

THE MUTUAL REVIEW of Development Effectiveness in Africa: Promise & Performance 2014

2014 Mutual Review of Development Effectiveness in Africa

ECA-OECD

The ECA-OECD 2014 *Mutual Review of Development Effectiveness in Africa: Promise & Performance* is intended to provide a focused and accessible set of answers to four questions:

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

The report can be found at:

Economic Commission for Africa
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A joint report by:

the Economic Commission for Africa and
the Organisation for Economic Co-operation and Development



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The 2014 *Mutual Review of Development Effectiveness in Africa: Promise and Performance* has been jointly prepared by the Economic Commission for Africa (ECA) and the Organisation for Economic Co-operation and Development (OECD)

2014



United Nations
Economic Commission for Africa



Preface

Africa has changed. The continent is reaping the benefits of better macroeconomic management and deepening integration into the world economy. In contrast to the weak and uneven growth in many advanced economies, 4 of the 10 fastest growing economies in the world in 2013 were in Africa. Domestic revenues and investment continue to grow. More people are being lifted out of poverty, and more children are in school. Stronger institutions and democracies in many parts of the continent have created much optimism, high expectations and huge potential. Nevertheless, major challenges remain. Africa has made significant progress towards the Millennium Development Goals (MDGs) but this progress continues to be uneven and too slow. Poverty remains a key challenge, widespread unemployment, especially among youth, contribute to persistent inequality, and climate change poses a growing threat to long-term development.

In order to maintain the progress achieved to date and to meet longer-term challenges, it is important for both African governments and their international partners to meet their development commitments, and for the results to be assessed. That is the purpose of this seventh joint “Mutual Review of Development Effectiveness in Africa” by the Economic Commission for Africa (ECA) and the Organisation for Economic Co-operation and Development (OECD). Like previous reports, it covers 4 broad policy areas: sustainable economic growth, investment in people, good governance and financing for development. Within these 4 areas, it looks at 19 individual topics. In addition to reviewing the delivery of commitments and the results achieved, it also considers future policy priorities.

The report is a unique collaborative exercise in mutual accountability, undertaken under a mandate from NEPAD Heads of State and Government. It aims to provide a practical tool for political leaders and policy makers. It looks at Africa as a whole, while recognising the remarkable degree of diversity across the continent.

Over this past decade, there has been real progress on the part of African governments in delivering commitments to improve

political and economic governance, and increase domestic resource mobilisation. Domestic revenue overwhelmingly provides the main source of finance for Africa’s development efforts. Closer regional integration is supporting this process. Access to primary education and health services has been improved but Africa continues to suffer under significant gender and regional disparities. The region has the highest rate of maternal and under-five mortality. Much remains to be done to ensure the quality and sustainability of growth, boost employment, tackle infrastructure constraints, galvanise the potential of women and offer the youth better prospects, and accelerate progress on the most ‘hard-to-reach’ MDGs, including improving access to clean water and sanitation and reducing maternal and child mortality.

Whilst the development process in Africa is being led by African governments, stakeholders and citizens, it is also linked to what happens in the wider global economy and to effective international support. Development partners have made an important contribution, including through substantial Official Development Assistance (ODA), even though earlier commitments have still not been met in full. It is encouraging that aid to developing countries rebounded in 2013, despite fiscal pressures, to reach an all-time high but it is worrying that, despite this global increase, aid to Africa actually fell. As the world focuses increasingly on the post-2015 sustainable development goals, it is vital that the trend in aid away from the poorest countries be reversed. Aid will remain an essential pillar to achieving the post-2015 goals.

The successful meeting of the Global Partnership for Effective Development Cooperation in Mexico in April 2014, the vibrant debate on the shape of the post-2015 goals, and the increased efforts being made to tackle illicit financial flows and the erosion of tax bases through profit-shifting including in the G8/G20 and by Africa itself, are also important steps forward. At the ECA, this approach has been strengthened by a sharper focus on inclusive growth and the economic transformation of the continent. At the OECD, it has been strengthened with an OECD Strategy on Development focused on knowledge sharing, growth enhancing policies and policy coherence.

In June 2014, the African Union (AU) Assembly of Heads of State and Government endorsed the establishment of the Africa Global Partnership Platform to replace the Africa Partnership Forum. The new dialogue structure will reflect the evolving global political and economic landscape, including the leading role being played by the G20 and emerging economies, by being an all-inclusive platform for coordinating Africa's expanding international partnerships.

Against this background, the report identifies the following priorities for Africa and its development partners.

Africa:

- To deepen Africa's structural transformation through industrialisation to achieve the long-term development goals of the region;
- To maintain the momentum of political and economic reform, and their collective efforts to bring greater peace and security to the continent;
- To deepen the process of regional integration, including in the key areas of trade and infrastructure;
- To increasingly rely on and enhance domestic resource mobilisation, including through stemming illicit financial flows, and capitalise on the opportunities for attracting increased domestic and foreign investment; and
- To focus these resources in support of both the MDGs and the successor post-2015 sustainable development goals as well as Africa's own Agenda 2063 Vision and Priorities.

Development partners:

- To deepen cooperation in the areas of structural transformation of African economies and its economic governance such as preventing the erosion of tax bases and tackling illicit capital flows in support of Africa's efforts to increase domestic revenue;
- To continue to resist protectionist pressures, and re-double efforts to make the best use of regional and multilateral trade agreements for development;
- To resist pressure on aid levels and reverse the decline in aid to Africa; and
- To facilitate Africa's enhanced participation in arrangements for global governance.

The international community:

- To seize the opportunity of the new Global Partnership for Effective Development Cooperation to help accelerate progress towards the MDGs; and
- To work together to build a development agenda beyond 2015 which will promote global prosperity, reduce poverty and advance social equity and environmental sustainability.

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Executive Summary

The Mutual Review of Development Effectiveness is an exercise in mutual accountability undertaken jointly by ECA and the OECD following a request of NEPAD Heads of State and Government in 2003. Its purpose is to assess what has been done by Africa and its development partners to deliver commitments in relation to development in Africa, what results have been achieved, and what the key future priorities are. It complements the self-assessments produced by each side to the partnership, and is in line with the shift in emphasis from aid effectiveness to development effectiveness, and the emphasis on mutual accountability at Busan. NEPAD Heads of State and Government and AU/ECA Finance Ministers have reaffirmed the value of this exercise.

The 2014 report follows the same structure as previous reports, divided into 4 main 'clusters' of issues covering: sustainable economic growth, investing in people, good governance and financing for development. Its main findings are:

Sustainable economic growth

(i) African growth remains steady in aggregate: 2012 saw strong economic recovery following 2011 instability in North Africa, with growth rates rising to 5.7%. This fell back to 4% in 2013, again due to falling rates in North Africa and, to a lesser extent, Central Africa. Growth in other regions remained strong and is projected to continue into 2014 with continental rates of 4.2% in 2014 and 5.1% in 2015. Trade has grown substantially since the financial crisis, but merchandise exports fell slightly in 2013 to US\$603 billion due to declining commodity prices. Export markets continue to diversify with developing countries accounting for almost half of all of Africa's merchandise exports in 2013;

(ii) But there continue to be significant challenges: growth prospects continue to depend significantly on the global economic and financial environment. Structural transformation into higher-value markets has been limited and industry's contribution to growth overall remains small. This has hampered private sector development which lags behind other regions despite continued improvements to the business environment. Weak infrastructure impedes investment, regional trade and improving social welfare, with more needed to replicate successes witnessed in some sectors across other areas. Climate change also presents a major threat to achieving long-term sustainable growth;

(iii) Pointing to the key priorities for both Africa and its international partners including: to address issues that can exacerbate volatility in global economic markets; to accelerate action on agricultural and structural transformation; to achieve successful outcomes in global negotiations on trade and climate change; to accelerate regional integration and remove barriers to intra-regional trade; to continue to improve the environment for both domestic and foreign investment; to accelerate action to overcome infrastructure constraints at both the national and regional levels, and to implement the Rio+20 strategy for securing sustainable economic growth.

Investing in people

(iv) Stronger economic performance since 2000 has contributed to some progress towards the MDGs: The latest 2013 MDG report confirms that progress is broadly moving in the right direction, although this varies by region. The region has achieved more than 60% of the progress required to reach, by 2015, goals such as gender parity, primary completion, stemming the HIV/AIDS pandemic, and access to safe water;

(v) But the pace is insufficient to meet most MDGs: in reducing poverty and child and maternal mortality, and improving access to sanitation. Starting from a lower base means that, despite some substantial improvements, Africa is still behind other regions for many indicators and will not meet many of the MDGs. Excluding North Africa the continent is projected to be the only region not to meet MDG 1 of halving extreme poverty. Aggregate MDG performance masks major disparities by gender, income group and location in access to high quality education and health services, and continued concerns on food security driven by limited agricultural investments, climate and regional instability;

(vi) Pointing again to key priorities: increasing public expenditure on social spending, including social protection of vulnerable populations, with emphasis on improving the quality of services; tackling the unequal opportunities due to gender, income and location biases and addressing structural causes of food insecurity; and tackling issues of governance particularly in post conflict states where progress is lagging.

Good governance

(vii) There have been some positive developments including: a general improvement in the quality of elections, including 3 peaceful transfers of presidential power between 2013 and early 2014, and the

successful reversal of unconstitutional changes of government. The African Charter on Democracy, Elections and Governance has now come into force, representing a major commitment to improving and monitoring governance in Africa. The AU and regional organisations have taken a strong lead in rejecting unconstitutional action and promoting a return to democratic government, with support from the international community;

(viii) However there are also problems: the number of countries experiencing conflict has increased year on year since 2010/11, reaching 9 in 2013/2014, including serious armed conflict in one region and border tensions in another. Much also still needs to be done to ensure that elections are universally free and fair, and to improve other indicators of political governance including checks and balances, tools of accountability, the rule of law, and civil liberties;

(ix) At a global level there has been continued engagement by both the G8 and G20 on development issues, alongside the first High Level Meeting of the Global Partnership for Effective Development Cooperation and the UN High Level Panel on the Post-2015 Development Agenda. The decisions taken in these wider fora, whilst not specific to Africa, are profoundly important for its development;

(x) Pointing again to key priorities: the AU and regional organisations should take firm action to restore and maintain peace and stability in conflict-affected regions and to tackle the problem of terrorism; they should in parallel continue to promote free and fair elections and broader improvements in political governance, and to maintain the 'zero-tolerance' approach to unconstitutional change; the wider international community should support African-led efforts in all these areas and should in parallel work to improve international economic governance, including through G8/G20 processes.

Financing for development

(xi) Domestic revenue fell back slightly in 2013 following a strong recovery, but remains strong: Domestic revenue is by far the major source of financing for development. It increased fourfold between 2002 and 2008, and following sharp falls in 2009 quickly recovered to a US\$582 billion record high in 2012. Weakening commodity prices in 2013, particularly felt by oil exporters, eroded progress slightly with revenues falling to US\$555 billion, still the second highest level to date. There has been a significant reduction in the number of countries

(now down to 9) collecting less than 15% of GDP in domestic public revenue. Issues of budgetary allocation and expenditure effectiveness, however, still need to be addressed;

(xii) Total net private inflows to Africa climbed to their highest levels since 2008 with renewed growth to North Africa: Private capital inflows have increased fivefold over the decade, reaching US\$82.2 billion in 2013 and large FDI inflows to North Africa in particular over 2012 and 2013 show renewed investor confidence in the region. Remittances proved unexpectedly resilient in 2009 and have continued to grow at an average of 5% a year to reach US\$60.4 billion in 2013, a decline of 0.8% from the preceding year, but a fourfold increase over the preceding decade. In addition to legal capital outflows, this growth was particularly important in North Africa. However, Africa has also experienced large illicit outflows estimated to vary between US\$60-67 billion each year during 2007-2011;

(xiii) ODA to Africa fell in 2012 and again in 2013 and the 2005 commitments have still not been met: ODA to Africa fell to US\$47.7 billion in 2012 and again to an estimated US\$45.5 billion in 2013 despite global volumes rising to an all time high. This is significantly below the level of the 2010 target implied by commitments in 2005. Progress in delivering the Paris and Accra commitments on aid effectiveness has been slow, and more efforts will be needed to meet the Busan commitments on aid untying, transparency and predictability in the agreed timescale;

(xiv) Governance of the Green Climate Fund has been finalised and Fast Start Funding for developing countries through other mechanisms has reached US\$35 billion. However efforts to secure adequate and sustained funding for climate change and to rationalise and simplify funding mechanisms require concerted actions, and Africa's access to carbon finance, although improving, remains marginal;

(xv) Key priorities include: continued action by African governments to increase domestic revenue, improve its utilisation and attract both domestic and foreign investment; action by the wider international community to prevent the erosion of tax bases and the consequent loss of tax revenues including through transfer pricing practices, and to tackle illicit financial flows; action by development partners to reverse the decline of ODA to Africa and secure sustained longer-term climate finance in the interim 2013-20 period.



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Topics

I: Sustainable Economic Growth

1. Industry
2. Trade and diversification
3. Agriculture
4. Infrastructure
5. The private sector
6. Environmental sustainability
7. Climate change

II: Investing in People

8. Education
9. Health
10. Food security
11. Promoting gender equality and women's empowerment

III: Good Governance

12. Political governance
13. Economic governance
14. Peace and security

IV: Financing for Development

15. Domestic public resources for development
16. Foreign direct investment and other private financial flows
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Topic 1

INDUSTRY

Key commitments

Africa: African governments have committed to adopt economic, legal and institutional reforms to improve their business environment and support industrial growth. Drawing lessons from the Industrial Development Decade of Africa (IDDA 1 & 2 of the 1980s and 1990s) and the Alliance for Africa's Industrialisation (AAI) of 2003, the 2008 AU Action Plan for the Accelerated Industrial Development of Africa (AIDA) committed action to achieve structural transformation of Africa's economy. The Conference of African Ministers of Industry (CAMI) has subsequently adopted an implementation strategy for the Action Plan, although progress has been limited. In 2013, the CAMI 20 called on governments to address the main challenges to accelerated African industrialisation in the post-2015 development agenda, including: long-term financing; capacity-building, technology and innovation; strengthening private sector entrepreneurship and development of small- and medium-sized enterprises (SMEs); and promotion of green and renewable energies and cleaner production. At the Sixth Joint Annual Meetings of the ECA Conference of African Ministers of Finance, Planning and Economic Development and AU Conference of Ministers of Economy and Finance in 2013, Ministers subsequently called on Africa to pursue a strategy of commodity-based industrialisation, together with coordinated actions to adopt and implement a coherent industrial policy, including: enabling macroeconomic and trade policies; strategic interventions to insert indigenous firms in regional and global value and supply chains; boosting local skills and technological capabilities; lifting infrastructure constraints and bottlenecks; improving policy implementation through better coordination among ministries; and promoting regional trade and investment arrangements that foster intra-African trade. In June 2013 leaders also renewed their commitment to promote the private sector by creating an enabling environment and fostering entrepreneurial culture in their countries (see also Topic 5).

Development partners: have supported industry through commitments across a range of sectors, including trade (see Topic 2), infrastructure (see Topic 4), private sector development (see Topics 5 and 16) and agriculture (see Topic 3). In 2012, G8 leaders highlighted the need for a diverse energy supply and environmentally sound, sustainable, secure and cost-effective energy for global economic growth and climate change mitigation. Joint actions included energy security, energy mix

and infrastructure, use of renewable energy sources, oil supply security, energy efficiency, product efficiency, and short-lived climate pollutants. The strategic objective of the Joint Africa-EU Strategy, first established in 2007 and most recently presented in its 2014-2017 roadmap, is to stimulate economic growth that reduces poverty, creates decent jobs and mobilises the entrepreneurial potential of people, in particular youth and women, in a sustainable manner. This includes supporting private sector development, SMEs as well as the continental integration process, notably through accelerated infrastructure development, energy, industrialisation and investment.

What has been done to deliver on these commitments?

Africa: A number of regional initiatives to foster African industrialisation have been established, including the Accelerated Agribusiness and Agro-industries Development Initiative (3ADI); Pan African Quality Infrastructure (PAQI), the Pharmaceutical Manufacturing Plan for Africa (PMPA), the African Mining Vision (AMV), and the Investment Monitoring Platform (IMP). In 2011, the AU adopted infrastructure projects detailed in the Presidential Infrastructure Championing Initiative, adopted by the NEPAD Heads of States in 2010. This initiative has linked Heads of State to specific infrastructure corridors to ensure political leadership in the championing of cross-border infrastructure projects. The ECA and the AUC have devoted the 2013 and 2014 editions of their annual flagship publication, the Economic Report on Africa, to the question of how to industrialise and transform African economies by focussing on commodity-based industries and building effective industrial policy institutions, processes and mechanisms.

Development partners: ODA disbursements to industry in Africa (excluding associated areas of construction and mining) has doubled in real terms over 2002-2012, reaching US\$838 million, a US\$139 million increase over 2011 levels. Two-thirds of 2012 outflows came from multilateral agencies. The EU is contributing to the sustainable implementation of AIDA through its support to the AUC in cooperation with UNIDO in the framework of the Joint African-EU Strategy. UNIDO has offered to assist in the implementation of both the African Productive Capacity

Modest increase in industry's contribution to growth, with labour productivity and manufacturing in Africa lagging other regions. More needed to implement AIDA and improve institutions and technologies to foster productivity.



Initiatives (APCI) and the African Productive Capacity Facility (APCF) and has made significant progress in developing various programmes under the 3ADI and the PMPA.

What results have been achieved?

Africa's economy has grown 5% a year on average since 2000. The contribution of agriculture to growth has diminished over time, compensated by industry and services sectors in almost equal proportions. However, the share of manufacturing, a subsector of industry that is often a source of high productivity, has remained small and has declined further over the last 50 years, from 11.5% of GDP in the 1960s to 10.5% in the 2000s. Africa's share of world manufacturing value added (MVA) has remained flat over the past decade, amounting to just 1.5% in 2013. Africa's MVA growth rate over 2005-12 was 0.4%, half the world average and more than 10 times less the rate of Asia and the Pacific (excluding China). The GDP share of MVA in Africa in 2012 was 10%, much below the world average of 17%. Further, most of Africa's MVA in 2012 came from low-skills manufacturing activities such as furniture

and wood products. In contrast, most of Asia and Pacific's MVA came from high-skills manufacturing activities such as radio, TV, office, computing and accounting equipment. **Structural transformation and productivity growth:** Structural transformation has been associated with a slow recovery in factor productivity growth over the 2000s. Africa's GDP per worker during this period grew 1.6% a year, of which 0.5% was accumulation of human capital, 1% accumulation of physical capital per worker and total factor productivity growth of 0.1%. This is a notable turnaround from the 1980s and 1990s when productivity growth declined consistently but Africa's productivity rate remained the lowest among developing regions. Transformation in Africa has, therefore, been limited and its impacts on economic growth minimal, in sharp contrast to other regions such as East Asia. Some sectors, such as manufacturing, are struggling to increase productivity: Africa's output gap – the difference between actual and potential output as a percentage of potential output – was generally negative during 2000-2013, signifying that African countries were underperforming.

What are the future priority actions?

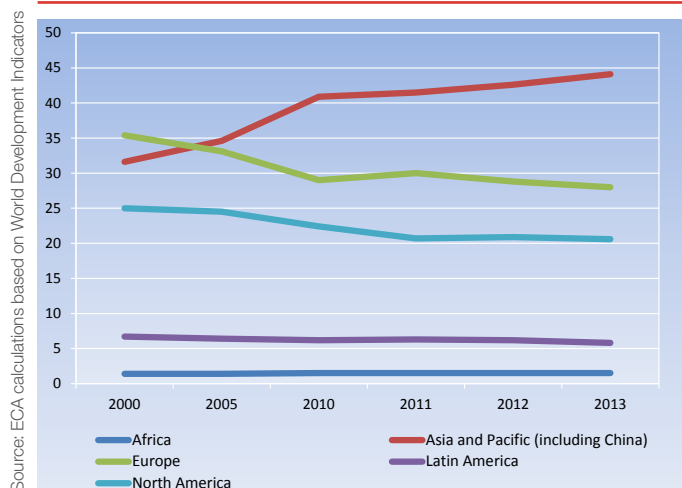
Africa

- Shift from existing technologies to innovative ones to increase productivity and foster industrialisation;
- Implement AIDA and build institutions and policies that focus directly on productivity enhancement to accelerate economic growth;
- Strengthen collaboration between government and private sector in designing industrial policies, characterised by high-level coordination, embedded bureaucrats and regulatory effectiveness.

