, to sub-Saharan Africa from the Organisation for Economic Co-operation and Development's Development Assistance Committee (DAC) donors<sup>12</sup> alone increased by 46% between 2004 and 2009 and the region has received over \$100 billion in debt relief. As discussed in the audit section of this report that follows, there have also been some improvements in the effectiveness of aid.

The increase in external funds and debt reduction has helped many African countries to increase their investments in health, education and other vital services. Increased aid for infrastructure has also contributed to growth.

However, Africa's growth has certainly not been driven by improvements in the third area – reform of international trade rules. Progress in this area has been negligible and there is currently little prospect of movement.

Africa has, however, made some progress on reducing internal barriers to trade within the region and such trade has increased, but overall it remains low at 10% of total exports. To increase intra-African trade, African governments will have to do much more to remove the physical and non-physical barriers to regional trade, which they pledged to do at the Conference of African Ministers in 2008.

#### **TACKLING THE OBSTACLES TO REGIONAL TRADE**

An example of how increased political will and investments can come together to tackle the obstacles to regional trade is the Chirundu one-stop border-post.

Chirundu is the main border crossing for commercial traffic entering Zambia from both the north and south. It processes an average of 270 trucks per day, making it the country's busiest border post.

A project initiated by the Common Market for Eastern and Southern Africa (COMESA) and co-financed by the UK and Japanese governments has simplified and harmonised the requirements of more than 15 government agencies between Zambia and Zimbabwe, and has given jurisdiction over northbound traffic to one government and southbound traffic to the other. This has greatly reduced costs and has cut the average waiting time at the border from three days to three hours.

<sup>11</sup> *African Economic Outlook 2010*.

<sup>12</sup> The DAC brings together 24 developed country donors, including major European donor countries, the European mission, Japan and the United States. See: [www.oecd.org/about/0,3347,en\\_2649\\_33721\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/about/0,3347,en_2649_33721_1_1_1_1_1,00.html).





## Africa is still not on track to achieve the MDGs

Despite all the progress made in sub-Saharan Africa since 2005, the region is still not on track to meet any of the MDGs by 2015. There has been positive progress against most of the goals and targets, but it has not been fast or widespread enough to put Africa on target to achieve them on time.

The latest figures for sub-Saharan Africa show that, despite the growth in overall numbers of poor people, the proportion of people living in poverty fell from 58% to 51% between 1990 and 2005.<sup>13</sup> According to the *Global Monitoring Report*, the proportion of people living on less than \$1.25 a day will be 38% in 2015, meaning that the region will not have achieved the MDG of halving poverty by that date.<sup>14</sup> Even without the global financial crisis, Africa was not on track to meet the goal of halving the proportion of people living in poverty by 2015, but, as discussed below, the crisis means that it is now even further off-track.

The number of hungry people in sub-Saharan Africa has remained relatively unchanged. In 2008, approximately 32% of the region's population was undernourished. This proportion has barely changed since 1990.<sup>15</sup>

Progress has been made on the education MDGs, globally and in Africa. Enrolment in primary education increased by more than 15% in sub-Saharan Africa between 2000 and 2008, when it reached 76.4%. At present 91 girls attend school for every 100 boys, which represents progress.<sup>16</sup> However, the target for gender parity in primary education was 2005: this has been missed, and the target of gender parity for other levels of education by 2015 is likely to be missed by some way. Given the strong relationship between women's education and development, this is particularly worrying. Completion rates for primary education are also poor across the region.

Though some recent data are considerably more positive than previous estimates, there has been

### THE MILLENNIUM DEVELOPMENT GOALS

There are eight Millennium Development Goals (MDGs), each with specific targets (listed beneath each one).

#### 1. Eradicate extreme poverty and hunger

- Halve the proportion of people living in extreme poverty by 2015.
- Halve the proportion of people who suffer from hunger by 2015.

#### 2. Achieve universal primary education

- Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

#### 3. Promote gender equality and empower women

- Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

#### 4. Reduce child mortality

- Reduce by two-thirds the under-five mortality rate by 2015.

#### 5. Improve maternal health

- Reduce by three-quarters the maternal mortality ratio by 2015.

#### 6. Combat HIV/AIDS, malaria and other diseases

- By 2015 halt and begin to reverse the spread of HIV/AIDS.
- By 2015 halt and begin to reverse the incidence of malaria and other major diseases.

#### 7. Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
- Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation.
- By 2015 achieve a significant improvement in the lives of at least 100 million slum dwellers.

#### 8. Create a global partnership for development with targets for aid, trade and debt relief

- Develop further an open, rules-based, predictable and non-discriminatory trading and financial system.
- Address the special needs of both the least developed countries (LDCs) and of landlocked and small island developing countries.
- Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable.
- In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

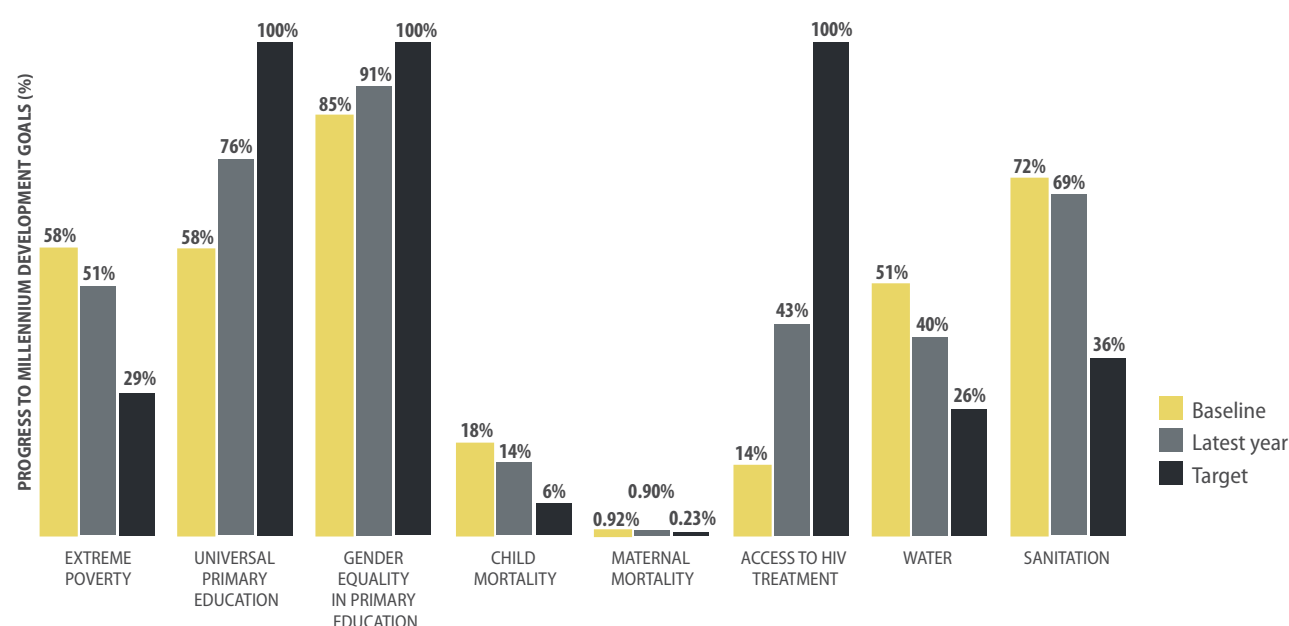
<sup>13</sup> There are no figures available on poverty in Africa later than 2005.

<sup>14</sup> International Bank for Reconstruction and Development/The World Bank. 2010. *Global Monitoring Report 2010: The MDGs after the crisis*.

<sup>15</sup> Food and Agriculture Organisation (FAO) statistics.

<sup>16</sup> *The Millennium Development Goals Report 2010*.

FIGURE 2: PROGRESS AGAINST THE MDGS



particularly slow progress against MDGs 4 and 5 on maternal and child mortality; both have fallen only slightly in many sub-Saharan countries. While there have been success stories,<sup>17</sup> sub-Saharan Africa still has the highest rate of child mortality in the world, with one in seven children dying before their fifth birthday. Of the 34 countries with under-five mortality exceeding 100 per 1,000 live births in 2008, all except Afghanistan were in sub-Saharan Africa. The maternal mortality rate was 920 per 100,000 live births in 1990 and had only fallen to 900 in 100,000 by 2005.<sup>18</sup> Recognising the lack of progress against these two MDGs, in 2010 the G8 launched the Muskoka Initiative on Maternal, New-Born and Under-Five Child Health.<sup>19</sup>

HIV/AIDS infection rates have fallen in Africa and there has been a dramatic rise in the number of children sleeping under insecticide-treated bed nets – up from 2% in 2000 to 20% in 2008. However, two-thirds of all people living with HIV/AIDS globally live in sub-Saharan Africa and the prevalence of tuberculosis continues to rise. The number of tuberculosis cases per 100,000 people was higher in 2008 than in 1990.<sup>20</sup> The Commission's original report placed considerable emphasis on the importance of strengthening the systems required to deliver effective services. Many donors of all kinds have increased their investment in systems, and this trend needs to continue. African governments also need to fulfil their pledge to dedicate at least 15% of total government budgets to the health sector.

Since 1990, 80% more people in Africa have gained access to sanitation facilities. Access to clean water has also

improved. However, progress is too slow and will not be fast enough to achieve the relevant targets. In 2008, 330 million people in sub-Saharan Africa still did not have access to clean water and 565 million did not have access to improved sanitation facilities. In 2008, the proportion of people in the region with access to basic sanitation services was 31% – the same as in 2005. In 2008, 60% of people in sub-Saharan Africa had access to safe drinking water, a slight increase from 2005 when the figure was 58%. There are also big gaps between access to clean water and sanitation in rural and urban areas. In 2008, the percentage of the population using an improved water source in urban areas in sub-Saharan Africa was 83%, compared with 47% in rural areas. The percentage of the population using improved sanitation facilities in urban areas was 44%, against 24% in rural areas.<sup>21</sup>

Measures of aid to Africa suggest that, despite the increases agreed at Gleneagles and the delivery of that aid by some donors, not all donors will fulfil their commitments by 2010. As discussed in detail in the following section, by 2009 official development assistance (ODA) to sub-Saharan Africa from DAC members had increased by \$12.1 billion,<sup>22</sup> a 46% rise in real terms over 2004 levels, and almost 40% of the increases in global assistance over this period went to sub-Saharan Africa. Some countries have passed or are on target to reach 0.7% of gross national income (GNI),<sup>23</sup> but others have 're-clarified' their commitments or are lagging behind. Falling levels of GNI since the onset of the global crisis have also affected aid flows from those countries that have tied their commitments to a percentage of their GNI.

<sup>17</sup> Against expectations, Ethiopia, Malawi, Mozambique and Nigeria have seen an absolute reduction of under-five mortality rates of more than 100 per 1,000 live births since 1990.

<sup>18</sup> *The Millennium Development Goals Report 2010*.

<sup>19</sup> See [www.unicef.org/media/files/G8\\_MUSKOKA\\_INITIATIVE.doc](http://www.unicef.org/media/files/G8_MUSKOKA_INITIATIVE.doc).

<sup>20</sup> A rate of 300 per 100,000 people in 1990, compared with 490 per 100,000 people in 2008.

<sup>21</sup> *Global Monitoring Report 2010: The MDGs after the crisis and The Millennium Development Goals Report 2010*.

<sup>22</sup> 2009 prices. All aid figures exclude bilateral debt relief.

<sup>23</sup> The commitment by developed countries to allocate 0.7% of their gross national product (GNP) or gross national income (GNI) to development assistance was first made in a UN General Assembly resolution in 1970. It has been estimated that this amount would provide the resources required to meet the MDGs. See [www.unmillenniumproject.org/press/07.htm](http://www.unmillenniumproject.org/press/07.htm).

## NEW OPPORTUNITIES AND CHALLENGES FOR AFRICA

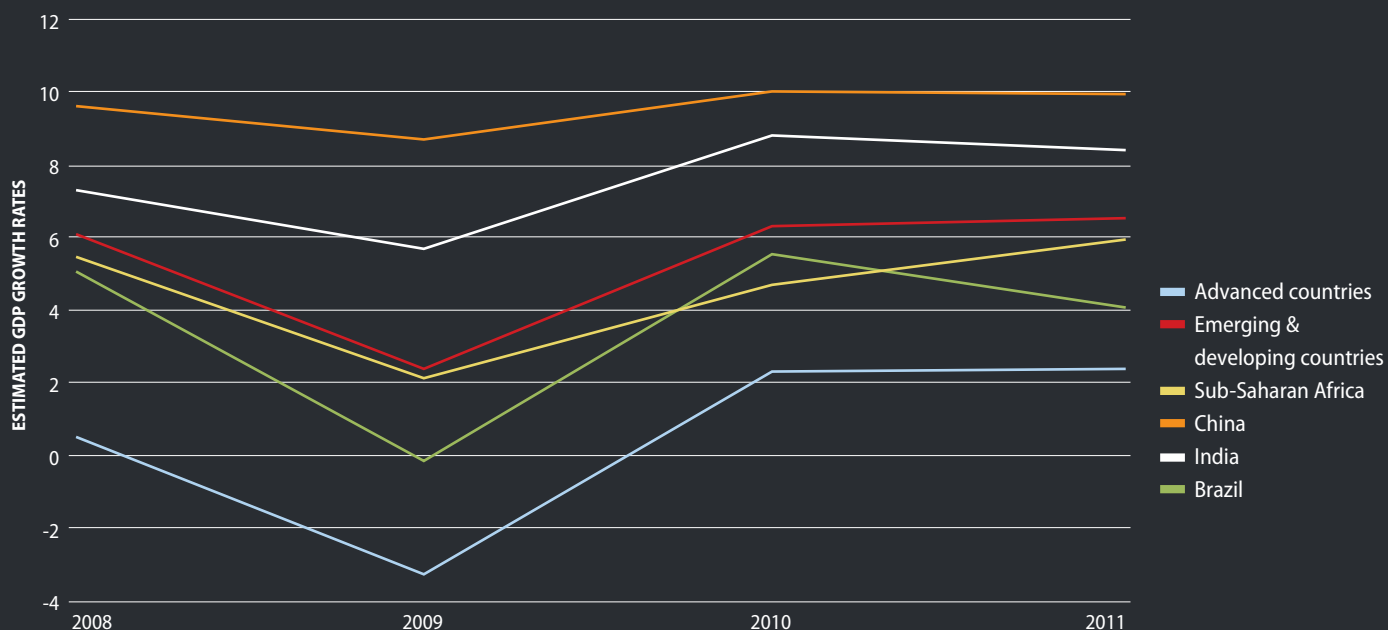
At the same time, Africa faces both new challenges and new opportunities that have emerged or have come to the fore since the publication of the original report.

### The impact of the global economic crisis

Like all economies, African countries have suffered as a result of the global economic crisis. The average growth rate for sub-Saharan Africa dropped to 2.1% in 2009 as a result of the declines in commodity prices, remittances and foreign investment.<sup>24</sup> Different regions, such as southern Africa, have been more harshly affected than others.

Africa is expected to recover from the crisis more rapidly than other parts of the world; as noted above, 80% of African countries registered positive growth in 2009, compared with 10% of OECD countries.

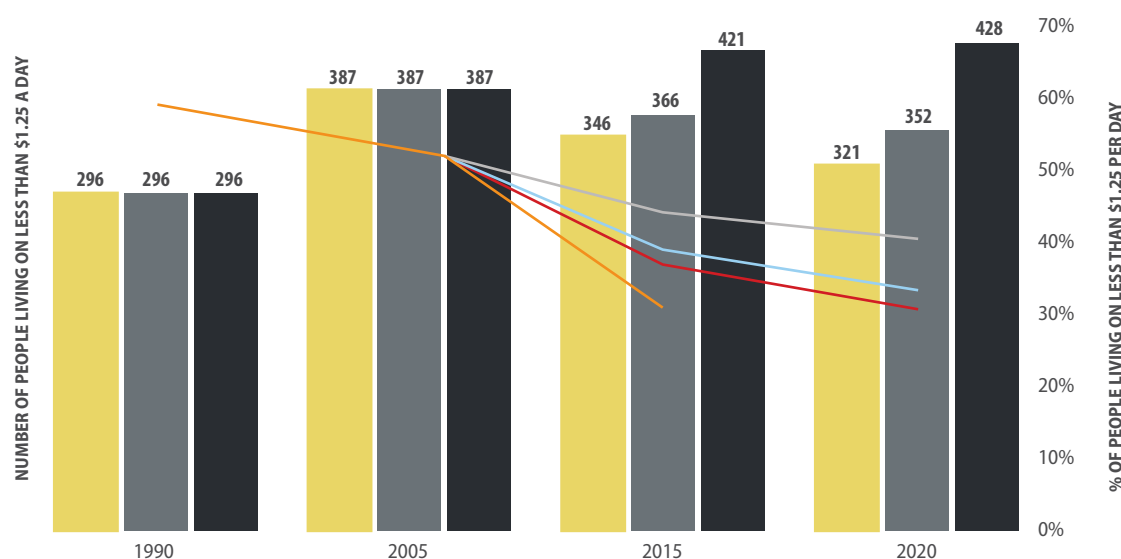
**FIGURE 3: THE IMPACT OF THE ECONOMIC CRISIS ON GROWTH**



Source: IMF, 2010 *World Economic Outlook – Rebalancing Growth*

<sup>24</sup> African Economic Outlook 2010.

FIGURE 4: THE IMPACT OF THE GLOBAL ECONOMIC CRISIS ON POVERTY LEVELS IN SUB-SAHARAN AFRICA



**Pre-crisis:** The scenario had the crisis not interrupted the rapid economic progress made by countries in sub-Saharan Africa.

**Post-crisis:** Though poverty levels will be worse than if there had been no crisis, a rapid economic recovery will mean there will still be reductions in the poverty rate.

**Low-growth:** The scenario if the economic outlook deteriorates further for sub-Saharan Africa and economic recovery is not as swift as predicted under the post-crisis scenario.

- Pre-crisis (millions of people)
- Post-crisis (millions of people)
- Low-growth (millions of people)
- Pre-crisis (% of people)
- Post-crisis (% of people)
- Low-growth (% of people)
- MDG target for 2015

Source: World Bank, *Global Monitoring Report 2010: The MDGs after the crisis*

However, the impact of the crisis on African economies has set back progress in reducing the absolute number of people living in poverty. With population growth taken into consideration, the continent's economic growth is at a standstill. The impact of the recovery on poverty reduction will rely to a large degree on the jobs it creates – and, according to the UN Department for Economic and Social Affairs, this has been slow to take off.<sup>25</sup> According to projections in the 2010 *Global Monitoring Report*, as a result of the crisis the percentage of people living on less than \$1.25 a day in sub-Saharan Africa will be 38% by 2015, rather than the 36% it would have been without the crisis, which means that 20 million fewer people will be lifted out of poverty. It is estimated that 50 million more people fell into extreme poverty in 2009 and that 64 million will be in extreme poverty by the end of 2010 as a result of the crisis.<sup>26</sup>

The fact that sub-Saharan Africa has not been more badly affected and is rebounding more quickly than other regions is largely due to the various reforms and actions carried out by African governments in recent years, which have reduced vulnerability. The region has also been helped in part by the fact many donors and the international financial institutions have remained committed to supporting it through the crisis. However, with the G20's attention turning recently from fiscal stimulus to cutting deficits, aid budgets may come under threat.

<sup>25</sup> UNDESA *The Millennium Development Goals Report 2010*.

<sup>26</sup> World Bank. *Global Monitoring Report 2010: The MDGs after the crisis*.

## Climate change

Africa's carbon emissions have barely increased in the past five years and remain very small. However, Africans will be among those suffering the most as the result of climate change. Climate change will lead to the expansion of the continent's deserts, which, along with increased population, will put ever greater pressure on its food security and water resources.

### CLIMATE CHANGE IN AFRICA: THE IMPACT

Africa is expected to be amongst the regions worst affected by climate change. The effects will vary across the continent – for example, both North Africa and southern Africa are expected to become drier. Other regions, such as East Africa, may experience increased rainfall. Overall, scientists are predicting that Africa is likely to experience the following as the result of climate change:

- The expansion of deserts
- An increase in both floods and droughts
- Falling crop yields and a decrease in the area available for agriculture
- Reduced food security and increased malnutrition
- Increased prevalence and severity of vector-borne diseases, such as malaria
- Damage to infrastructure, crops and livestock resulting from, for example, floods
- Damage to biodiversity and ecosystems.

African countries are highly vulnerable to the impact of climate change, as their economies and people are dependent on natural resources and the agricultural sector. The lack of irrigation of agricultural land (discussed later in this report) is also an issue, as it means that a very high proportion of Africa's agricultural land is dependent solely on rainfall.

Climate change is also expected to have even broader impacts. For example, increased pressure on land in parts of Africa and population movement resulting from the changes could bring about increased conflict.

Source: *The Science of Climate Change in Africa: Impacts and Adaptation*. Gordon Conway, Professor of International Development, Imperial College London. Grantham Institute for Climate Change Discussion Paper. October 2009

Awareness of the threats posed by climate change has increased a great deal since 2005. Considering the current level of attention focused on climate change and the data that have since emerged on its likely impact on Africa in particular, one would perhaps

### CLIMATE CHANGE IN AFRICA: ADAPTATION

Adaptation to climate change in Africa will require action across a wide range of areas. According to work done by the Africa Progress Panel, these could include:

- Agriculture and animal husbandry – new crops, farming inputs, water management, forage production
- Water and other infrastructure – water resource management, energy infrastructure, transport networks, urban infrastructure
- Disease management and health systems – vector control, vaccination and treatment
- Natural resource management – ecosystem service management.

Source: Presentation by Guido Schmidt-Traub, Climate Change Advisor, Africa Progress Panel Secretariat and Director of South Pole Carbon Asset Management to an event on 'Securing Additional International Public Finance for Climate Change: How much is needed and can it be achieved?', on 15 April 2010 at the Overseas Development Institute in London. [www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf](http://www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf)

expect this issue to have played a more prominent role in the Commission's 2005 report: that it did not was largely because climate change was the second priority topic for the UK's G8 presidency in 2005 and so was dealt with through separate processes. The issue of climate change was dealt with in the report's section on growth, which recognised the severe threat it posed and made a number of recommendations on how African governments and donors should respond. These recommendations included calls to give greater attention to climate change issues in the development of government and donor strategies; improving the systems in place to monitor the impact of climate change on the continent; and increasing investment in cleaner energy technologies.

It is estimated that Africa needs \$10–20 billion per year in additional external support to adapt to climate change.<sup>27</sup> Whether donors can be convinced to provide these resources and make them additional to their existing commitments to deliver the aid needed to reach the MDGs is one of the key challenges for 2010. The UN Secretary-General's High Level Advisory Group on Mobilising Climate Change Resources will be reporting on this issue later this year.

At the same time, Africa has resources vital to tackling climate change – sun, water and other sources of renewable, clean power. Should the investment be found to unleash that potential to reduce global

<sup>27</sup> Presentation by Guido Schmidt-Traub, Climate Change Advisor, Africa Progress Panel Secretariat and Director of South Pole Carbon Asset Management to an event on 'Securing Additional International Public Finance for Climate Change: How much

is needed and can it be achieved?', on 15 April 2010 at the Overseas Development Institute in London. [www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf](http://www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf).

emissions, Africa could stand to benefit considerably as a result – not just from the generation of power, but also by becoming an exporter of energy.

