Introduction

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.[1]

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.

[1] 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 Principe, 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.[2]

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,[3] 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,[4] registered positive growth in 2009, compared with only 10% of OECD countries.[5]

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.[6] 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.[7] 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.

[2] 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. 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.

[3] 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.

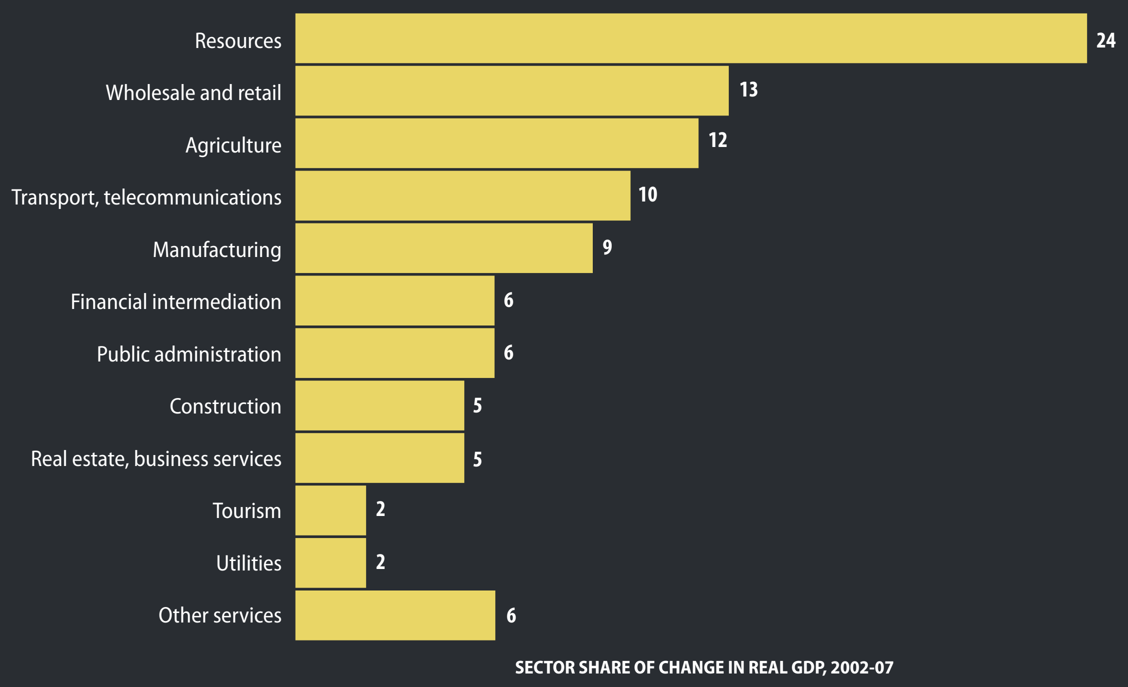
[4] Countries not included in the study are Comoros, Eritrea, Guinea-Bissau, São Tomé and Principe, Somalia and Zimbabwe.

[5] *African Economic Outlook 2010.* www.africaneconomicoutlook.org/en/news-events/article/afdb-oecd-uneca-report-forecast-africas-growth-to-rebound-in-2010-56/

[6] McKinsey Quarterly. *What's Driving Africa's Growth?* June 2010.

[7] 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.[8] 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.[9] 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.

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

[9] 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.[10]

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.

[10] See 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.[11]

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[12] 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.

[11] *African Economic Outlook 2010.*

[12] 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.

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.[13] 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.[14] 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.[15]

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.[16] 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.