Development partners

- Maintain increased financial support to help build skills and enhance the effectiveness of policy-makers and institutions that can drive Africa's economic transformation;
- Promote strategic collaboration between Africa's governments and the private sector to foster industrial policies that align political interests and the needs of businesses;
- Use aid to leverage Africa's private sector, key to making Africa's growth local and sustainable.

Africa's share in world manufacturing value added



Topic 2

TRADE & DIVERSIFICATION

Key commitments

Africa: African governments have consistently emphasised the importance of trade, with 3 broad inter-related sets of commitments to: (a) reduce supply-side constraints, improve competitiveness and promote industrialisation and diversification; (b) take practical steps to reduce trade barriers and facilitate trade; and (c) deepen regional integration. They have recognised the importance of continental unity on all trade issues. Recent commitments emphasise regional integration, removal of tariff and non-tariff barriers to intra-African trade and modernising domestic and regional trading systems. In January 2012, the AU adopted a Decision and a Declaration to boost intra-African trade and fast-track the establishment of the Continental Free Trade Area (CFTA) by 2017, reiterated in June 2014. Trade targets include a doubling of Africa's share of global trade by 2040.

Development partners: have reiterated, including at the WTO, the G20 and most recently in the G8, commitments to: (a) maintain trade finance, keep markets open, roll back new protectionist measures and refrain from raising new trade barriers or imposing new export restrictions; (b) bring the Doha Development Round to a balanced and ambitious conclusion; (c) make progress towards duty-free and quota-free (DFQF) market access for Least Developed Country (LDC) products; and (d) support enhanced trade capacity, including specific commitments in the 2010 G20 Multi-Year Action Plan on Development (MYAP) to at least maintain Aid for Trade (Aft) commitments beyond 2011 at 2006-08 average levels.

What has been done to deliver on these commitments?

Africa: Supply: African governments and Regional Economic Communities (RECs) are tackling supply-side and competitiveness problems through national and regional initiatives that build productive capacity. The latter include the Programme for Infrastructure Development in Africa (PIDA) (see Topic 4), the Comprehensive Africa Agriculture Development Programme (CAADP) (see Topic 3), Africa's Accelerated Agro-industry and Agribusiness Development Initiative (3ADI), the Accelerated Industrial Development in Africa (AIDA) action plan (see Topic 1), and the NEPAD e-Africa programme. New initiatives are also being launched to tackle micro/sectoral issues including value chains and the diversification to higher value-added/

processed exports. **Tariff barriers:** have fallen but still have further to go, particularly across RECs. African average applied import tariffs (excluding North Africa) fell from 16.7% to 7.3% between 2000-2012, through unilateral measures and regional integration protocols; **Regional integration:** Adoption of an Action Plan for Boosting Intra-African Trade in 2012 and creation of the CFTA have accelerated regional initiatives, notably the establishment of a COMESA-EAC-SADC Tripartite FTA - an integrated market of 26 countries accounting for 67% of Africa's GDP in 2013 - and the establishment of FTAs in other RECs. While some progress to launch the Tripartite FTA by end 2014 has been made, as of August 2014 negotiations had not concluded all outstanding issues. Inter-RECs coordination is being reinforced by the newly created High Level African Trade Committee (HATC), composed of chairs of RECs and African heads of state.

Development partners: Protectionism: At the 2013 Saint Petersburg Summit, G20 leaders again expressed deep concern over rising protectionism, with 116 new trade-restrictive measures introduced between May and November 2013. They extended their standstill commitment to end-2016. These add to restrictions established since the beginning of the global crisis, most of which remain in effect. Restrictive measures put in place since 2008, excluding those since terminated, cover around 3.9% of world merchandise trade (5% of trade of G20 economies). As of early 2014, only 17% of all the protectionist measures faced by Africa (excluding North Africa) and imposed since November 2008 have been removed; **Doha and preferential treatment:** The 2013 WTO Bali Ministerial adopted a series of decisions to streamline trade, allow developing countries more options for providing food security and boost LDC trade. African and other economies stand to benefit from important trade facilitation measures, including clarified and improved customs practices. There has also been some progress on DFQF market access for LDCs, with several emerging economies introducing unilateral preferential schemes. All but one developed country WTO member currently provide DFQF market access to 97% of products originating from LDCs. There has, however, been uneven progress in Africa's bilateral preferential arrangements with its major trading partners. **Aft for Africa:** commitments rose from an annual average of US\$11.8 billion over 2006-2008 to US\$21.3 billion in 2012 making Africa the largest Aft recipient. Economic infrastructure received the greatest support, followed by productive capacity. Despite increasing flows, the terms of assistance have hardened in recent years and the share committed to LDCs has declined.

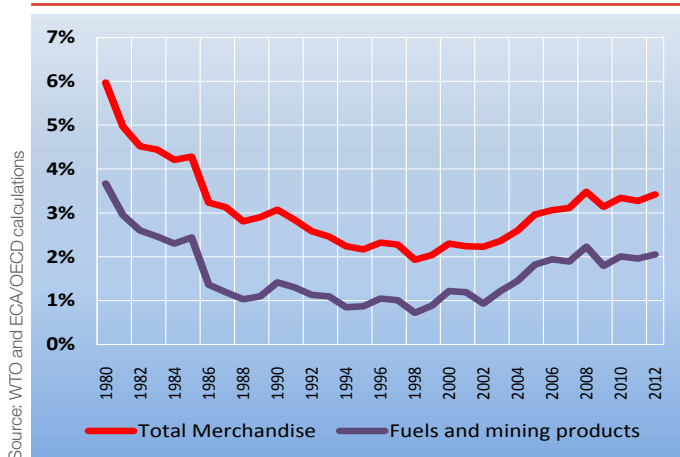
Intra-African trade remains low but improving in some regions. More needed to reduce trade barriers, supply-side constraints and rising protectionism.



What results have been achieved?

Africa's merchandise exports grew rapidly from US\$148.5 billion to US\$562.2 billion over 2000-2008. After a sharp fall in 2009 due to the contraction of world trade and a fall in fuel, agricultural and food commodity prices, Africa's exports rebounded to a US\$640 billion high in 2012 as commodity prices strengthened, falling back to a provisional US\$603 billion in 2013. In 2013 Africa accounted for 3.2% of total world exports – up from 2.3% in 2000, but only half the level of the early 1980s. There has been a corresponding growth in Africa as an export market: Africa's share of global merchandise imports has risen from 1.9% to 3.3% over the period. Low intra-regional trade means that these are mainly imports from the rest of the world. Exports expansion, however, has stemmed mainly from a price, rather than volume effect, with exports growth in volume terms outpaced by that of imports. Africa's merchandise trade balance was positive over most of the decade, moving from a surplus of US\$18.8 billion to US\$80 billion between 2000-2008. Falling into deficit in 2009 due to deteriorating terms of trade resulting from the crisis, Africa returned to surplus during 2010-2012 with improved terms of trade, but fell again into a US\$25 billion deficit in 2013. African exports remain poorly diversified and mainly driven by oil exporters.

Share of African trade exports in total world trade (%)



In 2013, 58% were oil and mining products, increasing since 2000 (52%) due to the boom in commodity prices. In 2013, African export of manufactured goods accounted for less than 1% of global manufactured exports, and 2% of global commercial services exports. Trade in services, particularly from tourism, has grown, with potential to rise further. Whilst the composition of Africa's merchandise exports has concentrated, export markets have diversified geographically. Europe and North America continue to absorb most African merchandise exports, although the share to developing countries is increasing dramatically, from 28% to 49% between 2005-2013. China has progressed from one of Africa's smallest trading partners in 2001 to the largest export market and largest source of imports by 2012. Intra-regional trade remains low, constituting only about 10% of total African trade (imports and exports) over the last decade. Although this share is significantly lower than in Asia (53%) and South and Central America (23%), it reflects important progress in some RECs, such as COMESA and EAC, where intra-regional trade has boomed in recent years as a result of improved trade facilitation and growing regional demand. Intra-African trade is significantly more diversified than Africa's trade to the rest of the world. The share of intra-African manufacture exports is growing faster, reaching 31% of total African manufacture exports in 2012 versus 22% in 2005.

What are the future priority actions?

Africa

- Continue to address supply-side constraints and pursue economic diversification to improve productive capacities and competitiveness;
- Continue to remove constraints to trade, including reduction of tariff and non-tariff barriers and reducing thickness of borders through further trade facilitation measures, such as simplified customs practices and rules of origin;
- Accelerate regional economic integration, finalise the tripartite FTA and establishment of FTAs within other RECs during 2014 and work towards the establishment of the CFTA by 2017.

Development partners

- Dismantle restrictive trade measures put in place since the crisis and refrain from new restrictions;
- Conclude outstanding negotiations on bilateral preferential trade agreements with Africa.

Jointly

- Implement decisions agreed at the WTO Ministerial in Bali in December 2013.

Topic 3

AGRICULTURE

Key commitments

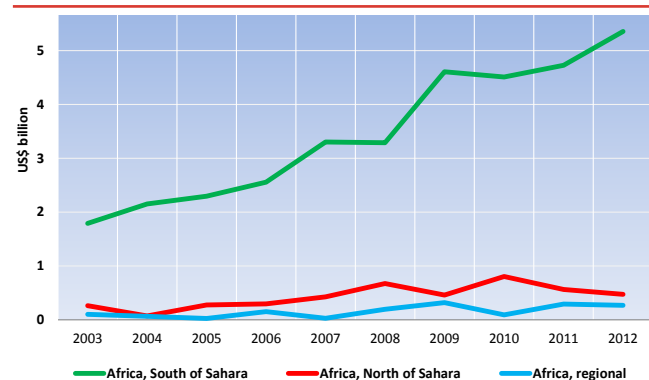
Africa: African leaders have committed to raise the share of national budgets allocated to agriculture to at least 10% and work towards agricultural GDP growth rates of at least 6%. Both were reaffirmed in the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. Leaders further committed to at least double current agricultural productivity levels by 2025 and mobilise private and public investment by (i) improving policy and conditions to facilitate private investment in agriculture, agri-business and agro-industries; and (ii) fast-tracking the African Investment Bank to mobilise finance for priority agricultural projects. The AUC and the NEPAD Planning and Coordinating Agency (NPCA) have been tasked to develop, by January 2015, a roadmap for agricultural growth and transformation and leaders committed to systematically review progress using the CAADP Results Framework.

Development partners: Through the G8 and G20, partners have made a number of commitments to support African agriculture. The 2009 G8 L'Aquila Food Security Initiative (AFSI) committed to mobilise US\$20 billion over three years for agricultural development and food security (see also Topic 10) and in 2012 leaders recommitted to promptly fulfil outstanding pledges. Under the New Alliance for Food Security and Nutrition, aimed at lifting 50 million people globally out of poverty over the next 10 years, they committed continued support for sustained and inclusive agricultural growth aligned to country plans and commitments to CAADP and the New Alliance were reaffirmed in 2013. The food security pillar of the MYAP, adopted at Seoul in 2010, endorsed enhanced policy coherence on agriculture and food security, followed by an Action Plan on Food Price Volatility and Agriculture in 2011. The G20 reaffirmed its commitment to agricultural development as a critical part of food security in the Saint Petersburg Development Outlook in 2013. In 2014, G7 leaders reaffirmed their support to the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests, including by building on the land partnerships launched in 2013 and the Global Agriculture and Food Security Programme.

What has been done to deliver on these commitments?

Africa: Available data suggests that, despite 37 countries signing CAADP Compacts by late 2013, agriculture remains neglected in government budgets and falls well short of Maputo commitments in most countries. In 2010, of the 44 countries for which data is available, only 9 had reached or exceeded the 10% target. Half had reached 5%, with a continental average of 4%. Further, since the 2008 food price crisis, countries already allocating more than 5% have increased budgetary proportions, whilst those allocating less have tended to reduce it further. Regulatory and tariff barriers to trade have limited regional trade in cereals to less than 5% of Africa's total imports with adverse effects on food security. Few producers have access to credit, and high risk levels combined with the absence of effective public-private risk hedging systems remain a barrier to investment.

Development partners: 87% (US\$19 billion) of the US\$22 billion ultimately pledged through AFSI (of which US\$6 billion was additional to that already planned) had been disbursed by March 2014. Several initiatives were implemented under the New Alliance, including a new Fast Track Facility for Agriculture Infrastructure and a set of indicators benchmarking the business of agriculture. Development assistance to agriculture in Africa increased from US\$1.9 billion in 2008 to US\$3.0 billion in 2011 (current prices, a 55% increase

Trends in total ODA commitments to agriculture (including forestry, fishing and rural development) 2012 constant prices

Source: OECD-DAC, statistical database

Continued under-investment and agricultural growth remains below economic growth and CAADP's 6% target. More needed on productivity alongside investment, trade and policy reform.



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in real terms), falling back marginally to US\$2.8 billion in 2012. The 2011 G20 Action Plan focussed on specific initiatives rather than volumes of support, launching a Tropical Agricultural Platform and a Platform for Agricultural Risk Management focusing on 8 African countries. There have been some changes to agricultural policies in many OECD countries over the past decade. Whilst total support to the sector remains stable (US\$258 billion in 2012 and an annual average of US\$249 billion over 2009-11), the share provided in price support and input subsidies - the most market-distorting form - has fallen from 90% in the 1980s to 60% in 2012. The value of these subsidies as a proportion of total agricultural production in OECD countries has also declined, from 35% in 2000 to 19% in 2012. However, significant distortions remain and in the context of high food prices new policy coherence concerns have emerged, including the use of biofuel mandates and export restrictions in non-OECD countries. Policies in emerging economies, as well as OECD countries, are increasingly important in all these areas.

What results have been achieved?

Growth: Agricultural growth has been slower than the overall economy in 8 of the last 10 years and has remained significantly below the 6% CAADP target, averaging 4.8% over the period. Most growth has relied on cultivating more land and mobilising a larger labour force, in contrast to the more intensive approach of other developing regions. Productivity: Productivity increased by a factor of 1.6 since the mid-1980s, compared to 2.5 in Asia. Whilst cereal production has increased, yields are among the lowest in the world, rising marginally from 1.1 t/ha in 1995-2003 to 1.3 t/ha in 2003-2012, compared to over 5 t/ha in high income countries. Average fertiliser consumption has stagnated at 11-13 kg/ha in the last decade, less than 10% of the world average and well below the Abuja 50 kg/ha target. **Access to land and environmental sustainability:** Cultivated land increased from around 180 million ha in 1989 to 224.4 million ha in 2009. Expansion has not kept pace with population growth, emphasising the need for increased productivity. Insecure land rights continues to undermine investment. Only 4% of cultivable land is irrigated and less than 3 million ha have been brought under irrigation over 1989-2009, accounting for the high vulnerability of African agriculture to climate variability and climate change. It is estimated that as much as 70% of Africa's cultivable land remains uncultivated. International investors are leasing or purchasing large areas of land for biofuels, food crops and forestry development. Estimates of the total area of

international land acquisitions in Africa between 2000 and 2010 range from 17 million ha to 34 million ha. **Trade and diversification:** Although some countries have diversified into high added-value products, 94% of Africa's agricultural exports are unprocessed commodities due to obstacles to private sector investment, dysfunctional markets (seeds and fertilisers, price and export information and credit), and remaining barriers to regional food trade. Africa's share of the global agricultural export market remains low and is concentrated within a small number of countries and commodities. Its share of global raw agricultural exports has risen marginally from 4.5% in 2005 to 4.7% in 2012. Its share of global food product exports is even lower: 3.5% in 2012 (up from 3.4% in 2005).

What are the future priority actions?

Africa

Accelerate CAADP implementation by:

- Continuing policy, institutional and budgetary reform and enhancing support systems to create a framework fostering responsible private investment and regional and intra-African trade in agricultural commodities and services;
- Increasing public investment, including in irrigation, rural infrastructure, research and development and dissemination to accelerate agricultural productivity, with special attention to women and smallholders;
- Promoting diversification and more equitable value-chain development and improving the functioning of agricultural markets with focus on sustainable production and access to inputs, including seeds and fertilisers, price information and credit;
- Mainstreaming resilience and risk management in agricultural and development policies, strategies and investment plans;
- Strengthening national and regional capacities to generate and manage knowledge that supports evidence based planning and evaluation of CAADP.

Development partners

- Deliver remaining commitments under AFSI, the New Alliance and the Saint Petersburg Development Outlook, including to reduce food price volatility, and develop a new set of commitments;
- Intensify efforts on coherence between agriculture and development policies, by eliminating market distorting support measures, further reducing trade restrictions on exports and imports, and avoiding detrimental spill-over effects from biofuel mandates;
- Work with partner countries to operationalise the Policy Framework for Investment in Agriculture to co-ordinate and align with country priorities.

Topic 4

INFRASTRUCTURE

Key commitments

Africa: African governments have emphasised infrastructure – energy, transport, water and ICT – making commitments to strengthen national planning frameworks, reform and harmonise the regulatory environment, mobilise increased private and public resources and develop regional and continental programmes. The Programme for Infrastructure Development in Africa (PIDA) provides a long-term framework for infrastructure development and 51 projects contained in its Priority Action Plan (PAP) were prioritised in 2012, requiring US\$68 billion up to 2020. Governments have also endorsed the Dakar Agenda for Action and the policy recommendations of the NEPAD-ECA Study on Domestic Resource Mobilisation, as well as support for the Presidential Infrastructure Champion Initiative (PICl). Targets set more generally include: (a) 35% of the population have access to electricity by 2020; (b) proportion living beyond 2 km from an all-season road halved by 2015; and (c) proportion without access to safe water and sanitation reduced by 75% by 2015. Leaders endorsed an inter-government agreement for the Trans-African Highways network in 2014.

Development partners: Development partners have committed to increase financial support, help mobilise private sector participation and enhance implementation capacity (see also Topic 5), with specific commitments to promote clean energy and energy efficiency. The infrastructure pillar of the 2010 MYAP committed the G20 to overcome obstacles to investment, develop project pipelines, improve capacity and facilitate increased finance. The G20 Saint Petersburg Development Outlook also identifies infrastructure as one of five priority areas for development, with two related topics: addressing long-term financing issues and expanding assessment of project preparation funds.

What has been done to deliver on these commitments?

Africa: Efforts are underway to promote national and regional infrastructure development. Government financing is substantial at 1-2% of GDP, and accounted for over 47% of all African infrastructural investments in 2012. But at US\$47.2 billion, government financing is roughly half the estimated US\$93 billion needed annually through to 2015 to sustain 7% growth rates. Many countries now have strategic plans but lack resources to prepare and imple-

ment them. Similarly, while regulatory agencies have been established, capacity remains weak and low implementation is a constraint to growth. Most progress has been in telecommunications. Reforms are underway in the power sector to address electricity shortages and to promote renewable energy. In transport there are efforts to improve logistics and trade facilitation, spearheaded by RECs, with a focus on land-locked countries. The Institutional Architecture for Infrastructure Development in Africa (IAIDA) has been created as the implementation mechanism of PIDA and in June 2014 the Africa Development Bank (AfDB) announced Africa50, an infrastructure investment platform with proposed initial investments of US\$500 million for project financing and US\$100 million for project development. Public-private investment in African infrastructure - focused almost exclusively on telecoms and energy - reached US\$12.8 billion in 2012, 13% higher in real terms over 2011 but still accounting for less than 7% of the developing country total. Poor project preparation, required for private sector participation, remains a significant challenge. At the regional level, cross-border trading of power has begun in South and West Africa and initiatives have been launched in other sectors. The AfDB is scaling up capacity building activities in regional project planning and implementation and RECs are increasingly active in infrastructure planning, evidenced by the SADC Regional Infrastructure Development Master Plan. Evaluating progress in regional programmes remains a challenge but efforts are underway to develop a monitoring and evaluation framework for PIDA.

Development partners: ODA has continued to increase for infrastructure growing fourfold from US\$2 billion in 2002 to US\$8.1 billion in 2010 to reach US\$10.16 billion in 2012. Almost 40% went to transport and storage, 30% to water supply and sanitation and 25% to energy. As momentum is building behind the PIDA initiative, support from members of the Infrastructure Consortium for Africa (ICA) – which include non-ODA - rebounded to reach US\$12.8 billion, up 47% from 2011. The largest share of commitments went to energy (42%), transport (30%) and water (25%). The G20 has completed many of the actions agreed under the MYAP, including establishing a High Level Panel for Infrastructure Investment, and an Action Plan on Infrastructure by MDBs. However progress in other areas, such as addressing investment barriers to LICs, transparency in procurement, construction and finance and integration of finance safeguards remains slow.

Weak infrastructure remains a major constraint to growth and social progress. Significant advancement in ICT and energy infrastructure needs to be replicated in other sectors through PIDA implementation and increased private sector engagement.