### Africa's place in a changing world

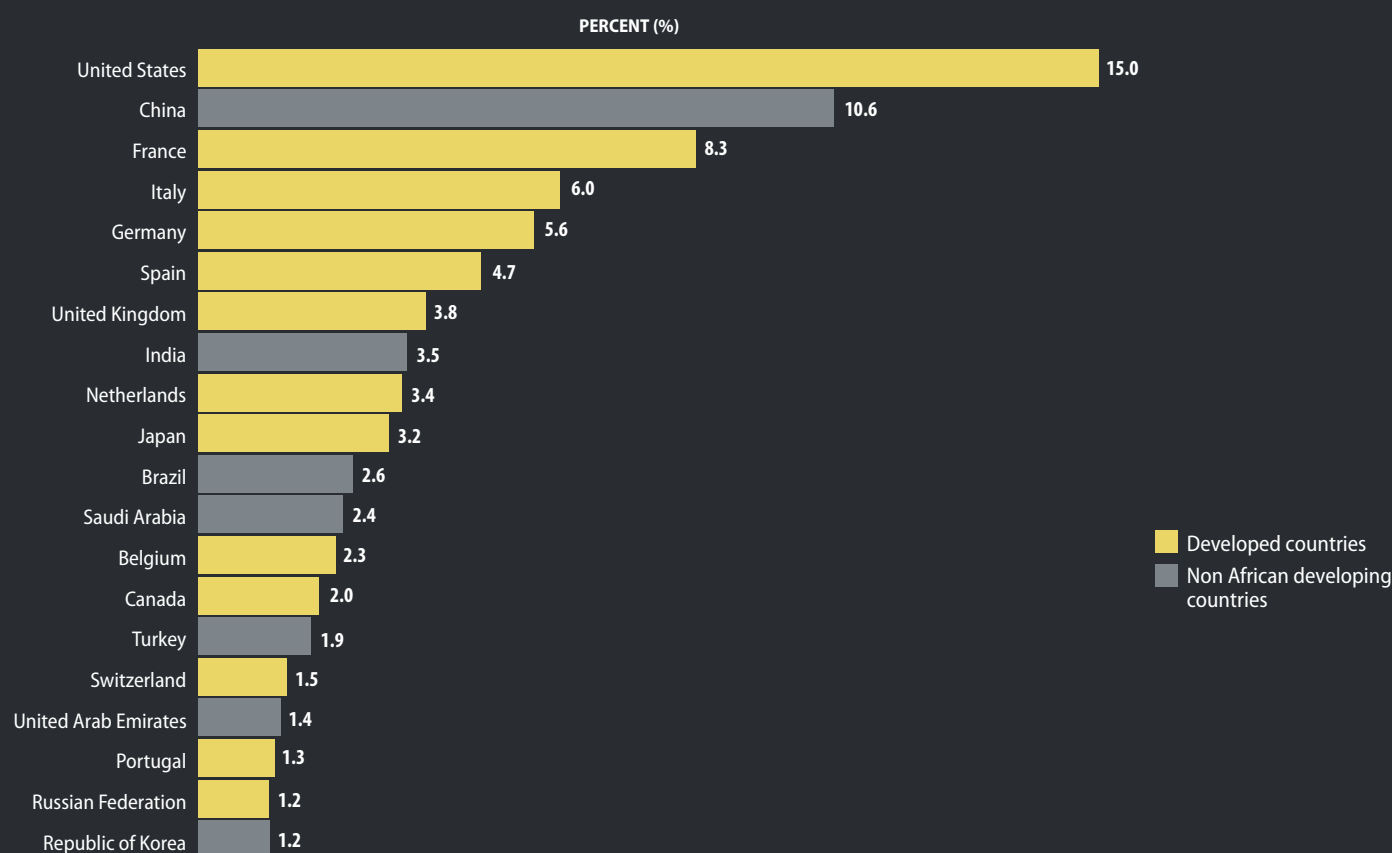
It was clear in 2005 that Africa's relationships with the rest of the world were changing. The rapidly expanding economies in other parts of the developing world, particularly those such as China, India and Brazil, were generating an ever greater demand for raw materials from Africa, and political and diplomatic linkages were also deepening as a result. By 2008, China was Africa's second largest trading partner after the United States; the value of trade between Africa and China increased nearly ten-fold between 2000 and 2008. China's trade with Africa is estimated to be worth over \$100 billion annually and accounts for approximately 11% of the continent's external trade. It is also Africa's main source of imports.

Other countries such as Brazil, Saudi Arabia, Turkey and the United Arab Emirates have increased their shares of African trade considerably, and were among Africa's top 20 trading partners in 2008.

These relationships go beyond trade. The economic interest that countries such as China, Brazil and India have in Africa has also contributed to their emergence as increasingly important donors to the region. The *China Statistical Yearbook*<sup>28</sup> reports that the combined figure for 'official budget external assistance', Export-Import Bank of China concessional loans and debt relief for Africa was \$1.4 billion in 2007, and by 2009 this was projected to increase to \$2.5 billion.<sup>29</sup> China pledged, in late 2006, to double aid to Africa, and recent commitments have indicated greater future investment in social sectors and debt relief. This aid is often focused on areas less favoured by traditional DAC donors, such as infrastructure.

These new relationships were already emerging five years ago, but there was relatively little discussion of them in the Commission's report. Nor did it predict the sheer scale of demand from emerging economies for Africa's resources or the degree to which its relationship with them, particularly China, would come to dominate the debate in the intervening years, or how it would change Africa's relationships with other parts of the world, particularly its 'traditional' donor partners.

**FIGURE 5: AFRICA'S EXTRA-REGIONAL TRADE: SHARES OF MAIN TRADING PARTNERS IN 2008**



Source: UNCTAD. *Economic Development in Africa Report 2010*

<sup>28</sup> Compiled by the National Bureau of Statistics of China.

<sup>29</sup> D. Brautigam 2009. *The Dragon's Gift: The Real Story of China in Africa*.

This has not, however, been the only significant change in global politics in the past five years. The Commission focused many of its recommendations on the Group of Eight (G8) largest economies and was itself conceived, in part, to inform the UK's presidency of the G8. Since then, however, the G8 has increasingly given way to the G20 as the major forum for international debates on economic and other matters.

The G20 includes developing countries as well as developed countries, but only one African nation, South Africa. The G8 had become a major forum for discussing the support of major economies to Africa's development. It has yet to be seen whether the G20 will assume this role and whether a broader set of African countries will be able to influence discussions.

*Our Common Interest's* final section, 'Making it Happen', made recommendations on how Africa's role in international institutions should be strengthened. The lack of conclusive progress against many of these recommendations masks the fact that both individual countries and Africa as a whole have become more powerful forces in the international community. As Africa's resources and markets attract ever greater interest, many countries are increasing their political and trade links with the continent<sup>30</sup> and this could further increase the ability of African governments to influence international politics.

### Demographics: a double-edged sword

Africa's population is projected to continue to grow rapidly in the coming decades, and will account for 20% of the global population by 2030.<sup>31</sup> Young people will continue to make up a high proportion of its population, with one in five Africans being between the ages of 15 and 25 by the same year.

Urbanisation is continuing to gather pace – and at a higher rate than anywhere in the world. By 2030, the majority of Africans will live in towns and cities.

This brings both benefits and threats for Africa. Economic growth rates will need to outstrip population growth to translate into real economic progress. As noted in the original report, unemployment among the young is a major problem for any society. African governments will have to move fast to respond to the pace of urbanisation to ensure that services can cope and that rapid population movements do not provoke violent conflict.

At the same time, these changes have the potential to contribute positively to Africa's future economic prospects by attracting industry and investment in need of young people as a labour force. Education will be key to unlocking this potential.

### Is Africa the next emerging market?

Commentators are increasingly talking of Africa's projected growth and international demand for new markets as having the potential to transform the continent, making it the next major emerging market and a rising economic and political power.

As the World Bank's Managing Director, Ngozi Okonjo-Iweala, pointed out in a recent speech to Harvard University, Africa has a trillion-dollar economy which grew faster than those of Brazil and India between 2000 and 2010 and is projected to grow faster than Brazil's between 2010 and 2015.<sup>32</sup> International companies are increasingly focusing on emerging economies as a source of future growth. Asia has benefited from this trend in recent years and, with its growing consumer demand and expanding labour force, Africa could be next in line.

<sup>30</sup> Chatham House. 2010. *Our Common Strategic Interests: Africa's Role in the Post-G8 World*.

<sup>31</sup> UN Population Division: World Population Statistics. [esa.un.org/UNPP/](http://esa.un.org/UNPP/)

<sup>32</sup> Speech by Ngozi Okonjo-Iweala, Managing Director of the World Bank. *What's the Big Idea? To Reposition Africa as the Fifth BRIC – A Destination for Investment, not just Aid*, to Harvard Kennedy School on 14 May 2010.



## IS 'OUR COMMON INTEREST' STILL RELEVANT?

As outlined previously, much has changed in Africa, but much has not.

The report's 'philosophy' – that it is in everyone's common interest to see a strong and prosperous Africa – remains as true now as when it was published. What we know now about Africa's possible future role in the global economy and in tackling climate change mean that the collective benefits of the continent's development are perhaps even more pronounced five years on.

If a full update of the report were to be conducted, it is likely that it would include a great deal more about climate change, the role of emerging economies and the impact of the global economic crisis. It would also need to reflect on the food crisis and of rising oil prices and how these have affected Africa. It would probably also reflect on how increased demand for Africa's less well-known resources – such as coltan and uranium – may shape its future.

Debates around many of the issues addressed in the original report have moved on. For example, the role of the African Union in promoting peace and security was an emerging issue at the time of the last report. It is now an accepted fact and therefore attracts far fewer column inches than it once did. At the time of the 2005 report, a favoured rebuttal to calls for increased aid was the argument that aid would simply end up in Swiss bank accounts as a result of government corruption. Evidence that has emerged since then indicates that other sources of capital flight, such as corporate tax evasion, are an equal cause for concern for both Africa and its partners.

One might hope that full implementation of all its recommendations had rendered the report obsolete.

This unfortunately is not the case. As outlined in the section that follows, there has been some progress against many of the recommendations, but very few of them have been fully implemented. The need to make speedier progress on many of them – such as job creation and support to water and sanitation and agriculture – remains as important now as it ever was.

The priorities that the original recommendations addressed – the need to get more children into school and to invest in post-primary education, strengthen health systems, promote accountable governance, prevent violent conflict, and ensure that growth continues and the proceeds are shared – are still relevant. International aid will continue to play a role in supporting Africa's development and in meeting the challenges it is now facing.

But, as discussed above, Africa has moved on since 2005. It is leading the global economic recovery, and economic growth in the coming years could transform its position in the world economy. The challenge to African governments is how to ensure that this potential is realised and that the gains of growth are shared by all, to transform the lives of those currently living in poverty. They must make use of this new-found power to set the terms and agenda under which others engage with them, to the benefit of their own people. The challenge to donors is not only that they adapt to this change by getting behind Africa's agenda, but also that they work with all African countries to ensure that none are left behind. The challenge to everyone is how to ensure that climate change and external shocks such as the global financial crisis do not derail progress.



# Audit of progress

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**AGAINST THE 2005 RECOMMENDATIONS**

## GETTING SYSTEMS RIGHT: GOVERNANCE AND CAPACITY-BUILDING

### THE GOVERNANCE AND CAPACITY-BUILDING RECOMMENDATIONS IN THE 2005 REPORT

#### Investment in capacity-building

- Strengthen pan-African and regional bodies and programmes, including support to the African Peer Review Mechanism.
- Donors should align behind African governments' comprehensive capacity-building strategies.
- Invest \$500 million to revitalise Africa's institutions of higher education and \$3 billion over ten years to develop centres of excellence in science and technology.

#### Increase accountability and transparency

- Establish partnerships to strengthen parliaments in Africa, including the Pan-African Parliament.
- Create an African media development strategy.
- Put pressure on companies to be more transparent in their activities in developing countries and to adhere to international codes and standards of behaviour.
- Give strong political and financial support to the Extractive Industries Transparency Initiative

(EITI) on gas, oil and minerals to increase the transparency of payments made to and received by governments.

- Extend similar initiatives to other natural resource sectors.
- Timber-importing countries should ensure that they do not trade in illegally acquired forest products.

#### Corruption

- Developed countries should encourage their export credit agencies to be more transparent.
- Countries and territories with significant financial centres should take all necessary legal and administrative measures to repatriate illegally acquired state funds and assets.
- All states should ratify and implement the UN Convention Against Corruption during 2005.

#### Strengthening the quality and use of data

- Donors should provide the additional amount required to help Africa improve systems to collect and analyse statistics.

The Commission for Africa's 2005 report, *Our Common Interest*, argued that governance and peace and security were essential preconditions for development and growth in Africa, and that without effective institutions and progress in governance, 'all other reforms will have limited impact'.

The governance section of the report made recommendations on a number of issues vital to improving the capacity, accountability and transparency of institutions and therefore to accelerating development. It focused primarily on the effectiveness of individual African states but also called for improved support to Africa's regional organisations and governance initiatives. It identified corruption and the lack of high-quality data as two particular issues undermining the capacity of states to deliver poverty reduction.

The report did not focus in detail on economic governance. However, as discussed in the section on growth (see below), improvements in economic governance in many African countries have been one of the success stories of the past five years.

### 30 African countries have signed up to the African Peer Review Mechanism (APRM)

By 2009, international donors had provided a total of \$13 million to the APRM Secretariat Trust Fund. African countries had contributed \$20 million.<sup>33</sup>

As of January 2010, 30 African countries had signed up to the APRM and 14 were at various stages in the implementation process.

The APRM is highly innovative, and no other region in the world has a similar process. However, its impact is being undermined by sluggish implementation, countries not integrating the findings of APRM reviews into their planning and budgeting processes, and insufficient support to the Secretariat. There is also evidence that donors are making limited use of the APRM process and its findings in their programmes.<sup>34</sup> The process as a whole would benefit from renewed commitment and momentum.

### Donors are aligning more of their support behind countries' own priorities for technical assistance, but there is still room for improvement

To improve states' capacity to deliver growth and development, the 2005 report recommended that African governments develop comprehensive capacity-building strategies, around which donors should align their assistance.

African governments have not drawn up comprehensive capacity-building strategies as such. However, the Government of Rwanda, for example, has pooled all its own spending on technical assistance into a single 'Capacity Building Fund', which it has aligned

<sup>33</sup> APRM Annual Report 2009.

<sup>34</sup> For example, the EU Governance Initiative was set up in 2005, offering up to \$2.7 billion to support improvements in governance in developing countries, including support to reforms triggered by the APRM. However, a 2009 review of this

initiative found that the Governance Action Plans developed for it sometimes gave insufficient attention to APRM action plans, and called for a better link between the two that more accurately reflected countries' level of progress in the APRM process.

to its national development priorities. Taking this one step further, the government is now drawing up a strategic assessment of capacity gaps in the ministries responsible for delivering key policy objectives, and will be looking to donors to align their spending and technical assistance with its capacity-building priorities and plans rather than their own.

The 2005 Paris Declaration set a target for donors' technical support to developing country governments: by 2010, 50% of it should go through coordinated programmes that are consistent with national development strategies. As noted in the section on resources below, this indicator had already been exceeded by 2008, progressing from 48% in 2005 to 60% in 2007.<sup>35</sup> It has, however, been criticised for being unambitious. The 2008 Accra Agenda for Action called for further steps to ensure that developing countries are in control of identifying their capacity-building needs and that donors align their efforts around those priorities.<sup>36</sup>

### Donor funding to higher education remains very low

According to DAC data,<sup>37</sup> donor funding to higher and advanced education in sub-Saharan Africa increased by 24% between 2005 and 2008, peaking in 2006. France and Germany are the two biggest donors by some distance.<sup>38</sup> However, many donors include the costs of overseas students studying at their own universities in these figures. Once these costs are discounted, donor support to African universities continues to be very low, and is not improving.

### Disappointing progress on support to Africa's science and technology capacity

It is unclear what has happened in terms of external support to Africa's science and technology capacity and in particular to 'centres of excellence'. It is clear, however, that donors have not committed to providing up to \$3 billion over ten years to develop centres of excellence in science and technology, as recommended by the Commission.

The African Union (AU) produced a Consolidated Plan of Action for Science and Technology in August 2005.<sup>39</sup> There are annual meetings of the African Ministerial Conference on Science and Technology (AMCOST),

which is leading a number of initiatives, such as the creation of a continent-wide 'observatory' on science and technology.

Despite new funding, from, for example, the European Commission, and positive steps in some areas, there has been little progress overall and coordinated donor funding has failed to materialise. Consultations on the creation of an African Science and Innovation Facility were held in 2006, but there appears to have been no further action towards creating this facility since then.<sup>40</sup>

### Donor support to parliaments may have grown – but the Pan-African Parliament remains under-funded

The Pan-African Parliament was established in 2004 as the legislative arm of the AU. Based in South Africa, it draws together representatives from across the continent. It is difficult to determine whether support to either the Pan-African Parliament or African parliaments in general has increased or not, due a lack of data on this issue. There is certainly a perception that funding to and donor interest in supporting parliaments have increased overall.<sup>41</sup>

A trust fund for the Pan-African Parliament was established in April/May 2005. A number of donors have provided support, including the UK, Netherlands, Belgium, Germany and Japan – either through the trust fund or through programmes to build the capacity of the Parliament. However, the Pan-African Parliament has consistently been short of funding – in large part because member states are not making their contributions.

### The Africa Media Initiative has been created

The Africa Media Initiative has recently been created and is beginning its work. According to DAC statistics, however, donor funding to the media in sub-Saharan Africa has remained modest.

### Many companies are improving their performance on ethical issues, but those that behave irresponsibly often go unpunished

It is difficult to measure whether pressure on companies to behave in an ethical manner has increased. 'Ethical consumerism' has certainly been on the rise.<sup>42</sup> Research into policies and systems for

<sup>35</sup> OECD. 2008. *Survey on Monitoring the Paris Declaration. Making Aid more Effective by 2010*. An assessment of 2010 assistance will be published in 2011.

<sup>36</sup> See <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>.

<sup>37</sup> References to OECD International Development Statistics are made throughout this report: [www.oecd.org/dataoecd/50/17/5037721.htm](http://www.oecd.org/dataoecd/50/17/5037721.htm)

<sup>38</sup> DAC statistical database.

<sup>39</sup> [www.africa-union.org/root/AU/Conferences/2010/March/Amcost/docs/Africa's%20Consolidated%20Plan%20of%20Action.pdf](http://www.africa-union.org/root/AU/Conferences/2010/March/Amcost/docs/Africa's%20Consolidated%20Plan%20of%20Action.pdf).

<sup>40</sup> For a commentary on progress in building Africa's science and technology capacity, see Linda Nordling, 'Africa Analysis: Continent's science plan needs refocus' on [scidev.net](http://scidev.net), February

2010. [www.scidev.net/en/sub-suhaman-africa/opinions/africa-analysis-continent-s-science-plan-needs-refocus.html](http://www.scidev.net/en/sub-suhaman-africa/opinions/africa-analysis-continent-s-science-plan-needs-refocus.html)

<sup>41</sup> The UK Africa All Party Parliamentary Group's report, *Strengthening Parliaments in Africa: Improving Support* (March 2008), stated that 'there has been a recent upsurge in attention to parliaments and significant indications of fresh commitment on the part of DFID and other players'. It also suggested that the number of organisations looking to provide support to parliaments in Africa was increasing in number and diversity.

<sup>42</sup> Research on ethical consumerism by the Co-operative Bank found that expenditure on ethical goods and services has grown almost three-fold in the UK in the past 10 years. Overall, the ethical market in the UK was worth £36 billion in 2008 compared with £13.5 billion in 1999.

corporate social responsibility by bodies such as Experts in Responsible Investment Solutions (EIRIS), however, demonstrates patchy performance across different issues and sectors. Policies and systems on environmental issues are, for example, found to be more widespread and of better quality than those on bribery and corruption.

The OECD has issued Guidelines for Multinational Enterprises aimed at encouraging responsible behaviour in their overseas operations.<sup>43</sup> National Contact Points (NCPs) are government offices in each OECD country which are responsible for disseminating, encouraging and monitoring compliance with these voluntary principles. Campaigners on corporate responsibility frequently criticise the NCPs for failing to follow up alleged breaches. There are also suggestions that the global economic crisis has worsened the situation by encouraging governments to become more lax in enforcing standards.

In July 2010, the US Senate passed an amendment to the country's Financial Regulation Bill that will dramatically enhance transparency efforts in developing countries. The Cardin-Lugar Transparency Amendment makes it mandatory for all oil, gas and mining companies listed on the New York Stock Exchange to disclose what they pay to foreign governments for the right to extract natural resources. Placing these figures in the hands of local civil societies will help them to hold governments to account and cut down on corruption. In its conclusion, this report recommends that other countries should follow suit.

### EITI has expanded its members and resources

Some progress has been made with regard to the Extractive Industries Transparency Initiative (EITI). Criteria for validation were agreed in 2007 and 32 countries have signed up to the initiative. Of these, 19 are African.

Liberia is one of only two countries<sup>44</sup> that have applied for and been granted EITI validation and are therefore classified as EITI-compliant. Donor support to the EITI Multi-Donor Trust Fund, which was created in August 2004, has continued to grow, from two donors in 2004 to 13 in March 2010. Funding has increased consistently, from \$12 million in March 2007 to \$27.8 million in September 2009. However, a further 20 candidate countries that signed up to EITI in 2008 missed the March 2010 deadline for submission of their independent EITI validations. Among the EITI's successes is the generation of previously unavailable information on revenues from these sectors, including the exposure of financial discrepancies and outstanding payments of over \$5 billion for revenues generated in 2005 by the Nigerian EITI report in August 2009.

Nevertheless, some argue that the EITI process has been too slow and that its impact has been undermined by a lack of political will to enforce requirements, both at the country level and internationally.

## THE NATURAL RESOURCE CHARTER

The Natural Resource Charter is 'a set of economic principles for governments and societies on how to best manage the opportunities created by natural resources for development'. The Charter comprises 12 precepts, outlined below, and which are described as 'the choices and suggested strategies that governments might pursue to increase the prospects of sustained economic development from natural resource exploitation':

- The development of natural resources should be designed to secure **maximum benefit** for the citizens of the host country
- Extractive resources are public assets and decisions around their exploitation should be **transparent** and subject to **informed public oversight**
- **Competition** is a critical mechanism for securing value and integrity
- Fiscal terms must be robust to **changing circumstances** and ensure that the country gets the full value from its resources
- National resource companies should be competitive and commercial operations. They should avoid conducting regulatory functions or other activities
- Resource projects may have serious **environmental and social effects** which must be accounted for and mitigated at all stages of the project cycle
- Resource revenues should be used primarily to promote **sustained economic growth** through enabling and maintaining high levels of domestic investment
- Effective utilisation of resource revenues requires that **domestic expenditure be built up gradually and smoothed** to take account of revenue volatility
- Governments should use resource wealth as an opportunity to secure effective public expenditure and to increase the **efficiency of public spending**
- Government policy should **facilitate private sector investments** in response to new opportunities and structural changes associated with resource wealth
- The **home governments** of extractive companies and **international capital centres** should require and enforce best practice
- **All extraction companies** should follow **best practice** in contracting, operations and payments

Source: Natural Resource Charter website:  
[www.naturalresourcecharter.org/index.php/en/the-precepts](http://www.naturalresourcecharter.org/index.php/en/the-precepts)

<sup>43</sup> Originally issued in 1976, these guidelines have since been revised a number of times.

<sup>44</sup> The other being Azerbaijan.

Recently, those working on natural resource governance have shifted their focus somewhat towards looking at how deals on natural resource exploitation are done in the first place and how that process can be improved in the future to promote greater transparency. There is also an increased focus on the natural resource value chain. Linked to this, a Natural Resource Charter has been launched, (see inset).

### Transparency initiatives have been launched for other sectors

Apart from Liberia voluntarily extending its EITI process beyond oil, gas and minerals to timber, the initiative has not been extended to other sectors. New transparency initiatives have nevertheless been launched. For example, the Construction Sector Transparency Initiative<sup>45</sup> was launched in 2008 and the Water Integrity Network<sup>46</sup> in 2006. The non-governmental organisation Global Witness and partners have also recently launched their own Forestry Sector Transparency Report Card initiative.<sup>47</sup>

An area that received considerably less attention in the 2005 report was the issue of aid transparency – i.e. ensuring that what donors are funding is transparent. The International Aid Transparency Initiative (IATI) was agreed in Accra in 2008 and is aimed at establishing a common standard and timetable for a quantum increase in the availability of information on aid.<sup>48</sup>

On the other hand, the transparency levels of African countries' budgets are not high. The Open Budget Index Survey concluded that, of the countries surveyed, the majority still register poor performance in terms of transparency, placing the onus on African governments as well as their external partners to make improvements.<sup>49</sup>

### Some progress in controlling the trade in illegally acquired timber products

In March 2005, the G8 development and environment ministers agreed to 'encourage, adopt or extend public timber procurement policies that favour legal timber', and to assist producer countries in tackling illegal logging through combating corruption and strengthening law enforcement.

The launch of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme) in 2008 (by FAO, UNDP and UNEP) has been the major development in this field.<sup>50</sup> It is focused mainly on ensuring that steps are taken by timber-exporting countries to protect their forests, but it also aims to create common global standards on the exploitation of forest resources.

### THE IMPACT OF CAPITAL FLIGHT ON AFRICA

Capital flight is the flow of money and assets from a country in search of increased stability or greater returns. Funds can leave by both legal and illegal means. Illegal means include corruption and tax evasion.

Capital flight affects sub-Saharan Africa more than any other region. According to the Washington-based organisation Global Financial Integrity, \$624 billion has left the region over the past 40 years and outflows have continuously increased over that period.

For every \$1 in aid, it has been estimated that, between 2000 and 2008, \$2.24 left the region in illicit capital flows.

This drain on resources has a negative impact on hard currency reserves, fuels inflation, reduces tax receipts, cancels out investment and undermines free trade.

Source: Dev Kar and Devon Cartwright-Smith. *Global Financial Integrity: Illicit Financial Flows from Africa: Hidden Resource for Development*. March 2010. [www.gfi.org/index.php?option=com\\_content&task=view&id=300&Itemid=75](http://www.gfi.org/index.php?option=com_content&task=view&id=300&Itemid=75)

The USA has changed its laws to make it an offence to import timber that has been illegally sourced according to the laws in its country of origin. There are ongoing discussions within the EU on steps to prevent the trade in illegally harvested timber. Otherwise, all schemes to tackle the trade in illegally acquired forest products remain voluntary.

The governments of the UK, Belgium, Canada, Denmark, France, Germany, Holland, Japan and the USA have, however, put in place procurement policies to ensure that only legally sourced timber products are used by those carrying out government contracts.