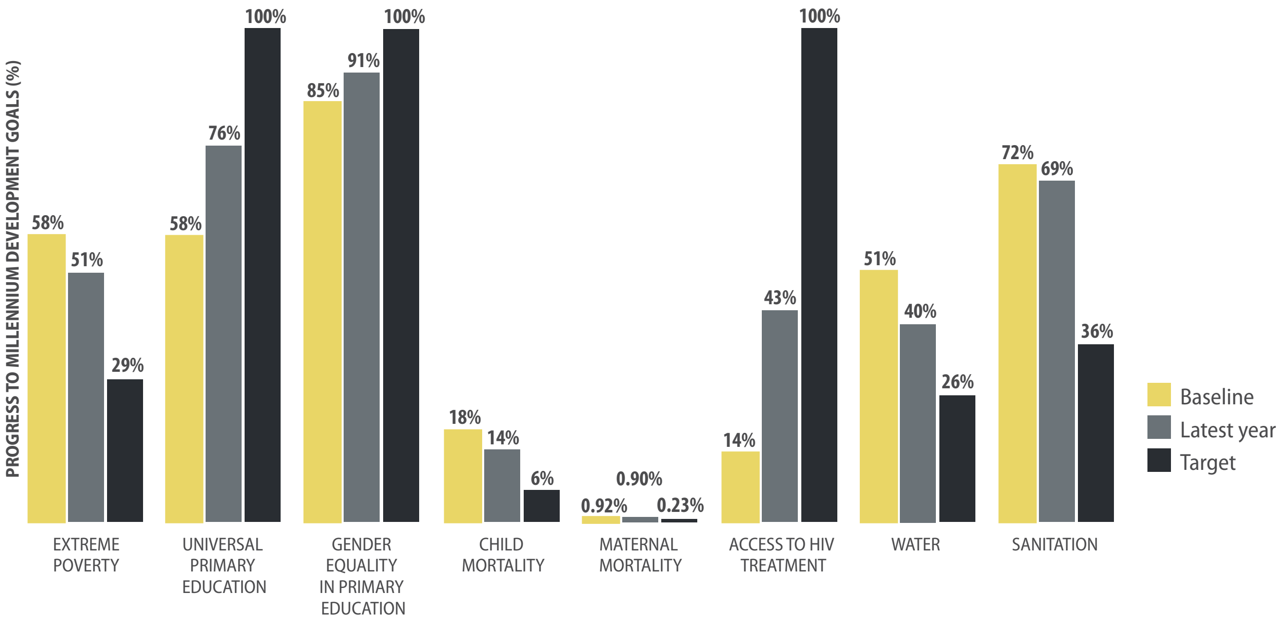
[13] There are no figures available on poverty in Africa later than 2005.

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

[15] Food and Agriculture Organisation (FAO) statistics.

[16] *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,[17] 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.[18] 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.[19]

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.[20] 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.[21]

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,[22] 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),[23] 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.

[17] 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.

[18] *The Millennium Development Goals Report 2010.*

[19] See www.unicef.org/media/files/G8_MUSKOKA_INITIATIVE.doc.

[20] A rate of 300 per 100,000 people in 1990, compared with 490 per 100,000 people in 2008.

[21] *Global Monitoring Report 2010: The MDGs after the crisis and The Millennium Development Goals Report 2010.*

[22] 2009 prices. All aid figures exclude bilateral debt relief.

[23] 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.