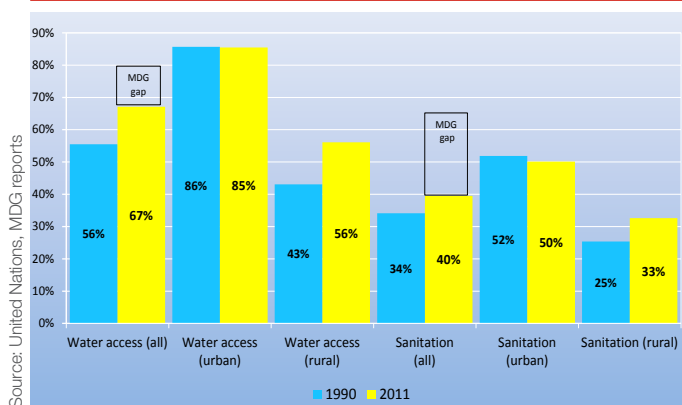
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What results have been achieved?

Despite increased investment, progress has been slow (apart from ICT, and for some countries, road transport). Weak infrastructure remains a major constraint to growth and social progress. On several basic infrastructure indicators, African countries trail their developing country peers, with the gap particularly noticeable in the density of paved roads and power generation and distribution. Rural access across all sectors is even lower.

Energy: 57% of Africa's population has no access to electricity, rising to 72% in rural areas. There are regional disparities: access is almost universal in North Africa and South Africa, whilst only 35% of people in sub-Saharan Africa, a global low, had access in 2013. Small, inefficient national power systems combined with reliance on expensive oil-based generation makes African generating costs exceptionally high (3.5 times that of South Asia). 30 countries have experienced energy crises in recent years. While universal access requires 7,000 MW of new power generation capacity annually, Africa has been installing only 1,000 MW. Investment in modern renewable energy has been limited. **Transport:** Total investment in transport across the continent increased by more than 50% in 2012 over 2011. However, the African paved road access rate (excluding North Africa), at 19%, is substantially lower than other regions. Only one-third of the rural population is within 2 km of an all-season road, compared with two thirds in other developing

Access to water and sanitation (% of population)



regions. There are only 34 motor vehicles per 1000 people and transport costs are much higher than in other developing regions, compounded by high profit margins for trucking companies and insufficient intermodal connections. **Water and sanitation:** Half the continent faces water stress or scarcity. The proportion of Africans (excluding North Africa) using an improved water source rose from 49% to 63% over 1990-2011; North Africa rose from 87% to 92%. Progress on sanitation has been slower - only 30% of the population had access to improved sanitation facilities in 2011, marginally up from 26% in 1990 (90% in North Africa, up from 72%). Limited water storage and irrigation infrastructure has led to severe under-utilisation of the continent's resources. Similarly, only 7% of Africa's hydropower potential outside North Africa has been tapped. **ICT:** Mobile telephony has been a success and has adapted to local needs. Mobile cellular subscription has risen from 18% to 63.5% over 2006-2013, although still lower than some other regions and the 96.2% global average. The number of internet users is estimated to have grown from 3.3% to 16.3% over 2006-2013.

What are the future priority actions?

Africa

- Rapidly implement the PIDA Priority Action Plan, operationalise the Institutional Architecture for Infrastructure Development in Africa and maintain support to the PICI and the Dakar Agenda for Action;
- Continue to improve efficiency of existing infrastructure, reduce costs, and promote private sector participation, including PPPs where appropriate, and encouraging local investment and entrepreneurial development;
- Accelerate implementation of regional initiatives and harmonisation of regulatory frameworks.

Development partners

- Increase financial support for infrastructure with a stronger emphasis on large regional and soft infrastructure projects;
- Implement the G20 High Level Panel recommendations, the MDB's Action Plan as well as the key actions prioritised in the G20 Saint Petersburg development outlook in line with PIDA;
- Continue using aid to leverage increased private investment and innovative financing solutions by supporting an enabling environment for investment and incentivise the use of non-ODA instruments, such as guarantees and investment funds.

Topic 5

THE PRIVATE SECTOR

Key commitments

Africa: African governments have made policy declarations and statements to emphasise the role of the private sector in development, improve the environment for business and strengthen public-private dialogue, although few specific targets have been set. Private sector growth was identified as a priority in the 2001 NEPAD founding statement and reiterated in the 2010 AU African Private Sector Forum Declaration. Successive commitments have sought to create suitable conditions to develop the private sector and promote its role in development through PPPs, notably in transport and energy infrastructure. African governments have welcomed the Dakar Agenda for Action's call to establish a Continental Business Network on Infrastructure Financing (see also Topic 4).

Development partners: have made commitments to: (a) support African efforts to remove obstacles to investment and reduce the cost of doing business; (b) help mitigate risks faced by investors; (c) improve synergies between ODA and other sources of development finance and promote PPPs; and (d) promote responsible investment. The G20 identified private investment and job creation as a key pillar of the 2010 MYAP and commissioned work on maximising the value added of private investment, promoting responsible investment and supporting SMEs. In 2012, the G20 committed to support initiatives encouraging private sector innovation in food security. In successive Summits over 2011-2013 the G8 called on companies to improve their corporate and social responsibility, identified private sector investment as a key way of improving food security, and committed to raising global standards for transparency in the extractives sector.

What has been done to deliver on these commitments?

Africa: The AU has adopted instruments such as the AU Private Sector Development Strategy and Action Plan, the Minimum Integration Programme (MIP), the African Agri-Business and Agro-Industries Development Initiative (3ADI), the Programme on Infrastructure Development in Africa (PIDA), and the Comprehensive African Agriculture Development Programme (CAADP), in which the role of the private sector in Africa's development is emphasised. African policy-makers have demonstrated a sustained ability to maintain prudent macroeconomic policies that have steered the continent through the downturn in global

economic conditions. Starting from a low base, Africa is continuing to improve its regulatory environment, with 2012/2013 resuming the pace of reform temporarily interrupted in the previous year. According to the World Bank's 2014 Doing Business Report, 31 of 47 governments in Africa (excluding North Africa) implemented at least one regulatory reform in 2012/13, up from 28 the previous year. Of the top 20 economies narrowing the gap with international best practice 9 are African, and over the past 5 years Africa as a whole (excluding North Africa) has reduced this gap at 3 times the rate of OECD high income economies collectively. Of the 10 top reforming countries in 2012/13, 4 were in Africa. Reforms have particularly focused on making it easier to start a business and improving trade across borders. Several countries have revised their labour codes, making it easier to employ workers. But the region still falls short in a number of regulatory reforms, such as dealing with licenses and protecting investors. Key challenges include access to financing, corruption, and inadequate infrastructure. The AfDB has supported reforms encouraging strategic investments in private sector projects and PPPs, and increased investments in private sector operations from US\$1.3 billion in 2012 to US\$1.6 billion in 2013. Other relevant initiatives include the AfDB's Africa50 fund for infrastructure project development (see Topic 4) and the Grow Africa public-private platform to accelerate investments in agricultural growth and transformation. Investment commitments in agribusiness under this initiative more than doubled to a total of US\$7.2 billion in 2013.

Development partners: Following the 2010 MYAP, G20 action has included the development of policy recommendations and an indicator framework to measure economic value-added and job creation. Efforts have continued to promote responsible investment through the revision and strengthening of OECD Guidelines on Multinational Enterprises, as well as OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. A Supplement on Gold was adopted in 2012 as part of a revised recommendation on the Due Diligence Guidance. Several partners have also made progress towards more commercial transparency in trading natural resources with Africa through the introduction of mandatory country-by-country reporting requirements. Other relevant initiatives include the NEPAD/OECD Africa Investment Initiative and the OECD Policy Framework for Investment. Annual development assistance for business support, banking and financial services remained approximately US\$1 billion between 2009 and 2012. However, IFC's investments in Africa (excluding North Africa) reached a record \$5.3 billion for FY2013 and mobilised US\$1.8

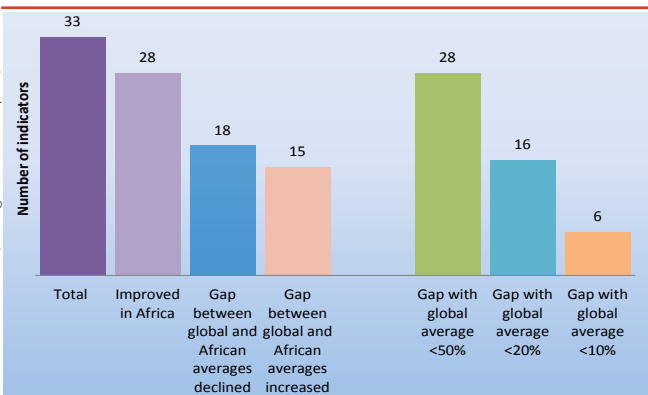
Continued progress on reforms, but overall gap with other regions persists. High potential from harmonising best practice across sub-regions and improved access to finance, especially for SMEs.



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Doing Business Report: Africa's performance 2005-2012

Source: World Bank, Doing Business Report, 2013



billion from other investors, supporting projects that provided loans for 54,000 small and medium businesses, encouraging 13.7 million microfinance clients, and improving health and education for 360,000 people.

What results have been achieved?

Doing business is significantly easier as a result of reforms although private sector development remains hampered by limited structural transformation and low industrialisation. Over 2005-2013, Africa improved in 28 of 33 World Bank sub-indicators measuring the ease of doing business. The gap between global and African averages has declined for 18 sub-indicators. In some, such as the average times needed to obtain a construction permit, pay taxes and enforce contracts, Africa reached performance levels comparable to most other regions. However, for 15 sub-indicators Africa continues to be outpaced by other regions and the overall gap with the global average persists: 31.5% in 2013 compared to 31.4% in 2012 and 30% in 2005. This gap between Africa and other regions is also reflected in the global competitiveness index. Only 10 African countries were among the World Bank's top 100 doing business rankings in 2013, only 4 were in the top 50 and none in the top 15. Capital markets have grown but their small size and lack of liquidity remains a problem and investor protection is weak. Whilst business funding has improved, the banking industry remains concentrated, financing costs are high and access to credit is a primary inhibitor, particularly for SMEs, which account for up to 90% of all businesses in African markets (excluding North Africa). Much remains

to be done, although there is wide variation between sub-regions, between countries within sub-regions, and between specific indicators within countries. Harmonising around best practice within sub-regions could dramatically lift the overall standard of the business environment, as well as contribute to regional integration. Whilst an improved environment in some countries has helped Africa attract more investment in the last decade (see Topic 16), weaknesses are reflected in low shares of global FDI. Despite recent encouraging economic growth, gross fixed private capital formation remained low at 14.2% of GDP in 2012, compared to 24.6% among developing countries of the East Asian and Pacific region. Low doing business performance combined with improved regulatory frameworks elsewhere has, with the exception of a few countries, hindered Africa's competitiveness. Accelerating improvements in Africa's business environment will be necessary to enhance productivity, close the competitiveness gap with other regions, and boost employment.

What are the future priority actions?

Africa

- Harmonise around best practice to catalyse private investment to accelerate improvements in the business environment;
- Enhance access to finance, particularly for small and medium-sized firms;
- Promote private sector participation and partnerships in strategic and productive sectors such as energy, transport, agribusiness and agro-industry, particularly through effective implementation of PPPs;
- Increase domestic resource mobilisation to fund infrastructure, energy and human capital needs for accelerated industrialisation and increased productivity;
- Improve regional integration policies to open up opportunities for increased intra-African trade.

Development partners

- Take forward work to measure the economic value-added and job creation generated by private investment, especially the G20 indicator framework;
- Increase support for capacity building to tackle financial, human and technological development constraints;
- Support efforts to improve access to finance, particularly for SMEs as well as the global integration of African capital markets.
- Support a post-2015 framework that incorporates a focus on economic activity as the primary vehicle of poverty eradication.

Topic **6****ENVIRONMENTAL SUSTAINABILITY****Key commitments**

Africa: African countries have committed to integrate environmental sustainability into development planning since the 1992 Rio Conference. They are also party to MDG 7 on environmental sustainability. In 2012 the AU called for a roadmap on effective implementation of Rio+20 outcomes in Africa. The African Ministerial Conference on the Environment (AMCEN) subsequently committed to develop and implement Regional Flagship Programmes (RFPs), and to establish mechanisms for coordinated support for green economy programmes in the region. African leaders subsequently reaffirmed their commitment to address these challenges in the African Common Position on the post-2015 Development Agenda.

Development partners: have committed to support Africa in promoting sustainable forest management and tackling illegal logging and illicit trade in wildlife. In 2010, members of the OECD-DAC adopted the DAC Policy Statement on Integrating Biodiversity and Associated Ecosystem Services into Development Co-operation, outlining 30 key actions to halt the loss of biodiversity and associated ecosystems. In 2012, partners committed to double international finance supporting the Convention on Biological Diversity (CBD) by 2015, with particular focus on LDCs and Small Island Developing States, and to implement the Strategic Plan for Biodiversity 2011-2020 and its associated 20 Aichi Biodiversity Targets.

Jointly: African countries and partners have ratified multilateral agreements on environment including the three Rio Conventions: the CBD, the UN Convention to Combat Desertification (UNCCD), and the UN Framework Convention on Climate Change (UNFCCC) (see Topic 7). At the Rio+20 Summit in 2012, world leaders agreed: (a) on green economy as one of the tools for achieving sustainable development, and actions needed to support countries; (b) to promote synergies between existing Multilateral Environment Agreements; (c) to develop a set of sustainable development goals to promote global prosperity, reduce poverty and advance social equity and environmental protection; and (d) to advance action in areas critical to Africa's sustainable development.

What has been done to deliver on these commitments? (See also Topic 7 on climate change)

Africa: African governments have developed national strategies incorporating economic, social, environmental and institutional dimensions of sustainable

development. While some initiatives have moved to action, implementation is weak and effectiveness limited, resulting from inadequate institutional capacity compounded by the limited political influence and budgetary resources of Environment Ministries. (i) **CBD:** 53 African countries have completed National Biodiversity Strategies and Action Plans (NBSAPs). Of these, five have revised their plans as of February 2014 and six are under revision. Most countries have developed new biodiversity legislation since 2005 and two-thirds are developing or implementing national forest programmes: 39 countries have national plans covering 17% of Africa's forests; 40 countries have forest policies, and 43 have specific forest laws. Regional partnerships and programmes to promote sustainable forestry management have also been established. Five African countries have developed UN-REDD programmes, promoting sustainable forest management while contributing to climate mitigation by creating a financial value for the carbon stored in trees. (ii) **UNCCD:** Most governments have developed national action programmes to combat desertification and implementation has commenced in some countries. Five Sub-regional Action Programmes and coordinating organisations have been finalised. A Regional Action Programme (RAP) has been developed with support from the AfDB, and regional actions are increasingly aligned with the UNCCD. The Great Green Wall for the Sahara and the Sahel Initiative to catalyse sustainable development and poverty reduction has received US\$1.1 billion with 12 country projects and 1 regional project approved. (iii) **Rio+20 agreement on green economy:** Some countries are implementing green economy policies and strategies and others are in the process of mainstreaming inclusive green growth principles into their development agenda.

Development partners: Total ODA for general environmental protection in Africa increased from US\$0.46 billion in 2006 to US\$0.97 billion in 2012. More broadly, total environment-related ODA to Africa increased from US\$6.3 billion in 2006 to US\$8.8 billion in 2012, representing an increase from 13% to 21% of total ODA committed. The Global Environment Facility (GEF) has supported over 872 projects in Africa worth US\$2.3 billion since 1991 and in 2012 the US\$849 million supporting active projects in Africa represented 23% of all GEF grants in that year. Specific initiatives have also mobilised substantial sums. The TerrAfrica Initiative, an international partnership launched in 2005 through NEPAD/AfDB, has leveraged US\$1.2 billion to scale up sustainable land and water management in 24 countries. 15 African countries are receiving technical assistance to implement REDD+. The Congo Basin Forest Fund has approved funding for 41 projects in 5 countries, with several aimed at building readiness for REDD+.

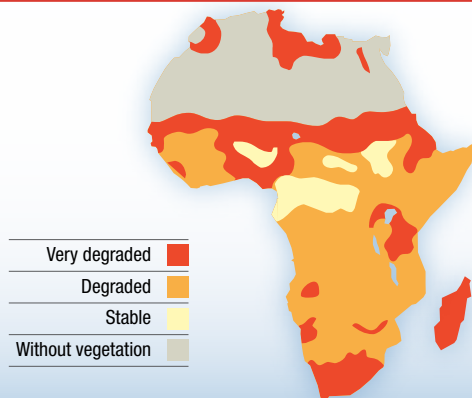
Progress towards environmental sustainability in Africa is mixed. More needed to accelerate implementation of national plans and strategies and strengthen environmental concerns in development assistance.



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Soil degradation in Africa

Source: Philippe Rekacewicz, UNEP/GRID - Arendal;



What results have been achieved?

Weak policy implementation has hampered progress, with wider implications for future sustainable development and poverty reduction. All but 6 African countries (of which 3 are in North Africa) are in the bottom half of the 2014 Environmental Performance Index, which ranks 178 countries over 25 performance indicators assessing performance against established environmental policy goals. In terms of trends, Africa in aggregate slightly underperformed compared to the global average over 2000-2012, although 10 African countries individually over-performed. (i) **Biodiversity:** Data and information remain patchy. Significant progress has been made since 1990 in increasing the coverage of protected land areas (up from 11% to 15.4% in 2012), and marine areas (up from 1.5% to 7.5%). 25 African countries (2 more than 2012) have reached a target of having at least 10% of their territorial and marine areas protected, compared to 20 countries in 1990. About 14% of the total forest area in Africa is designated for biodiversity conservation and is growing at 0.7% per annum. But Africa has the highest risk of extinction of medicinal plants (over 50%) with concomitant risks for health and livelihoods. Species diversity is also declining. MDG 7b (reduce biodiversity loss by 2010) had not been achieved in Africa at the end of 2013; (ii) **Forest cover:** The area covered by forest management plans has increased by more than 4 million ha annually over the last decade. However, only 1% of Africa's forest estates (65,000 km²) have met responsible management standards through

Forest Stewardship Council (FSC) certification. While Africa has 17% of the world's forests it accounted for only 3.8% of total certified areas at the beginning of 2014. Africa's forests are disappearing at a rapid pace, with a net loss of around 3.4 million hectares a year over 2005-2010. The total forest area has fallen from 31.2% in 1990 to 27.4% in 2011. MDG 7a, Indicator 1 (increase the proportion of land area covered by forest) will not be achieved in Africa; (iii) **Desertification:** Two-thirds of Africa is classified as deserts or dry lands, concentrated in the Sahel, the Horn of Africa and the Kalahari Desert. Soil erosion from overgrazing, unsustainable agricultural practices and illegal timber logging, aggravated by climate change, play a major role in overall land degradation, which affects almost two-thirds of the population; (iv) **Green economy/growth:** Some countries have begun documenting good practices and lessons.

What are the future priority actions?

Africa

- Accelerate implementation of existing plans and strategies on biodiversity, forests, desertification and inclusive green growth;
- Mainstream environmental protection and sustainable resource management into national development plans;
- Effectively implement regional flagship programmes on Rio+20 outcomes and develop indicators and other measurement tools to monitor progress towards greener growth.

Development partners

- Strengthen the priority given to environmental concerns in development assistance by broadening poverty reduction objectives to include environmental sustainability;
- Increase support for implementation of green growth policies in Africa, and support the development of indicators and other measurement tools to monitor progress towards greener growth;
- Foster support to environmental sustainability programs, which are gaining regional momentum, such as the Great Green Wall for the Sahara and the Sahel Initiative and regional flagship programmes.

Jointly

- Support the integration of sustainable development goals arising from Rio+20 in a single post-2015 development framework that includes all dimensions of environmental sustainability taking into account Africa's priorities.

Topic 7

CLIMATE CHANGE

(This section should be read together with the separate Topic 19 - Climate Finance)

Key commitments

Africa: Africa's leaders have taken several decisions and resolutions urging states and regional agencies to integrate climate change adaptation into development plans at national and regional levels in order to expedite the implementation of existing climate programmes and to initiate an African green economy partnership. At the Malabo Summit in June 2014, they endorsed the High Level Work Programme on Climate Change Action in Africa and committed to support African Small Island Developing States to engage globally for improved resilience building mechanisms. Under the UNFCCC in 2013, parties agreed to "initiate or intensify domestic preparations for their intended nationally determined contributions". Countries are expected to outline their pledge in March 2015.