### Impact of anti-bribery requirements on export credits is unclear

To tackle corruption, the report called upon developed countries to make their export credit agencies (ECAs) more transparent. The Gleneagles Communiqué committed to 'strengthening anti-bribery requirements for those applying for export credits and credit guarantees'. The OECD Action Statement on Bribery and Officially Supported Export Credits was agreed in 2006. It is unclear what impact this has had in practice. There are concerns that controls on export credits are being relaxed as a result of the current economic climate to enable companies to access export credits more readily.

<sup>45</sup> [www.constructiontransparency.org](http://www.constructiontransparency.org)

<sup>46</sup> [www.waterintegritynetwork.net](http://www.waterintegritynetwork.net)

<sup>47</sup> [www.foresttransparency.info](http://www.foresttransparency.info)

<sup>48</sup> [www.aidtransparency.net](http://www.aidtransparency.net)

<sup>49</sup> More than half of the countries surveyed from the sub-Saharan African region released scant or no budget information. The average score for the region was 25 (out of 100), compared with France, New Zealand, South Africa, the UK, and the USA, which all scored 80 (out of 100). [www.openbudgetindex.org/index.cfm?fa=keyFindings](http://www.openbudgetindex.org/index.cfm?fa=keyFindings).

<sup>50</sup> [www.un-redd.org](http://www.un-redd.org)



## Little progress on repatriating stolen assets

In line with the report's other recommendations on corruption, the Gleneagles Communiqué committed the G8 to early ratification of the UN Convention Against Corruption (UNCAC), to the freezing of stolen assets and to taking steps to prevent the proceeds of corruption reaching financial centres.

Little progress has been made on repatriating stolen assets. The UN and the World Bank launched the Stolen Assets Recovery (StAR) initiative in 2007.<sup>51</sup> Most of its efforts to date have been at the policy level, and the initiative has yet to see any asset recoveries as a result of its activities. It hopes to see some by the end of 2010 – though these are likely to be modest.

There is little information available on stolen assets that have been repatriated through other means, but what information there is – including a report for the 2008 G8 Summit – indicates limited progress. The 2009 OECD/UNECA/Africa Partnership Forum Mutual Review of Development Effectiveness found that there had been 'little progress ... made in asset repatriation from financial institutions operating in development partner countries'.<sup>52</sup>

The Commission's 2005 report identified corruption as a major obstacle to development, as it diverts aid and other resources from productive use. It gave less attention to other causes of capital flight, such as corporate tax evasion, which some have argued account for a higher percentage of illicit capital flows out of Africa.<sup>53</sup>

## 141 countries have ratified the UN Convention Against Corruption (UNCAC)

To date, 141 countries around the world have ratified UNCAC. A peer review mechanism was agreed in November 2009. Campaigners argue, however, that the mechanism has 'no teeth'.

Forty-four African countries have signed up to and 31 African countries have ratified the 2003 AU Convention on Corruption. Of the AU's 2010 budget, 10% has been earmarked specifically for anti-corruption activities and the creation of a new anti-corruption commission.

In 1997, OECD member states adopted the Convention on Combating Bribery of Foreign Public Officials in International Transactions. The convention now has

38 signatories. Key findings of a 2009 report on progress in implementing it were that four countries (Germany, Norway, Switzerland and the USA) have made active progress in enforcement, while 11 countries have made moderate progress; 21 countries, however, have made little or no progress.<sup>54</sup>

## Support to build Africa's statistical capacity has increased marginally, but it remains considerably under-resourced

According to the 2009 Partner Report on Support to Statistics (PRESS), published by the PARIS21 Partnership in Statistics for Development in the 21st Century, financial disbursements to Africa for statistical development rose by 37% from \$309 million in the three-year period 2006-2008 to roughly \$422 million for the period 2007-2009. The effectiveness of this support has also improved.<sup>55</sup>

The AU adopted a Charter on Statistics in February 2009, committing African countries to improving their own statistical capacity and also to coordinating with each other in developing systems for gathering and analysing data and in sharing information.<sup>56</sup> Eighteen countries have signed the Charter, but only Mauritius has ratified it.

However, support to this vital area from both African governments and donors is still inadequate and Africa's statistical capacity remains low. Much greater investment is needed to address this issue. When asked by the *Wall Street Journal* how he would spend \$10 billion to alleviate the world's problems, mobile phone entrepreneur Mo Ibrahim said that he would spend it on improving Africa's statistical capacity. He argued that better data would enable better policy-making by governments and donors and better investment decisions by the private sector, and would empower citizens to hold their governments to account.<sup>57</sup>

The 2005 report recognised that insufficient attention was being paid to grassroots participation at all levels of development activity, both by national governments and by foreign donors. No recommendation was made on this point, but recent poverty hearings held by African Monitor indicate that this remains an issue.<sup>58</sup> It found that national resources are rarely devoted to addressing the needs of the most vulnerable people and that their perspectives and needs are still not reflected in policy priorities, nationally or internationally.

<sup>51</sup> [www1.worldbank.org/publicsector/star\\_site/index.html](http://www1.worldbank.org/publicsector/star_site/index.html)

<sup>52</sup> UNECA/OECD. *Mutual Review of Development Effectiveness in Africa Report 2009: Promise and Performance*. p.47.

<sup>53</sup> Dev Kar and Devon Cartwright-Smith. *Global Financial Integrity: Illicit Financial Flows from Africa: Hidden Resource for Development*. March 2010. [www.gfip.org/index.php?option=com\\_content&task=view&id=300&Itemid=75](http://www.gfip.org/index.php?option=com_content&task=view&id=300&Itemid=75)

<sup>54</sup> Transparency International. *Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: Progress Report 2009*.

<sup>55</sup> The Paris Declaration Evaluation and the DAC Fragile States Group commissioned the *Evaluation of the Implementation of the Paris Declaration Thematic Study of Support to Statistical Capacity Building: Synthesis Report*, published in May 2009.

It found that the results of support to statistical capacity have improved and that this support is most effective when integrated into larger programmes. However, the increasing tendency to deliver support through globally managed initiatives, alongside the fragmented beneficiaries at the country level, is undermining the impact of increased support.

<sup>56</sup> [www.africa-union.org/root/UA/Annonces/AU-summary\\_ENG\\_printLD.pdf](http://www.africa-union.org/root/UA/Annonces/AU-summary_ENG_printLD.pdf)

<sup>57</sup> *Wall Street Journal*. February 2010: [online.wsj.com/article/SB10001424052748703787304575075350668982866.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB10001424052748703787304575075350668982866.html?mod=googlenews_wsj)

<sup>58</sup> Poverty hearings are public events or platforms aimed at gathering evidence about poverty from those that experience it and bringing them into dialogue with other key stakeholders to discuss poverty.

## THE NEED FOR PEACE AND SECURITY

### PEACE AND SECURITY RECOMMENDATIONS IN THE 2005 REPORT

Tackling the causes of conflict, and building the capacity to manage them

- Make aid more effective at reducing conflict through the use of assessments of how to reduce risk of violent conflict and improve human security in assistance strategies.
- Open negotiations on an international Arms Trade Treaty (ATT) no later than 2006.
- Adopt effective and legally binding agreements on arms brokering and common standards on monitoring and enforcement.
- Control the trade in natural resources that fund wars by:
  - Agreeing a common definition of 'conflict resources'.
  - Creating a permanent Expert Panel within the UN to monitor links between natural resource extraction and violent conflict and implementation of sanctions.

- OECD countries should develop and implement clear and comprehensive guidelines for companies operating in areas at risk of violent conflict.

Building regional and global capacity to prevent and resolve conflict

- Donors should agree to fund at least 50% of the AU's Peace Fund from 2005.
- UN and regional organisations should clarify their respective roles and responsibilities.
- Establish the UN Peacebuilding Commission.

Post-conflict peace-building

- Donors should fund the rapid clearance of arrears for post-conflict countries to enable early access to concessional financing from international financial institutions. They should also allocate long-term and predictable grant financing sufficient to meet the reconstruction needs of post-conflict countries.

The overriding recommendation from the Commission's 2005 report was that more should be invested in conflict prevention.

The report supported the principle of African solutions to African problems, arguing that those closest to potential conflicts are best placed to prevent them from escalating and turning violent. Only when those closest cannot cope should others – such as neighbouring countries or the international community – step in.

It therefore called upon the international community to give full support to African efforts to prevent as well as respond to conflicts, but it also called for international action to tackle factors that contribute to insecurity in Africa – such as the trade in conflict resources and the irresponsible transfer of weapons.

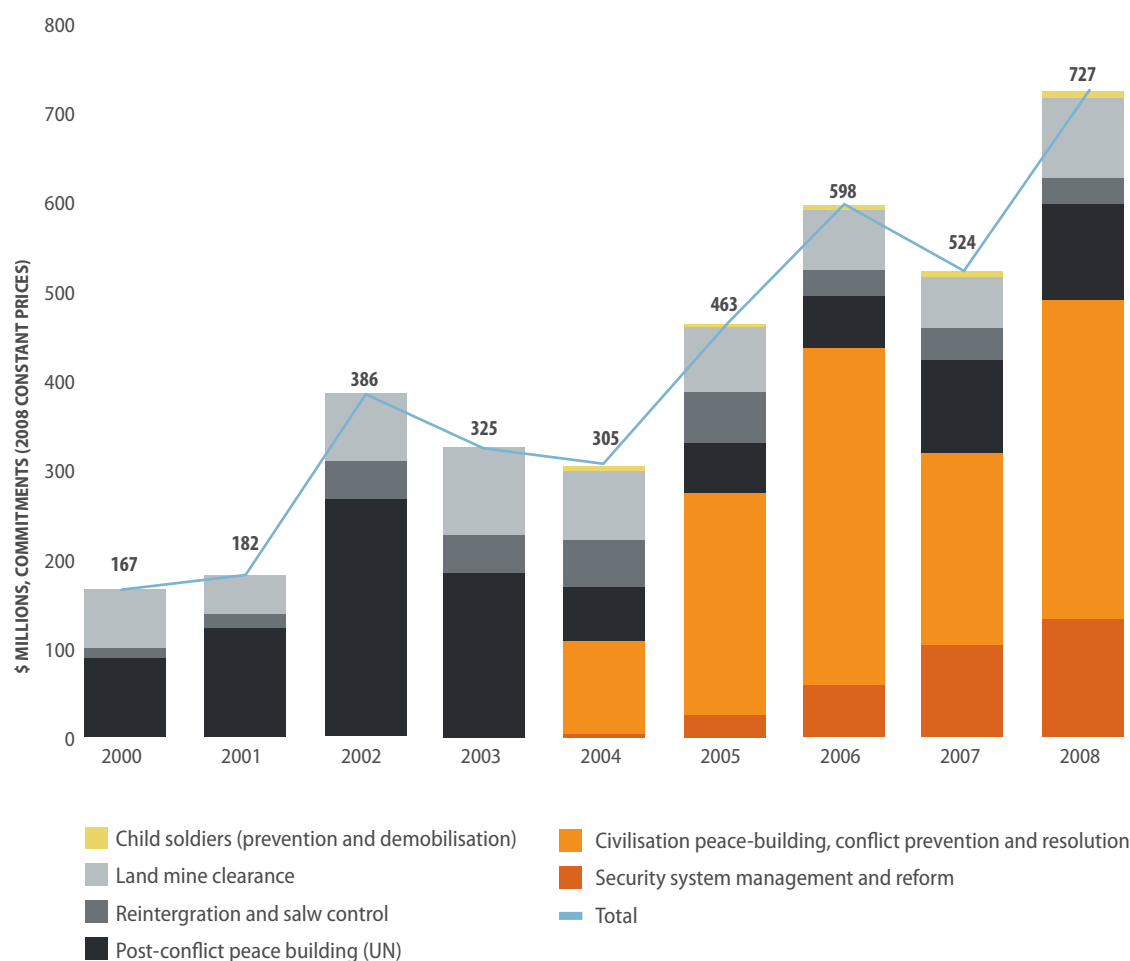
### Donors have taken some steps to ensure that their aid supports conflict prevention and resolution

Many donors are giving increased attention to 'fragile' states and conflict-related issues and some have developed new guidance and tools to promote sensitivity to conflict in development programmes. There is little information, however, on whether these steps have improved the effectiveness of development assistance in supporting peaceful societies.





FIGURE 6: DONORS SUPPORT FOR CONFLICT PREVENTION IN AFRICA 2000-2008



Source: DAC International Development Statistics

As illustrated in Figure 6, DAC donors have increased funding to peace- and security-related issues.

As discussed in the resources section below, much of the increased funding to fragile states has been concentrated in a small number of countries such as Iraq, Afghanistan and the DRC, with many lower-profile countries still missing out. Furthermore, aid to such countries in Africa could be declining.<sup>59</sup> Such countries have also been particularly vulnerable to the impact of the global financial crisis, as well as to the rises in fuel and food prices, which threaten to undermine progress in a number of post-conflict countries.<sup>60</sup>

Policy and operational coordination between development, defence and diplomacy remains one of the key challenges to greater effectiveness in conflict-affected situations.<sup>61</sup>

### Slow but steady progress towards an international Arms Trade Treaty

The Commission's recommendation that 'as a matter of priority and no later than 2006, the international community should open negotiations on an international Arms Trade Treaty (ATT)' played an important role in ensuring that a start was made on discussions on an ATT in 2006. That year, 153 countries, voted in favour of a resolution put before the UN General Assembly mandating a beginning to discussions on the ATT, though not formal negotiations, which will only begin in summer 2010.

Objections to an ATT from a small but highly significant group of countries have slowed progress. Many of the major arms exporters outside Europe are among those countries that have consistently abstained or, in

<sup>59</sup> According to DAC Forward Spending Plans 2009–2011 (2009), it was estimated that Country Programmable Aid (CPA) to African fragile states would experience a net fall of \$368 million in 2009. CPA is the amount of money a country can programme itself as it sees fit – i.e. it is the aid that remains after deducting humanitarian aid and debt relief, imputed student costs, administrative costs, the costs of the promotion of development awareness, research and refugees in donor countries, food aid and aid from local governments, and core funding of NGOs.

<sup>60</sup> OECD. 2010. *Ensuring Fragile States Are Not Left Behind*

<sup>61</sup> See, for example, DAC. March 2010. *Monitoring the Principles for Good International Engagement in Fragile States and Situations. Fragile States Principles Monitoring Survey: Global Report.* [www.oecd.org/dataoecd/18/16/44651689.pdf](http://www.oecd.org/dataoecd/18/16/44651689.pdf).

the case of the USA until 2009, voted against the ATT. However, the process speeded up somewhat last year, when the group of member states charged with continuing discussions decided to proceed to formal negotiations, meaning that in 2010 and 2011 there will be Preparatory Committees for a final negotiating conference in 2012.

Progress against the Commission's second arms-related recommendation on arms brokering is closely tied to the successful negotiation of an ATT. A UN Group of Governmental Experts on brokering was set up in 2005, but it looked only at small arms, not all conventional weapons, and recommended only voluntary, not legally binding, measures. However, the Commission also recommended that new measures on brokering be integrated into the ATT, and a large number of countries referred to the importance of improving controls on brokering in their submissions to the Secretary-General on the scope of the ATT. Brokering should therefore be part of the negotiations for an ATT.

### **No further international action to control the trade in natural resources that fund wars**

Unfortunately, there has been considerably less progress in combating the role played by 'conflict resources' in starting and fuelling conflicts, as the G8 committed to do in the Gleneagles Communiqué.

To speed up action to control the trade in natural resources that fund wars, the Commission recommended that the international community agree a common definition of 'conflict resources' and set up a permanent UN Expert Panel to monitor the links between natural resource extraction and violent conflict and the implementation of sanctions. When it was president of the Security Council, Belgium initiated a Security Council debate on the relationship between natural resources and conflict, but this did not result in any further action, and no other steps have been taken on this issue.

More recently, the Communiqué from the G8 Summit in Muskoka gave particular attention to the issue of conflict resources. It did not, however, make any new commitments and campaigners are increasingly looking to the role that the Peacebuilding Commission could play in coordinating international action on conflict resources.

### **Further guidance to companies operating in areas at risk of violent conflict issued, but weak**

In 2006, the OECD created a Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones. However, this tool has not been incorporated into the broader guidelines and does not provide guidance, voluntary or otherwise, about what principles and standards of good practice may be applicable.

### **All parts of the African Peace and Security Architecture are now in place and some developed countries have expanded their support to conflict prevention**

Much of the debate in 2005 on 'African Solutions to African Problems' was focused on how developed countries should support Africa in providing a military response to conflicts, and previous G8 summits, particularly Sea Island in 2004, had focused considerable attention on peacekeeping capacity. The Commission's report argued that, while the international community must continue to support Africa in strengthening its peacekeeping capacity, it needed to broaden its support to increase investment in more effective prevention and non-military means to resolve conflict. The Gleneagles Communiqué committed the G8 to doing this with a section on how the G8 countries would 'help Africa prevent conflict and ensure that previous conflicts do not re-emerge'.

The AU has now put in place all the elements of its proposed African Peace and Security Architecture (APSA). Additional progress has been made in the African Standby Force (ASF), with some of the regional brigades nearing completion; the Continental Early Warning System (CEWS), which is operational; and the Peace and Security Council (PSC) and the Panel of the Wise, which are meeting regularly.<sup>62</sup>

G8 countries reported back on progress in their support to peacekeeping/peace-building activities at the 2009 G8 Summit. The main benchmark was the targets set at the 2004 Sea Island summit, to be achieved by 2010. The key commitment made then was to train 75,000 peacekeeping troops worldwide by 2010; according to their own assessment, the G8 are on track to exceed that goal.

Some donors have also broadened their support to increase their focus on conflict prevention and non-military aspects of the APSA. The biggest donor to the APSA has been the EU African Peace Facility. In 2007, the AU and the EU agreed to broaden the scope of the African Peace Facility further to include greater focus on conflict prevention and post-conflict peace-building. The sum of €100 million (\$132 million)<sup>63</sup> has been allocated towards building the capacity of the whole of the APSA; €600 million (\$790 million) has been given to support peace operations; and €15 million (\$19.7 million) of additional support has been given towards funding an early response mechanism.<sup>64</sup>

### **Donors have not provided 50% of the AU's Peace Fund**

Although some donors have also contributed to the AU's Peace Fund, this support has been limited and has not come anywhere near the 50% recommended

<sup>62</sup> Africa Progress Panel. 2010. *From Agenda to Action: Turning Resources into Results for People*.

<sup>63</sup> Using July 2010 exchange rates.

<sup>64</sup> [europafira.net/jointstrategy/1\\_peace-and-security/](http://europafira.net/jointstrategy/1_peace-and-security/)

by the Commission. Most funds in support of AU operations have been provided via other channels rather than directly to the AU, and there has been little movement on providing the AU with access to UN-assessed contributions to fund operations.

The AU itself has decided to increase member states' contributions to the Peace Fund from 6% to 12% of the budget over a period of three years, beginning in 2011.<sup>65</sup>

### **African regional organisations and the AU have clarified and agreed their roles in responding to conflict**

The AU and the regional economic communities (RECs) signed a 'Memorandum of Understanding on Cooperation in the Area of Peace and Security between the African Union, the Regional Economic Communities and the Coordinating Mechanisms of the Regional Standby Brigades of Eastern Africa and Northern Africa' in early 2008.<sup>66</sup> This includes articles outlining the division of responsibility between the AU and the RECs in responding to emerging conflicts. It firmly establishes Africa's leadership while obliging signatories to keep the UN Security Council informed of activities.

### **The UN Peacebuilding Commission was set up in 2006 – but does not focus on conflict prevention**

Another area of progress with regard to peace and security has been the creation of the UN Peacebuilding Commission (PBC), as recommended by the Commission for Africa as well as the United Nations High Level Panel on Threats, Challenges and Change. The resolution creating the PBC was passed by the UN in December 2005, and the body started its work on its first two cases, Burundi and Sierra Leone, in 2006. It has since also worked on Guinea-Bissau and the Central African Republic. The PBC's funding for 2008 was \$98.1 million.

Contrary to the recommendations of both the High Level Panel and the Commission for Africa, the focus of the PBC is solely on post-conflict peace-building and not on prevention – although its remit does include the possibility of working on countries at risk of lapsing or relapsing into violent conflict. Its support to Guinea-Bissau was therefore significant as it is not a post-conflict country, but had requested assistance from the PBC because of its growing concerns about security.

The work of the PBC will be formally reviewed in 2010. The general assessment so far appears to be mixed. The PBC has provided some degree of strategic coordination but it is not clear that it has influenced how international actors actually behave 'on the ground'. It has also tracked aid flows against pledges to the four countries on which it has worked, with the support of the Peacebuilding Support Office, but it has been accused of getting bogged down in the detail of developing strategic documents rather than holding partners to account for their actions.<sup>67</sup> A review of the PBC's funding mechanism, the Peacebuilding Fund, highlighted the need to build capacity and think about sustainability earlier on to give a clearer set of priorities.<sup>68</sup>

### **Access to debt relief for post-conflict countries is still too slow**

Similarly, there has been limited progress against the final recommendation of the section on peace and security, which called on donors to fund the rapid clearance of post-conflict countries' international debt payment arrears, so that they can access long-term concessional financing. For example, Liberia achieved completion point for reached decision point for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative in July 2010. This is one of a number of landmark achievements for this once war-torn country, but comes seven years after the peace deal that brought its civil war to an end. Donors did not fund the 'rapid clearance' of the arrears, and in the end it required a loan from the United States as well as a World Bank grant to clear these in 2007.

There has been some improvement in the level of funding going to post-conflict countries as part of the general increase in investment by donors in fragile states, but as noted above, it tends to be concentrated in a small number of countries.

<sup>65</sup> [www.africa-union.org/root/ua/Conferences/2009/aout/SUMMIT/31aout/Report/Declaration%20on%20Peace%20%20Security%20-%20Final%20\\_Eng.pdf](http://www.africa-union.org/root/ua/Conferences/2009/aout/SUMMIT/31aout/Report/Declaration%20on%20Peace%20%20Security%20-%20Final%20_Eng.pdf)

<sup>66</sup> [www.iss.co.za/uploads/AUMOURECSJUN08.PDF](http://www.iss.co.za/uploads/AUMOURECSJUN08.PDF)

<sup>67</sup> See, for example, the International Peace Institute's Perspectives on the Peacebuilding Commission issue briefs. November 2009.

<sup>68</sup> N. Ball and M. van Beijnum. 2009. *Review of the Peacebuilding Fund*. United Nations Peacebuilding Fund, UN, New York.

## LEAVING NO-ONE OUT: INVESTING IN PEOPLE

### INVESTING IN PEOPLE RECOMMENDATIONS IN THE 2005 REPORT

#### Education

- African governments must develop national plans for the education sector.
- There should be gender equality in participation in education at all levels.
- School fees should be removed for basic education to encourage greater access.
- Teacher-to-child ratios should be brought down to 1:40 in basic education.
- Education should provide relevant skills for contemporary Africa.
- Donors should provide an additional \$7-8 billion per year.

#### Health

- African governments should invest in rebuilding systems to deliver public health services, and donors should provide \$7 billion over five years in support of the AU's New Partnership for Africa's Development (NEPAD) Health Strategy.
- Health workers should be trained and retained to ensure that there are an additional one million health workers by 2015.
- African governments should meet their commitment to allocate 15% of annual budgets for the health sector and put in place strategies for improving health services.
- Donors should increase funding to support these strategies by providing an additional \$10 billion annually immediately.
- Strong African leadership is required in promoting women's and men's rights to sexual and reproductive health.

- Donors should fund the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the Global Alliance for Vaccines and Immunisation (GAVI).

- Every pregnant mother and child should have a long-lasting insecticide-treated bed net and should be provided with effective malaria drugs.

#### Water and sanitation

- Donors must immediately reverse the decline in aid for water supply and sanitation.

#### HIV/AIDS

- The international community must reach a global agreement in 2005 to harmonise the current disparate response to HIV and AIDS.
- African governments and the international community should work together urgently to deliver the prevention, treatments and care. Donors should meet the immediate needs and increase their contribution by at least \$10 billion annually within 5 years.

#### Protecting the most vulnerable people

- African governments should develop social protection strategies for orphans and vulnerable children.
- Donors should commit to long-term, predictable funding of these strategies with \$2 billion a year immediately, rising to \$5-6 billion a year by 2015.
- Donors should support the African Union's NEPAD programme to develop a rights and inclusion framework.

This section of the report dealt with issues usually considered the 'bread and butter' of development: education, health, water and sanitation, responses to HIV/AIDS and assistance to the most vulnerable people.

The report argued that strong and sustained progress in human development requires fundamental change in the way that aid is delivered, by putting its intended beneficiaries at the centre and aligning efforts behind their needs. It argued against the further proliferation of initiatives in favour of a focus on strengthening governments' own systems for delivering essential services.

### Significant progress in expanding access to universal primary education and reducing the out-of-school population

Overall, there has been considerable progress since 2005 in expanding access to universal primary education (UPE) and in reducing the out-of-school population, as a result of the priority given to the issue by both African governments and donors within the Education For All – Fast-Track Initiative (EFA FTI) framework.