NEW OPPORTUNITIES AND CHALLENGES FOR AFRICA

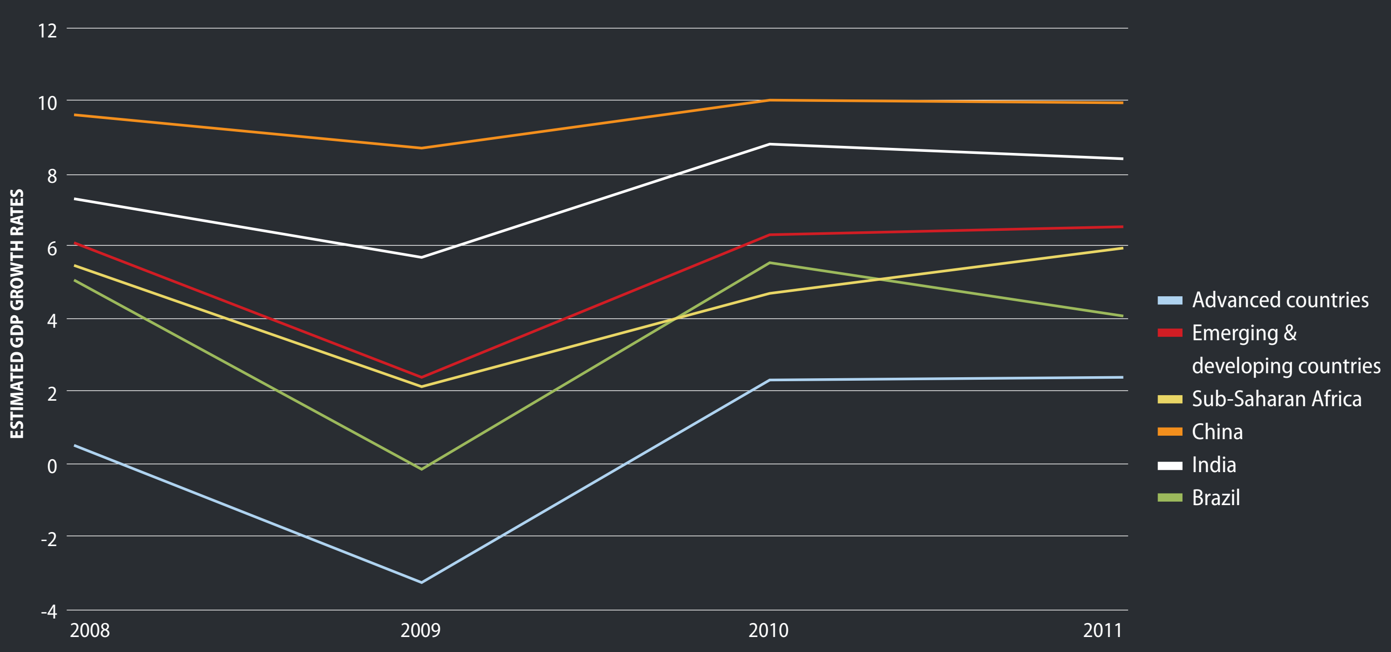
At the same time, Africa faces both new challenges and new opportunities that have emerged or have come to the fore since the publication of the original report.

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.[24] 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.

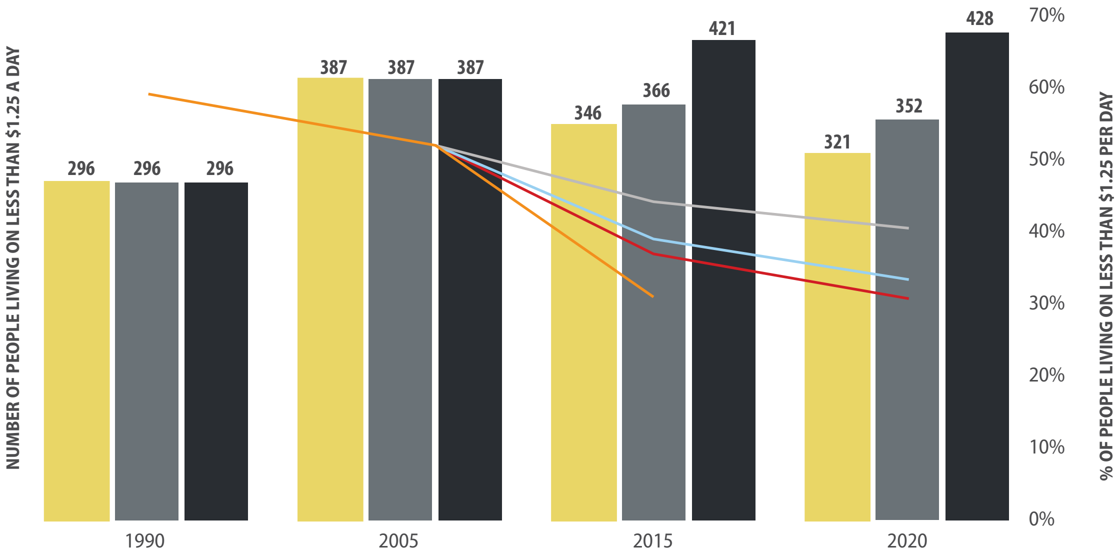
FIGURE 3: THE IMPACT OF THE ECONOMIC CRISIS ON GROWTH



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

[24] *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.

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. [25] 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.[26]

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.

[25] UNDESA *The Millennium Development Goals Report 2010.*

[26] 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 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.

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

It is estimated that Africa needs $10–20 billion per year in additional external support to adapt to climate change.[27] 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

[27] 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.