Development partners: Under the Kyoto Protocol, 36 developed and transition economies committed to collectively reduce greenhouse gas (GHG) emissions by an average of 5.2% below 1990 levels in the first commitment period, ending in 2012. With the exception of 4 countries, they subsequently agreed to a second 2013-2020 commitment period.

Jointly: At Durban (2011) both developed and developing countries agreed to develop, before end-2015, a new legal instrument or an agreed outcome to limit the increase of global average temperature below 2 degrees Celsius (2°C), enforceable by 2020. In 2010, the Cancun Adaptation Framework (CAF) was established to enable LDCs to address medium- and long-term adaptation needs. At Warsaw (2013), parties established a new international mechanism to better protect the most vulnerable populations against loss and damage caused by extreme weather events and slow onset events such as rising sea levels.

What has been done to deliver on these commitments?

Africa: The Committee of African Heads of State and Government on Climate Change (CAHOSCC) provides the ultimate political guidance on climate negotiations. Through Nairobi's declaration in 2013, African leaders adopted a common African position calling for enhanced ambition on emission reduction for the post-2020 period. They also emphasised the need to include agriculture in the global mechanism on climate negotiations and finance, and called for an urgent mechanism to assess and harness the

potential for carbon sequestration in the sector. At the continental level, the Climate for Development in Africa (ClimDev-Africa) Programme, a joint initiative by three major African institutions (ECA, AUC and AfDB) has improved decision-making through analytical capacity and knowledge management and support for climate data management infrastructure and information service delivery. The NPCA has established a steering committee to guide the development and implementation of regional climate change programmes. For the 26 countries of COMESA, EAC and SADC, the Tripartite Programme on Climate Change Adaptation and Mitigation is supporting the development of climate change strategies with a focus on scaling up investments in climate-smart agriculture and adaptation frameworks in agriculture and forestry. The NEPAD Heads of State and Government meeting in Malabo endorsed the Framework Work Programme on Climate Change Action in Africa that will guide the AU, its member states and RECs in addressing climate change as well as affirming adaptation as a priority in all actions on climate change in Africa. Member states were urged to urgently complete the development of their National Adaptation Plans (NAPs), and put in place systems and structures for Africa to take full advantage of the global mechanisms in support of climate change mitigation and adaptation measures.

Development partners: In aggregate, developed and transition countries reduced emissions by 9.3% between 1990 and 2011. According to the latest International Energy Agency projections, the demand for energy, which accounts for more than two-thirds of global GHG emissions, has continued to rise in recent years and energy-related CO₂ is projected to rise by 20% by 2035. More than a year since the Doha Agreement on a second commitment period of the Kyoto Protocol, to be finalised by 2015, only 11 countries have ratified the agreement; 133 additional ratifications are needed for the agreement to enter into force.

What results have been achieved?

Recent projections confirm that Africa will be disproportionately affected by climate change because of overreliance on rain-fed agriculture and weak adaptive capacity. According to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), warming projections under medium scenarios indicate that extensive areas of Africa will exceed a 2°C increase by the last two decades of this century; under a high scenario, this

*Projected climate impacts increasingly alarming for Africa.
Urgent need to scale up commitment, ambition and
implementation of limited global mitigation efforts.*



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could occur by mid-century across much of Africa and reach between 3 and 6°C by the end of the century. Agriculture will face significant challenges with yield losses at mid-century estimated at 22% across Africa and increases in the frequency and prevalence of failed seasons. In response, 31 African LDCs have developed and are implementing National Adaptation Program of Actions (NAPAs) with focus on urgent and immediate adaptation needs. Most countries have shown support for Nationally Appropriate Mitigation Actions (NAMAs). 12 countries are developing national Technology Action Plans (TAPs) to reduce or remove barriers for technology transfer. Nine countries have implemented measures to build capacity readiness for the REDD+ mechanism. Half of all African countries have undertaken the assessment of national potential for renewable energy development and some have set quantified targets for electricity production from renewable sources. The ClimDev-Africa Programme has also initiated a number of capacity building activities in selected African countries where historical climatic and hydrological data have been rescued. Needs assessment surveys have been conducted in all African Small Island Developing States to evaluate their climate change challenges and support their efforts in

building resilience to impacts of climate change in their developmental programmes. The ClimDev Special Fund (CDSF), a competitive, demand-driven fund which forms one of the three elements of the ClimDev-Africa Programme is now effective and 10 investment projects have been selected during the third quarter of 2014 for funding.

What are the future priority actions?

Africa

- Promote the development of climate knowledge and climate services and facilitate their access to user communities through investment in climate data and dissemination;
- Mainstream climate change into development strategies and policies;
- Share climate adaptation experiences and best practice across countries and sub-regions in coordination with the RECs and reaffirm support to needs of Small Island Developing States;
- Improve policies and regulations to attract investments to support green development.

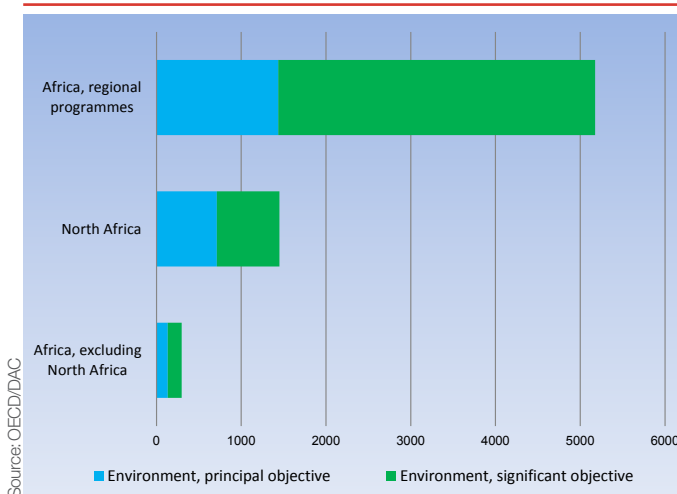
Development partners

- Identify practical ways to support African countries in their efforts to reduce vulnerability, build resilience, develop green growth activities and support sustainable forest management practices;
- Support improvement of climate knowledge and establish effective dissemination mechanisms through investment in observation networks and data collection stations;
- Recognise the potential of the agricultural sector in emission reductions and develop adequate tools and approaches for its quantification, accounting and valorisation through global climate finance mechanisms.

Jointly

- All countries to ensure the successful completion before end-2015 of an agreed outcome with legal force aimed at a substantial reduction in GHG emissions in the post-2020 period, with particular effort from industrialised countries.

Environmental-related ODA to Africa (DAC members' bilateral commitments, average 2011-12, USD million) 2012 constant prices



Topic 8

EDUCATION

Key commitments

Africa: The AU has underscored the primary role of education in overall socio-economic development through a series of founding statements. African governments have signed up to the Education for All (EFA) programme of action and have committed to develop cost plans to achieve EFA goals, supported by the Fast Track Initiative (FTI) – renamed the Global Partnership for Education (GPE) in 2011. The Second Decade of Education for Africa (2006-2015) has built on gaps identified in the first education plan, reiterated in the Common African Position on the post-2015 Development Agenda, emphasising a need to move beyond primary school enrolment to a more holistic approach to education including gender, teacher development, tertiary and vocational education.

Development partners: Development partners have committed to support the MDG goals of universal primary education and of gender equality in education (see also Topic 11), as well as the EFA Framework for Action. G8 summits have reiterated commitments to the EFA and members have pledged to meet resource shortfalls. They have also committed to create an International Task Force “Teachers for EFA” to counteract the limited supply of qualified teachers in LICs. Recent summits have reiterated the fundamental links between education, labour markets and development, highlighting quality of educational outputs, equitable access and aligning educational policies to labour market demand.

What has been done to deliver on these commitments?

Africa: Domestic expenditures in education increased from US\$22.3 billion in 2000 to US\$70.1 billion in 2011 (current prices) – a 60% increase in real terms. Relative to economic growth, government expenditures have grown as a proportion of GDP, from 3.8% in 1999 to 4.7% in 2011. Similarly, education spending as a proportion of public expenditure also increased from 15.7% to 18% over the period. However, per capita expenditures remain significantly below many other developing country regions: the unit cost per primary school student in Africa is US\$131 compared to a world average of US\$1147 and US\$1971 in East Asia in 2010 constant PPP terms, plausibly a reflection of inadequate attention to quality of education.

Further, cost sharing between public providers and private households remains common and places a heavy burden on access and completion of primary school cycles for poorer households. In 2011, the AU launched the Pan African University in line with its commitment to strengthen tertiary education. 26 African countries have had their national education plans endorsed by the FTI.

Development partners: ODA to Africa for the education sector has grown over 20% in real terms since 2005, reaching US\$3.75 billion in 2012 (2012 constant prices) up US\$128 million over the previous year but still below the 2010 peak of US\$4.37 billion. Africa accounted for 32% of global education ODA, down slightly from 34% in 2005. Education has not kept pace with increases to Africa in other sectors such that it constituted 9.4% of sector allocable aid in 2012, down from 14.2% in 2005. ODA to basic education in Africa increased by US\$54 million in real terms between 2011-2012, accounting for almost a quarter of all education assistance to the continent - in line with global proportions. Secondary and post-secondary education accounted for 15% (US\$564 million) and 32% (US\$1.2 billion) ODA for African education respectively. Current volumes remain incompatible with donors' pledges that no government committed to achieving Education for All by 2015 should falter due to lack of resources.

What results have been achieved?

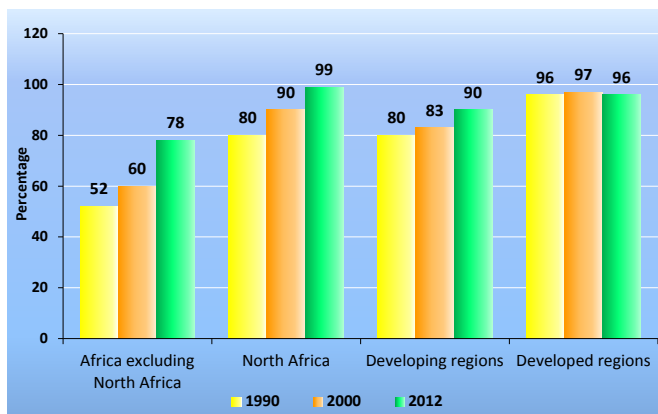
Net primary enrolment across Southern, East, Central and West Africa has collectively increased by 26% over the last two decades (1990-2011) to reach 78%, halving the number of children out of school and enabling most countries to meet primary enrolment targets. Over this period net enrolment rates increased by 19% in North Africa, reaching 99% enrolment, compared to 10% points for developing countries collectively. Completion rates are also improving in Africa, although at a lower rate than enrolment. Half of the 46 African countries for which data is available recorded at least a 15% increase between 2000 and 2011 and more than a quarter doubled their rates over the period. Excluding North Africa, the continent collectively increased by 10%, compared to growth of 4% for other developing countries. However, the gap

Good progress on enrolment but lagging completion rates means 2015 targets will be missed. More needed to improve quality, promote post-primary education to meet marketplace demands and bridge gender and inequality gaps.



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Adjusted net enrolment rate (1990 to 2012)



Source: United Nations (2014), The Millennium Development Goals Report 2014

between Africa, notably regions south of the Sahara, and other developing regions remains substantial. Gender parity at primary school level has improved. Between 1990 and 2011 North Africa raised parity levels from 82 to 94 girls for every 100 boys, and the rest of Africa, from 83 to 93 girls. Of the 49 African countries with data, 18 have achieved gender parity and 28 countries had an index between 0.8 and 0.97. Parity in completion rates, however, lags behind enrolment. Progress at secondary and tertiary levels remains modest. While secondary enrolment rates have increased, they remain half the global average. In contrast, tertiary enrolment has remained near stagnant over the last decade increasing from 5% to 6% over 2000-2012. Poor progress is linked to the fact that most post-primary public institutions are fee-paying, hindering opportunity for poorer households, as well as poor quality at primary levels. Despite dramatic improvements in some areas, considerable challenges remain. The quality of education is falling short of that needed to provide basic literacy and numeracy skills for primary children, nor preparing older youths sufficiently for the labour market. Of the 20 countries globally with the lowest net enrolment ratios, 13 are in Africa. Recruitment rates of qualified teacher numbers remain below universal primary education requirements. Pupil teacher ratios average

1:45 at primary school. Rural ratios are even higher. On current trends enrolment targets can be met if efforts continue. However, low completion rates means that Africa as a whole will miss the goal of universal primary education by 2015.

What are the future priority actions?

Africa

- Maintain and scale up progress in primary education, including increased budgetary allocations, to ensure equity in access for vulnerable groups - including low income groups, rural populations, girls, refugee children and illiterate adults;
- Prioritise quality in primary education to provide better access to post-primary education and enhance employability of primary school leavers;
- Increase investment in post-primary education to address both the quantity and quality of teaching and align education with skills development appropriate for labour market needs.

Development partners

- Scale up financial assistance in line with Africa's needs with increased attention to African priorities;
- Support African efforts to improve the quality of education at all levels through the training of qualified teachers for primary and post-primary education;
- Support a comprehensive reform of the EFA to improve delivery and restructure its governance to incorporate developing countries and their interests.

Topic 9

HEALTH

Key commitments

Africa: African governments have made a series of broad and specific commitments to scale up investments in health. They pledged to allocate at least 15% of government expenditure to health under the 2001 Abuja Declaration. They have committed to universal health care access, including sexual and reproductive health services, and to accelerate universal access to HIV and AIDS prevention, treatment, care and support by 2010, together with action tackling tuberculosis and malaria. These commitments were subsequently reviewed and extended to 2015. A number of commitments, plans and targets have been proposed for primary health care, maternal, infant and child health, non-communicable diseases (NCDs) and measles. Some African governments have also committed to global initiatives, including the 2010 UN Secretary General's 'Global Strategy for Women's and Children's Health', the 2011 UN Political Declaration on HIV/AIDS, and the 2011 UN High-Level Meeting on the Prevention and Control of Non-communicable Diseases. African health ministers have agreed to establish an accountability mechanism to assess the implementation of declarations and other commitments on health and have proposed scaling up known cost-effective interventions including voluntary family planning, prevention and management of complications of pregnancy, promotion of safe childbirth, access to emergency obstetric and newborn care services, and provision of vaccines and treatment for HIV and AIDS, malaria, tuberculosis, diarrhoea, pneumonia and other neglected diseases.

Development partners: Partners have sought to support Africa's investment in health. G8 summits have prioritised health, pledging an additional US\$60 billion over 2006-11 to counter infectious diseases and build health systems. Early commitments emphasised HIV/AIDS and specific infectious diseases, particularly through vertical health funds and innovative financing mechanisms. Later commitments increased emphasis on health systems, health worker training and neglected tropical diseases. They have also committed to provide drugs and treatment at affordable prices, and pledged US\$5 billion to address maternal and under-five mortality over 2010-15. Leaders endorsed the Global Malaria Action Plan in 2008, committing nearly US\$3 billion to cut malaria deaths to near zero by 2015. The 2011 UN

General Assembly Political Declaration on HIV/AIDS set clear target outcomes on HIV/AIDS transmission, related deaths and access to treatment by 2015. Member states also committed at least US\$22-24 billion available for the global HIV response annually by 2015.

What has been done to deliver on these commitments?

Africa: Government health expenditure has increased significantly, from US\$13.6 billion to US\$50.7 billion over 2000-2011 (current prices), a 92% rise in real terms. It has also grown as a proportion of GDP, from 2.3% to 2.7%, with per capita expenditures rising from US\$16.8 to US\$49.7 over the period. Part of this growth has been driven by increased allocations from domestic budgets, with the average share to health rising from 8.2% to 8.4%, and 26 countries increasing expenditure proportions to the sector. Increases remain, however, below the Abuja 15% target: only 4 of the 45 countries for which data is available were in line by 2011, just 3 more than when the commitment was made. Almost all African countries have developed national health plans or strategies and established or strengthened national coordinating bodies for HIV/AIDS, tuberculosis and malaria.

Development partners: Bilateral ODA and multilateral disbursements from OECD-DAC donors in support of health in Africa, including sexual and reproductive health, reached US\$10.7 billion in 2012. This represents an average growth rate of 15% a year over the last decade. Over 55% of ODA for health in 2012 supported population policies and reproductive health, including HIV/AIDS (US\$4.7 billion). Basic health represented US\$4.8 billion, where aid in support to malaria control amounted to US\$1.4 billion. Assistance for reproductive health in Africa doubled in 2012 over 2011 levels, breaking a 3-year period of stagnation. By contrast, assistance for health systems and research has remained unchanged over the last decade at around US\$0.8 billion a year, thus declining relatively compared to other areas of health. Nevertheless, DAC donors' imputed multilateral contributions through other innovative financing mechanisms, such as Iffim (International Finance Facility for Immunisation), have grown, amounting to US\$227 million in 2012, up from US\$162 million in 2011. Also, between its creation (2002) and 2012, the Global Fund has disbursed more than US\$12 billion in Africa to fight malaria, tuberculosis and HIV/AIDS.

Substantial progress but low baseline means international targets will be missed by many countries. More needed to strengthen health systems and increase investments in infrastructure to expand coverage, backed by international support.



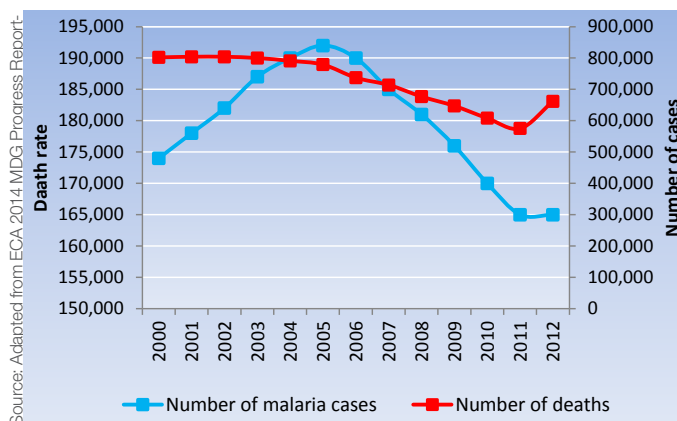
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What results have been achieved?

Starting from a low baseline considerable progress has been made across a range of indicators, but in each, substantial challenges remain.

Mortality rates: Under-five mortality rates in Africa excluding North Africa declined from 179 to 92 deaths per 1,000 live births between 1990 and 2013, a 49% reduction against the global target of two-thirds. Progress elsewhere means, however, that in 2013 the region accounted for 48% of all child deaths, up from 30% in 1990. North Africa reached its MDG target by 2013, with rates falling from 72 to 24 deaths per 1000 live births since 1990. Infant mortality has fallen by slightly lower rates over the period from 107 to 61 deaths per 1,000 live births in Africa excluding North Africa (43% decline) and from 55 to 20 (64%) for North Africa. Maternal mortality rates have continued to fall on the continent from 870 to 460 deaths per 100,000 live births over 1990-2013, a 42% reduction. This is attributed, among other things, to the AU-led Campaign on Accelerated Reduction of Maternal, Newborn, and Child Mortality in Africa (CARMMA). However, more than half of all maternal deaths are still in Africa. **HIV/AIDS:** HIV/AIDS infection rates have fallen by 25% in Africa (excluding North Africa) since 2001, with mother-to-child trans-

Estimated malaria cases and death rate in Africa (excluding North Africa), 2000-2012



mission rates falling by 24% over 2009-2011 alone due to effective antiviral regimens. Between 2001-2012, Southern Africa and Central Africa, the two sub-regions with the highest HIV incidence, recorded sharp declines of 48% and 54%, respectively. Treatment coverage has improved: 56% of those in need in Africa had access to antiretroviral therapy in 2011. Consequently AIDS-related deaths among adults and children have been steadily declining from 1.8 million in 2005 to 1.2 million in 2012. Despite this progress, Africa constituted over 70% of the 35 million people living with HIV in 2012. **Tuberculosis:** Prevalence has declined by only 11% between 1990 and 2011, with progress hindered by high HIV prevalence exacerbating infection rates. **Malaria:** Multi-pronged approaches using insecticide-treated bednets (ITNs) - over 700 million ITNs provided south of the Sahara over 2004-2013 - and residual sprays have significantly reduced malaria prevalence and incidence across the continent. Consequently, Africa excluding North Africa reduced malaria incidence and death rates by 31% and 49% respectively between 2000 and 2012. However, 200 million cases still occur annually, 80% of which are south of the Sahara.

What are the future priority actions?

Africa

- Strengthen health systems with the goal of reducing disease burden through improved resources, systems, policies and management;
- Support health reforms and streamline public health expenditures for effective responses to disease threats, outbreaks and control;
- Increase investments in health infrastructure and services for wider coverage of communities and vulnerable populations.