There has been a significant overall increase in primary school enrolment in sub-Saharan Africa, from 69.1% in 2004 to 76.4%<sup>69</sup> in 2008, and the region has reduced its out-of-school population by almost 13 million, or 28%. The gender gap in primary education is also narrowing in many countries and gender parity has been achieved in 17 countries.<sup>70</sup>

<sup>69</sup> Net enrolment ratios.

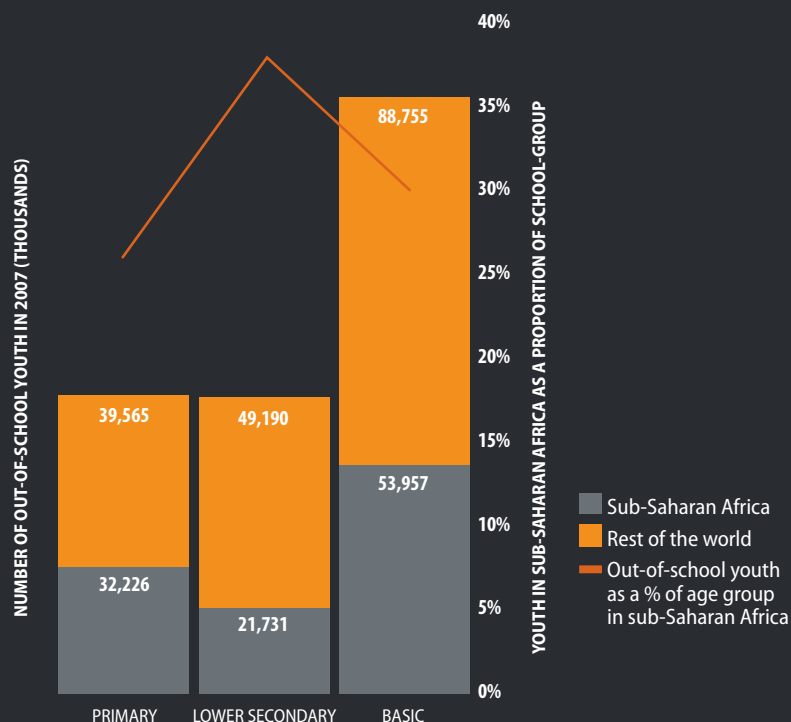
<sup>70</sup> UNESCO. *Education for All Global Monitoring Report 2010* and UNESCO database.

### But real limits on that progress – particularly beyond primary education

Nevertheless, differences between countries remain great and sub-Saharan Africa's out-of-school rates remain the highest in the world. Over a quarter of the region's primary school-age children remained out of school in 2007 and 2008,<sup>71</sup> and enrolment in secondary education is still very low, at 34% in 2007. Just 64% of children completing primary school in the region go on to secondary education.<sup>72</sup>

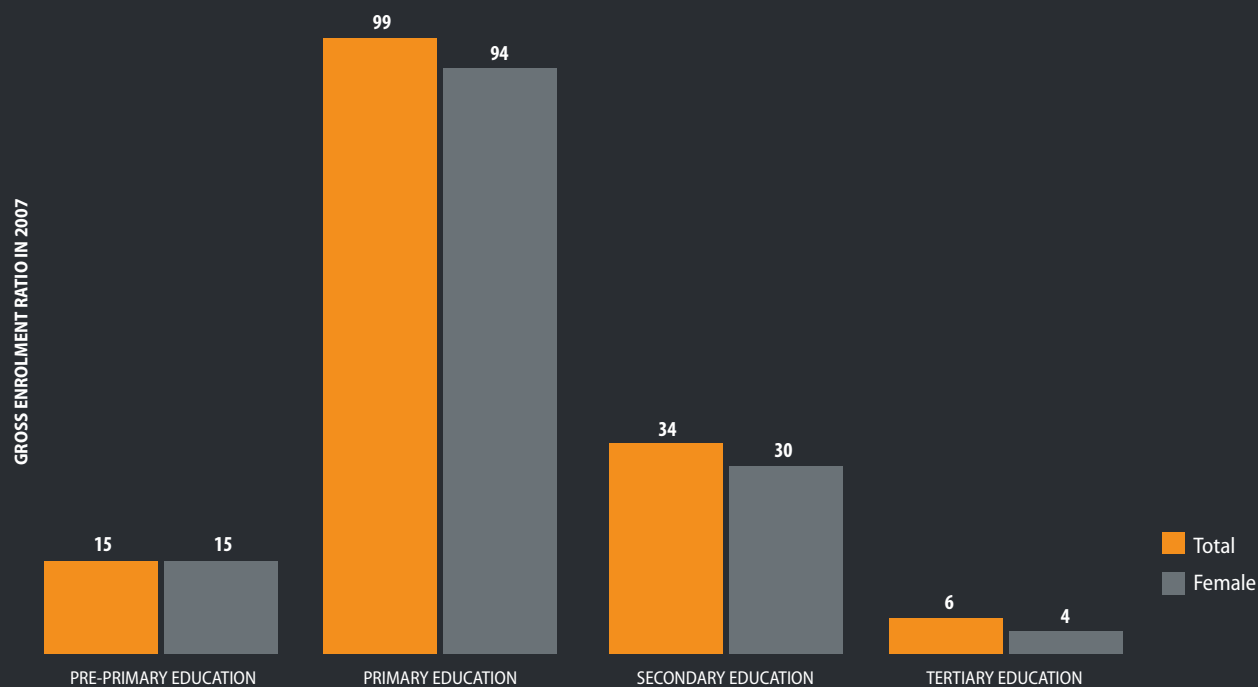
Eighteen countries in the region have fewer than 90 girls in school per 100 boys, and almost 12 million girls may never enrol in school at all.<sup>73</sup> The region failed to reach the gender parity target in primary education set for 2005 and is unlikely to achieve the gender parity targets set for secondary and tertiary education. Children from the poorest 20% of households made up the overwhelming majority of the 32 million out-of-school children in sub-Saharan Africa in 2007.<sup>74</sup>

**FIGURE 7: OUT OF SCHOOL YOUTH IN AFRICA COMPARED TO THE REST OF THE WORLD, 2007**



Source: UNESCO. 2010. *EFA Global Monitoring Report: Reaching the Marginalised*

**FIGURE 8: GENDER PARITY AT ALL LEVELS OF EDUCATION, 2007**



Source: UNESCO. 2010. *EFA Global Monitoring Report: Reaching the Marginalised*

<sup>71</sup> Sub-Saharan Africa, as a region, has the largest number of out-of-school youth when compared with total out-of-school youth: primary (45% of the total), lower secondary (31% of the total) and basic (38% of the total).

<sup>72</sup> UNESCO. *Education for All Global Monitoring Report 2010* and UNESCO database. Refers to school year ending in 2006.

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

## Completion rates and the quality of education still poor

While the proportion of children completing primary school had risen to 63% by 2007, completion rates have not kept pace with increases in enrolment. It is estimated that for half of all countries in South and West Asia and in sub-Saharan Africa, one child in three enrolling into primary school drops out before completion. Many children enter school late, meaning that by the time they reach adolescence they have still not completed a full primary school cycle.

There is also evidence that many children are failing to master basic literacy and numeracy skills even when they do complete a full cycle of primary education, indicating that the internal efficiency of the primary school system is poor. For example, over 70% of Grade 6 students in Malawi, Namibia and Zambia had not achieved basic maths competency, according to regional assessments.<sup>75</sup>

## African governments have developed national action plans for education

Comprehensive National Plans on Education have gained popularity among African countries, but more commitment to these plans is still needed.

Twenty-four African countries already have an education sector plan endorsed by the EFA FTI, and a number of countries have developed plans to improve the quality of education. However, implementation of these plans is often not fully funded. Many countries have scaled up domestic resources allocated to education, assisted in part by debt relief and with particularly sharp increases occurring in Ethiopia, Kenya, Mozambique and Senegal. Average public expenditure on education in sub-Saharan Africa is 17% of overall government expenditure, below the recommended 20%. Over half of all countries in the region have reduced their expenditure on education and some have allocated less than 10% of their budgets to education.<sup>76</sup>

## Abolishing school fees is often more complicated than anticipated

A number of African countries have abolished school fees for primary education, including Kenya, Ghana, Ethiopia, Malawi and Mozambique, but the abolition of fees has

proven more complex than anticipated. Careful planning and a number of other reforms have been required to ensure that the abolition of fees does not result in a drop in the quality of education. UNICEF and the World Bank set up a School Fee Abolition Initiative in 2005 and the number of donors involved has since expanded.<sup>77</sup>

## Many countries have doubled the number of teachers – but there are still not enough

Many countries have more than doubled the teacher workforce and have improved teacher/pupil ratios. In 2007, the teacher/pupil ratio in sub-Saharan Africa was 1:44 – close to the target set by the Commission for Africa. However, there are huge disparities between different countries, with the teacher/pupil ratio ranging from 1:12 to 1:90.<sup>78</sup> While there has been some increase in the proportion of teachers trained, except at pre-primary school level, there are significant numbers of untrained teachers: 50% of pre-primary teachers, 27% of primary teachers and 25% of secondary teachers are untrained. There are very few countries with 100% trained teachers, while 22 countries in sub-Saharan Africa still exceed the recommended teacher/pupil ratio.<sup>79</sup>

It is estimated that 1.2 million additional teachers will be needed in sub-Saharan Africa to achieve the goal of UPE by 2015.<sup>80</sup> There are also large differences between urban and rural schools, with urban schools tending to benefit from more and better-qualified teachers.

Teacher remuneration is also a vital issue, as it affects retention and performance and the deployment of teachers, particularly in rural areas. In many countries, because of budget constraints, pay remains low and many trained teachers are unemployed or migrate because of funding constraints.

## Aid to primary education is falling and there is an estimated funding gap for primary education of \$6.8 billion a year

There was a 23% increase in DAC aid to primary education between 2004 and 2008, from around \$1.3 billion to \$1.6 billion.<sup>81</sup> However, aid to primary education has been falling since 2006, when it peaked at \$2.1 billion.

On the current trajectory, there is an external funding gap for UPE in sub-Saharan Africa of \$6.8 billion per annum, and growth projections indicate that the

<sup>75</sup> ONE. *The DATA Report 2010*.

<sup>76</sup> Sources include Africa Progress Panel. *From Agenda to Action: Turning Resources into Results for People*. Africa Progress Report 2010; and Development Support Monitor 2010.

<sup>77</sup> Sources: World Bank in collaboration with UNICEF. 2009. *Abolishing School Fees in Africa. Lessons from Ethiopia, Ghana, Kenya, Malawi, and Mozambique*; Katarina Tomasevski. 2006. *The State of the Right to Education Worldwide. Free or Fee: 2006 Global Report*. Copenhagen; UNICEF, World Bank and the EFA FTI. November 2009. *Moving Toward Free Primary Education: Policy Issues and Implementation Challenges*. F. Ogola. 2010. *Free Education in Kenya's Public Primary Schools. Addressing the Challenges*. OSSREA Publications.

<sup>78</sup> UNESCO database.

<sup>79</sup> UNESCO. *Education for All Global Monitoring Report 2010*.

<sup>80</sup> Second Decade of Education for Africa (2006–2015). Plan of Action, African Union, August 2006; EFA Global Monitoring Report 2010; UNESCO Institute for Statistics. *Projecting the Global Demand for Teachers. Meeting the Goal of Universal Primary Education by 2015*. Technical Paper; UNESCO – IIEP. 2007. *Global Perspectives on Teacher Learning: improving policy and practice*. Paris. Fundamentals of Education Planning Nr. 84

<sup>81</sup> 2009 prices. Figures from ONE. *The DATA Report 2010*



region faces a potential annual loss of \$4.6 billion in financing for education in both 2009 and 2010. This represents a potential 10% reduction in spending per primary school pupil.<sup>82</sup>

Furthermore, the FTI has failed to secure additional funding for FTI-endorsed countries,<sup>83</sup> and the education sector has not benefited from the innovative multilateral and private sector financing mechanisms found in the health sector. The US Administration has recently indicated its willingness to support the creation of a Global Fund for Education, which would contribute to meeting the shortfall in funding for education.

### Progress in removing fees for basic health care

There has been a growing trend towards the removal of fees for basic health care in Africa over the past five years; some countries that have not been able to abolish fees completely are removing them in a phased manner. Since 2006, nine countries have abolished fees for key primary health care services.<sup>84</sup> Another recent success has been the removal of user fees in Sierra Leone.<sup>85</sup>

### Increased aid to health care via national budgets

DAC donors have increased their aid for health, and in 2008 aid to this sector amounted to just over \$9 billion.<sup>86</sup> This was an increase of 98% from 2004, when annual funding to health in sub-Saharan Africa was just over \$4.5 billion. The importance of building the capacity of national systems was the central message of the 2005 report's section on investing in people. There has been some increase in the amount of aid going through national budgets in support of national systems, and donors increasingly recognise the importance of supporting country systems rather than vertical initiatives.

In 2007, the International Health Partnership was launched to help harmonise donor funding,<sup>87</sup> and GAVI, the Global Fund to Fight Aids, Tuberculosis and Malaria

and the World Bank have launched a joint funding platform for support to health systems. Donors have also increased their technical support to governments in developing their health services. Continuing the shift towards supporting national systems is a priority, as is integrating the many different funds that focus on specific health issues.

### Sexual and reproductive health services have been scaled up, but remain limited

Many countries have adopted the Maputo Plan of Action on Sexual and Reproductive Health Rights and have scaled up sexual and reproductive health services, although progress varies between countries and between services due to limited financial and human resources. Complementary to the Plan of Action, the AU launched the Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA) in 2009 to increase the availability and use of universally accessible quality health services. According to the Countdown to 2015 maternal and child health campaign, donors increased funding for maternal, newborn and child health by almost 100% to \$4 billion per year from 2003 to 2007, but there is an estimated gap of \$20 billion per year between what is needed and what is pledged for the period 2011 to 2015. This includes both maternal and child health programmes and the cost of improving health systems.<sup>88</sup>

As noted in the introduction to this report, child health and maternal mortality are the two areas where there has been least progress overall in sub-Saharan Africa. Part of the reason for the lack of movement on maternal mortality has been the underinvestment in reproductive health, with the majority of funds going to infectious diseases. In 2010, the G8 launched the Muskoka Initiative at its summit in Canada. This committed an additional \$1 billion per year to support the achievement of MDGs 4 and 5.<sup>89</sup>

<sup>82</sup> EFA FTI 2009 Annual Report; Cambridge Education et al. 2009. *Mid-Term Evaluation of the EFA Fast Track Initiative, Draft Synthesis Report, Volume 1 – Main Report*; Liesbet Steer and Geraldine Baudienville. *What Drives Donor Financing of Basic Education?*. Project Briefing Nr. 39, February 2010; EFA *Global Monitoring Report 2010*; EFA FTI 2009 Annual Report; EFA FTI Catalytic Fund. Financial Update, 31 December 2009. <sup>83</sup> EFA FTI. 2009 Annual Report.

<sup>84</sup> Zambia, Burundi, Niger, Liberia, Kenya, Senegal, Lesotho, Sudan and Ghana.

<sup>85</sup> L. Gilson and D. McIntyre. 2005. 'Removing user fees for primary care in Africa: the need for careful action'. *BMJ* 2005; 331: 762–65; R. Yates. 2009. 'Universal health care and the removal of user fees'. *The Lancet*, Volume 373, Issue 9680, pp.2078–2081, 13 June 2009; W. Wakabi. 2010. 'Mothers and infants to get free health care in Sierra Leone'. *The Lancet*, Volume 375, Issue 9718, p.882, 13 March 2010; BBC News. 'Striking Sierra Leone nurses threatened with the sack'; 'Sierra Leone doctors and nurses get massive pay rise'

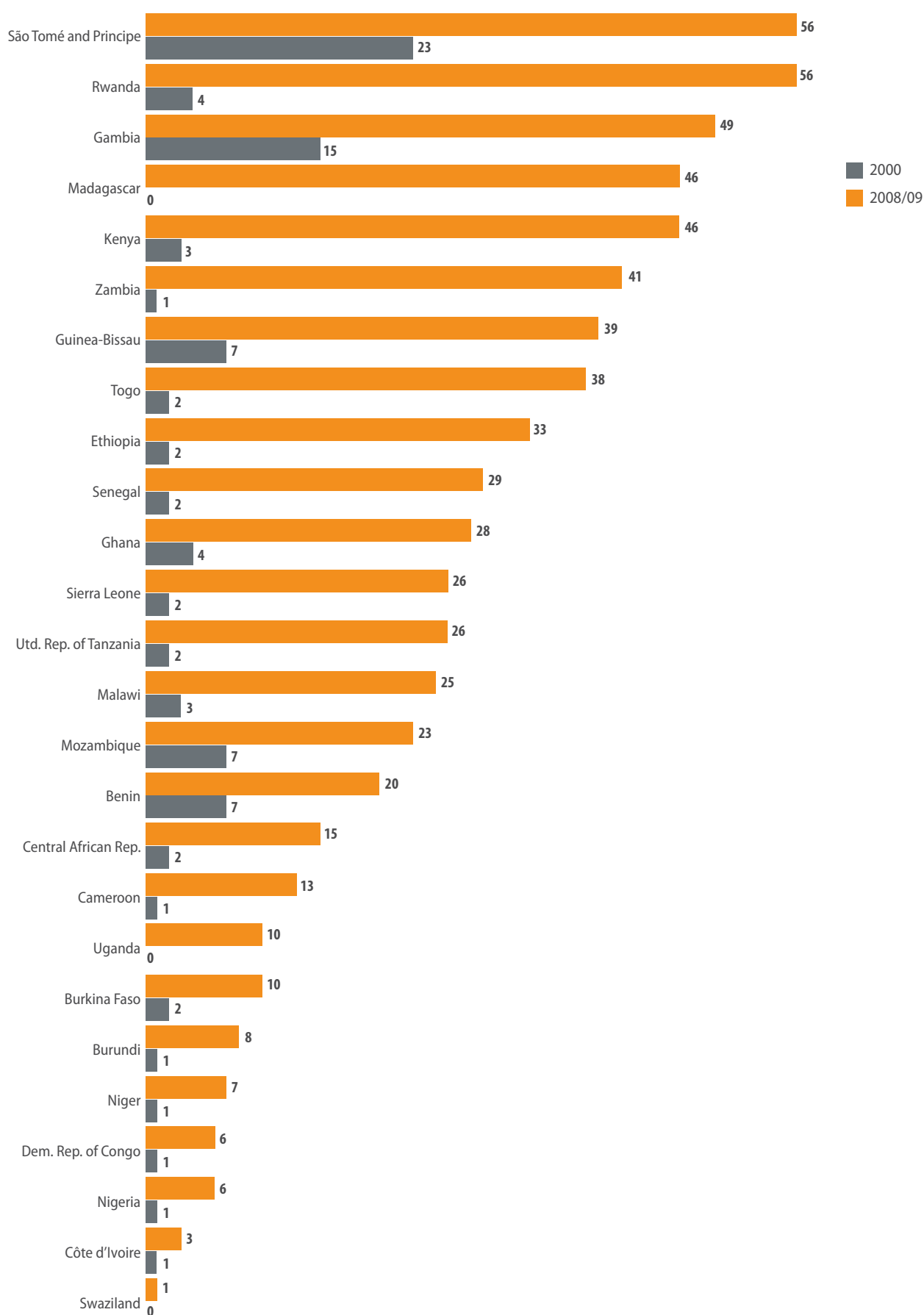
<sup>86</sup> 2009 prices. Africa Progress Panel. 2010. *From Agenda to Action: Turning Resources into Results for People*; ONE: *The Data Report*. 2010.

<sup>87</sup> International Health Partnership (IHP) [www.internationalhealthpartnership.net/en/home](http://www.internationalhealthpartnership.net/en/home)

<sup>88</sup> New Countdown to 2015 Landscape Analysis. April 2010. [www.countdown2015mnch.org/media-centre/2010-latest-news/mnch-analysis](http://www.countdown2015mnch.org/media-centre/2010-latest-news/mnch-analysis)

<sup>89</sup> \$5 billion was pledged by G8 donors and \$2.3 billion by non-G8 donors over the next five years, with the goals of saving 1.3 million children and 64,000 women, together with the strengthening of country-led national systems to deliver these key outcomes. However, the \$5 billion pledged by the G8 is still far below the estimated \$24 billion needed from them to meet the MDGs (ONE. *The DATA Report*. 2010).

**FIGURE 9: PROPORTION OF CHILDREN UNDER FIVE SLEEPING UNDER INSECTICIDE-TREATED BED NETS IN SELECTED SUB-SAHARAN AFRICAN COUNTRIES**





## Significant progress in expanding access to bed nets and in tackling polio

There has been significant progress in expanding access to bed nets, with the delivery of approximately 140 million long-lasting insecticidal nets to African countries with a high burden of malaria in the period 2006 - 2008. More than 30% of African households were estimated to own at least one insecticide-treated net (ITN) in 2008, compared with 17% in 2006, and 24% of children under the age of five had used an ITN. In some areas of countries such as Eritrea, Rwanda, São Tomé and Príncipe, Zambia and Zanzibar, which have achieved high levels of coverage, there have been reductions of more than 50% in the numbers of reported malaria cases and deaths. However, ownership of bed nets is still way below the WHO target of 80% of households and ownership remains low in a number of large African countries. Variations in the distribution of bed nets are illustrated in Figure 9.<sup>90</sup>

There are still a huge number of preventable deaths from malaria every day in Africa and it continues to account for 40% of all health care costs in many African countries. To tackle the disease, the use of bed nets needs to continue to expand but also there needs to be greater investment in the diagnosis of malaria and in ensuring that effective drugs are available to all.

In the past year in particular, there has been significant progress in polio eradication. Africa experienced an 88% decline in polio cases in the first half of 2010 compared with the same period in 2009. Nigeria, the only polio-endemic country in Africa, has reported just three cases in 2010 compared with 312 cases for the same period in 2009. A synchronised mass polio vaccination campaign across the region had reached over 85 million children with oral polio vaccine by mid-2010. Ten of the 15 previously polio-free countries in West and Central Africa that were re-infected have successfully stopped their outbreaks. By the end of July 2010, the Horn of Africa will have been polio-free for a year, despite major challenges.<sup>91</sup>

## Health has been the main focus for innovative funding mechanisms

In line with the Commission for Africa's recommendation, donors have increased their support to the Global Alliance for Vaccines and Immunisations (GAVI), particularly through the International Finance Facility

for Immunisation (IFFIm). Launched in 2006, the IFFIm has been raising funds on international capital markets by issuing bonds backed by long-term pledges from donor countries to support GAVI's immunisation efforts. IFFIm bonds have raised \$2.3 billion of additional funding, enabling GAVI to double spending on immunisation. Funding to the IFFIm is provided by France, Italy, Norway, Spain, Australia, the Netherlands, Sweden, South Africa and the UK, which collectively, have pledged \$5.3 billion over 20 years. The Netherlands joined the donor group in 2009, committing \$100 million over seven years. The aim of the IFFIm is to raise \$4 billion on capital markets by 2015 to assist with the immunisation of half a billion children.