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

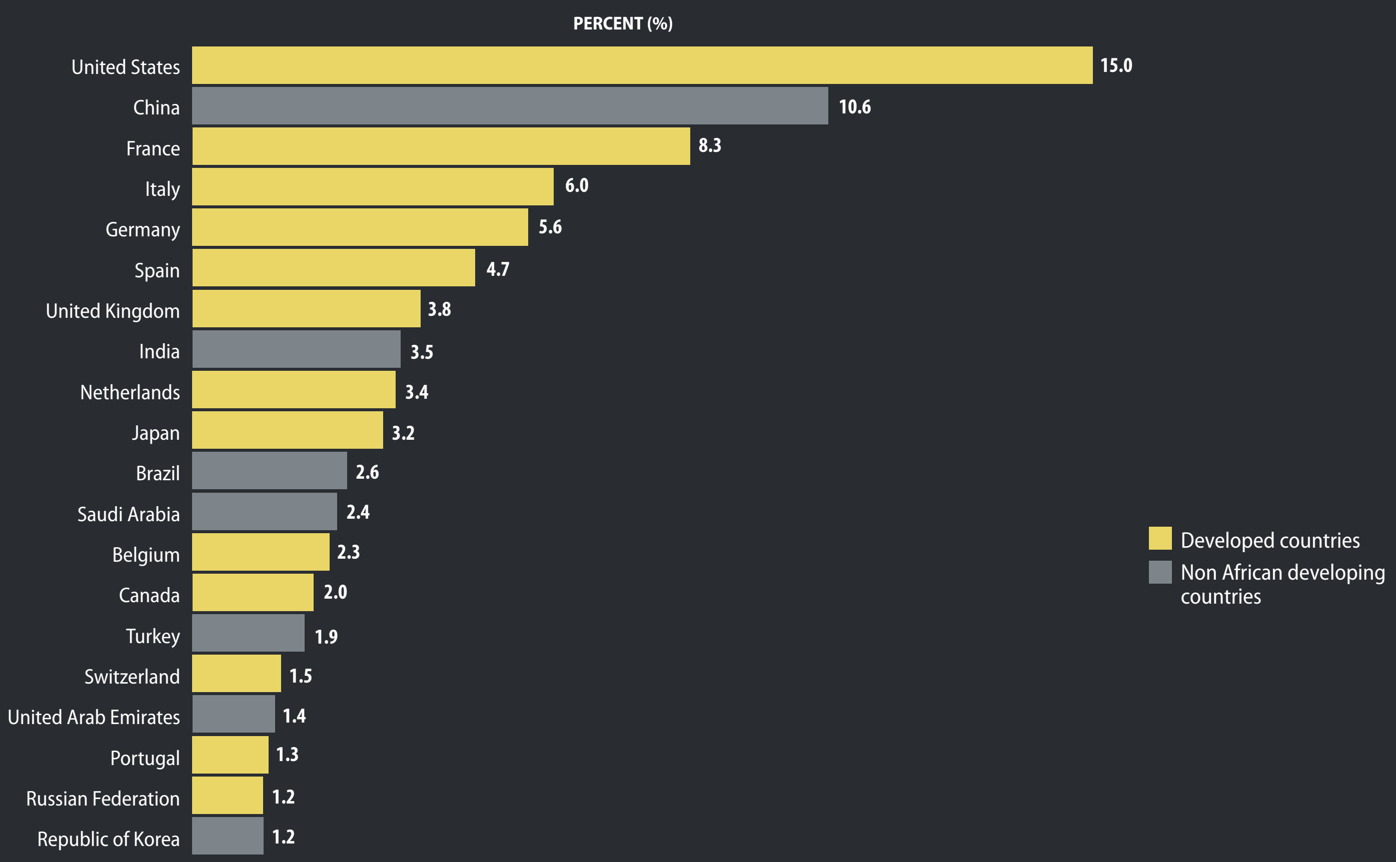
It was clear in 2005 that Africa's relationships with the rest of the world were changing. The rapidly expanding economies in other parts of the developing world, particularly those such as China, India and Brazil, were generating an ever greater demand for raw materials from Africa, and political and 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*[28] 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.[29] 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*

[28] Compiled by the National Bureau of Statistics of China.

[29] 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[30] 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.[31] 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.[32] 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.

[30] Chatham House. 2010. *Our Common Strategic Interests: Africa's Role in the Post-G8 World*.

[31] UN Population Division: World Population Statistics. esa.un.org/UNPP/

[32] 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.