Development partners

- Support the health and well-being of women and children through universal access to affordable, quality, essential health services including maternal care, strengthened health systems and improved nutrition and access to immunisation;
- Commit continued support to the Global Fund;
- Support capacity to fight threats of infectious diseases such as Ebola and work closely with the WHO to develop a Global Action Plan on antimicrobial resistance.

Topic 10

FOOD SECURITY

Key commitments

Africa: African leaders have committed to the MDG target of halving, between 1990 and 2015, the proportion of people suffering from hunger. The AU has declared 2014 as the Year of Agriculture and Food Security in Africa and adopted the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods (See Topic 3), committing leaders to end hunger and reduce stunting and underweight to 10% and 5% respectively by 2025. To achieve this, they have committed both to supporting agricultural development and to improving food security through measures to: (i) avert shortages and ensure the availability of food, by strengthening information and early warning systems, improving risk management, and supporting national and regional initiatives to establish emergency food reserves; (ii) increase access among countries and groups vulnerable to food insecurity, by investing in safety net systems and facilitating intra-regional trade flows (see Topic 2); and (iii) halve post-harvest losses by 2025.

Development partners: have similarly committed to the MDG target through: (i) financial support for agriculture and food security initiatives (see also Topic 3); (ii) policy measures to enhance food security, including measures to curb price volatility, mitigate risks, and promote policy coherence; and (iii) responding to humanitarian crises. A series of commitments made at successive G8 and G20 Summits have prioritised food security, including: (i) the 2009 L'Aquila Food Security Initiative (AFSI) to mobilise financing (see Topic 3); (ii) the food security pillar of the 2010 G20 MYAP, and the 2011 G20 Action Plan on Food Security and price volatility, (including a global Agricultural Market Information System); tools to mitigate risks and cope with the consequences of price volatility; and commitments to improve the functioning and transparency of agricultural financial markets, and remove export restrictions and taxes on food purchased for humanitarian purposes by the World Food Programme (WFP); (iii) the G8 New Alliance for Food Security and Nutrition agreed in 2012, and (iv) the G20 Saint Petersburg Development Outlook, which identifies food security as one of five priority areas.

What has been done to deliver on these commitments?

Africa: Some countries possess national food security stocks or strategic grain reserves, food, cash or employment-based safety nets and early warning systems. At the regional level, ECOWAS and its member countries are developing a pilot project for a regional emergency humanitarian food reserve system to complement existing national food reserves. However, limited storage capacity together with poor finance and oversight of a number of national reserves has kept agricultural stocks below sufficient levels. These stocks have been declining since 2010, from 17.2% over 2010-12 and 16.5% in 2012-13. The AU has developed a draft strategy to address food and nutrition crises, putting CAADP at the centre of long-term food security goals. It has established a roadmap to integrate risk management into CAADP national and regional investment plans. With the support of WFP, it has established a specialised agency, the African Risk Capacity (ARC), to help pool resources across Africa to predict weather-related risk, expedite response, and transfer the burden of managing risk from African governments to financial markets. So far 6 countries have joined ARC and prepared risk reviews. The AU is establishing a Food Safety Authority and a Rapid Alert System for Food and Feed to avert food-borne diseases.

Development partners: Financial support: it is not evident that there has been a significant increase in financial support for food security as a result of AFSI. Total pledges were over US\$22 billion, of which US\$15.4 billion represented already planned expenditure. 87% of the total (around US\$19 billion), had been disbursed by March 2014 (see Topic 3). **Policy measures:** the specific initiatives under the 2011 G20 Action Plan have been launched, including AMIS, to increase the transparency of market information and anticipate market risks, the Tropical Agricultural Platform, and the Platform for Agricultural Risk Management. However wider food security issues remain unresolved, such as policies supporting biofuels which risk diverting agricultural supplies from food to energy uses and add to price spikes and volatility; The G8 New Alliance has been joined by 10 African countries as of May 2014. **Humanitarian response:** Development partners met 87% of the US\$569 million requirements in funding for food security and 54% of the US\$309 million in nutrition requirements for the Sahel food crisis in 2013. As of September 2014, the UN-coordinated Sahel Food Crisis Strategic Response Plan 2014 that covers 9 countries was 37% funded.

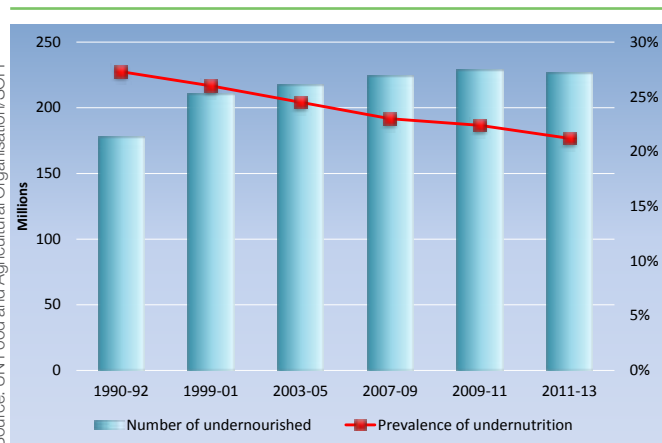
Modest declines in undernourishment rates outpaced by population growth and behind other regions. More needed to enhance availability and access to food, long-term security and coherence in addressing structural causes of food insecurity.



What results have been achieved?

Progress towards MDG 1 remains weak and although 11 African countries had met this goal by June 2013, it will not be reached for Africa as a whole by 2015. The proportion of undernourished people fell by slightly over a fifth between 1990-92 and 2011-2013 (from 27.3% to 21.2%), slower than other developing regions. This modest decline has been outpaced by population growth such that absolute numbers of undernourished people has risen from 178 million in 1990-1992 to 226 million in 2011-2013. Africa now hosts 26.9% of the global malnourished population, up from 17.5% in 1990-1992. The 2013 International Food Policy Research Institute (IFPRI) Global Hunger Index, which combines the proportion of undernourished with the prevalence of underweight children and the mortality of under-five children, describes a similar picture: modest improvements (23%) in Africa (excluding North Africa) over 1990–2013 substantially outperformed by other regions, particularly East and Southeast Asia. The prevalence of underweight among children under 5 fell 5% over the period (from 22.7% to 17.7%), while stunting among children under five fell by 6% (from 41.6% to 35.6%). Increasing climate variability (see Topic 7) is also exacerbating food insecurity. Regions experiencing combined shocks of drought, high prices and physi-

Number (millions) and prevalence (%) of undernourishment



Source: UN Food and Agricultural Organisation/SOFI

cal insecurity are particularly vulnerable to crisis. The Sahel continues to be particularly affected, where the number of people experiencing food insecurity almost doubled from 11.3 million in 2013 to 20.2 million in 2014. After a period of volatility following the 2007-08 price shock, both the global food price index and the regional consumer price index for Africa have been more stable since late 2011, and prices have indeed fallen slightly: the July 2014 FAO food price index was 6 points (2.8%) below that of June 2013. Overall, lower prices benefit Africa as a net food importer and reduce individual costs to consumers. While producers with net food sales lose out, a majority of African farmers are net buyers of food and stand to benefit more from lower prices than they lose – at least in the short term.

What are the future priority actions?

Africa

- Secure the availability of food by improving regional coordination of early warning systems, developing improved mechanisms to manage risk, and rebuilding stocks at both national and regional levels - including the ECO-WAS regional emergency food reserve;
- Secure access by scaling up safety net programs and facilitating intraregional food trade flows from surplus to deficit regions;
- Build long-term food security and transform Africa's agriculture by (i) implementing CAADP; (ii) fostering more inclusive growth with focus on smallholder support; (iii) integrating increased climate variability in national and regional food security strategies; and (iv) scaling up technical and political solutions.

Development partners

- Deliver remaining commitments under AFSD, fully deliver the Action Plan on Food Security and Price Volatility, and commitments under the New Alliance for Food Security and Nutrition;
- Address wider relevant policy issues including removal of production distorting subsidies and trade barriers, subsidies for biofuels and restrictions on WFP emergency food exports, in addition to aligning their activities with regional and national development, food security, and resilience programmes;
- Provide adequate and effective support to meet immediate humanitarian needs.

Topic **11**

PROMOTING GENDER EQUALITY AND WOMEN'S EMPOWERMENT

Key commitments

Africa: Regional and global frameworks have reinforced Africa's commitment to accelerate gender equality and women's empowerment in social, economic and political spheres. Both the African Common Position on the post-2015 agenda and the Outcome Document of the Rio+20 Conference emphasised gender equality as a fundamental goal underpinning other targets. Gender equality is also a cornerstone of AUC's Agenda 2063, the continent's long-term transformative framework. The 2015 20th review of the Beijing Platform for Action (BPfA), endorsed by the world's nations in 1995, will assess African progress on commitments made under a range of declarations including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Dakar and Beijing Platforms for Action, the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2003), and the Solemn Declaration on Gender Equality in Africa (2004). Leaders have committed to promote maternal, newborn, and child health and development in Africa by 2015, notably through the Campaign on Accelerated Reduction of Maternal Mortality in Africa (CARMMA) launched by 29 countries. They have further committed to end discriminatory practices against women and girls through the endorsement of international conventions including the UN resolution banning female genital mutilation (FGM) worldwide.

Development partners: In addition to endorsing the above international conventions on gender equality and women's empowerment, partners have adopted several policy frameworks to translate commitments into action, including the 2005 Paris Declaration and its 2008 Accra Agenda for Action with a concrete focus on gender equality; the 2011 Fourth High Level Forum on Aid Effectiveness in Busan which recognised the need to accelerate efforts to achieve gender parity and empowerment through development programs grounded in country priorities; and the adoption of the OECD-DAC Gender Equality Policy Marker which tracks the shares of aid targeting gender equality as its principal and significant objectives.

What has been done to deliver on these commitments?

Africa: All 54 African states have reported concrete steps to accelerate follow-up strategies to the Beijing and Dakar Platforms of Action. With regard to violence against women, 51 countries have ratified CEDAW. Many countries have integrated non-discriminatory clauses into their constitutions and other legislative instruments and have undertaken reforms in marriage, family and property relations (including inheritance). 32 countries have ratified the Protocol to the African Charter and the same number has reported progress in implementing the Solemn Declaration. However, progress in entrenched norms and standards promoting women's rights, mainstreaming gender and cementing gender-responsive policy differs across countries. 24 of the 28 African countries practicing female genital mutilation have outlawed it and some have established measures to provide psychological and health services to the victims.

Development partners: In 2010-2012 OECD-DAC members committed an annual average of US\$8.5 billion (constant 2012 prices) in bilateral support for gender equality and women's empowerment in Africa. Both the total and the distribution were fairly constant over this period. Approximately half was focused on the health, education and water sectors and a quarter on economic empowerment (with half of this supporting agriculture and rural development). Approximately 7% was on women's participation and leadership, and 3% on peace and security. These figures include all sector-allocable ODA marked as having support for gender equality and women's empowerment as either their principal or significant purpose.

What results have been achieved?

Between 2006 and 2013 Africa had closed its overall gender gaps by 66%, outperforming some regions. Particular progress towards gender parity has been recorded in the social sectors (notably education) but persistent gender issues remain in economic spheres and women face persistent and multiple inequalities as changes in social norms or values have not kept pace with statutory law. **Education:** Overall Africa has closed 83% of its educational gender gaps over 2006-2013. Most countries are on course to achieve MDG primary enrolment and gender parity targets with 16 coun-

Clear recognition of gender at international and regional level with policies developed by most African countries. Good progress in social and political spheres but more needed on economic participation and policy mainstreaming.



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tries at parity by 2010 and two beyond parity (see also Topic 8). 8 of the 13 countries submitting data for the 2012 African Gender and Development Index (AGDI) had parity scores of over 0.8 for enrolment in early childhood, primary, secondary and tertiary levels combined (where a score of 1.0 indicates complete parity). Low educational performance and drop-out rates for girls, however, remain high at all education levels, especially in rural areas. **Health:** Much has been done to scale up prevention and treatment, but women and girls continue to face disproportionate health challenges. Women, for example, are disproportionately affected by HIV/AIDS. Maternal mortality rates fell by 47% over 1990-2013 but the continent still accounted for 56% of all maternal deaths worldwide in 2010 (see Topic 9). However, most of the 13 countries reporting AGDI data have achieved or are close to reaching parity in their composite health index that combines child health, HIV/AIDS and other health indicators. **Economic participation:** Progress in the economic sphere is poor, where proportions of waged employment outside agriculture are low across all regions (between a third and a fifth) and returns from engagement in artisanal and small-scale mining activities are disproportionately low. The AGDI also finds low gender parity in wages among countries submitting data in 2012. Women represent more than half of the agricultural workforce and 80% of labour in the informal sector (outside North Africa) but lack access and control over productive assets such as land, inputs,

technology and finance. **Political representation:** 24 African countries have between 10% and 20% of their parliamentary seats held by women. Nine have surpassed 30%, mainly due to constitutional quotas and progressive laws, and a number of countries have doubled their 1990 proportions. An African country tops the global list. Africa has elected a woman as Chairperson of the AUC and has one woman as a Head of State (down from two in 2013). Increased representation of women in decision-making at local levels of government is also reported in a number of countries. However, the number of women in parliament has recently declined in some countries. Further, the AGDI composite index for political power, which considers public participation in the public sector and civil society, is low at 0.27 for the 13 countries submitting data in 2012.

What are the future priority actions?

Africa

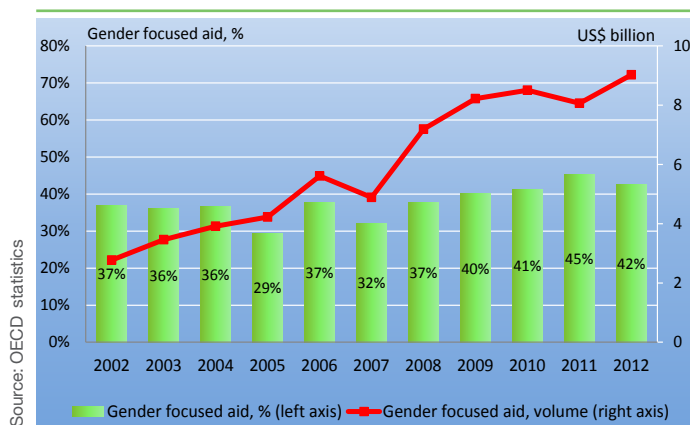
- Accelerate action promoting women's economic empowerment including in the formal sector and support women farmers across the agricultural value chain by facilitating access to and control over land, inputs and services;
- Accelerate CARMMA implementation, harmonise all programs that promote health and well being of women and girls including anti-retroviral access programs and implement bold, funded initiatives to end violence against women;
- Accelerate efforts to enforce constitutional and other legal provisions on all forms of discrimination against women.

Development partners

Deliver on Busan commitments to:

- Increase support to women's economic empowerment across productive sectoral programmes such as agriculture, mining, construction, trade and tourism;
- Support efforts to institutionalise the collection and use of gender responsive statistics and to inform policies;
- Integrate targets for gender in accountability mechanisms;
- Institutionalise the integration of gender in all support to Africa and support standalone gender equality and women's empowerment programmes.

Gender focused aid in allocable sectors, 2002-12



Topic **12****POLITICAL GOVERNANCE****Key commitments**

Africa: African governments have stepped up their commitment to improve political governance and collective action through continental and regional institutions to improve democratic processes and human rights. The AU has adopted a zero-tolerance policy to unconstitutional changes of government. The African Peer Review Mechanism (APRM) provides a framework to monitor progress and promote good governance. Building on these commitments a Pan-African Governance Architecture (AGA) was established in 2011 to enhance the capacity of the AU to promote, evaluate and monitor governance trends. Leaders have further committed to accelerate the ratification and adoption of relevant AU instruments, in particular those promoting democratic governance. The AGA consolidates charters and protocols to improve political governance, including the African Charter on Democracy, Elections and Governance and the Declaration on Democracy, Political, Economic and Corporate Governance, as well as measures to protect and promote human rights including the Human Rights Strategy for Africa. The Charter, considered the most comprehensive commitment to consolidate democratic governance, has been signed by 45 of AU's 54 member states whereas 23 countries have ratified. The mandate focuses on the establishment of independent election bodies, codes of conduct and standards for democratic institutions, rule of law, political, economic and social governance, and creates an obligation to respond to unconstitutional actions within member states. The AU has also developed a framework for monitoring its implementation.

Development partners: have committed to support the APRM and its related processes, while tailoring their assistance to meet Africa's governance priorities. The ongoing EU-Africa Strategy on governance and human rights has amplified the importance of the AGA. Under the UN, partners are signatories of several international commitments on human, civil and political rights. Responding to regional unrest, development partners have deepened their support for transparent and inclusive elections. The 2011 Deauville Partnership committed partners to support countries engaged in a transition towards free, democratic and tolerant societies in North Africa.

What has been done to deliver on these commitments?

Africa: There has been substantial continental progress in advancing democracy and political stability since 2000. However, this varied across countries, with some continuing to face significant challenges. 18 countries registered their best performance yet in the 2013 Ibrahim Index of African Governance, with improvements across 11 of the Index's 14 sub-categories as compared to 2000. Human Development witnessed the highest performance followed by Sustainable Economic Opportunity categories, whilst indicators on the Rule of Law, Personal Safety and Rights have declined. A number of countries have seen cases of judicial corruption, political intimidation and attacks on the media. The indicator for Political Participation and Human Rights improved marginally, with 35 countries registering gains and 17 in decline. These trends were confirmed by ECA's African Governance Report (AGR) III which measures the inclusiveness and participation of Africa's electoral system: Africa gained just 1% in its governance indicators compared to the previous AGR II. Regularity of elections has increased, though in some countries it has polarised the electorates and even triggered conflict. However, elections continue to be the most visible and tangible expression of gains and commitment to democracy and governance. Between January 2013 and June 2014, 26 countries held free and fair presidential or parliamentary level elections, with reductions in election-related violence. The AU and regional organisations have supported this process through election observation missions and technical assistance for Election Management Bodies. They have also facilitated democratic transitions of power following elections, suspending membership of the AU against unconstitutional changes of government when necessary. Since its inception in 2003, the roll-out of the APRM process continues. To date, 34 countries have acceded to the process and out of those 17 have been peer-reviewed on the state of their governance. The APRM has continued to promote improved governance and democracy in these countries which are now at different stages of implementing their National Plans of Action. In terms of the continent's judicial infrastructure there have also been changes with the establishment of the African Court of Justice and Human Rights and actions under the Pan-African Parliament.

Development partners: have furthered support to the AGA, APRM and its Plans of Action as well as the African Charter on Democracy, Elections, and Governance, as well as the African Charter on Human and People's Rights. They have supported the APRM processes through a UNDP Trust

Sustained progress on advancing governance and democracy by continental and regional institutions but country performance remains uneven. More needed on quality of elections and strengthening accountability institutions.



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Fund, helping countries conduct self-assessments or design national action plans. Financial assistance for elections has been modest, reaching US\$ 200 million in 2012 - a 5-year low but still nearly 4 times the amount compared to a decade ago. Assistance supporting democratic participation and civil society has remained steady over the period, although this also fell in 2012, down to US\$516 million. Development partners have supported development transitions in North African countries through the Deauville Partnership by supporting (i) political processes to support the democratic transition and foster governance reforms; and (ii) an economic stability framework for sustainable and inclusive growth.

What results have been achieved?

Over the last 5 years the continent has witnessed improved political governance and peaceful democratic transitions. Most countries have become electoral democracies and have successfully reduced election-related violence. Three countries witnessed peaceful transfers of Presidential power between 2013 and early 2014, whilst unconstitutional changes have been minimal. In 2014, one country returned to constitutional rule following the removal of an elected president in response to popular demand, which has since led to a referendum on a new constitution and new presidential election. However, despite these advances, there continue to be major challenges: while some countries in North Africa are rebuilding democratic institutions and approving new constitutions fol-

lowing the Arab Spring, others have experienced reversals in electoral and democratic gains with insurgencies in West and Central Africa posing major threats to democratic processes. More is needed on improving the quality of elections which remain uneven across the continent. The dominant, or one-party system is emerging in Africa and, in some cases, has resulted in election-related conflict, while peaceful elections elsewhere have seen allegations of electoral corruption and intimidation of opponents. Such continued outbreaks reflect not only weaknesses in electoral governance, rules of orderly political competition, and the mechanisms to interpret and adjudicate electoral disputes, but also the underlying challenge of managing diversity and promoting social inclusiveness and participation through the electoral process. Broader challenges of political governance include strengthening accountability institutions, expanding the political space for citizens to participate in decisions, and consolidating the rule of law. Many of the necessary normative frameworks in all these areas have been established in the AGA considered in the AU 2014-2017 Strategic Plan which considers good governance and political stability as pillars for sustainable development. The AGA is also resonating in the AU Agenda 2063, Africa's long-term strategic development framework. Notwithstanding, the AU itself continues to face challenges and constraints in ensuring compliance and implementation.