According to the GAVI Alliance, since 2000 more than 257 million children have been immunised with GAVI-supported vaccines, and this year it is estimated that the number will pass 300 million, with the result that 5.4 million future child deaths will have been prevented. However, there is a financing gap of \$4.3 billion to meet the projected demand and to roll out pneumococcal and rotavirus vaccines, which, it is estimated, will save 4.2 million lives.<sup>92</sup>

## However, African governments' funding to health remains below recommended levels and is falling

Some countries have increased their expenditure on health, enabled to do so in part by the proceeds of debt relief, but very few have achieved the 15% target set by African governments in Abuja in 2001.<sup>93</sup>

The average budget allocation to health in Africa is 9.6% of total government spending. Funding for health varies widely between countries, as illustrated in Figure 10 (overleaf), but the percentage of GDP spent on health by the vast majority of African governments remains well below what is required to achieve either a functional basic health system or the Abuja target. Half of sub-Saharan African countries have in fact reduced their public spending on health as a proportion of GDP.<sup>94</sup>

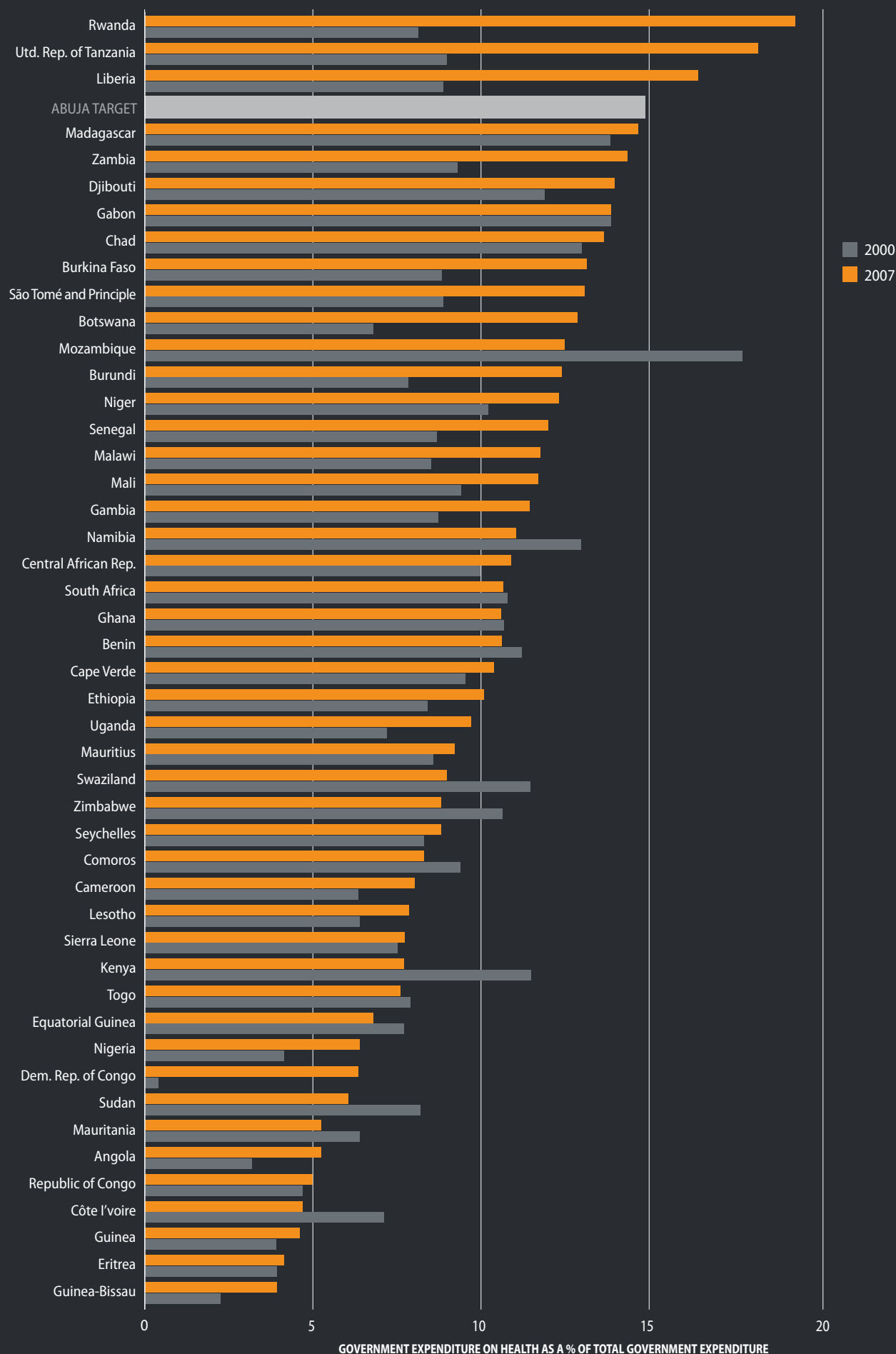
<sup>90</sup> WHO. *World Malaria Report 2009*. [www.who.int/malaria/world\\_malaria\\_report\\_2009/en/index.html](http://www.who.int/malaria/world_malaria_report_2009/en/index.html).

<sup>91</sup> WHO, Global Polio Eradication Initiative (GPEI). [www.polioeradication.org](http://www.polioeradication.org)

<sup>92</sup> GAVI Alliance. *Saving Lives and Protecting Health: Results and Opportunities*. [www.gavialliance.org/resources/GAVI\\_Updated\\_Results\\_EN\\_May2010.pdf](http://www.gavialliance.org/resources/GAVI_Updated_Results_EN_May2010.pdf); GAVI Alliance Progress Report 2009. [www.gavialliance.org/resources/2009\\_GAVI\\_Alliance\\_Progress\\_Report.pdf](http://www.gavialliance.org/resources/2009_GAVI_Alliance_Progress_Report.pdf).

<sup>93</sup> By 2007, just three African countries had met the Abuja target of 15% of total government expenditure being allocated to health – Rwanda, Tanzania, and Liberia (WHO database).

<sup>94</sup> African Union. 2007. *Africa Health Strategy: 2007–2015*; Africa Public Health Alliance: 2010 *Africa Health Financing Scorecard*.

**FIGURE 10: CHANGES IN EXPENDITURE IN HEALTH BY AFRICAN COUNTRIES FROM 2000-2007**

GOVERNMENT EXPENDITURE ON HEALTH AS A % OF TOTAL GOVERNMENT EXPENDITURE

Source: World Health Organisation. See [www.who.int](http://www.who.int)

## The brain drain of health workers continues to undermine capacity

Data on the number of health workers are limited, but what there is indicates that there has been little increase in the numbers of trained health workers. Both the training and retention of health workers remain major problems that have been inadequately addressed, despite African governments and donors repeatedly recognising their significance. Ethiopia, for instance, trains 200 doctors a year for a population of 75 million.<sup>95</sup> International migration of trained African health workers continues as a symptom of poor pay and working conditions, as well as indicating international demand for their skills. Among the 57 countries that are facing a critical shortage of doctors and nurses, 36 are in sub-Saharan Africa. Among 14 countries where over half of all locally born doctors work in OECD countries, six were identified by WHO in 2006 as experiencing critical shortages of health professionals. All but one of these countries was in sub-Saharan Africa.<sup>96</sup>

## Real progress in checking the spread of HIV/AIDS in Africa and in expanding access to treatment

The 2005 report noted the devastation that HIV/AIDS had already brought to Africa and the threat it posed not just to individuals but to all aspects of the continent's development. It focused on how appropriate prevention, treatment and care services could be made available to all by mobilising and integrating the international response behind coherent and comprehensive national strategies. The G8 Communiqué in 2005 committed the G8 to supporting efforts to get 'as close as possible to universal access to treatment for all those who need it by 2010'.

As the report recommended, steps have been taken to harmonise responses to HIV/AIDS. The Political Declaration on HIV/AIDS (2006) introduced the goal of supporting country-driven plans in sub-Saharan Africa for scaling up HIV prevention and treatment. Greater resources have been mobilised to implement expanded HIV/AIDS programmes.<sup>97</sup> Globally, donors disbursed \$7.7 billion to fight HIV/AIDS in 2008, compared with \$3.5 billion in 2005.<sup>98</sup> According to a 2009 update on the epidemic, new HIV infections have been reduced by 17% over the past eight years. For sub-Saharan Africa specifically, the number of new infections is approximately 15% lower than it was in 2001.<sup>99</sup>

The 3 by 5 initiative,<sup>100</sup> launched in 2003, saw access to life-prolonging antiretroviral treatment (ART) increase ten-fold between then and the end of 2009, so that now over four million people have access to treatment. By the end of 2008, 2.9 people million in sub-Saharan Africa were receiving ART and the coverage rate was 43%, up from 14% in 2005. In Rwanda, for instance, ART coverage increased from 1% in 2003 to almost 71% in 2007, aided by a 40-fold increase in the number of ART sites.<sup>101</sup>

Mother-to-child transmission is responsible for about 20% of all new HIV infections in sub-Saharan Africa. In 2008, 45% of HIV-positive pregnant women received ART for the prevention of mother-to-child transmission (PMTCT), compared with 17% in 2007.<sup>102</sup>

In terms of prevention, most epidemics in the region appear to have stabilised, though often at very high levels, and adult HIV prevalence appears to be falling in a growing number of countries.

## But there is still much to do to stop the spread of HIV/AIDS

Despite significant progress, sub-Saharan Africa's epidemic continues to outpace the response and it remains the most heavily affected region in the world. Some 35% of HIV infections and 38% of AIDS deaths occur in the region, which is home of 67% of all people living with HIV.<sup>103</sup> Women are disproportionately affected in comparison with men, especially young women, and the impact of the HIV/AIDS epidemic has reshaped the region's population structure, leading to dramatically lower life expectancies at birth. Although the absolute number of new infections declined from 2.5 million to 1.9 million between 2001 and 2008, sub-Saharan African accounted for 71% of all new infections.

Rates of access to ART for pregnant women still need to improve. Although it is being scaled up, access to paediatric AIDS treatment lags behind adult treatment. Moreover, the gains in expanding access to treatment cannot be sustained without greater progress in reducing the rate of new infections. Comprehensive knowledge about HIV/AIDS is low; fewer than 20% of people living with HIV know their status. Among the existing challenges are weak health systems to support scaling up effective interventions on HIV prevention.

Funding for HIV/AIDS is still insufficient. The amount needed to achieve universal access to treatment, prevention and mitigation interventions in Africa alone was estimated to amount to more than \$41 billion in

<sup>95</sup> To put this in context, the UK trains more than 6,000 doctors for a population of about 60 million.

<sup>96</sup> UNDESA. 2010. *Health Workers, International Migration and Development*

<sup>97</sup> The United States, in particular, has made significant contributions through its President's Emergency Plan for AIDS Relief (PEPFAR).

<sup>98</sup> This analysis was conducted by UNAIDS, the Kaiser Family Foundation and the Stimson Center, based on data provided by governments (including the G8), other DAC donors and the European Commission. The totals include bilateral assistance and contributions to the Global Fund and to UNITAID (the international drug purchase facility). They do not include multilateral institutions (such as the World Bank), the private sector or domestic resources.

Also, the figures reflect resources earmarked for HIV in general, not for Africa in particular. *Financing the Response to AIDS in Low and Middle Income Countries: International Assistance from the G8, EC and Other Donor Governments in 2008*. July 2009.

<sup>99</sup> WHO. 2010. *The African Health Monitor: Achieving the Health MDGs in the African region*

<sup>100</sup> This was a global effort to provide four million people in low and middle-income countries with ART.

<sup>101</sup> WHO. 2010. *The African Health Monitor: Achieving the Health MDGs in the African region*

<sup>102</sup> Ibid.

<sup>103</sup> UNAIDS figures, 2009.

the period 2007-2011. The funding needs of the Global Fund alone stand at \$17-20 billion for 2011-2013. There are also concerns about the efficiency and effectiveness with which resources are being used, and coordinating responses to HIV/AIDS continues to be a major challenge.

### **Investment in water and sanitation has increased, but remains well below what is needed**

Some donors have reversed the decline in funds going to support water and sanitation. DAC aid for water and sanitation in sub-Saharan Africa rose from \$1.9 billion in 2004 to \$2.7 billion in 2008: overall, it has increased by 41%.<sup>104</sup> However, this area remains under-funded and, as discussed in the introduction to this report, despite considerable advances in individual African countries, the region will miss the relevant MDG targets by some way. The Joint Statement on 'A Stronger G8-Africa Partnership on Water and Sanitation' announced at the 2009 L'Aquila G8 Summit committed both Africa and the G8 to doing more – including, on the G8 side, to mobilising further resources.

The 2008 declaration made by African governments on 'Accelerating Water Security for Africa's Socio-economic Development' and the 'Sharm El-Sheikh Commitments for Accelerating the Achievement for Water and Sanitation Goals in Africa' remain unfulfilled. The 2010 target of allocating 0.5% of GDP for sanitation and hygiene, set by African ministers in 2008, will be missed by most countries.

### **Policies on the protection of orphans and vulnerable children are not being translated into action**

The 2005 report recommended that African governments develop social protection strategies, particularly with regard to orphans and vulnerable children (OVC), and that they implement the UN Framework for the Protection, Care and Support of OVC. It called upon donors to support governments in this.

In 2009, the AU adopted a Social Policy Framework for Africa that recommended scaling up social protection to mitigate the economic and social impacts of the AIDS epidemic on children and other vulnerable groups. In 2008, the Southern African Development Community (SADC) launched a Strategic Framework on Orphans, Vulnerable Children and Youth, which provides a framework for the development of a minimum package of social protection services. In the past five years, several African countries have introduced social protection strategies for children and other vulnerable groups, with or without donor assistance. These include the OVC programme in Kenya, the Productive Safety Nets Programme in Ethiopia and the introduction of an old age pension in Lesotho.

As of 2008, 38 countries in the AU had agreed to implement social protection programmes. Of 35 priority sub-Saharan African countries, 29 (82%) have national plans that focus explicitly on orphans or include them within policies applying to all children, compared with just 50% of countries in 2004. The UN Framework for the Protection, Care and Support of OVC is receiving increased attention and issues relating to vulnerable children are being integrated into national plans.

However, many national plans have not been translated into action, because governments have not allocated the resources needed to implement them.<sup>105</sup> Donor support has also been insufficient. At the national level, it has been found that donors often intervene in the social protection policy process, but without providing support to existing institutions that already deliver social protection.<sup>106</sup>

<sup>104</sup> 2009 prices. DAC statistical database.

<sup>105</sup> AU. 2009. *Social Protection in Africa: an Overview of the Challenges*.

<sup>106</sup> ODI. 2010. *Social Protection in Africa: Where Next?*

## GOING FOR GROWTH

### GROWTH RECOMMENDATIONS IN THE 2005 REPORT

#### Promoting growth

- Africa should achieve an overall average growth rate of 7% by the end of the decade and sustain it thereafter.
- Donors should provide an extra \$10 billion a year up to 2010 and a further increase of \$20 billion a year up to 2010 for investment in infrastructure.
- Donors, government and the private sector should coordinate their efforts behind the Investment Climate Facility of the African Union's NEPAD programme.
- To promote agricultural and rural development, Africa must double the area of arable land under irrigation by 2015.

#### Poor people's participation in growth

- Developed countries should set up a \$100 million African Enterprise Challenge Fund to support private sector initiatives that contribute to small

enterprise development by giving enterprises better access to markets.

- African governments should take the lead in promoting employment for young people.

#### Promoting the role of business

- Businesses must sign up to the leading codes of good social and environmental conduct, including on corruption and transparency.

#### The environment and climate change

- In support of the Environment Initiative of the African Union's NEPAD programme, donors should strengthen environmental consideration in all their programmes.
- Developed countries should set targets for greater use of cleaner energy technologies to stimulate the global market. They should meet their commitments on funding to help African countries adapt to the risks and impacts of climate change.

The report's section on 'Going for Growth and Poverty Reduction' argued that accelerating growth and ensuring that poor people participate in that growth were essential to poverty reduction.

It set the overall goal of achieving an average growth rate of 7% by the end of the decade and sustaining it thereafter. It argued that this was achievable, but only if the obstacles of weak infrastructure and a poor investment climate were tackled.

As the section made clear from the beginning, the report's recommendations in all other areas – governance, peace and security, investing in people and trade – were relevant to accelerating growth and removing the obstacles to it. The section itself focused on a range of additional steps that needed to be taken to push forward in this area.

However, the report also acknowledged that growth itself could have negative side effects on the environment and that climate change was a major threat to Africa's growth and prosperity. It also noted that the behaviour of individual companies could have a negative impact. The section made recommendations on how to ensure that business's role was positive and that growth was environmentally sustainable.

### African governments have taken steps to improve the investment climate

One of sub-Saharan Africa's main success stories in recent years has been its impressive growth rates. Prior to the effects of the global financial crisis, the regional economy grew at an average of 6% per year from 2003 to 2008, falling just short of the level recommended by the 2005 report. The region has also attracted record

levels of foreign investment – which increased from \$18 billion in 2005 to \$88 billion in 2008<sup>107</sup> – while the value of its exports has quadrupled.

As discussed in more detail in the introduction to this report, a number of factors lie behind these growth rates, including higher commodity prices and growing demand for Africa's resources, particularly from emerging economies. African governments have taken steps to reduce the obstacles to doing business in their countries: according to the World Bank, they have implemented more business-friendly reforms over the past year than in any previous year for which information is available.<sup>108</sup>

### The Investment Climate Facility has been created

As recommended by the Commission, African efforts have been supported by the creation of the Investment Climate Facility for Africa (ICF), in 2007. The report called for donors and the private sector to provide \$550 million over seven years to the ICF. Contributions have been made both by donors – including the World Bank, the Dutch and UK governments, the African Development Bank (AfDB) and others – and by the private sector, including Shell, SABMiller, Standard Bank, Celtel, Unilever and others. Contributions totalled \$40 million in 2008.<sup>109</sup>

The ICF has supported a wide range of reforms in numerous African countries and has thus contributed to increasing the ease of doing business on the continent. However, improvements in the investment climate have been uneven, with a number of countries failing to make progress in this area. Furthermore, while substantial, the contributions made towards the ICF fall below the amount stipulated in the Commission's report.

<sup>107</sup> World Investment Report 2009.

<sup>108</sup> World Bank. *Doing Business Report 2009*.

<sup>109</sup> Investment Climate Facility for Africa Annual Report 2008.



The second recommendation on the investment climate was that developed countries should support a fund managed by the Multilateral Investment Guarantee Agency (MIGA) – part of the World Bank Group – to insure foreign and domestic investors in post-conflict countries. This has not happened.

### Donor funding to infrastructure has enjoyed a renaissance, but the funding gap remains huge

Funding for infrastructure seems to have enjoyed a renaissance since 2005, and analysis by the World Bank suggests that this has been central to Africa's improved levels of growth.

The Infrastructure Consortium for Africa (ICA) was launched at the G8 Gleneagles Summit in 2005 and was designed to promote increased investment in infrastructure (transport, power, information and communications technology) in Africa, from both public and private sources. According to the ICA, financing to infrastructure in Africa increased ten-fold between 2002 and 2007 and the ICA itself received \$12 billion in 2007 alone.<sup>110</sup> In addition to donor grants and loans, a growing share of the region's infrastructure finance now comes from non-traditional donors such as China, India and a number of Arab nations. In 2007 the contributions of these donors were estimated at \$5.2 billion, \$0.7 billion and \$2.6 billion respectively.<sup>111</sup>

In response to the global financial crisis, the European Commission has increased the size of the EU-Africa Infrastructure Trust Fund, contributing €200 million (\$264 million<sup>112</sup>) for 2009–2010, doubling its current contribution and calling on all member states to join the effort, with the goal of raising €500 million (\$659 million). If this is achieved, the EC will leverage €2.5 billion (\$3.3 billion) in soft loans to support infrastructure investment. Private investment in infrastructure projects in sub-Saharan Africa increased from \$8.7 billion in 2005 to \$13.5 billion in 2008.<sup>113</sup>

However, the sums needed are still vast in comparison with the resources delivered to date, and it has been suggested that the Commission considerably underestimated those needs. A recent report published by the World Bank and the Agence Française de Développement (AFD) states that sub-Saharan Africa needs total investment of \$93 billion a year to meet its

infrastructure needs,<sup>114</sup> twice the amount estimated by the Commission.<sup>115</sup> Two-thirds of this is for investments and the remaining third for maintenance. If current inefficiencies were addressed, however, annual infrastructure spending needs could be reduced by \$17 billion a year.<sup>117</sup>

### The amount of land under irrigation in Africa has increased by just 0.9%

Aid to agriculture from all DAC donors increased by 43% between 2004 and 2008, from \$1.7 billion to \$2.4 billion. Funding for 'agriculture water resources' made up 4% of agricultural aid in 2008.<sup>117</sup> The Comprehensive Africa Agriculture Development Programme (CAADP), established under the AU NEPAD programme, has also made progress in developing a common strategy for supporting improvements in Africa's agriculture sector. In late 2008, a Multi-Donor Trust Fund was set up to support CAADP; contributions to this fund are expected to reach \$60 million by 2012. At the G8 Summit in Italy in 2009, \$22 billion was pledged at the launch of the L'Aquila Food Security Initiative for sustainable agricultural development over a period of three years (2009–2012).<sup>118</sup>

However, this reversal in the decline of investment in agriculture has not happened quickly enough, and it is too small after decades of under-investment. African governments have not done enough to speed up their own investment in rural infrastructure and have failed to fulfil their commitment to spend at least 10% of their budgets on agriculture. Only 6% of land in Africa is irrigated and between 2004 and 2007 the amount of land equipped for irrigation increased by just 0.9%.<sup>119</sup>

### African Enterprise Challenge Fund launched

Developed countries have followed through on the Commission's recommendation that they should 'set up a \$100 million Africa Enterprise Challenge Fund to support private sector initiatives that contribute to small enterprise development by giving them better access to markets'. The Commission also expressed the hope that the fund would encourage new partnerships between the financial and non-financial sectors and contribute to the AU's objectives of promoting job creation for young people and entrepreneurship by women.

<sup>110</sup> See ICA website: [www.icafrica.org/en/infrastructure-issues/aims100/aims1001](http://www.icafrica.org/en/infrastructure-issues/aims100/aims1001).

<sup>111</sup> *Public-Private Infrastructure Advisory Facility Annual Report 2008*.

<sup>112</sup> Based on August 2010 exchange rates.

<sup>113</sup> *Public-Private Infrastructure Advisory Facility Annual Report 2008*.

<sup>114</sup> Almost half this amount is needed to address the region's current power supply crisis. The \$93 billion amounts to roughly 15% of sub-Saharan Africa's GDP.

<sup>115</sup> Vivien Foster and Cecilia Briceño-Garmendia (editors). 2010. *Africa's Infrastructure: A Time for Transformation*. World Bank/ Agence Française de Développement.

<sup>116</sup> Ibid.

<sup>117</sup> DAC-CRS database: refers to purpose-code 31140: Agricultural water resources

<sup>118</sup> As of April 2010, \$6.5 billion of this had already been disbursed.

<sup>119</sup> Calculated using FAO figures.

The African Enterprise Challenge Fund (AECF) was launched in mid-2008. It aims to raise up to \$100 million to fund grants to private sector companies to support new and innovative business models in Africa, which will be awarded through a series of competitions for grants over a period of six years.

The focus is not, however, on small enterprises in particular but on the private sector in general. It is difficult to find data on small enterprises and the extent to which they have participated in or benefited from Africa's growth spurt. However, the general view of the region's recent growth is that, while impressive, it has yet to affect most ordinary Africans in a positive way – and this is likely to include those many Africans who derive their income from small enterprises.

### **No obvious improvement in the number of young people in work**

The Gleneagles Communiqué committed the international community to supporting 'youth employment in Africa for both men and women, including vocational education and training relevant to market demands'.

A number of African countries have developed national action plans for promoting youth employment, and donor interest in the issue has continued.<sup>120</sup> However, there has been no obvious improvement in levels of youth employment or in the benefits that young people are gaining from employment. The 2009 African Youth Report found that employment levels remained unchanged<sup>121</sup> and there had been little improvement in the number of young people living in 'working poverty', i.e. those living on less than \$2 per day. Young women continue to lag behind young men in terms of employment.<sup>122</sup>

### **New international business initiatives on Africa have been launched**

The report called for 'a sea change in the way the business community, both domestic and international, engages in the development process in Africa' by signing up to leading codes of conduct and through increased coordination in its action to tackle poverty. To support this, the report recommended that developed countries support the UNDP's Growing Sustainable Business (GSB) initiative.

Measuring whether this 'sea change' has taken place is difficult. Clearly, with foreign investment quadrupling between 2003 and 2008, international business is

playing an ever greater role in Africa. The number of businesses signing up to the UN's Global Compact business initiative has continued to grow.<sup>123</sup> The GSB has delivered support in a number of African countries, including Kenya, Mozambique, Tanzania and Malawi, and has received contributions from a number of developed countries. The Business Action for Africa initiative<sup>124</sup> was created shortly after the Commission published its report and, more recently, the Business Fighting Poverty network has been launched.<sup>125</sup> The Business Call to Action was launched in 2008 to encourage companies 'to develop inclusive business models that offer the potential for development impact along with commercial success'. Member companies are active in promoting inclusive growth in over 20 countries.<sup>126</sup>

However, as noted in the governance section above, while a growing number of businesses are taking steps to ensure that they are playing a positive role, there has been insufficient progress in bringing to book those who are not.

### **Neither Africa nor donors have come close to addressing the threat posed by climate change**

So far, African governments' poverty reduction strategies have paid little attention to environmental issues in general or to climate change in particular, but the situation is slowly improving as concern about climate change grows, and with the support of initiatives such as UNDP/UNEP's Poverty Environment Initiative.<sup>127</sup> The Climate for Development in Africa (ClimDev-Africa) initiative, aimed at mainstreaming climate information into decision-making for African development, has been launched, as has a donor fund to support it,<sup>128</sup> while the AfDB has approved strategies on climate risk management and adaptation and on clean energy. As ever, however, the challenge lies in turning words into reality, with limited resources and capacity.

Progress is also being made in improving the information available on climate change through support for the activities of the Global Climate Observation system and through ClimDev-Africa. The AfDB is, for example, financing a \$30 million institutional support project designed to strengthen the institutional capacities of four African regional climate centres: the African Centre of Meteorological Applications for Development (ACMAD), the Agro-Meteorology and Hydrology Regional Centre (AGRHYMET), the IGAD Climate Prediction and Application Centre (ICPAC) and the Drought Monitoring

<sup>120</sup> A number of African countries have submitted National Action Plans on Youth Employment to the International Labour Organization (ILO): Algeria, Burkina Faso, Kenya, Rwanda, Senegal, Tanzania and Uganda.

<sup>121</sup> Under-employment is also a major issue but is difficult to measure.