What are the future priority actions?

Africa

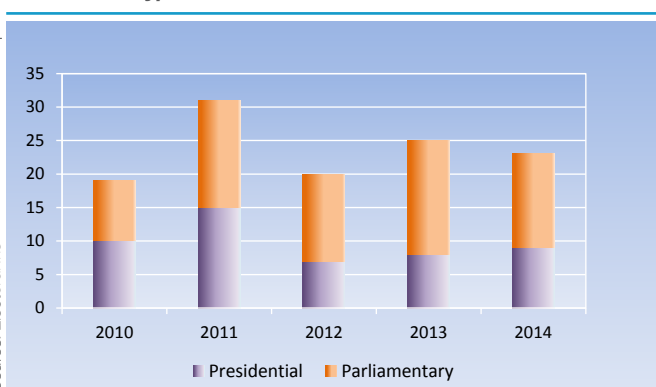
- Accelerate ratification of the African Charter on Democracy, Elections and Governance including a continued strong zero-tolerance for unconstitutional changes of power;
- Complete the operationalisation of the AGA;
- Accelerate and improve the APRM collaboration with AU and RECs institutions to ensure the implementation of plans of action at national level;
- Commit to improving democratic governance, individually and collectively, through established mechanisms such as the APRM.

Development partners

- Provide unconditional political support to continental and regional efforts to improve all aspects of political governance;
- Deepen cooperation with the AU in electoral observation and, when requested, provide practical and financial support for implementation of the APRM and elections;
- Implement Deauville Partnership to help consolidate North African transitions;
- Align support alongside African priority areas and focus.

Source: Electoral Institute for Sustainable Development in Africa (EISA)

Number and types of elections



Topic **13****ECONOMIC GOVERNANCE****Key commitments**

Africa: African governments have made commitments in 3 broad areas: macroeconomic policy management, public financial management (including transparency), and combatting corruption. 23 African countries are parties to the Extractive Industries Transparency Initiative (EITI) and governments have agreed an action plan to implement the Africa Mining Vision for transparent, equitable exploitation of mineral resources. The 2006 AU Convention on Preventing and Combating Corruption (AUCPCC) covers bribery and money laundering, asset recovery provisions, as well as corruption in the private sector. At the sub-regional level, the SADC Protocol Against Corruption entered into force in 2005, making it the first sub-regional anti-corruption treaty in Africa. The ECOWAS adopted the Protocol on the Fight against Corruption in 2001, but is yet to enter into force. In 2011 finance ministers adopted a Resolution to address illicit financial flows from Africa. The African Peer Review Mechanism (APRM) provides a commonly agreed instrument for reviewing progress in both economic and political governance (see also Topic 12).

Development partners: Development partners have made commitments to support African efforts in these areas and to tackle related issues within their own jurisdictions. The OECD/AfDB Anti-Bribery and Business Integrity Course of Action for Africa was adopted in January 2011 with objectives to combat bribery of domestic and foreign public officials in business transactions and strengthen private sector transparency as well as promote integrity in business operations. G20 leaders adopted the first Anti-Corruption Action Plan in Seoul in 2010, with a revised 2013-14 Action Plan agreed in 2012. Its commitments include: (i) tackling corruption through the UN Convention Against Corruption (UNCAC); (ii) tackling foreign bribery, including through the OECD Anti-Bribery Convention; (iii) pursuing those who receive and solicit bribes; (iv) combating money laundering; (v) denying entry and safe haven to corrupt officials; (vi) supporting the recovery of stolen assets; (vii) promoting transparency, particularly in the extractives sector; and (viii) implementing whistleblower protection rules. A successor of the 2013-14 Action Plan is currently under discussion. The G8 adopted its Action Plan on Asset Recovery in 2012 within the overall framework of the Deauville Partnership, and in 2013 agreements were reached relating to tax evasion and data sharing to help developing countries collect taxes from multinational corporations operating in their territories. Development partners have also made related commitments to promote responsible

business (see Topic 5), greater tax transparency (see Topic 15), and greater aid transparency (see Topic 17).

What has been done to deliver on these commitments?

Africa: Many African countries have taken significant steps to develop more rigorous macroeconomic management. They have instituted public financial management (PFM) reforms including: ensuring a more participatory approach to budget preparation through consultations with a range of stakeholders; restructuring of national revenue administrations; and streamlining procurement processes and strengthening oversight institutions. However, progress remains constrained by a persistent lack of transparency and accountability as well as capacity deficiencies and institutional inefficiency. A Common African Position on development effectiveness around natural resources was reached in July 2011 bringing together parliaments, RECs and civil society. 17 African countries have been designated as EITI compliant, and 6 were candidate countries. 18 countries had met the minimum requirements of the Kimberley Process Certification Scheme. Regional initiatives have addressed illegal exploitation and trade of natural resources. 35 countries have ratified the AUCPCC and 46 have ratified the UNCAC. Coordinated anti-corruption mechanisms remain active on the continent. The African Union Advisory Board on Corruption (AUABC) is combating corruption and developed, with the ECA, a five-year (2011-16) Regional Anti-Corruption Program for Africa. This Program focuses on: policy research; knowledge exchange; policy dialogue; training and capacity development; and anti-corruption advocacy activities. The African Association of Anti-Corruption Authorities was established in 2011 to strengthen cooperation in detecting, tracing and recovering assets and investigating corruption cases. The High Level Panel on Illicit Financial Flows, launched in February 2012, undertook a series of consultative meetings in Africa, Europe and North America, culminating in the presentation of the "Progress Report on IFF from Africa" in March 2014 at the ECA/AU Conference of Ministers of Finance in Abuja, Nigeria. In 2013 the Commonwealth Africa Anti-Corruption Centre was established to reduce corruption in Commonwealth African countries.

Development partners: The G20 Anti-Corruption Working Group has issued two reports, concluding that progress in implementing the Seoul Anti-Corruption Action Plan has been uneven. G20 leaders

Improved tax administration expected to increase domestic resource mobilisation. Increased commitment and intensified efforts needed, at African and international levels, to combat corruption and illicit financial flows.



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emphasised the need to close ‘the implementation and enforcement gap’ at Los Cabos in 2012. Whilst some countries have passed legislation criminalising foreign bribery and many have passed legislation protecting whistleblowers, others have still to ratify the UNCAC. According to OECD data, 14 of the 40 Parties to the OECD Anti-Bribery Convention have sanctioned individuals and/or companies for foreign bribery. In a 2012 review, Transparency International recorded active enforcement of the Convention in 7 of the 39 Parties (the same figure as 2009), moderate enforcement in 12, little enforcement in 10 and no enforcement in 8. A recent OECD study concluded that there was a mixed record among OECD countries in implementing the anti money-laundering regimes (essential for tackling illicit flows), with significant weaknesses in due diligence and the availability of beneficial ownership information. Many financial institutions remain safe havens for illicit financial flows. Although some countries have published asset recovery guides, significant barriers to asset recovery remain and international co-operation is slow and cumbersome. The mandatory reporting of payments made to governments by companies operating in the oil, gas and mineral sectors has been introduced in one major jurisdiction, and approved in principle in another case, with the addition of the logging sector. Few development partners have signed up to the EITI.

What results have been achieved?

Macro-economic policy management: Improved economic governance and management has contributed to growth in many African countries. However, Africa’s fiscal deficit widened from 1.5% of GDP in 2012 to 1.9% in 2013. This fiscal worsening was primarily due to rising social expenditures and subdued revenue growth in importing and mineral-rich economies. In addition, there were weaker-than-expected fiscal consolidation efforts, confirming the need for improved public finance management; **Public resource management:** Some improvements in the management cycle have been made, such as in budget preparation. However, progress is mixed, with half of the 20 countries reviewed for which PFM data is available showing no clear trend and approximately a quarter with deteriorating PFM systems. **Transparency:** Africa (excluding North Africa) had an average score below the global average according to the latest 2012 Open Budget Survey (31 out of a possible score of 100, compared to a global average of 43). North African countries covered had an average score of 19. **Corruption:** Progress for Africa continues to be slow, with the 2013 Transparency International’s Corruption Perceptions Index rating countries south of the Sahara among the highest levels of public sector corruption. **Recovery of stolen assets:** some African countries have recovered stolen assets, but differences in legal jurisdictions mean this is often complex and costly.

What are the future priority actions?

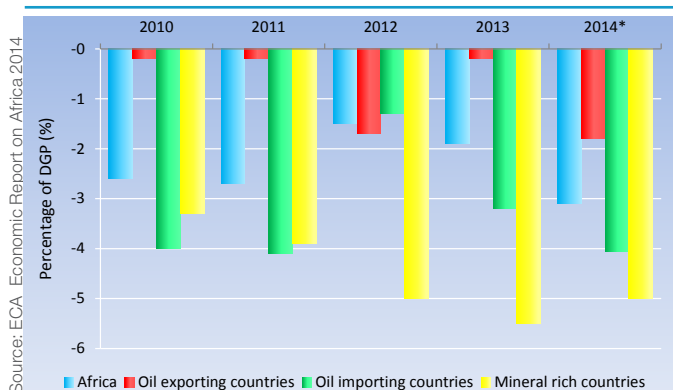
Africa

- Improve transparency in PFM systems;
- Promote and establish capable governance-related institutions;
- Accelerate domestic resource mobilization by focusing notably on improved tax administration;
- Intensify action against illicit financial flows by strengthening economic governance institutions, focusing notably on tax administration, contract negotiations, and trade-related financial leakages.

Development partners

- Promote transparency of payments made by companies to African governments, in all sectors;
- Intensify efforts to repatriate stolen assets to Africa, notably through the G8 Asset Recovery Action Plan;
- Heighten international efforts to address illicit flows, including support for the High Level Panel on Illicit Financial Flows.

Fiscal balances, 2010-2014



Topic **14**

PEACE AND SECURITY

Key commitments

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

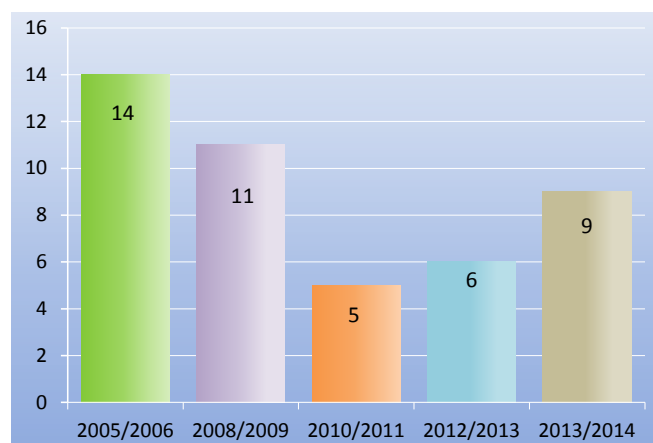
Development partners: Development partners have made commitments in three areas: support to African efforts in peace-building, including through commitments to train and equip peacekeeping forces, build institutional capacities, and improve their funding and disbursement mechanisms. They have committed to support the global peace and security architecture through the UN system. They have also pledged to address drivers of conflict and insecurity, including terrorism, the trafficking of small arms and light weapons, and the illicit trade in natural resources and narcotics. Partners reiterated their keen commitment to respond to African requirements in an effective and well coordinated way. The renewal of The Joint Financing Agreements in 2013 constitute an enhanced framework of cooperation between the AUC and partners.

What has been done to deliver on these commitments?

Over the past decade the PSC has emerged as the central pillar of the APSA and has become a focus of collective security decisions by Africa. In doing so it has shifted the AU from a tradition of non-interference in

domestic affairs to a new approach using sanctions and more assertive regional diplomacy to help ensure peace and security. It has increased coordination and cooperation with RECs and regional mechanisms for addressing crisis and conflict situations. In 2013 it was active in 9 cases of ongoing, renewed and new conflicts. Actions have ranged from political statements and interventions, travel bans and freezing funds, to military action. The AU has conducted a number of peace operations, ranging from election support, to a hybrid mission with the UN; and full blown peace enforcement operations. RECs have also been very active in this area. The PSC has also considered a number of policy issues, such as post-conflict reconstruction and development, and the situation of refugees and internally displaced persons (IDPs). Cooperation between the AU and the UN has been strengthened in areas ranging from conflict prevention, management and resolution, to post-conflict reconstruction and development. Overall, the participation of African peacekeepers in UN, AU and regional missions in Africa has increased fourfold over the last decade, and, including all troops, military observers, police and civilian personnel, has reached over 86,000. Set against this, there remain significant challenges in the implementation of the APSA. The financial and military burden is carried by only a few states. There is still only limited

Number of countries experiencing conflict in Africa



Significant African-led achievements in reducing conflict over the last decade. However, new conflicts on 2013 demonstrate need for continued African efforts and ownership for resolving conflicts, with coordinated international support.



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capacity to mount quick military responses where necessary through the African Standby Force, or through regional forces. This has meant that timely and effective African-led security efforts have been absent in a number of cases. The African Clearing House (ACH) met in Addis Ababa to better coordinate partners' engagement on African peace support operations with the AUC and RECs. The AHC began in 2004 to "provide a multilateral forum to exchange information on security assistance and cooperation programs. There have been many marked improvements in peace building and conflict settlement in 2013, including (i) the signing of a peace process, supported by a regional economic community, between one government and a rebel coalition; (ii) the deployment of a Regional Task Force in one country; (iii) the Economic Community of Central Africa's (ECCAS) expansion of MICOPAX troops from 700 to 2,000; and (iv) a Peace and Security framework agreed to resolve ongoing conflict in one country and bordering states.

What results have been achieved?

There are 9 countries experiencing conflict in Africa currently, which represents a significant decline compared to 9 years ago but an increase from the last two years. Although Africa still accounts for 29% of refugees and 32% of IDPs worldwide (end 2013), it is no longer true that the majority of wars are fought on African soil. There have also been a number of successes in building stability post-conflict. As a result of effort put into post-conflict reconstruction, including work on political transition and building institutions, elections were held in 6 post-conflict countries in 2012. Africa currently faces threats to peace, security and stability from 4 main sources: firstly, the spill-over effect from conflict in North Africa, including the proliferation of weapons and armed criminal and terrorist groups in the Sahel and the Northern regions; secondly, governance-related intra-state conflicts and violence, including those related to elections; thirdly, border disputes which threaten relations between neighbouring countries; and fourthly, the destabilising as well as the humanitarian impact of droughts and famine.

What are the future priority actions?

Africa

- Enhance the existing partnerships both at strategic and operational levels;
- Continue assessing cooperation between the AU and development partners;
- Ensure the roles of development partners and the AUC are flexible and adaptable to constantly changing circumstances on the ground;
- Address the drivers of conflict through implementation of agreements relating to conflict resources and the spread of small arms and light weapons;
- Be mindful of human rights abuses and social injustice that might trigger social unrest and destabilise their institutions.

Development partners

- Enhance the existing partnership by effectively utilising the ACH multilateral platform;
- Continue political support for continental, regional and sub-regional peace and security initiatives, while at the same time encouraging African ownership of initiatives and priorities;
- Enhance efforts to address the illicit trade in natural resources and narcotics and increase maritime security to support the fight against piracy.

Topic **15**

DOMESTIC PUBLIC RESOURCES FOR DEVELOPMENT

Key commitments

Africa: Since the 2001 NEPAD Founding Statement, African governments have emphasised the primary significance of domestic savings and strengthened public revenue collection, calling on countries to meet goals in the Monterrey Consensus, and most recently, affirming finance commitments adopted in the 2014 Common African Position on the post-2015 Development Agenda. They have pledged on many occasions to raise additional domestic resources and tackle illicit financial flows including most recently at the First High-Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico in April 2014.

Development partners: Supporting developing country efforts to mobilise domestic and international financial resources, including national savings, were major commitments of the Monterrey Consensus, re-affirmed at Doha in 2008. The domestic resource mobilisation pillar of the 2010 G20 MYAP includes commitments to (i) support the development of more effective tax systems; (ii) support work to prevent erosion of tax bases in developing regimes; and (iii) develop and harmonise benchmarking tax administration instruments. The 2013 Saint Petersburg Development Outlook further committed to identify obstacles to implementing the automatic exchange of information (AEOI) for developing countries, reinforce support to developing country revenue authorities, and review relevant work on base erosion and profit shifting (BEPS) in order to identify issues relevant to low-income countries and consider actions to address them. The G7 recently reaffirmed its support to developing countries to strengthen their tax base through tackling tax evasion and illicit financial flows.

What has been done to deliver on these commitments?

Africa: Many African countries have improved revenue mobilisation efficiency by broadening their tax base and adopting value-added taxes. The African Tax Administration Forum (ATAF), with 36 member countries, has established a BEPS Working Group to develop a work plan. Increasing numbers of African countries have transfer pricing legislation in place to address cross-border pricing between related parties but face significant

capacity challenges. 23 resource-rich African countries are parties to EITI which aims for full publication of payments made by companies and revenues received by governments. 17 have met all the EITI requirements and 6 are in the implementation stage.

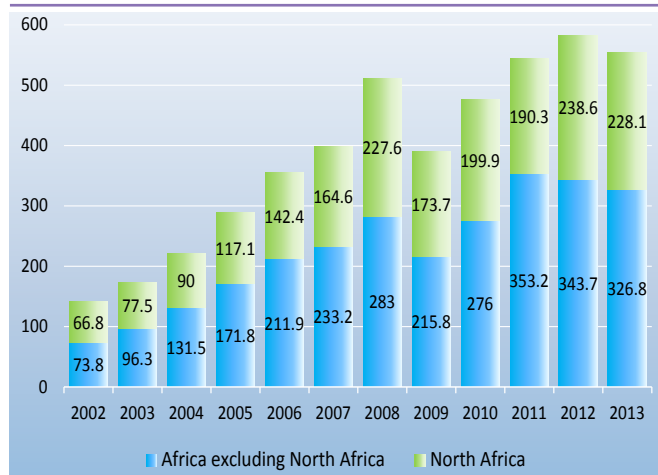
Development partners: International effort has scaled up significantly. (i) In 2013 the G20 mandated the OECD to report on the main sources of BEPS for developing countries and set out a new agenda for addressing BEPS issues. In September 2014, based on intensive consultations with developing countries, the OECD presented a report on the Impact of Base Erosion and Profit Shifting in Low Income Countries which sets out how the G20 can assist those countries address the challenges posed by BEPS issues and the need for them to have a voice in the OECD/G20 BEPS Project. In response, G20 governments have mandated the OECD to develop toolkits to support developing countries in addressing BEPS concerns. (ii) The OECD, with other organisations, has scaled up developing country support to build effective regimes to address transfer pricing and other BEPS issues. Several African countries are benefitting from longer-term bilateral programmes. (iii) In July 2014, the OECD developed and endorsed a proposal for a new single global standard for AEOI. In September 2014 the Global Forum on Transparency and Exchange of Information for Tax Purposes presented a roadmap for developing country participation in the new global standard, which provides a stepped approach to ensuring they can overcome obstacles in implementing the new standard by helping them identify their need for technical assistance and capacity building. In response, the G20 has mandated the Forum to launch pilot projects to assist developing countries in moving towards AEOI. The Forum now includes 17 African members and has launched 12 peer reviews of African countries. (iv) There has been a steady increase in the number of exchange of information agreements. 7 African countries have now signed the Convention on Mutual Administrative Assistance in Tax Matters which is the most comprehensive multilateral instrument to counter cross-border tax evasion and ensure compliance with national tax laws. (v) G7 countries launched the CONNEX initiative in June 2014, to provide developing countries with expertise for negotiating complex commercial contracts in the extractives sectors.

Strong long-term revenue growth, particularly for resource-rich countries. More needed to strengthen tax administrations to tackle avoidance and evasion, promote domestic savings, as well as intensify international efforts to address illicit flows.



First High-Level Meeting of the Global Partnership for Effective Development Cooperation, Mexico 2014 © OECD

Recent domestic public revenue mobilisation (US\$ billion, nominal)



What results have been achieved?