<sup>122</sup> UNECA. 2010. *African Youth Report 2009: Expanding Opportunities for and with Young People in Africa*.

<sup>123</sup> The UN Global Compact is a 'strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption' and brings businesses together with UN agencies, labour organisations and civil society.

<sup>124</sup> [www.businessactionforafrica.org](http://www.businessactionforafrica.org)

<sup>125</sup> [businessfightspoverty.ning.com](http://businessfightspoverty.ning.com)

<sup>126</sup> [bcta-initiative.org](http://bcta-initiative.org)

<sup>127</sup> [www.unpei.org](http://www.unpei.org)

<sup>128</sup> [www.afdb.org/en/topics-sectors/initiatives-partnerships/climate-for-development-in-africa-climdev-africa-initiative](http://www.afdb.org/en/topics-sectors/initiatives-partnerships/climate-for-development-in-africa-climdev-africa-initiative)

Centre (DMC). This support will enhance the technical ability and expertise of African climate scientists to generate the information needed to assess climate risk and quantify climatic trends. However, Africa's ability to monitor climate change remains much lower than that of any other region in the world.

Donors have also taken steps to integrate climate change issues into their strategies and programmes. The 2006 OECD Declaration on Integrating Climate Change Adaptation into Development Co-operation commits members to develop and apply coherent approaches to the issue and to assist developing country partners in their efforts to reduce their vulnerability to climate variability and change. Some progress has been made against these commitments: for example, many donors have begun to systematically assess climate vulnerability in developing their plans and have increased their support to tackling climate change issues within their programmes.

The December 2009 Copenhagen Accord included the commitment to provide an additional \$100 billion in climate finance by 2020 to support adaptation, mitigation, technology transfer and capacity-building – yet the sources and nature of this additional funding have not been resolved. Proceeds from the sale of emission credits from Clean Development Mechanism (CDM) projects amounted to \$7.4 billion between 2001 and 2007. However, only 17 of a total of 1,186 CDM projects are located in sub-Saharan Africa (of which 14 are in South Africa) and the CDM is therefore failing to act as an effective mitigation and investment mechanism for the region.

At the same time, Africa's potential to generate clean, renewable energy will be vital to the collective battle against climate change, as well as providing an opportunity for the region to benefit economically from the added value created by exporting clean energy.

A number of initiatives have been launched to support the development of clean technology in Africa; some resources have been mobilised to support these, and some donors have increased their funding to help the region adapt to climate change. As noted in the introduction, it is estimated that Africa needs \$10-20 billion per year in additional external support to adapt to climate change.<sup>129</sup>

Nevertheless, the response to date falls far short of what is needed. A big issue in 2010 is not only mobilising the funds needed to help Africa adapt to climate change, but also ensuring that those funds are additional to existing ODA commitments.<sup>130</sup>

The total amount needed to achieve the MDGs, accounting for the anticipated effects of climate change, is estimated at around \$120 billion a year between 2010 and 2020. This figure brings together the amount of development and humanitarian assistance that would have been required to achieve the MDGs without climate change (\$82 billion per annum) – plus the estimated costs of climate change adaptation (\$10-20 billion per annum) and mitigation (\$13-26 billion per annum). There is a substantial gap between these estimated requirements and the amounts donors have already been pledged for each of these elements.<sup>131</sup>

<sup>129</sup> Presentation by Guido Schmidt-Traub, Climate Change Advisor, Africa Progress Panel Secretariat and Director of South Pole Carbon Asset Management to an event on *Securing Additional International Public Finance for Climate Change: How much is needed and can it be achieved?*, on 15 April 2010 at the Overseas Development Institute in London. [www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf](http://www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf).

<sup>130</sup> There is a real concern over what the Copenhagen Accord actually means and whether it will lead to existing funds for development priorities being withdrawn and put towards climate change adaptation. There are huge overlaps between

ODA and climate finance for certain sectors, e.g. agriculture, water supply, human health, coastal zones and infrastructure. Sub-Saharan Africa in most cases has the highest share of adaptation costs within these sectors: agriculture, forestry and fisheries (36%), water supply and sanitation (42%), human health (60%) and infrastructure (11%). J. Brown, N. Cantore and D. Velde. 2010. *Climate Financing and Development: Friends or Foes?*. Overseas Development Institute.

<sup>131</sup> Fankhauser and Schmidt-Traub. 2010. *Finance for Climate-Resilient Development in Africa*. African Progress Panel, Geneva.

## MORE TRADE AND FAIRER TRADE

### RECOMMENDATIONS FOR TRADE IN THE 2005 REPORT

#### Improving Africa's capacity to trade

- Africa should remove its own internal trade barriers between one country and another.
- African governments and international donors should ensure that Africa can produce and trade competitively. Funding for infrastructure should, in part, be spent on improving African transport communications.

#### Improving Africa's access to the markets of the rich world

- Developed countries should ensure that the Doha Round of world trade talks makes development its priority in 2005 and that the round concludes no later than the end of 2006.
- Rich countries must agree to eliminate trade-distorting support to cotton and sugar, and commit by 2010 to end all export subsidies and all trade-distorting support in agriculture.

- High-income developing countries should do more to reduce tariffs and other barriers to trade with Africa.
- Individual African countries should be allowed to sequence their own trade reforms, at their own pace, and additional financial assistance should be provided to support their capacity to trade.
- Special and Differential Treatment (SDT) must be made to work better for Africa.
- Rich countries should apply a development test when designing product standards.

#### Helping Africa adjust to new trade regimes

- Developed countries should remove all barriers to all exports from low-income sub-Saharan countries, by extending quota and duty-free access to all of them.
- Rich countries should also provide aid to help African economies adjust to a more open global trade regime, and to enhance the benefits to poor people and limit the detrimental impacts on them.

The Commission endorsed the critical importance of trade for sustainable development and poverty reduction in Africa. It also recognised that, to capture more of the benefits of trade, Africa needed changes to international trade rules and removal of the trade barriers it faces, as well as support to build its capacity to trade.

The Commission's recommendations have been echoed by the G8, the EU, multilateral institutions, African countries themselves and, more recently, by the G20. The G8 made a series of commitments on trade rules and trade-related capacity-building at Gleneagles in 2005 and have reiterated these at each subsequent meeting. In addition to pledging to 'make trade work for Africa', the G8 have also committed to concluding the Doha Development Agenda (DDA) negotiations with a focus on integrating poor countries into the global trading system. The EU has promoted Economic Partnership Agreements (EPAs) as tools for development and regional integration, and donor support for trade and infrastructure has enjoyed a renaissance. The African Union and the New Partnership for African Development (NEPAD) have reiterated their pledge to simplify overlapping regional economic communities (RECs) and create a 'common market'.

#### Progress on trade – particularly on reform of international trade rules – has been woeful

Despite the fact that changes to trade rules have relatively few costs and could yield significant benefits, progress on trade has been woeful. In 2009, 1% of world trade was worth \$195 billion, which was more than five times the amount that sub-Saharan Africa received in development assistance in that same year. As discussed in the introduction to this report, the

value of Africa's exports has grown dramatically in recent years and by 2008 its share of global trade had increased to 3.3% – yet that remains a very modest share and the smallest of any region in the world.<sup>132</sup>

Progress on the DDA, which was supposed to put development at the heart of trade, has been glacial – and very far from the Commission's ambition that the talks should conclude by the end of 2006. There have been four ministerial meetings to try to break the logjam. On issues critical for Africa, such as reductions in agricultural subsidies, improved market access for its products and expansion in the trade of services, progress remains elusive.

2010 has seen a further lessening of ambition, with some countries calling for a reassessment of the talks' objectives in a changing global environment.

#### Failure to agree a way forward on agricultural subsidies

At Gleneagles and at subsequent summits, the G8 countries committed to progress on agriculture in the DDA as well as unilateral reforms.

At the Hong Kong WTO Ministerial Conference in December 2005 it was agreed to eliminate export subsidies by 2013, but this has not been followed through. The OECD estimates that the governments of Canada, the EU, Japan and the USA collectively spent \$219.4 billion on subsidies in 2008. In the USA, the Farm Bill expired in 2008, creating an opportunity to reform the country's subsidies programmes. However, the new \$307 billion, five-year Farm Bill that was passed in 2008 contained only some incremental changes. The new version of the Bill has actually increased the trade-distorting nature of payments by paying farmers when prices are low, so isolating them from market signals.

<sup>132</sup> UNCTAD. 2010. *Global Investment Trends Monitor*.  
[www.unctad.org/en/docs/webdiaeia20101\\_en.pdf](http://www.unctad.org/en/docs/webdiaeia20101_en.pdf)







The difficulties in cutting support through domestic reforms, where there are strong vested interests, highlights one of the potential advantages of the WTO process, where cuts are made multilaterally and there is the possibility of trade-offs with other sectors. However, a 'grand bargain' has proved elusive and this lack of progress in the DDA has meant that there has been no progress on the majority of the Commission's recommendations on international trade rules.

### Commitments to improve and harmonise preference schemes have not been followed through

At Gleneagles, G8 leaders committed to improving preferential trade schemes. However, this and the pledge made at the 2007 Heiligendamm Summit to 'examine the merits of existing preference schemes in order to achieve further improvements' have not been implemented in any systematic manner.

The many existing preference schemes have varying rules around them and product standards that apply to imports, two areas that the Commission's report highlighted in particular as restricting the ability of African producers to use them. Both the EU and the USA are currently reviewing their Generalised System of Preferences (GSP) schemes, offering the opportunity to improve consistency between them. However, there has been little progress elsewhere and five years on no real changes have been made.

### Some improvement in market access but non-tariff barriers remain unchanged

At the 2005 Hong Kong Ministerial and later at the 2008 Hokkaido Summit, the G8 reaffirmed their commitment to provide duty-free and quota-free market access to at least 97% of goods originating from least developed countries (LDCs). The EU, Canada and Japan have met these commitments (see box), but more emphasis

needs to be given to the 3% of tariff lines that are currently excluded from preferential access agreements but which are crucial to LDC markets.

There has also been little movement on removing non-tariff barriers to trade – such as tackling the rules of origin imposed by developed countries, which disadvantage African goods. Despite the EU committing in 2003 to a review of its preferential rules of origin with a view to making them simpler, more transparent and easy to use, revised rules have still not been agreed. The USA has also failed to address the issue as part of its periodic attempts to review its GSP programme.

### Progress on agreeing EU-African EPAs has been tortuous

The Commission recommended that, in order to be a tool for development, EPAs needed to address the issue of reciprocity, so African countries were not subject to the full force of EU competition in a way that would cut across their own poverty reduction and development plans. The Commission also recommended that EPAs should not undermine Africa's own regional integration efforts. In practice this has proved difficult, and interim agreements and delays are threatening to undermine regional unity.

To date, no regional EPA has been signed with any African region, but there are interim agreements with individual countries and smaller regional blocs in Africa to serve as a stepping-stone towards full regional EPAs. Despite efforts to reach an EPA with the West African region by the end of 2009, negotiations are still ongoing, with hopes of completion during 2010. Other development communities, such as the East African Community (EAC) and the Common Market for East and Southern African (COMESA), have faced multiple stumbling blocks. The EU agreed to provide resources for a regional EPA fund for the Central African region (FORAPE), with an initial amount of \$150 million in 2008.

### Africa has, however, made some progress on its own regional integration

African RECs have recently focused on integration by implementing their agreements to phase out border tariffs and by addressing physical trade barriers such as complex customs procedures. Further progress is needed, however, on the policy challenges, such as overlapping memberships and mandates, under-developed financial markets and poorly harmonised policies and procedures. Pan-African initiatives of the AU and NEPAD and public-private partnerships through Development Corridors<sup>133</sup> and one-stop border posts are also beginning to improve the continent's infrastructure and reduce the costs of trade.

The G8 are increasingly coming together to support these African-led initiatives and are also looking for ways to ensure better coordination between themselves and the increasing number of private sector partners, many from emerging economies, that are investing in infrastructure.

#### MARKET ACCESS

**European Union:** 100% duty-free and quota-free access for LDCs has been achieved under Europe's Everything But Arms (EBA) preferential trade programme.

**Canada:** Canada has fulfilled the Hong Kong agreement with duty-free and quota-free market access for 97% of goods originating from LDCs.

**Japan:** Japan has fulfilled the Hong Kong agreement with duty-free and quota-free market access for 98% of goods originating from LDCs and full liberalisation of rice and sugar markets.

**United States:** The USA gives duty-free but not quota-free access on 98% of tariff lines to 26 African LDCs.

<sup>133</sup> Development Corridors are established trade or transport routes that have under-utilised economic potential and therefore would benefit from development through a range

of integrated interventions, such as investment in infrastructure alongside economic reforms, aimed at unlocking that potential.

Intra-African trade increased from \$46 billion in 1995 to \$115 billion in 2008.<sup>134</sup> However, intra-African trade was still only 10% of the region's total trade in 2008, with the potential for regional value chains remaining largely untouched. There is potential to upgrade infrastructure networks and modernise inefficient ports and customs facilities. At the Conference of African Ministers of Industry in 2008, African governments pledged to the removal of physical and non-physical barriers within and between African countries. A fully operational Trans-African Highway Network of development corridors could have a very positive impact on intra-African trade.<sup>135</sup>

### Aid for trade (AfT) has increased and new initiatives have been launched

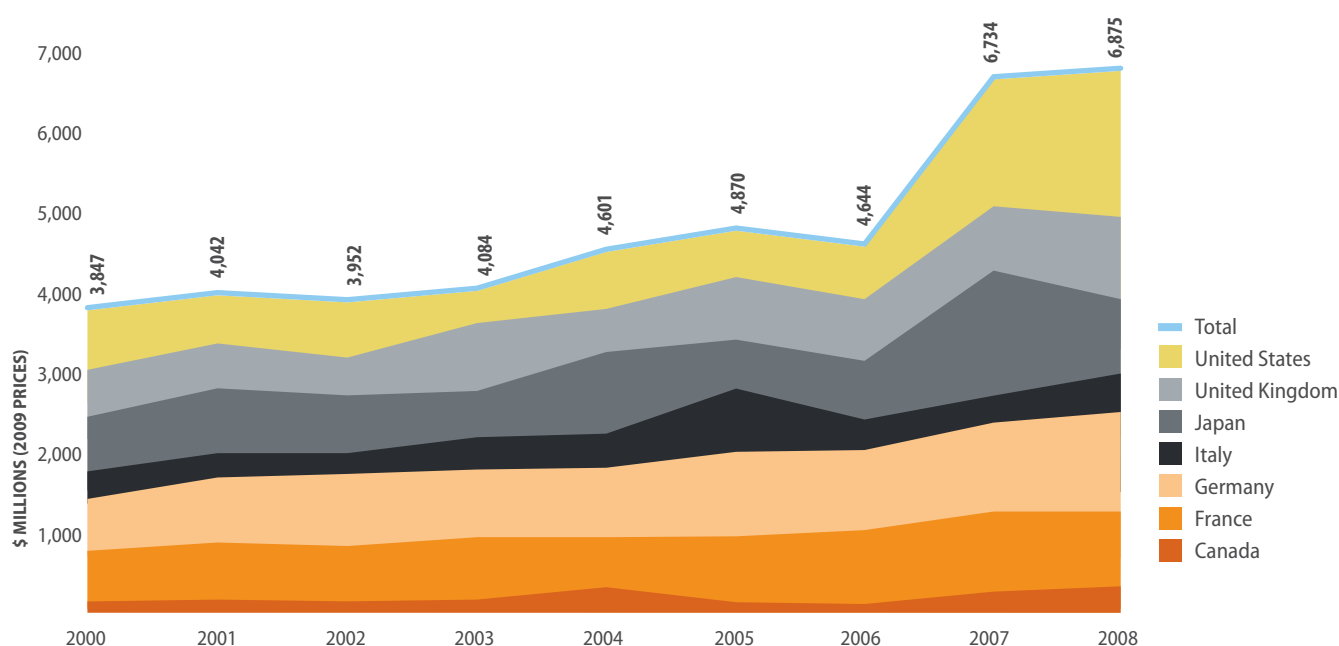
Product standards were identified by the Commission as an area in which Africa particularly needs support to meet the exacting and differing requirements of developed country markets. The Standards and Trade Development Facility (STDF) was established in 2001 to help countries address standards issues. The STDF provides small catalytic grants and links clients to other sources of technical assistance. Project funding runs at about \$5 million a year. A number of other projects have helped African countries to meet the rigorous, and differing, sanitary and phyto-sanitary requirements of the EU and US markets for agricultural produce, helping to increase fruit and vegetable exports.

There are also a number of large-scale AfT programmes being developed across the region, such as the North-South Corridor, which is a joint COMESA-EAC-SADC AfT pilot aimed at reducing the time and costs of road and rail travel.

At the 2005 Hong Kong Ministerial meeting and at every G8 summit since 2005, the G8 countries have reiterated their commitment to scale up aid for trade for all developing countries to \$4 billion by 2010. Current DAC estimates show that the G7 had already met the AfT commitment before it was pledged: in 2005, G7 aid for trade was \$4.9 billion.<sup>136</sup> The figures from 2008 indicate that total AfT commitments made by the G7 amounted to \$6.9 billion, from \$4.6 billion in 2004 – an increase of 49%.

The WTO's membership has also agreed an ongoing work programme, including a bi-annual joint OECD/WTO report looking at both the scale-up of donor commitments and the degree to which developing countries are prioritising trade in their development strategies. The latest report highlighted that by 2007 most of the increase in AfT had gone to sub-Saharan Africa – an increase of \$2.9 billion, equivalent to a 59% improvement. The bulk of the additional funds were devoted to addressing Africa's infrastructure needs, which the Commission identified as a key cause of Africa's poor development performance.

FIGURE 11: LEVELS AND SOURCES OF AID FOR TRADE, 2000-2008



Source: DAC International Development Statistics

<sup>134</sup> UNCTAD, *Economic Development in Africa Report 2010*

<sup>136</sup> 2009 prices.

<sup>135</sup> ONE, *The Data Report 2010*.

## WHERE WILL THE MONEY COME FROM: RESOURCES

### RESOURCES RECOMMENDATIONS FROM THE 2005 REPORT

#### Aid quality

- Annual meetings between donors and African governments should take place to monitor the quality of aid.
- Aid should be untied, predictable, harmonised and linked to the decision-making and budget processes of the country receiving it.
- Aid to Africa should be mainly in the form of grants.
- Aid conditionality should be reduced and ways of strengthening mutual accountability, and of monitoring implementation, should be put in place.
- Donors should create a new facility to help African countries weather commodity-related shocks and natural disasters.

#### Aid quantity

- Aid to sub-Saharan Africa should be doubled, i.e. increased by \$25 billion per annum over the next three to five years to complement rising levels of domestic revenue arising from growth and from

better governance. Following a review of progress towards the end of this period, a further \$25 billion per annum should be provided, building on changes in the quality of aid and improvements in governance.

#### Debt relief

- For poor countries in sub-Saharan Africa which need it, the objective must be 100% debt cancellation as soon as possible, and financing should immediately be put in place to enable this to happen.

#### Financing mechanisms

- Donor countries should commit immediately to their fair share of additional aid for Africa and should aim to spend 0.7% of their annual income on aid.
- The International Finance Facility (IFF) should be launched immediately and workable proposals for specific international levies to raise additional finance should be developed.

Having identified the steps that needed to be taken to achieve a strong and prosperous Africa across the full range of issues discussed above, the Commission for Africa focused the last two sections of its 2005 report on how these recommendations were going to be resourced and the structures that needed to be put in place to take forward this new partnership.

The section on resources – i.e. where the money would come from, and how it should be delivered, for all the recommendations made elsewhere in the report – focused on a range of issues relating to aid and debt relief. The final section focused on the changes to global institutions required to take forward the partnership principles espoused by the report.

### Progress in some areas of aid effectiveness

The Gleneagles Communiqué took up the issue of aid quality principally with reference to the implementation of the Paris Declaration on Aid Effectiveness, which was agreed earlier that year by over 150 donors, multilateral agencies and partner countries.

The 2005 Paris Declaration and the subsequent Accra Agenda for Action, agreed in 2008, included steps to untie aid and to make it more predictable, harmonised and linked to the decision-making and budget processes of the country receiving it. European donors have also sought to address fragmentation through the European Code of Conduct on Complementarity and Division of Labour, which stipulates that a donor should not be involved in more than three sectors in any one country.

While aid effectiveness indicators are limited, some progress has been made against Paris Declaration targets.<sup>137</sup> The 2010 targets have already been met for the alignment of technical assistance and the untying of aid. However, in most other areas improvements have been small or progress insufficient, and there is a risk of missing the 2010 targets. The use of government procurement systems and aid predictability actually declined over the period 2005–2007. The use of country systems and coordination of donor delivery mechanisms and missions remain significantly off-track and aid fragmentation continues to be a concern. Improvements in aid quality in Africa have lagged behind those witnessed in other regions, and certain countries experience poor quality across a range of areas. Sudan, Côte d'Ivoire and Chad, for example, are among the bottom five African countries for half of all Paris indicators.<sup>138</sup>

The Commission recommended annual meetings between development partners to review progress on aid allocation and effectiveness. In 2007, biennial high-level meetings of the Development Cooperation Forum (DCF) were launched, and these have brought together developing and developed countries, key bilateral and multilateral development agencies and development banks, as well as civil society and the private sector, to discuss aid issues.

<sup>137</sup> The most recent OECD report considered aid in 2007 against the baseline assessment for 2005. OECD 2008, *Survey on Monitoring the Paris Declaration. Making Aid More Effective by 2010*. An assessment of 2010 assistance will be published in 2011.

<sup>138</sup> Performance across indicators, however, is sometimes varied. For example, donor use of coordinated aid delivery mechanisms in Côte d'Ivoire is among the lowest in Africa, but donor missions and research for the country score as among the most coordinated in the region.

### Most aid to Africa is in the form of grants, but some donors are lagging behind

Almost all DAC gross bilateral ODA to sub-Saharan Africa is in grant form. The figure was approximately 95% in 2008, and it has been near this level since 2000.<sup>139</sup> Grants make up a higher proportion of aid to the region than they do to other parts of the world. However, a small number of donors, such as Japan and Portugal, provide notably lower proportions of aid in the form of grants.<sup>140</sup> France has recently restructured its aid programme towards loans, which rose from 8% in 2005 to 14% of its total aid to Africa in 2008. Preliminary global figures suggest that this proportion may almost have doubled in 2009.<sup>141</sup>

Over the period 2004–2008, International Development Association (IDA) grants have increased as a proportion of the total from 31% to 40%. This is four times the 2000 level. Again, proportions for sub-Saharan Africa are higher than global averages, which increased from 16% to 26% in the same period.

### Much aid remains highly conditional and mutual accountability is still low

A number of donors, such as the UK, and international multilateral agencies, such as the World Bank and the IMF, have taken steps to reduce conditionality. However, much donor aid remains highly conditional on progress on democracy and human rights. For some countries, conditionality has increased, as a result of debt relief criteria, new procedures accompanying budget support and other new aid modalities (for example, in Mozambique and Tanzania).

Mutual accountability was the fifth principle of aid effectiveness adopted by signatories to the Paris Declaration, and it has also been a major focus of the work of the UN Development Cooperation Forum (DCF). Progress has been slow, as performance against agreed indicators demonstrates. The Paris Declaration stated that, by 2010, all partner countries should have established mechanisms for assessing the implementation of agreed commitments on aid effectiveness. The 2008 Monitoring Survey confirmed that by 2007 only 26% of countries taking part in the survey had done so.<sup>142</sup>

Other initiatives, such as the IATI, which was agreed at the Accra Summit in 2008, have been launched to improve the transparency of aid information by getting donors to adhere to a common standard.<sup>143</sup>

### Aid to fragile states has increased, but is concentrated in a few high-profile states

Donors continue to reward 'good performers', leaving behind the bulk of the weakest states – or 'fragile states', as they are sometimes known. This group of countries, characterised by high incidences of poverty, insecurity and institutional fragility, are the furthest off-track in relation to the MDGs. Steps have been taken to improve the quality of that aid through, for example, the use of Multi-Donor Trust Funds (MDTFs) and the adoption by OECD development ministers in 2007 of a set of DAC Principles for Good International Engagement in Fragile States and Situations. However, donor assistance to fragile states as a whole has increased at a slower rate than assistance globally, and remains insufficient compared with levels of poverty in those countries. It is also highly concentrated in countries such as Afghanistan and Iraq, which together account for over a third of aid increases to all fragile states since 2000.

The most recent OECD report to monitor the progress of aid quality against the Paris Declaration indicators shows that fragile states in Africa fare a lot worse than developing countries as a whole. While fragile states receive a higher proportion of their aid as grants compared with other countries, they experience higher levels of aid volatility, with aid often not synchronised to needs<sup>144</sup> or adapted to the specific context of that country.<sup>145</sup>

### Action to protect Africa from shocks has not yet met the level of need

There has been progress in creating ways to protect countries against shocks. Comprehensive reform of IMF lending facilities in 2009 led to a number of new lending windows that ease rapid access to financial resources for low-income countries (LICs), including, for example, the Standby Credit Facility (SCF). This is a non-concessional standby arrangement for LICs that provides short-term support for countries that no longer face entrenched problems, but which require episodic support to cope with domestic or external shocks. It can also be used on a precautionary basis to provide insurance against shocks. The Rapid Credit Facility (RCF) is a catch-all emergency instrument providing highly flexible, one-off disbursements for urgent cases where there is insufficient time to set conditions, or where conditions are not necessary.<sup>146</sup>

In response to the global financial crisis, the World Bank made a Call for Action, requesting developed countries

<sup>139</sup> OECD-DAC Statistical Database

<sup>140</sup> In 2008, 75% and 81% respectively.

<sup>141</sup> At the time of writing, only data for preliminary global levels of grants and loans were available. France's proportion of assistance delivered through loans globally increased from 24% in 2008 to 41% in 2009, and it is expected to maintain such levels in subsequent years.

<sup>142</sup> ONE, Development Initiatives, Aidinfo, the African Progress Panel and independent consultant Richard Manning have developed the TRACK principles for donor. Track stands for: Transparent, Results-oriented, Additional, Conditional and how will we know it has been Kept? Another innovative new approach to aid being suggested by the Center for Global Development is the Cash on Delivery model, which links

aid to specific outcomes with the objective of improving accountability between governments and citizens rather than between donors and governments.

<sup>143</sup> As of July 2010, 12 donor governments, five multilateral institutions and one private foundation had signed up to the IATI initiative.

<sup>144</sup> OECD. 2010. *Resource Flows To Fragile And Conflict-Affected States. Annual Report 2010*. OECD, Paris

<sup>145</sup> ODI. 2010. *Development, Security and Transitions in Fragile States*.

<sup>146</sup> It replaces the Exogenous Shocks Facility's Rapid Access component and the subsidised natural disaster emergency assistance. It also replaces and expands subsidised emergency post-conflict assistance by offering successive drawings to countries in post-conflict or other fragile situations.

to allocate 0.7% of their stimulus packages, in addition to ODA, to a special Global Vulnerability Fund to assist developing countries to weather the crisis. Donors would be free to channel funds through existing mechanisms of their choice. Little, however, has been committed to date.

Overall, the scale of action in this area has not been proportional to need. Yet there is considerable evidence of the detrimental impact on poverty levels of shocks of this nature, which can undermine years of progress.<sup>147</sup> The increased risks brought about by climate change necessitate urgent action.

### **Donors pledged to double aid to Africa – but not all have fulfilled this pledge**

Perhaps the most high-profile of the Commission's recommendations was the one to double aid to sub-Saharan Africa – which translated into an additional \$25 billion per annum by 2010 – and the suggestion that, following a review of progress towards the end of the period, a further \$25 billion per annum should be provided on top of that, bringing the total to \$75 billion per annum by 2015.

At the 2005 Gleneagles Summit, the G7 and other donors collectively committed to a \$25 billion per year increase in aid to Africa by 2010, more than doubling aid from 2004 levels. EU members also made global ODA commitments based on a percentage of GNI, with a collective target of 0.56% ODA/GNI by 2010, and a 0.51% minimum target for individual EU15 members. Half of the increases, it was agreed, would be directed to sub-Saharan Africa.

While individual promises actually amounted to more than the collective pledge of \$25 billion, the value of these promises has since fallen. Some donors, notably Canada and France, have 're-clarified' their commitments to a lower target. Falling levels of GNI since the onset of the global economic crisis have also affected EU and other DAC donors whose aid commitments were tied to a percentage of GNI.

By 2009, ODA to sub-Saharan Africa from DAC members had increased by \$12.1 billion,<sup>148</sup> a 46% rise in real terms over 2004 levels. G7 donors accounted for \$9.8 billion of the total increases. Almost 40% of the increases in global development assistance over this period went to sub-Saharan Africa, and more than half of the increases in G7 assistance. Preliminary estimates indicate that, by 2010, total development assistance to sub-Saharan Africa from DAC members will have increased by \$17 billion over 2004 levels, to \$43.3 billion. This represents the largest increase over any six-year period since records began in 1960.<sup>149</sup>

However, this still represents only 60% of the increases promised as a whole by DAC members. The G7 have met 61% of their commitments.<sup>150</sup> There is considerable variation within the group. While some donors, such as the USA and the UK, will either surpass or come close to meeting their commitments, Italy, for example, is expected to deliver levels of assistance in 2010 that are 6% lower than its 2004 baseline. Furthermore, the growth in development assistance has been significantly greater for high- and middle-income countries than it has been for their low-income counterparts.

By 2009, five countries (Denmark, Luxembourg, the Netherlands, Norway and Sweden) had passed the 0.7% target (excluding aid that counts towards debt relief), and these donors are committed to either maintain or increase these levels. Belgium is expected to meet its commitment to reaching this target by 2010. The UK has committed to legislate on reaching it by 2013.

As discussed in the introduction to this report, African governments have substantially improved domestic resource mobilisation enabling greater investment in poverty reduction.

### **Africa has received \$100 billion in debt relief**

The Multilateral Debt Relief Initiative (MDRI) was launched at Gleneagles in 2005, where the G8 committed to 'cancel 100% of outstanding debts of eligible Heavily Indebted Poor Countries to the IMF, IDA and the African Development Fund, and to provide additional resources to ensure that the financing capacity of the IFIs is not reduced'.

Although the process is not straightforward and is subject to delays, the benefits of debt relief have been significant. In total, Africa has been relieved of some \$100 billion of debt obligations.<sup>151</sup> Consequently, sub-Saharan African countries paid \$1.5 billion less in debt service to the World Bank and African Development Bank in 2009.

This assistance has freed up many countries to redirect debt service repayments to the social sectors and to other poverty-reducing programmes: between 2001 and 2008, African post-decision-point countries increased poverty-reducing expenditures by roughly 2% of GDP, on average, while debt service obligations declined by the same order of magnitude.<sup>152</sup> The poverty-reducing expenditure of completion-point HIPC countries is illustrated in Figure 12.<sup>153</sup>

<sup>147</sup> See, for example, the *2008 Chronic Poverty Report*, published by the Chronic Poverty Research Centre: [www.chronicpoverty.org/page/report-2008-09](http://www.chronicpoverty.org/page/report-2008-09).

<sup>148</sup> 2009 prices. All aid figures exclude bilateral debt relief.

<sup>149</sup> ONE. *The Data Report 2010*.

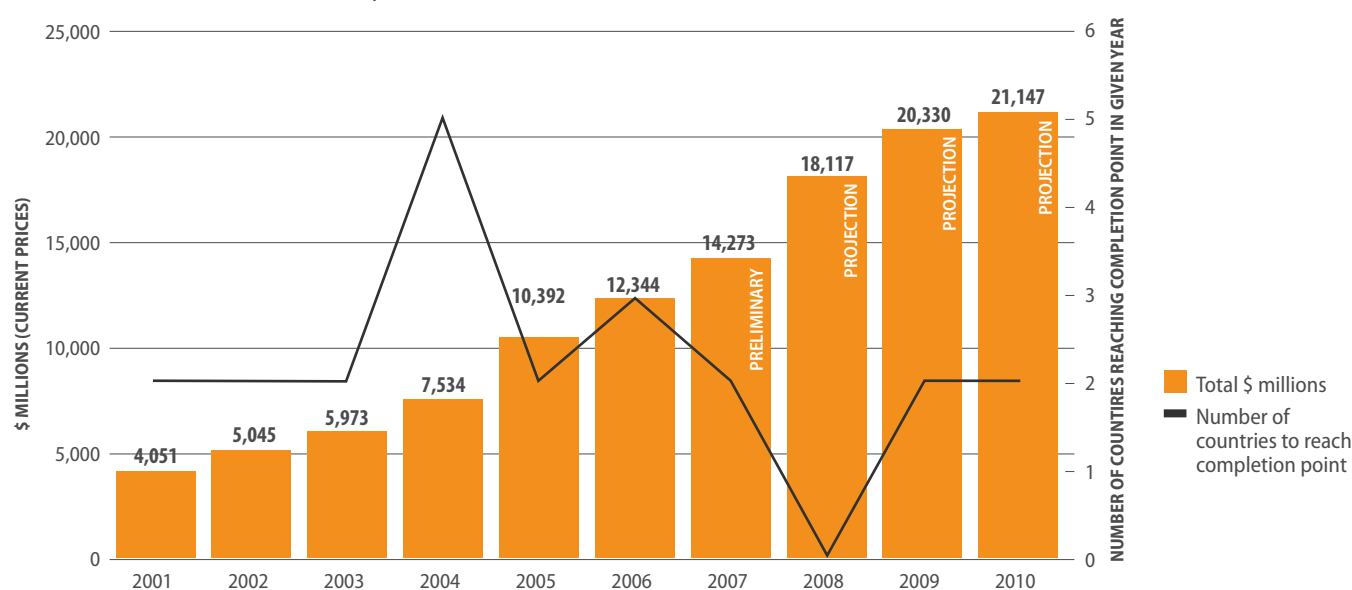
<sup>150</sup> Ibid.

<sup>151</sup> IDA and IMF. 2009. *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation*. 15 September 2009. This figure is expected to rise significantly again during 2010 as the DRC and other HIPCs reach their completion points.

<sup>152</sup> To receive debt relief under the HIPC initiative, countries must meet a number of criteria. To reach 'decision point', they must meet four criteria, which include an unsustainable debt burden and the development of a Poverty Reduction Strategy Paper. To reach 'completion point', they must meet three further conditions, including implementing reforms agreed at decision point.

<sup>153</sup> This refers mainly to expenditure on health and education.



**FIGURE 12: POVERTY-REDUCING EXPENDITURE OF SUB-SAHARAN AFRICAN COUNTRIES RECEIVING DEBT RELIEF, 2001-2010**

Source: IMF. 2009. *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief (MDRI) – Status of Implementation*

### The G8 are on track to meet some, but not all, of their commitments to meet the long-term costs of debt relief

The G8 committed to compensate financially the debt repayment revenues lost by the international financial institutions (IFIs)<sup>154</sup> participating in the MDRI, so that their capacity to give grants to poor countries was not compromised. Collectively, the G8 are on track to meet their share of commitments to make 'qualified', soft commitments through to 2044, the year when the compensation needs to cover MDRI would be fulfilled.<sup>155</sup> However, the G8 have a collective \$2.9 billion shortfall in their more immediate unqualified commitments over the next decade (2009–2019). The USA and Italy account for much of the shortfall,<sup>156</sup> while Canada, Germany, Russia and the UK have met or have surpassed their equitable shares.

Although resources are sufficient to deliver the debt relief committed to most HIPC, additional contributions will be needed to cover the cost of HIPC and MDRI debt relief to newly identified HIPC and to countries with 'protracted arrears', such as Sudan and Somalia. Provisions for debt relief to these two countries were not made under the original HIPC/MDRI financing framework, and account for most of the \$17 billion estimated for the remaining five pre-decision-point HIPCs. In this context, the G8 committed that donors will provide the extra resources necessary for full debt relief for these countries.

Falling commodity prices since the start of the global financial crisis, together with a resurgence of lending,

have exacerbated concerns about long-term debt sustainability. More African LICs are now rated as having a 'high' or 'moderate' risk of experiencing debt distress than when the MDRI agreement was reached at Gleneagles.

### Innovative financing mechanisms have been launched and work continues to develop them

In 2005, the G8 members committed to continue to consider developing the International Finance Facility as a means of raising funds to finance a 'big push' in Africa's development through the capital markets. This would mean that funds for tackling poverty would be available much sooner than if they came from the gradual growth of aid budgets alone. In practice, however, the principle has only been applied to financing for vaccines and immunisation through the IFFIm, as discussed in the section on health above.

A high-level task force has been created to explore a levy on financial transactions. Special attention is also being paid to climate change. Germany, for example, has devoted some of the money raised by auctioning off carbon emission rights to development projects and Norway is passing some of its tax revenues from sales of kerosene to UNITAID. In February 2010, a United Nations climate financing taskforce was established, initially co-chaired by then British Prime Minister Gordon Brown and Ethiopian Prime Minister Meles Zenawi, to investigate ways of raising \$100 million per year, starting in 2020, to help poorer nations cut their emissions and cope with the effects of climate change.

<sup>154</sup> The International Financial Institutions are financial institutions that have been established by more than one country. They include the World Bank, the International Monetary Fund and the regional development banks, such as the African Development Bank.

<sup>155</sup> Qualified, unlike unqualified, commitments require additional legislative action and thus cannot be considered as firm commitments.

<sup>156</sup> National budgeting practices account, in part, for this shortfall. For example, US and Japanese budget rules require that the country's legislative bodies fully appropriate funds before it can provide firm commitments to IDA and the AfDB. This means that such countries would be forced to pay the projected MDRI costs for the next decade upfront.

## MAKING IT HAPPEN

### MAKING IT HAPPEN RECOMMENDATIONS IN THE 2005 REPORT

#### Strengthening the African multilateral institutions

- Shareholders of the African Development Bank should aim to make it the pre-eminent financing institution in Africa within ten years.
- Strong support is required to enhance the role of the Economic Commission for Africa.

#### Changing the strategy of multilateral organisations

- The managements of the World Bank, the IMF and the WTO should give greater priority to accelerating Africa's development.
- The UN Secretary-General and the UN Development Group should strengthen the coordination of UN agencies, funds and programmes at country level, to improve their impact.

#### Voice

- African countries should be given a greater voice in the multilateral institutions, most notably through greater representation on the boards of the World Bank and the IMF.

- Decision-making councils, consisting of political representatives of member countries, should be established for the World Bank and the IMF.
- Appointments of the heads of international institutions should be decided upon by means of open, merit-based competition.
- In each recipient country, the government and donors should set up monitoring groups to assess the quality of donor assistance and coordination.
- The UN Security Council should be expanded to include greater African representation.

#### Putting in place effective independent monitoring mechanisms

- An independent international mechanism should be established to monitor and report annually on progress against commitments to development in Africa.

The final section of the Commission's 2005 report focused on the additional steps required to make all of its recommendations happen. This section recognised that the structure of the 'international architecture' around security and development – i.e. the UN Security Council, the World Bank and other international institutions – was hampering Africa's efforts to lead its own development and ran contrary to the principles of partnership outlined in the report. It focused on how this should be changed.

### The African Development Fund has grown

Donald Kaberuka, who became President of the African Development Bank in 2005, made it one of his goals to make the AfDB the pre-eminent financing institution in Africa within the next ten years, as recommended by the Commission.

According to DAC statistics, contributions to the African Development Fund (ADF), the concessionary financing arm of the AfDB, from all donors included in its database tripled from \$0.5 billion in 2004 to \$1.5 billion in 2008. Funding provided by the ADF to all sub-Saharan African countries increased from \$0.9 billion in 2004 to \$1.6 billion in 2008. However, the AfDB still has a way to go before it can be considered to be 'pre-eminent', as it still lags well behind most major bilateral and multilateral donors.

Progress against the report's recommendation that 'strong support should be provided for the further enhancement of the role of the Economic Commission for Africa (UNECA)' is less easy to measure objectively. The new Executive Secretary set out a vision for the repositioning of the organisation in 2006, and an internal review of progress found that UNECA had been successful in many areas. This was reflected in increased

donor support, which rose to \$72 million by the end of 2009, but the review also noted a number of areas for improvement and some ongoing challenges.

### No seat on the UN Security Council and slow progress on reform in the World Bank and IMF

There have been a small number of positive steps in this area. Greater importance has been given to Africa by, for example, the World Bank, which issued a new action plan for the region towards the end of 2005.

African representation on the UN Security Council has not increased. There is still no permanent seat for an African country.

None of the Commission's recommendations on changes to the governance of the World Bank and the IMF have been implemented – though commitments have been made on some. For example, both IFIs have committed to increasing the openness of the processes by which they select their senior managements. The World Bank has also committed to creating an additional Executive Director position for Africa and to providing additional resources to support the work of African Executive Directors.

Both the World Bank and the IMF have set up committees to suggest reforms to their governance. These committees have recommended steps to improve the representation of developing countries, including African countries, in the organisations' decision-making processes. These have included recommendations to increase the voting share of developing countries, which would also affect their representation on the boards, as well as reductions in the number of board seats given to other regions. The World Bank's committee on reform also reflected one of the Commission's other recommendations on the two institutions – that political leaders of member



countries take a stronger role in their management through the creation of a Council consisting of political representatives of those countries.

The G20 has pushed for changes to be made. However, apart from some limited changes to voting powers within the World Bank earlier this year, which made little difference to developing countries' voting powers, none of these proposed changes have been put into effect.

Changes to the governance of the WTO have unfortunately been bound up in the Doha Development Agenda process – and therefore have not moved on.

### **The African Progress Panel has been created**

The *Our Common Interest* report recommended the creation of an 'independent mechanism' to 'add extra momentum to the delivery of the Commission's recommendations' by monitoring and reporting

on progress. It suggested that this should be led by two high-profile and influential figures from the international community – one African and one from the donor community.

The Africa Progress Panel (APP) was established in 2006 to perform this function. Rather than two senior figures, however, it has 11 high-profile members from both Africa and the broader development community. Chaired by former UN Secretary-General Kofi Annan, it also includes a number of former Commissioners from the Commission for Africa, including Linah Mohohlo, Tony Blair, Michel Camdessus, Bob Geldof and Tidjane Thiam.<sup>157</sup> The APP has since published regular reports on progress against commitments made by both Africa and the international community.

<sup>157</sup> For a full list of APP members, see [www.africaprogresspanel.org/EN/about.shtml](http://www.africaprogresspanel.org/EN/about.shtml).

# Conclusion

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STILL OUR COMMON INTEREST

## WHAT NEEDS TO HAPPEN NEXT

Africa has changed a great deal since 2005. There has been much positive progress and the region may now be on the brink of a period of unprecedented growth and opportunity.

At the same time, sub-Saharan Africa remains the world's poorest region, with a tiny share of global trade and with many internal and external obstacles to growth and development. It also faces the massive challenge of climate change and the threat of a squeeze on external assistance as a result of the global economic crisis. While some countries are making rapid progress across a range of areas, others lag behind, hampered by weak government institutions, insecurity, poor infrastructure and severe economic challenges.

It is African leadership that has produced growth and development since 2005 and it will be African leadership that decides Africa's future. The role of the international community will be to rally behind African-led efforts.

To maintain and accelerate positive progress, it will be essential for African governments to continue and expand the reforms that have helped generate growth and attract investment over the past five years, but it will also require those governments to do more to ensure that growth is inclusive by creating jobs and economic opportunities for all.

For their part, donors must keep their promises on aid and commit to giving more to Africa. That aid must become more effective and donors must become more accountable.

This report calls on the international community to provide the extra aid that Africa requires to adapt to

climate change – and to ensure that it is additional to that given to meet the MDGs. In practical terms, adaptation means steps to ensure that agriculture and animal husbandry, water and other infrastructure, disease management and health systems and natural resource management are able to cope with the effects of climate change. Without taking these steps, the MDGs will not be achieved. Experts have estimated that the additional external financing required to do this in Africa could be between \$10 billion and \$20 billion a year.<sup>158</sup>

The rest of the world should also work with Africa to tackle those obstacles that hinder the region's development. This means making progress on trade issues; tackling capital flight and corruption; ending the irresponsible trade in arms and conflict resources; ensuring that international businesses do not engage in negative practices that damage the lives of Africans; and making aid more transparent and effective.

The introduction to this report discusses Africa's changing relationships with other countries and with the international community as a whole. The G20 has become increasingly important as the forum for international discussions. It is vital that 'traditional' donors and emerging donors work together effectively with African governments and that Africa's voice continues to be strengthened in international decision-making bodies.

The private sector has a huge role to play in all of this. African governments should therefore continue to take steps to improve the investment climate and encourage investment from the private sector.

## 'OUR COMMON INTEREST' – NOW MORE THAN EVER

Calls for increased aid to Africa may seem at odds with developed countries' current focus on making cuts to public spending. Some might say that, in difficult times such as these, charity is a luxury we cannot afford.

But this is not about charity. It is truer now than it has ever been that, whatever part of the world we live in, we have a common interest in Africa's prosperity.

Developments since 2005 – including the economic crisis – have only served to reinforce the message that investing in Africa is in the interest of the rest of the world, particularly in tackling two of the major challenges that currently face us all.

First, investing more in Africa is in all our economic interests and will help all economies recover from the current crisis, not just Africa's. As discussed in the introduction, Africa offers economic opportunities to global businesses as well as to Africans. As World Bank president Robert Zoellick recently argued, developed countries' need to seize the opportunities from growth in developing countries to avoid their own lost decade.<sup>159</sup> Many of these opportunities are in Africa. As World Bank Managing Director and former Nigerian Finance Minister Ngozi Okonjo-Iweala said in a recent speech at Harvard

University, Africa is going to be a major new source of global demand.<sup>160</sup> She argued that a growing urban middle class already offers opportunities to international businesses – and the faster African incomes grow, the faster this potential international market will grow. Africa also offers a large and rapidly expanding labour force to the international economy.

The opportunities for all to benefit from Africa's economic growth will be considerably reduced if donor countries do not provide the external resources required to help governments in the region build the necessary conditions for growth and do not act to remove the obstacles, such as unfair trade rules, that hamper Africa's progress.

Second, a major threat to African growth – and a major threat to all our lives – is climate change. Africa's water, solar and other resources have huge potential to help the world tackle the threat of climate change by reducing emissions. They also offer further economic opportunities to African countries through exporting energy. Other African resources, such as the continent's forests, will also be vital to tackling climate change, and supporting African countries in protecting them will therefore be vital to global efforts.

<sup>158</sup> Presentation by Guido Schmidt-Traub, Climate Change Advisor, Africa Progress Panel Secretariat and Director of South Pole Carbon Asset Management to an event on *Securing Additional International Public Finance for Climate Change: How much is needed and can it be achieved?*, on 15 April 2010 at the Overseas Development Institute in London. [www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf](http://www.odi.org.uk/events/2010/04/15/2127-presentation-guido-schmidt-traub.pdf).

<sup>159</sup> Robert Zoellick: *Look to the Developing World*, Financial Times, 24 May 2010.

<sup>160</sup> Speech by Ngozi Okonjo-Iweala, Managing Director of the World Bank. *What's the Big Idea? To Reposition Africa as the Fifth BRIC – A Destination for Investment, not just Aid*, at Harvard Kennedy School on 14 May 2010.



## RECOMMENDATIONS

Action by both African governments and their international partners is required to enable Africa to accelerate its economic progress, to ensure that it achieves the MDGs and to help it face future challenges.

The previous section of this report reviews progress against the original recommendations. There are very few cases where these recommendations have been fully implemented. There has been some progress against most of them, but some have not been taken forward at all.

Outlined below is a set of recommendations on actions that need to be taken in the next five years to ensure a strong and prosperous Africa. As discussed in the introduction to this review, there were some important areas on which the Commission could have said more, but most of the original recommendations still stand. Progress against many of the recommendations needs to be urgently speeded up as it has been too slow. However, changes in Africa and progress to date must be taken into account. Outlined below are some further recommendations on how progress should be pushed forward in the coming years.

### Governance

Good governance remains essential to providing the political stability, sound economic management and social policies essential to growth and poverty reduction.

The African Union has continued to strengthen its role across on the continent and has led progress across a range of areas. Its various institutions have evolved and have become more embedded in the past five years, and this will continue. The AU's resources should benefit from the increased revenues being mobilised by Africa's growing economies. For the present, however, the AU Secretariat and its various organs remain under-resourced and member contributions fall short of what is needed in many areas. External support is therefore still necessary. As with any such assistance, it should be

aligned to the priorities and strategies set by the AU with the greatest degree of flexibility possible.

At the national level, the priority for African governments has to be ensuring that the benefits of growth are shared by all. To do this, they need to be capable, transparent and accountable. They must also be able to ensure that the deals they make with those who want to exploit Africa's natural resources promise the greatest benefits to ordinary Africans. Those with whom African governments negotiate those contracts often have access to legal advice that African governments struggle to afford. There is therefore a role for external assistance to help level the playing field.

- Donors should continue to provide external assistance to the African Union and to other regional organisations as appropriate and in line with the strategies of those organisations.
- African leaders need to seize the initiative to push forward the African Peer Review Mechanism (APRM) – to get more countries to sign up, to get countries to act upon the findings of reports and to move countries that have already been reviewed towards their second assessment.
- African countries should ratify the 2007 Charter on Democracy, Elections and Governance and put in place a robust mechanism for monitoring its implementation.<sup>161</sup> They should also take forward implementation of the 2001 Charter on Public Service.<sup>162</sup>
- It is essential that African governments build on recent progress and further strengthen domestic resource mobilisation, by ensuring that they are putting in place and enforcing appropriate tax regimes for all potential sources of revenue.
- African governments should draw up comprehensive capacity-building strategies. Donor support should be fully aligned behind these strategies and donors should not pursue competing priorities or procedures.
- Donors should urgently commit to providing at least \$500 million to revitalise Africa's institutions of higher education over the next ten years.
- It is essential that the African Ministerial Conference on Science and Technology (AMCOST) makes progress on developing priorities for funding to science and technology, while donors need to set up and provide funds to the African Science and Innovation Facility.
- African governments need to take further steps to improve their statistical capacity – for example, by signing, ratifying and implementing the AU's Charter on Statistics – and donors should increase their investment to support these improvements.
- Donors should support a fund that enables African governments to access the best legal and technical advice necessary to enable them to negotiate deals on the exploitation of their countries' natural resources that will be of greatest benefit to their population. Access to this fund should be linked to steps taken to promote transparency and effective use of revenues.
- Other developed countries should follow the example of the US in making it mandatory for all oil, gas and mining companies listed on their stock exchanges to disclose what they pay to foreign governments for the right to extract natural resources and in making it an offence to import timber that has been illegally sourced.