(i) Africa has made great progress increasing taxation revenues. Total government revenue excluding grants reached a high of 32.7% of GDP in 2008. The global economic crisis caused a sharp fall in public revenue in 2009 which occurred mostly in oil exporters. Government revenue recovered to reach a new high of over US\$582 billion in 2012, but fell back 2% in revenue/GDP to 26.7% in 2013 due to weakening commodity prices. Revenue to GDP ratios have increased in all groupings of countries, but most significantly in resource-rich countries - 5 countries accounted for 68% of total tax revenue collection on the continent in 2012. As a result of this performance, while in 2002, 20 African countries mobilised less than 15% of GDP as public revenue — commonly regarded as the minimum to ensure coverage of basic government services — less than 10 countries still collected less than 15% of GDP in 2013. However, from a global perspective, public resource mobilisation in Africa (excluding North Africa) remains weak compared to other regions. (ii) The gross national savings rate increased from an average of 17.1% of GDP in the pre-Monterrey period to a high of 24.7% in 2006, but has since dropped back to an average of 20% in the past 3 years. However, increases reflect the performance of resource-rich countries. LICs have made minimal improvement where growing financing gaps mean

further action is needed to boost domestic savings. (iii) African countries still face a number of challenges in domestic revenue mobilisation. Recent assessments by the IMF show that half of countries in this group can, on the basis of their economic potential, further raise the equivalent of 2-4% of GDP in revenue. But free trade arrangements within Africa and between Africa and its partners, together with the use of tax competition to attract foreign investments, have put pressure on reducing the tax base in many countries. In spite of efforts by many governments to reduce total tax rates on businesses in line with a worldwide trend, African companies still face the world's heaviest tax burden both in terms of high rates and cumbersome regulations. (iv) The level of domestic revenue continues to be affected by IFF. This involves the transfer of money earned through corruption, kickbacks, tax evasion, criminal activities, and transactions involving certain contraband goods. Over the 2007-2011 period, illicit outflows from Africa were estimated to vary between US\$60-67 billion each year. Trade misinvoicing accounted for the majority of these illicit outflows. For 2000–2009, ECA has estimated cumulative IFF from Africa due to trade misinvoicing alone, at US\$242 billion.

What are the future priority actions?

Africa

- Strengthen tax administration efforts including (i) addressing capacity constraints, (ii) reforming ineffective tax incentives used to attract foreign capital, (iii) tackling tax avoidance and evasion and; (iv) ensuring a fair share from the exploitation of natural resources;
- Improve the transparency and accountability of revenue authorities;
- Promote regional efforts to reduce the large volume of illicit outflows from the continent, including promoting greater transparency particularly for resource-rich countries.

Development partners

- Step up efforts for more and better development co-operation support to tax matters in Africa, in line with best practices;
- Intensify cooperation on preventing the erosion of tax bases, including through improved exchange of information and support for building effective regimes for addressing transfer pricing and other BEPS issues;
- Initiate policy initiatives to enhance transparency in the international financial system and discourage the absorption of illicit financial flows.

Topic **16**

FOREIGN DIRECT INVESTMENT AND OTHER PRIVATE FINANCIAL FLOWS

Key commitments

Africa: In the 2001 NEPAD Founding Statement, African leaders committed to encourage and boost private capital flows as a long-term approach to addressing Africa's resource gap. They further agreed to promote the deepening of financial markets, to enhance cross-border financial market harmonisation and integration, and to promote an improved business environment to encourage both domestic and foreign investment (see also Topic 5). These commitments were further reaffirmed through Pillar Five, "Financing and Partnerships" of the 2014 Common African Position on the post-2015 Development Agenda.

Development partners: Since the Monterrey Consensus, development partners have reaffirmed their support to increase foreign investment. In the Doha Declaration, member states agreed to strengthen efforts to maximise linkages between foreign investments and domestic production activities. In the 2010 MYAP, the G20 committed to support responsible value-adding private investment in developing countries. In 2009 the G8 set a goal of reducing the transfer costs of remittances from 10% to 5% in five years (the 5x5 Objective) by 2014, adopted by the G20 two years later. In 2013 the G20 announced it would consider innovative results-based mechanisms to further reduce the cost of transferring remittances to developing countries.

What has been done to deliver on these commitments?

Africa: Almost all African countries have put in place incentives to attract foreign direct investment (FDI). They have signed over 1,300 bilateral investment treaties (BITs) and other international investment agreements (IIA) with the main aim to providing protection to foreign investors. Efforts at the sub-regional level to improve investment conditions have been substantial, including: the EAC's Payment and Settlement Systems Integration project to attract greater domestic and foreign investment flows to the region; the ECOWAS draft Investment Code and Policy; and efforts by SADC to promote harmonised approaches to BIT among its member countries. The AU has created the African Institute for Remittances (AIR) to build capacity of African countries to leverage remittances for development. Many countries have made progress in rendering exclusivity contracts illegal which increases competitiveness and reduces transfer costs of remittances.

Development partners: The NEPAD-OECD Africa Investment Initiative has helped to raise the profile of Africa as an attractive investment destination and highlight the African perspective in international dialogue on investment policies. The EU and AU are supporting a study on the development of a Pan-African Investment Code, a set of common guidelines to simplify investment-related legislation using existing best practices at national and regional levels in Africa. International agencies led by UNCTAD have developed indicators for measuring and maximising economic value-added. The Global Remittances Working Group, a platform that aims to increase the efficiency of the remittances market and facilitate their flows, has launched initiatives on remittance data collection, migration and development connections, payment and market infrastructure, and access to finance.

What results have been achieved?

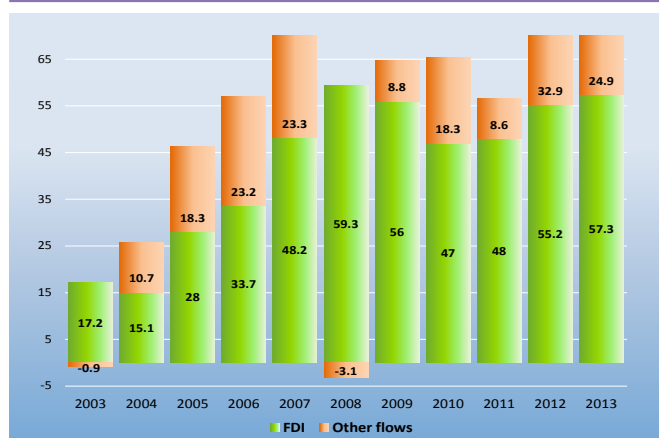
Private capital flows to Africa have quadrupled in the past 10 years, reaching an estimated 4% of regional GDP with FDI accounting for the bulk of inflows. In 2013, FDI accounted for almost 70% of total net private capital flows to Africa, with US\$45 billion to Africa (excluding North Africa). Large FDI inflows in 2012-13 to North Africa show renewed investor interest in the region following the political turmoil that dampened investment in 2010-2011. There has also been sustained growth in intra-African investment flows, consistent with efforts towards deeper regional integration. Newly industrialised countries beyond the continent are also increasingly active. According to UNCTAD, consumer-oriented sectors are beginning to drive FDI growth in Africa with new investments targeting textiles, construction, utilities, business services and telecommunications while flows in resource-based industries fell sharply. Manufacturing and services now make up about two-thirds of the value of newly announced FDI projects in 2013. Technology firms have also started to invest in innovation in Africa. Although modest in size from a global perspective, FDI inflows to Africa have a significant impact on recipient countries. In 2013, 28 African countries received FDI inflows in excess of US\$500 million. According to the UNCTAD FDI Contribution Index, Africa is the region where transnational corporations contribute the most to the economy in terms of value-added, research and development expenditures and wages. Estimates by the AfDB, based on a sample of 34 countries over 2004-2008, show that the impact of FDI on

Continued growth of private inflows with increasing diversification. More needed to promote value addition, intra-regional investments and enhanced sustainability.



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



Sources: WB International Debt Statistics, January 2014; WB Global Economic Prospects, January 2014; UNCTAD, World Investment Report 2014; IMF World Economic Outlook database, April 2014.

savings and investments is 5 to 7 times larger than ODA. But while the majority of developing countries are increasingly participating in global value chains (GVCs) to capture the benefits of value addition from investments -- the developing country share in global value added trade increased from 20% in 1990 to over 40% today—Africa is still struggling to gain access to GVCs, which is attributed in large part to under-developed regional value chains. Portfolio equity flows to Africa (excluding North Africa), which declined during the global financial crisis, were encouraged by the establishment of a number of Africa-focused private equity funds. They were dampened by the Euro zone crisis in 2011 but have recovered to reach almost US\$10 billion in 2013. The traditional centres of portfolio equity in Africa have expanded, with several countries receiving portfolio equity flows in excess of US\$500 million per annum in recent years. While this reflects a greater interest in Africa, portfolio investments remain vulnerable to rapid flow reversals with serious challenges on fiscal, monetary and exchange rate policies in the recipient countries. African governments have widened their investor base by tapping the international bond markets. Excluding South Africa, which has a long history in accessing such markets, 16 other African countries have issued sovereign Eurobond bonds in the past three

years. Most of these issues have been oversubscribed which has allowed some countries to return to the market with follow-on bonds. Net Eurobond inflows for Africa were estimated at US\$10 billion in 2013. With increasing global migration flows, workers' remittances have become an important source of inflows for many African countries. Remittances to Africa rose fourfold to US\$62.9 billion in 2013, exceeding ODA by a significant margin. After a decline in 2009, in the aftermath of the global financial crisis, remittance flows rose by an annual average of 7% in 2010-2013, led by rapidly growing inflows to North Africa which accounts for about half of total remittances to Africa. Actual remittances to other African sub-regions are estimated to be much larger if transfers through unofficial channels are included. For 13 countries in the region, remittances officially accounted for more than 4% of GDP in 2011. But the cost of sending remittances to Africa remains the highest at just below 12% in the first quarter of 2014. Compared to other regions, Africa also experienced the lowest cost reduction of about 2% since 2009.

What are the future priority actions?

Africa

- Improve domestic and regional conditions to attract and better absorb FDI contributions to the region including enhancing value addition;
- Continue to promote intra-regional FDI to achieve deeper regional integration;
- Strengthen management of capital flows to mitigate potential macroeconomic destabilisation caused by capital flow surges or reversals, and solicit development cooperation (including technical assistance for capacity building) towards this priority.

Development partners

- Support Africa's efforts to strengthen capacity to manage the potential impact of volatile capital flows on their economies and promote and diversify private capital inflows;
- Promote efforts by foreign private companies to enhance the sustainable impact of their FDI in terms of value addition and local job creation;
- Strengthen actions to facilitate remittance flows by reducing transfer costs.

Topic **17**

DEVELOPMENT ASSISTANCE

Key commitments

Africa: African governments have committed to exercise effective leadership over their development policies and programmes, to strengthen public financial management (PFM) and to be accountable for development results. These commitments were set out in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) and reaffirmed in the Busan Partnership Agreement (2011) and at the First High-Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico in April 2014. In addition, the Africa Action Plan on Development Effectiveness includes many actions in favour of domestic resource mobilisation, South-South cooperation, the private sector, and the continued implementation of Busan commitments at country level.

Development partners: In 2005, at the Gleneagles (G8) Summit and other fora, donors made specific commitments to raise their ODA to Africa by about US\$25 billion by 2010 compared to a 2004 baseline (2004 prices), effectively doubling aid to the continent in real terms. The EU also made related commitments to further increases by 2015 based on denominations of GDP. A second category of commitments relate to improving aid effectiveness, particularly in the areas of alignment to countries' policies and systems, harmonisation of practices, transparency and predictability. Some partners made additional voluntary commitments under the 2008 International Aid Transparency Initiative (IATI). Several time-bound Busan commitments on aid untying, transparency and predictability required action by 2013, including publication of schedules to implement a common standard to improve aid transparency, the provision of reliable 3-5 year forward expenditure figures or implementation plans to all developing countries, and the stock-take of progress on the basis of a set of 10 indicators agreed in June 2012.

What has been done to deliver on these commitments?

Africa: Most African governments have made progress in delivering their Paris/Accra and Busan commitments including strengthening the leadership of their development programmes. 13 countries (out of 29 for which data is available) have improved the quality of their national

development strategies since 2005, and several have completed fully-costed MDG needs assessments. Many countries have accelerated and deepened PFM management reforms. Development partners, however, remain hesitant to use country systems. Parliamentary oversight of national development strategies is improving, according to the 2014 GPEDC monitoring report, while efforts to engage civil society and the private sector are still too early to assess. Developing countries are also increasingly complementing traditional development resources by mobilising domestic resources through improved tax systems and better curtailing illicit financial flows.

Development partners: The commitments made at Gleneagles were not met in 2010 and had still not been met by 2013. Preliminary OECD data for 2013 indicates that Africa received only about an additional US\$10 billion (2004 prices or US\$12 billion in 2013 prices), compared to the 2004 baseline. The main reason was the poor performance of several donors providing large shares of their aid to Africa. Looking at trends specifically in 2013, global ODA rose to US\$134.8 billion (2013 prices), its highest level ever, and an increase of 6.1% in real terms over 2012 levels. However, based on preliminary 2013 OECD data, bilateral aid to Africa fell by 5.6% in real terms. Excluding debt relief, which was high in 2012, bilateral aid to Africa fell by 0.9% in real terms. In all, 17 of the 28 OECD-DAC countries increased their ODA in 2013, while 11 reported a decrease. Net ODA from DAC countries stood at 0.3% of gross national income (GNI). Five countries have met a longstanding UN target for an ODA/GNI ratio of 0.7%. Donors have created several innovative financing mechanisms including Advanced Market Commitments (AMCs) to support the development of vaccines and agricultural innovation, the International Finance Facility for Immunisation (IFFIm), and the UNITAID Solidarity Air Ticket Levy and carbon market mechanisms (see also Topic 19). However, these mechanisms have not so far proved to be major fundraisers. Global progress on aid effectiveness has, moreover, been mixed. Progress on aid transparency has gathered pace, with more than 270 bilateral donors, multilateral institutions, national and international NGOs, philanthropic foundations, development finance institutions and private sector organisations publishing data to IATI standards. Three years on, the 2014 GPEDC monitoring report suggests that more efforts are needed to implement the Busan commitments on aid untying, transparency and predictability and address political constraints. Progress in ac-

ODA to Africa fell further in 2013 despite rises in global volumes of assistance. More effort required to re-target ODA to countries in greatest need, including in Africa and accelerate improvements in aid effectiveness.



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celerating efforts to untie aid has been patchy and slow (79% in 2012 compared to 77% in 2010); only 14 providers out of 27 have untied 90% or more of their ODA. But while some are committed to making further progress, others see little scope for additional untying in areas that they see as politically difficult. Little progress was achieved in implementing Busan commitments on transparency and accountability. The provider community will need to redouble efforts to publish by 2015 timely, comprehensive and forward-looking information on development resources. Medium-term predictability remains a real challenge.

What results have been achieved?

Reflecting the trends above, ODA to Africa fell from US\$47.7 billion in 2012 to US\$44.4 billion in 2013 (preliminary data, 2013 prices). Africa's share of global ODA, which has been largely static since 2007, thus actually fell between 2012 and 2013. Moreover looking ahead, forward spending plans provided by donors for country programmable aid (CPA) (constituting 56% of bilateral ODA in 2012) suggest a continued shift in

focus in the medium term towards MICs, many with large populations in extreme poverty, and it is likely that aid to these countries will be in the form of soft loans. By contrast, the survey suggests the continuation of a worrying trend of falling programmed aid to LICs, including those in Africa. CPA to LDCs and other LICs income countries is deemed to fall by 5%. On aid effectiveness, evidence suggests that improvements in aid delivery have helped strengthen core state functions although the actual contribution to final development outcomes is difficult to establish. On aid untying, some issues remain concerning the extent to which *de jure* untied aid is actually untied in practice and the need to demonstrate tangible development benefits for partner countries beyond better value for money. Since donors are only just beginning to publish their aid information according to the common standard, it is too early to comment on results, and on what difference transparency on financial flows is making in developing countries.

What are the future priority actions?

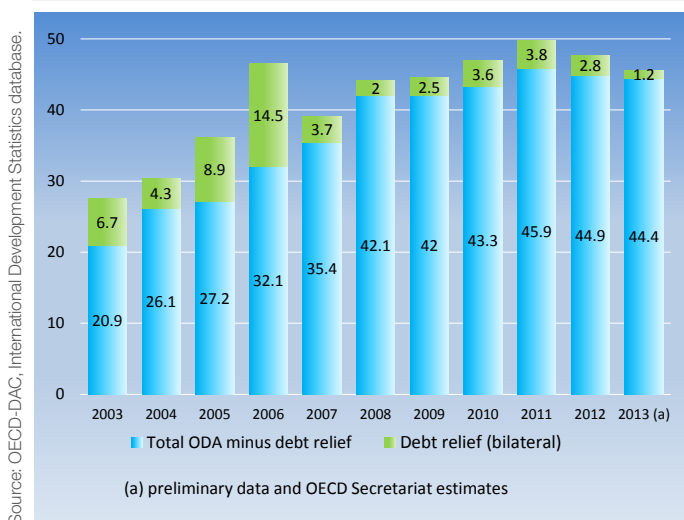
Africa

- implement the Africa Action Plan on Development Effectiveness, including exercising effective leadership and developing capacity to coordinate and harmonise donor activities;
- Develop country-level frameworks for monitoring results in terms of development effectiveness, especially in the context of implementing the Busan commitments;
- Continue strengthening PFM and procurement systems.

Development partners

- Volume: reverse the trend of declining ODA to Africa by adhering to the UN target for an ODA/GNI ratio of 0.7%, maintaining 2013 levels as a minimum, and using the post-2015 goals to re-target ODA towards the countries in greatest need;
- Effectiveness, quality and accountability: fully deliver on Busan commitments, including on country ownership, improving aid predictability, using country systems and transparency and accelerating efforts on aid untying;
- Sustainability: ensure ODA is supportive of the post-2015 sustainable development goals.

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



Topic 18

EXTERNAL DEBT

Key commitments

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

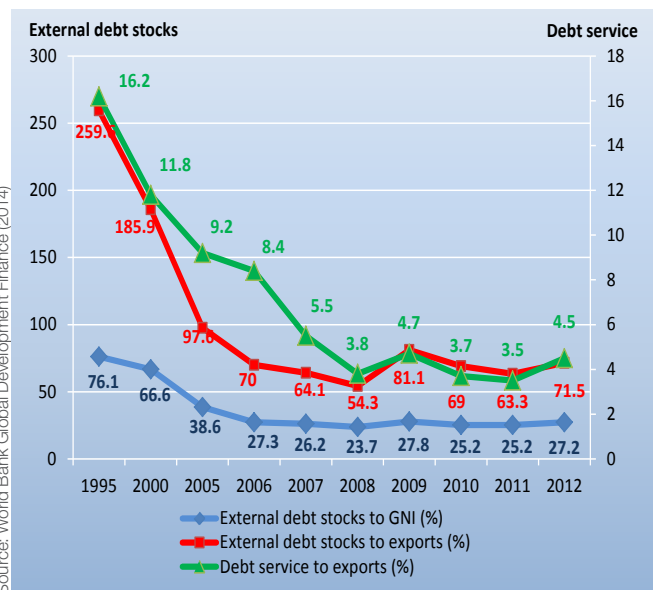
Development partners: The Monterrey Consensus called for joint responsibility by debtors and creditors for preventing and resolving unsustainable debt situations. More specifically, it called for a speedy, effective and full implementation of the enhanced Heavily Indebted Poor Countries (HIPC) initiative. In 2005, G8 countries further committed, through the Multilateral Debt Relief Initiative (MDRI), to cancel 100% of outstanding debts of eligible HIPCs to the IMF, the International Development Agency and the African Development Fund. The 2008 Doha Financing for Development Conference stressed the need to avoid a recurrence of unsustainable levels of debt and the 2011 G8/Africa Joint Declaration in Deauville reiterated the call to preserve debt sustainability in Africa.

What has been done to deliver on these commitments?

Africa: Debt management systems in most African countries have made sustained progress. Many countries have undertaken efforts to coordinate debt management and macroeconomic policies across key government agencies. Debt management units and recording systems exist in most countries but weaknesses in analytic capacity and information sharing remain significant challenges. Moreover, Africa's greater access to large and more diversified private capital inflows, including sovereign Eurobond bond issuance by some 16 African countries in the past three years, have led to more complex and challenging debt management systems.

Development partners: The HIPC and MDRI initiatives have made substantial progress. To help eligible LICs reduce their commercial external debt, the World Bank's Debt Reduction Facility (DRF) has helped several HIPCs extinguish commercial debts at a steep discount. The DRF has recently been extended to 2017 and will help the other 20 HIPCs sharply reducing their

commercial debt, estimated in excess of US\$10 billion. Under the Evian approach, development partners have also taken action to deal with debt problems of non-HIPC African countries, including partial write-offs. To allow countries with new borrowing space to finance public investment in infrastructure, the World Bank and IMF have revised the Debt Sustainability Framework (DSF), a standardised framework designed to help guide LICs in their borrowing decisions and provide guidance for creditors. A joint World Bank/IMF debt-management advisory programme, the Debt Management Facility was recently extended to a second phase. In 2011, the OECD and South Africa set up the African Sovereign Debt Management Centre, which helps governments in the region to analyse debt and sovereign risk, as well as monitor bond market developments.