<sup>161</sup> [www.un.org/democracyfund/Docs/AfricanCharterDemocracy.pdf](http://www.un.org/democracyfund/Docs/AfricanCharterDemocracy.pdf)

<sup>162</sup> The 2001 Charter on Public Service sets out principles and

standards for the delivery of public services in African countries. <http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan004365.pdf>

- All countries should ratify and implement the United Nations Convention against Corruption (UNCAC), implement the recommendations of the Financial Action Task Force and the Global Forum on Tax Transparency and Exchange of Information, and continue to pursue steps to reduce all forms of illicit capital flight and to repatriate stolen assets. African governments should take all necessary steps to prevent capital flight.<sup>163</sup>
- African and partner governments must take steps to ensure that the Extractive Industries Transparency Initiative (EITI) and other transparency processes have 'teeth' and to ensure that deals involving natural resources are made in a transparent manner. All governments and extractive companies should adopt and implement the Natural Resource Charter.<sup>164</sup>
- African governments should take steps to increase transparency and accountability. Donors, including international NGOs, should provide appropriate support in these areas and to strengthen African civil society's ability to hold governments to account.
- African governments should ensure that the media have the space to operate effectively and support should be given to the newly launched Africa Media Initiative.

## Peace and security

Africa has continued to become more stable, but existing conflicts remain intractable, leaving local populations trapped in a cycle of poverty and violence. Sub-Saharan Africa remains more vulnerable to violent conflict than any other region of the world.

The avoidance of future conflicts will depend on many different factors, not least addressing the threats of continued poverty and inequality, climate change and urbanisation.

- To build on progress made in the region and to reduce the threat posed by climate change and other future risks to stability, the international community, the AU and Africa's regional economic communities (RECs) should continue to strengthen their focus on the prevention of violent conflict as well as ending ongoing conflicts.
- It is vital that the AU and the RECs continue to embed their institutions for the prevention and resolution of violent conflict and that donors provide support to build their capacity to deliver.
- The review of the Peacebuilding Commission (PBC) should consider the PBC's role in coordinating action to tackle the trade in conflict resources, and the PBC should take the appropriate action to improve international coordination on this issue.
- Negotiations on the Arms Trade Treaty (ATT) will take place over the next two years, starting in 2010. This report calls upon UN Member States to take full advantage of this historic opportunity to negotiate a strong and comprehensive ATT by 2012. Africa will be one of the main beneficiaries of a strong ATT and it is vital that it takes a leading role in these negotiations and in putting pressure on all members of the G20 to support the treaty. With donor support, African governments and regional organisations should strengthen efforts to reduce the number of weapons already in circulation.
- Donors need to step up the quality and quantity of their aid to conflict-affected, post-conflict and vulnerable countries, not just high-profile cases, and ensure that post-conflict countries get rapid access to debt relief. Donors should also take steps to improve the coherence of their responses to countries affected by violent conflict.
- African governments and donors should take steps to ensure that increased aid to reach the MDGs and tackle climate change is used in a manner that is sensitive to the risks of exacerbating violent conflict.
- The review of the PBC's work this year should aim to strengthen its performance in holding all partners to account on their commitments to support post-conflict countries. The review should also consider moving towards a more preventative role for the PBC.
- All parts of the international community, including emerging donors, should work together to identify and pre-empt potential threats to security. Efforts to strengthen Africa's climate change monitoring capacity should include elements on monitoring the threats to peace and security.
- It is vital that African governments continue to pursue not only political stability and sound economic management but also improvements in the provision of justice and basic security. It is also vital that donors improve the effectiveness of their support to this.

<sup>163</sup> In 2009, the G20 called for the adoption and enforcement of laws against transnational bribery and the ratification of the UN Convention Against Corruption (UNCAC) and called on the Financial Action Task Force (FATF), the Global Forum on Tax Transparency and Exchange of Information and the StAR Initiative to take action to deal with tax havens, money

laundering and the proceeds of corruption. In 2010, the G20 announced that it would set up a Working Group to bring forward comprehensive anti-corruption proposals.

<sup>164</sup> See [www.naturalresourcecharter.org/index.php/en/the-precepts](http://www.naturalresourcecharter.org/index.php/en/the-precepts)

## Investing in people

As noted in the audit section, there has been considerable progress in a number of areas – for example, the growing number of children attending primary school, access to bed nets and falling HIV/AIDS infection rates.

However, progress has not been fast enough – resulting in sub-Saharan Africa as a whole being off-track on all of the MDGs. Concerted action is needed by African governments and their partners to build the systems to deliver health and education, water and sanitation and

social protection. Particularly urgent action is required to improve maternal and child health – the MDGs on which Africa is furthest off-track.

Reaching the most vulnerable, empowering women and addressing inequalities between urban and rural areas will be essential to achieving all of the MDGs. Rapid urbanisation will be a particular challenge for Africa in the coming years – as will meeting the MDG target on slum upgrading.

- All donors, both governments and foundations, should continue to increase their investments in African systems to deliver health, education and other basic services.
- To encourage the kind of investment that will support the development of their own systems, African governments should provide the policy and strategic frameworks to meet the MDGs. They must also raise the levels of investment of public resources in these services to at least the agreed targets of 20% for education, 15% for health and 0.5% of GDP to water and sanitation. Wherever possible, progress towards removing fees for health and education should continue, with the required donor support.
- Donors must enable continued increased investment in essential services and the achievement of the MDGs by meeting existing aid commitments and increasing their aid to Africa, as outlined in the resources section below. They need to commit to funding the gap between current aid levels and what is required to achieve the MDGs. Within this, they should ensure that they meet Africa's need for increased funding to health, education, water and sanitation, and other key services.
- Both African strategies and donor support urgently need to address shortage of trained health professionals. Member states should implement the WHO Global Code of Practice on the International Recruitment of Health Personnel adopted at the 63rd World Health Assembly in May 2010.<sup>165</sup>
- African governments should ensure that they have strategies in place to eliminate gender disparity at all levels of education and that vital services are reaching and empowering women. Special attention must be given to ensuring that services reach rural areas and vulnerable and hard-to-reach communities, and African governments' strategies should identify steps to ensure this. They should also take into account the impact of climate change. These strategies must be translated into action.
- African governments must ensure effective implementation of steps to manage the processes of rapid urbanisation, population growth and movement that are set to take place. Ministerial-level mechanisms to tackle issues of rapid urbanisation have been established within the AU and these should be supported, as should steps to promote lesson-learning between cities in Africa and their counterparts elsewhere in the world.
- Africa will only be able to seize the opportunities for further economic growth if its expanding labour force has the skills required to compete in the international economy. It is therefore high time that governments and donors heed the 2005 report's call to increase support to secondary, vocational and tertiary education.
- African governments must do more to improve the quality of basic education by recruiting and training more qualified teachers, increasing the volume of teaching and learning resources, and encouraging active learning to reduce the high repetition and dropout rates. More support needs to be given to literacy and reading skills in earlier grades.
- Donors should launch a Global Fund for Education in close partnership with governments of developing countries to fill the funding gap required to reach the MDG goal of universal primary education. This should be done by reforming the governance and management of the Fast Track Initiative (FTI), giving a stronger voice to developing countries in the process and reducing disbursement times for funding.
- Both African governments and donors should rapidly increase their investment in water and, in particular, sanitation to ensure that African countries are on track to meet the MDG targets. African governments should honour their commitment to invest at least 0.5% of GDP in water and sanitation.
- With sub-Saharan Africa still accounting for the overwhelming majority of all new HIV infections, national governments and donors must increase their focus on HIV prevention and increasing public knowledge of HIV/AIDS which currently remains low.
- With more than half of the population in sub-Saharan Africa still not receiving ARTs, more must be done to scale up access to treatment to reach the MDG target of achieving universal access to treatment and comprehensive care, which has already been missed for 2010. Pregnant women must be a key target group.
- African governments and donors should support an action plan on women's and children's health to accelerate progress against both these MDGs. African governments need to take the lead in

<sup>165</sup> This voluntary framework guides countries in the recruitment of health workers and clearly stipulates that member states should

discourage active recruitment of health personnel from developing countries that are facing critical shortages of health workers.





developing integrated approaches to improve maternal and child health and donors must increase investment in support of these efforts. The Global Consensus on Maternal, Newborn and Child Health (MNCH) estimates that, to achieve the MDGs, OECD donors will need to double their aid to MNCH from \$4 billion to \$8 billion annually. Through the Muskoka Initiative, the G8 recently committed to increase their support to the achievement of these MDGs by \$1 billion a year. Donors should commit to providing the additional resources required.

- All governments in malaria endemic countries should honour the commitments they made to tackle malaria in Abuja in 2000, including achieving universal coverage of effective interventions, such

as insecticide impregnated bed nets, by the end of 2010. Donors should provide the necessary support for this, and for further research into new insecticides, diagnostics and antimalarial medicines to protect against future resistance. The African Leaders Malaria Alliance should be full participants in every stage of the process.

- African governments should implement the AU's Social Policy Framework and donors should increase and coordinate their support behind governments to improve social protection. This might include programmes that provide direct payments to individuals and households. The focus should now be on developing and supporting long-term programmes.

## Promoting inclusive growth

Continued and accelerated growth is key to Africa's future.

To accelerate growth, African governments need to continue to improve the investment climate and expand regional trade as well as their share of global trade. Investment in infrastructure, though already vastly improved, must also continue to expand and must include increased attention to those areas that have been particularly neglected, such as sanitation and irrigation for agricultural land.

Growth in Africa has to be inclusive if it is going to contribute to poverty reduction, development and

stability. It is therefore vital that African governments put in place the strategies required to ensure that growth leads to opportunities for all – including Africa's ever growing population of young people, who are one of its main economic assets.

The private sector has a vital role to play in all of this and the ongoing work of Business Action for Africa and other international business partnerships, focused on promoting investment and good business practice in Africa, is to be welcomed.

- To promote growth, it is essential that African governments continue to take steps to improve the climate for doing business in their countries and to reduce regional barriers to trade. International business and donors should continue to support this by maintaining and increasing their support for the Investment Climate Facility and through all other appropriate means.
- African governments need to increase their investment in vital infrastructure and donors need to provide the additional finance required to support this. Strategies and investments must take account of the new and changing needs brought about by climate change and by population growth and movement.
- African countries should continue to strengthen regional institutions that will ensure that infrastructure contributes to regional prosperity and growth.
- A recent conference in London on 'Joining up Africa' produced a joint statement on improving regional integration in Africa and was signed by the AU, the UN Economic Commission for Africa (UNECA), the African Development Bank, African RECs, the EU, the WTO and the World Bank. Turning this statement into reality should be a priority for African countries, institutions and their partners.
- Doubling the amount of agricultural land under irrigation by 2015, as suggested by the Commission

in 2005, will require a sharp increase in the amount of funding devoted to this, as well as prioritisation by African governments. Donors should reverse the decline in aid to agriculture and provide the resources required to implement the AU's Comprehensive Africa Agriculture Development Programme (CAADP) and the individual strategies of African governments.

- African governments should develop strategies to create jobs and support small businesses. These strategies will need to target young people to improve levels of youth employment. Within and beyond these strategies, African governments must take steps to end employment discrimination against women to give them better access to paid employment and its benefits.
- African governments should take steps to ensure that they are leveraging domestic and international private sector investment in key areas vital to growth and development – including in the fields of infrastructure, clean energy technologies, agriculture and the social sectors.
- It is also vital that African governments set and enforce the standards to which those businesses operate and that all governments do more to tackle the negative behaviour of some companies that damages the livelihoods, health and safety of African people and their communities.



## Climate change

Climate change poses a massive challenge to Africa's future growth and development.

African governments and their partners need to be prepared to tackle climate change from all angles. While Africa does not produce high levels of emissions, it must respond to the threat of climate change in its

growth and development strategies. A wide range of other policies and strategies will also need to be scrutinised through the lens of climate change.

African governments need to be able to anticipate the effects of climate change in order to make decisions on how to deal with them.

- The AU and African governments must make urgent progress in developing strategies to tackle the impact of climate change on Africa, and donors should provide the support needed to implement these strategies as rapidly as possible.
- Other governments should provide any necessary technical assistance requested to assist with the development of these strategies. Donors should also provide additional, predictable financing, estimated to be between \$10 billion and \$20 billion extra per year, to support implementation of Africa's strategies to adapt to climate change and to comply with the agreement on funding for adaptation and mitigation made in the Copenhagen Accord.
- The relevance and accessibility of the Clean Development Mechanism for sub-Saharan Africa must be improved to make carbon market mechanisms more significant for the continent.
- It is essential that the implementation of initiatives such as ClimDev-Africa are speeded up to help the mainstreaming of climate change and other environmental considerations into policies and practice. Support to improving Africa's ability to monitor climate change should be stepped up immediately.
- The international community should also support innovative mechanisms to fund Africa's fight to tackle the effects of climate change, which are being considered by the High Level Panel on Climate Change Financing this year.
- As part of the global effort to tackle climate change, donors should increase their support to Africa's efforts to make use of its natural resources to generate clean energy. Where necessary, African governments and regional organisations should be given support in developing schemes to produce clean energy and donors should provide support to these – either directly or by encouraging and facilitating private sector investment in them.

## Trade

Trade is perhaps the area in which the least progress has been made in the past five years. African trade has quadrupled nevertheless, but if African growth is going to continue to accelerate and Africa is to expand its very low share of international trade, progress will need to be made.

- As the global economy recovers, there should be a renewed push to deliver the key 'development' elements of the Doha Development Agenda (DDA), including reductions in agricultural subsidies, improved market access in goods and services of interest to African producers and adequate Special and Differential Treatment, to help stimulate African economies and support global recovery.
- OECD countries that are looking to make cuts and reprioritise government spending should look to agricultural subsidies as a prime target.
- In the absence of progress in the DDA, the G20 could revitalise the issue of preferential access by committing to broad-based, meaningful and time-bound preferences with simple rules of origin that facilitate trade to help increase the competitiveness of African and other low-income countries.
- It is critical that the EU finds ways to address the problems and delays encountered in the Economic Partnership Agreement (EPA) negotiations and that African countries find the political will to make their regional trade agreements a reality.
- Donors should continue to support Africa's capacity to trade.

## Resources

In 2005, G8 donors committed to doubling aid and increasing debt relief to African countries. African countries have since benefited from \$100 billion in debt relief<sup>166</sup> and a 46% increase in aid from all DAC donors.<sup>167</sup> However, only 60% of the additional funds committed in 2005 by DAC donors will be delivered by 2010.<sup>168</sup>

The challenge for the coming years will be to continue this progress and to build upon it. That aid must also become more effective, and to be more effective, it must be more transparent and properly monitored and evaluated.

Since 2005, the G20 has increasingly assumed the role that the G8 previously performed as the coordination mechanism for action by major economies.

- Donors should deliver on the commitments they made in 2005. It is vital that donors 'lock in' promised aid for sub-Saharan Africa and honour their commitment of reaching 0.7% of GNI through, for example, domestic legislation. This should include further aid promises, ensuring that it becomes unacceptable to make a pledge without providing evidence of budgetary provision. Commitments on how to direct that aid should be proportional to need.
- The G20 should take on the G8's previous role in making and monitoring commitments to supporting growth and development in Africa. This should include commitments to providing long-term aid, with those collective commitments made proportional to the GNI of those countries.
- In that context, and in line with the recommendation of the 2005 report, the G20 should commit to increasing aid to Africa from 2010 onwards to a further \$25 billion per annum by 2015.
- African governments should determine how these funds should be spent, but this review indicates that key areas for investment should include infrastructure, agriculture, job creation and support to small businesses, water and sanitation, and irrigation. Health, education and basic services will continue to be priorities, with the focus on sustainable systems. To realise its potential growth, Africa will need to invest more in secondary and tertiary education as well as in primary education.
- The process for debt relief, particularly the transition between decision and completion point, needs to be speeded up by making completion criteria more realistic and relevant to countries' circumstances and needs. Unless countries have severe governance problems, creditors should expedite promotion to post-completion status and, in the case of fragile states, donors should provide tailored assistance to help build institutions and help countries move towards completion.
- Many countries are currently disqualified from the benefits of debt relief because they have managed their debts well, but they still have great internal demand for the resources that would be released through debt relief. Debt cancellation should therefore also be extended beyond countries currently eligible to include those – such as Kenya and Lesotho – where debt ratios are below the HIPC threshold.
- African countries and their partners should take steps to avoid the re-accumulation of debt through cautious borrowing policies and strengthened public debt management; increased concessional lending from IFIs; the development of a binding charter on responsible lending, based on internationally recognised legal standards, to ensure that loan extensions are used for investments that focus on development needs; and the fair allocation of burden sharing between creditor and debtor in cases of irresponsible lending. This could be achieved through the establishment of a sovereign debt work-out mechanism, as has been called for by Southern governments.
- Large multilateral and Paris Club creditors have provided their full share of debt relief.<sup>169</sup> Such efforts must be replicated among smaller multilateral creditors, non-Paris Club bilateral official creditors and private creditors.
- Donors should continue to consider and support innovative mechanisms for mobilising resources to fund increases in development assistance across a wide range of fields. These should focus on leveraging private sector investment as well as mobilising public resources.
- To improve the effectiveness of aid, all development actors need to accelerate implementation of their commitments under the Paris Declaration and the Accra Agenda for Action to meet the targets set at Accra ahead of the Third High Level conference in Korea in 2011. This includes recipient governments' commitment to ensuring that poverty reduction strategies are linked to annual budgets.
- Improving the transparency of aid is essential to hold donors accountable for keeping their promises and for recipient governments' planning and accountability to their people. Partners to the International Aid Transparency Initiative (IATI) should ensure that they reach agreement on a code of conduct on publishing data on aid by March 2011 and that they implement their commitments in full.
- African governments should improve their capacity to monitor and evaluate the impact of development programmes with appropriate support from donors.

<sup>166</sup> Those that were post-decision point under the HIPC initiative.

<sup>167</sup> Between 2004 and 2009.

<sup>168</sup> ONE. *The DATA Report 2010*. The figure for G7 donors is 61%.

<sup>169</sup> Four G8 countries have gone beyond the terms agreed within the Paris Club. The UK, USA, Canada and Italy have cancelled 100% of their development assistance and commercial debts, whether classified as pre- or post-cut off date.

## Making it happen

As outlined in the introduction to this report, Africa's economic progress and demand for its resources have increased its international political power. Unfortunately, this has yet to be reflected in the way that power is shared between regions and countries in key international organisations.

The 2005 report made a number of recommendations calling for changes to, for example, the number of seats allocated to African countries on the UN Security Council and the boards of the World Bank and the IMF. These recommendations still need to be implemented. Some changes have been made to the voting shares

of African and other developing countries in the World Bank, but these are very limited and have not yet reached the 50% level demanded by many, including the World Bank's own President. A new seat on the board of the World Bank has been created for sub-Saharan Africa, but not on the UN Security Council.

The Paris Declaration committed all countries in receipt of development assistance to establishing mechanisms to monitor aid effectiveness. So far, only 26% of recipient countries surveyed have put in place mutual accountability mechanisms to monitor the effectiveness of aid at the country level.

- At a minimum, the IMF should introduce a further seat on the board for sub-Saharan Africa. However, the shareholders of both the World Bank and the IMF should also consider raising the voting share of developing countries to 50%, which would in turn increase their representation on the boards.
- The IMF should take forward the recommendation by the committee that recently reviewed its governance that called for the creation of a decision-making council made up of political representatives of member countries. The World Bank should also consider such a step.
- African governments and international partners should continue to support the African Development Bank in becoming the pre-eminent financing institution in Africa. They should also support UNECA in its ongoing efforts to enhance its role.
- This report also calls upon the UN Security Council and UN member states to agree as soon as possible to increase African representation on the UN Security Council.
- African governments should accelerate the implementation of mutual accountability mechanisms to assess the quality of donor assistance and coordination.
- The Commission continues to welcome and endorse the work done by the Africa Progress Panel in holding both African governments and their partners to account for implementation of commitments made.

## ANNEX 1: ACRONYMS AND ABBREVIATIONS

<b>ADF</b>	African Development Fund	<b>IFFIm</b>	International Finance Facility for Immunisation
<b>AECF</b>	Africa Enterprise Challenge Fund	<b>ILO</b>	International Labour Organization
<b>AfDB</b>	African Development Bank	<b>IMF</b>	International Monetary Fund
<b>AfT</b>	Aid for Trade	<b>LDC</b>	Least developed country
<b>ART</b>	Antiretroviral treatment	<b>LIC</b>	Low-income country
<b>ARV</b>	Antiretroviral	<b>MNCH</b>	Maternal, Newborn and Child Health
<b>AU</b>	African Union	<b>MDGs</b>	Millennium Development Goals
<b>AMCOST</b>	African Ministerial Conference on Science and Technology	<b>MDRI</b>	Multilateral Debt Relief Initiative
<b>APP</b>	Africa Progress Panel	<b>MDTF</b>	Multi-Donor Trust Fund
<b>APRM</b>	African Peer Review Mechanism	<b>MIGA</b>	Multilateral Investment Guarantee Agency (World Bank)
<b>APSA</b>	African Peace and Security Architecture	<b>NCPs</b>	National Contact Points
<b>ASF</b>	African Standby Force	<b>NEPAD</b>	New Partnership for Africa's Development
<b>ATT</b>	Arms Trade Treaty	<b>ODA</b>	Official development assistance
<b>BAA</b>	Business Action for Africa	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>CAADP</b>	Comprehensive Africa Agriculture Development Programme	<b>OVC</b>	Orphans and vulnerable children
<b>COMESA</b>	Common Market for Eastern and Southern Africa	<b>PBC</b>	Peacebuilding Commission (UN)
<b>CPA</b>	Country programmable aid	<b>PMTCT</b>	Prevention of mother-to-child transmission (of HIV)
<b>DAC</b>	Development Assistance Committee (of the OECD)	<b>PSC</b>	Peace and Security Council
<b>DCF</b>	Development Cooperation Forum (UN)	<b>RCF</b>	Rapid Credit Facility
<b>DDA</b>	Doha Development Agenda	<b>REC</b>	Regional economic community
<b>DFID</b>	Department for International Development (UK)	<b>SADC</b>	Southern African Development Community
<b>EAC</b>	East African Community	<b>SCF</b>	Standby Credit Facility
<b>ECA</b>	Export credit agency	<b>SDT</b>	Special and Differential Treatment
<b>EFA FTI</b>	Education For All – Fast-Track Initiative	<b>StAR</b>	Stolen Assets Recovery initiative
<b>EITI</b>	Extractive Industries Transparency Initiative	<b>UNECA</b>	UN Economic Commission for Africa
<b>EPA</b>	Economic Partnership Agreement	<b>UNCAC</b>	UN Convention Against Corruption
<b>FAO</b>	Food and Agriculture Organization (of the UN)	<b>UNDESA</b>	UN Department of Economic and Social Affairs
<b>FATF</b>	Financial Action Task Force	<b>UNEP</b>	United Nations Environment Programme
<b>GAVI</b>	Global Alliance for Vaccines and Immunisation	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>GDP</b>	Gross domestic product	<b>UNICEF</b>	United Nations Children's Fund
<b>GFATM</b>	Global Fund to Fight AIDS, Tuberculosis and Malaria	<b>UN-REDD</b>	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
<b>GNI</b>	Gross national income	<b>UPE</b>	Universal primary education
<b>GPEI</b>	Global Polio Eradication Initiative	<b>WTO</b>	World Trade Organisation
<b>GSP</b>	Generalised System of Preferences		
<b>HIPC</b>	Heavily Indebted Poor Countries initiative		
<b>IATI</b>	International Aid Transparency Initiative		
<b>ICA</b>	Infrastructure Consortium for Africa		
<b>ICF</b>	Investment Climate Facility		
<b>IDA</b>	International Development Association (World Bank)		
<b>IFC</b>	International Finance Corporation (World Bank)		
<b>IFF</b>	International Finance Facility		
<b>IFI</b>	International financial institution		

## ANNEX 2: THE COMMISSIONERS



### Tony Blair (Chair)

Fola Adeola	Ji Peiding
K. Y. Amoako	William Kalema
Nancy Kassebaum Baker	Trevor Manuel
Hilary Benn	Benjamin Mkapa
Gordon Brown	Linah Mohohlo
Michel Camdessus	Tidjane Thiam
Bob Geldof	Anna Tibaijuka
Ralph Goodale	Meles Zenawi

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