Debt service burden for countries in Africa (excluding North Africa)

Substantial reduction in external debt burden through HIPC and MDRI, but significant build up of debt stocks owed to private creditors. More needed to strengthen long-term debt sustainability.



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What results have been achieved?

Of the 33 African countries currently eligible under HIPC, 29 have reached the completion point and received irrevocable debt relief under HIPC and 100% debt cancellation under the MDRI. Another country is expected to reach completion point within the next 12 months. 3 'pre-decision point' countries are at the very initial stage of the process of qualifying for HIPC debt relief and a 34th African country may become eligible for HIPC/MDRI debt relief, although this would require some adjustment of the eligibility criteria. The total debt relief effort for all eligible African HIPCs amounted to US\$105 billion in nominal terms by end-2012, US\$67 billion under HIPC and US\$38 billion under MDRI. Multilateral agencies and Paris Club creditors bear over 80% of the total cost of the HIPC Initiative. Over US\$5.5 billion of external commercial debt has also been written off in 15 African HIPCs supported by the World Bank's DRF. By helping countries reduce or eliminate commercial debt which is not covered by the HIPC Initiative, the DRF has also helped reduce the threat of litigation against HIPCs. The risks of lawsuits from the so-called 'vulture funds', which bought commercial debt owed by HIPCs at sharply discounted prices and then sued countries to recover payment of the debt's face value, have been reduced but have not been completely eliminated. The HIPC Initiative and MDRI have managed to reduce the large debt overhang of many African countries. As a share of GDP, external debt stocks declined from 67% in 2000 to 27% in 2012, the last year for which information is available. Similarly, the debt-service ratio, measured by the ratio of debt service payments to exports, declined from 11.8% in 2000 to 4.5% in 2012. But the external debt build-up of Africa since 2006, when the HIPC process was most active, has been very significant. Since 2006, Africa's total external debt stocks have risen by 70% to reach US\$331 billion in 2012 with most of the build-up accounted by debts owed to private creditors including bond holders, which have a shorter maturity and carry higher rates (see Topic 16 for details on Africa's greater access to international private capital inflows). Debt owed to private creditors, which reached US\$148 billion in 2012, accounted for 75% of the build-up in long-term external debt stocks between 2006-2012. This has led to a worsening of debt sustainability among the 30 African countries that have completed the HIPC process, with 15 facing moderate risk and 4 high risk of debt distress.

The 4 countries that have not yet completed the requirements for full debt relief face debt distress challenges and will require sustained domestic efforts and continued support from the international community in the interim period. Debt relief under HIPC and MDRI has substantially alleviated debt burdens in recipient countries and has enabled them to increase poverty-reducing expenditures. However, Africa's long term debt sustainability remains a challenge for post-completion point of highly indebted poor countries due mainly to the structural problems of these economies including a narrow export base, weak institutions and governance, poor domestic resource mobilisation, and inadequate debt management capacity. With the HIPC Initiative nearly complete, the increasing ability of many African countries to access international capital markets and the rising concerns about weakening debt sustainability raise the more basic issue of how to ensure a fair and orderly debt workout mechanism to address future sovereign debt crises.

What are the future priority actions?

Africa

- For the remaining 4 pre-HIPC completion countries, sustain efforts to reach the decision point and completion;
- Improve the timeliness and coverage of sovereign debt data based on debtor reporting systems for more reliable debt sustainability assessments;
- Sustain efforts to enhance the capacity of debt management and sustainability through improved macro-management practices.

Development partners

- Maintain vigilant monitoring of the debt situation in Africa and provide support to strengthen debt management capacities in African countries;
- Continue efforts to ensure that eligible HIPCs get full debt relief from all their creditors and discourage lawsuits against HIPCs by non-cooperating creditors and vulture funds;
- Maximise the concessionality of new funding and prioritise grants over loans to avoid a return to unsustainable debt levels in low-income borrowing countries.

Topic 19

CLIMATE FINANCE

(This section should be read together with the separate Topic 7 - Climate change)

Key commitments

Africa: Africa has consistently called upon developed country parties to provide new and additional resources to the climate funds under the UNFCCC and to allocate increased funding for climate change adaptation. It also called upon all relevant institutions, including the AfDB and other regional development banks and partners, to assist African countries in accessing funding available through the Green Climate Fund (GCF) and other funds, and simplify procedures. The African Ministerial Conference on the Environment (AMCEN) also encouraged member states to allocate at least 5% or a significant portion of their national budgets to the environment.

Development partners: The 2007 Bali Action Plan underlined the need to provide developing countries with adequate and additional financial resources. At COP15 (2009) in Copenhagen, developed countries pledged resources approaching US\$30 billion of new and additional 'Fast-Start Finance' (FSF) over 2010–2012 with a balanced allocation between mitigation and adaptation. Industrialised countries also committed to jointly mobilise US\$100 billion per year by 2020 from a wide variety of sources, both public and private, to address the needs of developing countries. At COP16 (2010) in Cancun, countries agreed to establish the GCF.

What has been done to deliver on these commitments?

Africa: ClimDev-Africa, the partnership of the AUC, the ECA and the AfDB, has organised 3 annual conferences between 2011 and 2013 where concrete recommendations including options for climate financing have been drawn. The ClimDev-Africa Special Fund, hosted by AfDB, is active and will support investments that improve (i) climate information and services delivery, (ii) capacity of policy makers and policy support institutions, and (iii) implementation of pilot adaptation practices. The AfDB committed to invest US\$10 billion as part of its 2011–2015 Climate Change Action Plan, and had already delivered half of this by 2013. It has also launched the Africa Carbon Support Programme (ACSP) to promote Clean Development Mechanism (CDM) activities. Through the newly established Africa Climate Change Fund, the AfDB is helping African countries prepare to access greater amounts of climate finance. With support from UNFCCC, the West African Development Bank has established a support office to promote CDM activities in West Africa.

Development partners: A total of 18 different climate funds, bilateral and multilateral, are active in supporting climate-related activities in Africa together with a wide variety of bilateral activities. Most of the resources for Africa originated from three funds established under the UNFCCC and the Kyoto Protocol: (i) the LDCs Fund (LDCF) with US\$879 million pledged to date to help LDCs prepare and implement national adaptation programmes of action (NAPAs); (ii) the Special Climate Change Fund (SCCF), with US\$333 million pledged to support adaptation and mitigation projects in all developing countries; and (iii) the Adaptation Fund (AF), funded from a 2% levy on proceeds issued to CDM projects and contributions by bilateral donors with total resources estimated at US\$200 million up to 2020. In addition, the Global Environment Facility (GEF) has used contributions to the GEF Trust Fund to support climate related projects. A number of specialised funds such as the Congo Basin Forest Fund, the MDG Achievement Fund and the UN-REDD Programme, with cumulative pledges of US\$408 million, have been established to help reduce emissions from deforestation and forest degradation and to promote energy efficiency and renewable resources (see also Topics 6 and 7). These resources are provided in the form of grants. Much larger funding mechanisms have been established outside the UNFCCC, mostly provided as loans. Most noteworthy are the Climate Investment Funds (CIF) which consist of four separate funding windows – the Clean Technology Fund, the Forestry Investment Program, the Pilot Program for Climate Resilience, and the Scaling-up Renewable Energy Program, channelled through five MDBs to help developing countries pilot low-emission, climate-resilient development as well as address deforestation. The CIFs have, to date, received pledges of US\$7.8 billion from 14 countries.

Fast Start Funding (FSF): According to the World Resources Institute, developed countries reported mobilising US\$35 billion for climate change support in developing countries over 2010–2012, exceeding their US\$30 billion target. While these resources were supposed to be balanced between adaptation and mitigation, the bulk of funding has targeted mitigation. And while 80% of FSF was reported as ODA, about half of total funding comprises loans, guarantees and insurance modalities, including export credits. Ongoing work in the preparation of the First Biennial Assessment and Overview of Climate Finance Flows by the UNFCCC includes a stronger focus on monitoring, reporting and verification (MRV) of climate finance. **Longer-Term Funding:** The GCF was established in 2010 to channel a substantial part of future climate change financing. Following a slow and difficult process, the GCF's governance structure and operational regulations and procedures have been

Climate finance for Africa significantly short of needs, with small proportions for adaptation and uncertain prospects for future financing. More needed to secure and sustain global financing and strengthen Africa's ability to access funds and attract investment.



UN Climate Change ©

finalised, setting the ground for mobilising resources. Concerns remain with the capitalisation of the GCF and there has been no agreement on the request by developing countries to establish interim funding targets on the way to the 2020 US\$100 billion pledge. Developed countries have promised, however, to maintain through 2015 the average finance levels provided during 2010-12, or roughly US\$10 billion a year.

What results have been achieved?

Compared to Africa's adaptation costs, estimated by UNDP at US\$7-15 billion a year by 2020 and rising rapidly thereafter, the 18 climate funds active in Africa (excluding North Africa) have approved a cumulative total of US\$1.7 billion and disbursed US\$463 million. The LDCF, SCCF, and AF combined had disbursed US\$130 million to Africa by end-2013. Cumulative disbursements under the regular GEF trust funds amounted to US\$144 million. Together the Congo Basin Forest Fund, the MDG Achievement Fund and the UN-REDD Programme have disbursed a total of US\$80 million to Africa. US\$2.5 billion of the CIFs' US\$7.6 billion has been allocated to 15 African countries (US\$1.9 billion through the Clean Technology Fund which is destined mostly to MICs and US\$0.6 billion through the Strategic Climate Fund). Climate-related bilateral ODA for Africa in total has averaged

US\$5.1 billion annually over 2010-2012, 13% of total assistance to the continent, of which 52% records mitigation or adaptation as its principal objective. Africa's access to carbon finance has been marginal but is improving. After years of slow growth, there are clear signs that the African carbon market is starting to take off. As of July 2014, 250 Clean Development Mechanism (CDM) projects have been validated for 39 African countries. South Africa accounts for more than a quarter of all projects. Over US\$5 billion has been invested in registered African CDM projects to date. But the issuance of carbon offsets known as the Certified Emission Reduction (CERs) through CDM projects, which have been a major catalyst of low-carbon investments in a number of developing countries with 6,000 CDM registered projects and US\$215 billion in investment, has been lagging in Africa. As of mid-2014, African projects only account for 5.2% of the global expected reduction in the emissions of CO² equivalent through CDM projects.

What are the future priority actions?

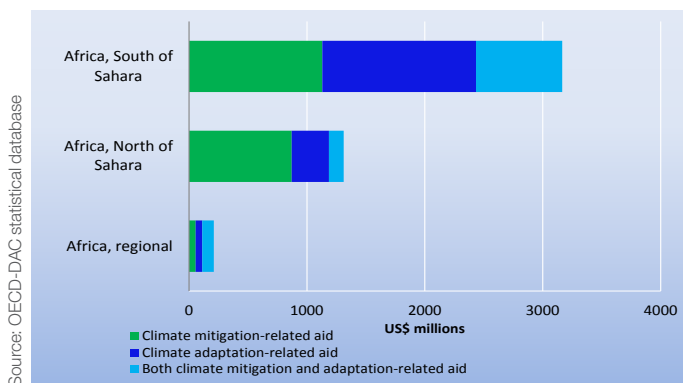
Africa

- Strengthen capacities to better engage in CDM and REDD+ processes;
- Strengthen Africa's ability and readiness to access, attract and absorb climate funds;
- Create an enabling policy environment that promotes private sector investments in climate change interventions.

Development partners

- Help secure adequate and sustained funding in the interim 2013-20 period for the GCF and provide new and additional resources;
- Support Africa in accessing climate funding and improve transparency and predictability of finance;
- Support reforms, such as streamlining CDM registration and emission credit issuance to make existing carbon market mechanisms more relevant and accessible to Africa and simplify preconditions, rules and procedures;
- Enhance financial support for technology development and transfer to Africa;
- Balance existing and future funds between adaptation and mitigation, with increased funding for adaptation.

Climate mitigation and climate adaptation-related aid to Africa (DAC members' bilateral commitments, average 2011-12) 2012 constant prices





PART II

Appendices

Charts & figures

Real GDP growth rates
Contribution to overall growth by sub-region
Nominal GDP by sub-region
Shares of the 5 sub-regions in total GDP
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Box 2. *Structural transformation through industrialisation*
Box 3. *Tackling the challenges of youth unemployment and underemployment in Africa*
Box 4. *The G20 Development Outlook*
Box 5. *Illicit financial flows*

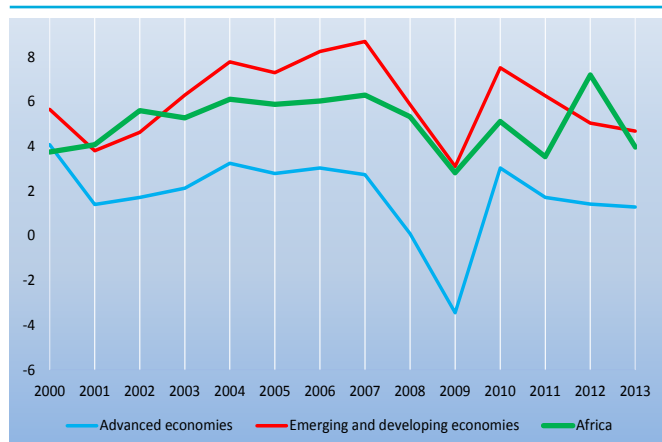
References & Terms

Acronyms

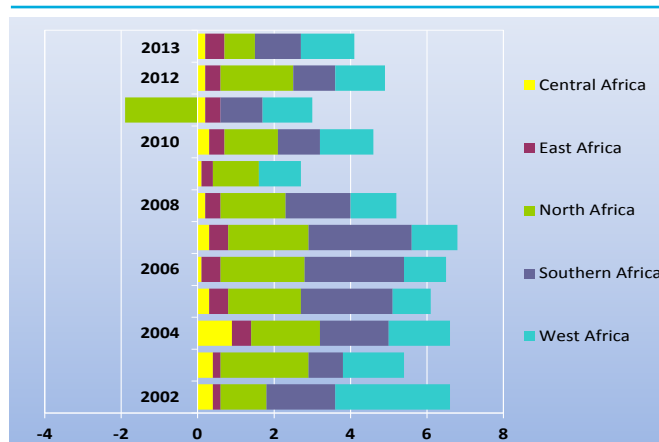
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CHARTS & FIGURES

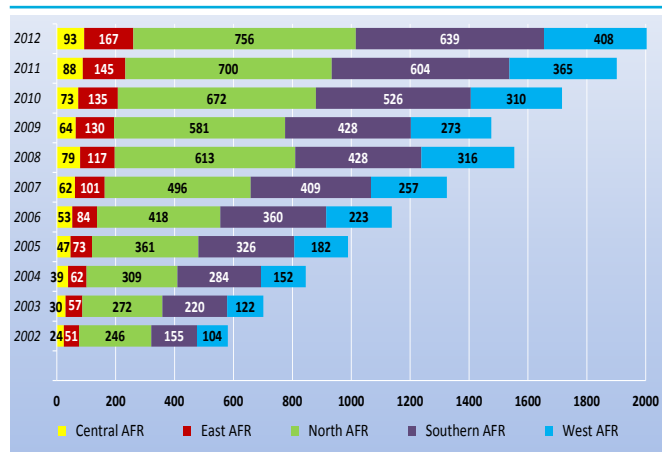
Real GDP growth rates (%)



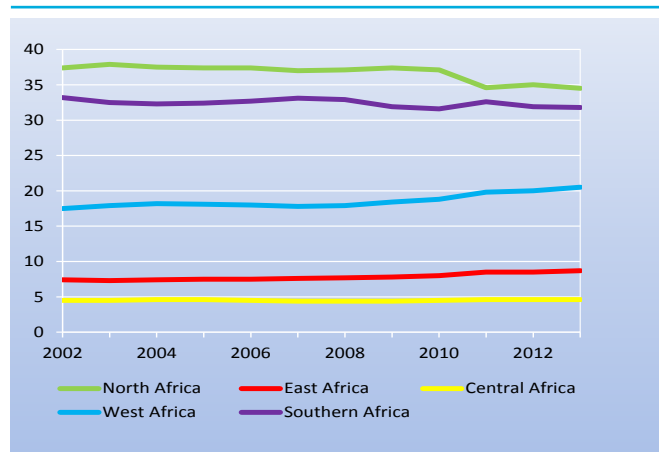
Contribution to overall growth by sub-region (%)



Nominal GDP by sub-region (US\$ billion)



Shares of the 5 sub-regions in total GDP (%)











Real GDP growth rates (%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Advanced economies	4.08	1.40	1.72	2.13	3.25	2.79	3.04	2.74	0.10	-3.44	3.04	1.72	1.42	1.29
Emerging & developing economies	5.66	3.81	4.63	6.30	7.78	7.30	8.25	8.70	5.87	3.11	7.52	6.27	5.05	4.69
Africa	3.75	4.08	5.60	5.28	6.11	5.88	6.03	6.30	5.33	2.82	5.12	3.54	7.20	3.97

Sources: International Monetary Fund, World Economic Outlook Database; ECA & AUC Economic Report on Africa 2014 using UN-DESA 2014 data. *Figures for 2013 are preliminary estimates.

Millennium Development Goals: progress at 2014

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

- Target already met or expected to be met by 2015
- Progress insufficient to reach the target if prevailing trends persist
- No progress or deterioration

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

Sources: United Nations, based on data and estimates provided by: Food and Agriculture Organization; Inter-Parliamentary Union; International Labour Organisation; International Telecommunications Unions; UNAIDS; UNESCO; UN-Habitat; UNICEF; UN Population Division; World Bank; World Health Organisation - based on statistics available as of June 2014. Compiled by Statistics Division, Department of Economic and Social Affairs, United Nations

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
Domestic revenue	173.8	221.5	288.9	354.3	397.8	510.6	389.5	475.9	543.5	582.2	554.9
Private flows	16.3	25.8	46.3	56.9	71.5	56.2	64.8	65.3	56.6	88.1	82.2
ODA*	27.5	30.5	36.0	46.6	39.1	44.0	44.4	46.9	49.7	47.7	45.5
Total	214.8	273.9	367.8	454.2	503.8	606.0	493.9	584.2	644.3	712.7	678.4
<i>Memo item: Remittances</i>	(15.4)	(19.6)	(33.4)	(37.3)	(44.0)	(48.1)	(45.2)	(51.9)	(55.7)	(60.0)	(62.8)

North Africa

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
Domestic revenue	77.5	90.0	117.1	142.4	164.6	227.6	173.7	199.9	190.3	238.6	228.1
Private flows	3.1	3.8	11.3	17.0	16.1	21.3	16.7	18	4.3	21.4	15.4
ODA*	2.2	3.1	2.6	2.7	3.1	3.3	3.0	2.4	3.6	3.4	4.2
Total	83.0	97.2	131.2	162.4	184.3	248.3	191.0	218.2	197.9	259.5	240.8
<i>Memo item: Remittances</i>	(9.6)	(11.5)	(13.1)	(13.9)	(18.2)	(19.8)	(17.4)	(23.0)	(25.5)	(30.0)	(30.9)

Africa (excluding North Africa)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
Domestic Revenue	96.3	131.5	171.8	211.9	233.2	283.0	215.8	276.0	353.2	343.7	326.8
Private flows	13.2	22.0	35.0	39.9	55.4	41.5	46.3	46.0	50.1	62.6	62.9
ODA*	24.7	26.6	32.6	43.0	34.5	39.2	39.6	43.0	44.2	42.4	41.3
Total	134.2	180.1	239.4	294.8	323.1	363.7	301.7	365	447.5	448.7	431.0
<i>Memo item: Remittances</i>	(5.8)	(8.1)	(20.3)	(23.4)	(25.8)	(28.3)	(27.8)	(28.9)	(30.2)	(30.0)	(31.9)

* ODA figures for 2013 are preliminary estimates.

Sources: IMF World Economic Outlook database (April 2014); OECD-DAC International Development Statistics database; World Bank Migration and Development Brief (October 2013); International Debt Statistics (2014); Global Economic Prospects (January 2014).

Private flows table (US\$ billions, nominal)**Africa**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
FDI	17.2	15.1	28	33.7	48.2	59.3	56	47	48	55.2	57.3
Other flows	-0.9	10.7	18.3	23.2	23.3	-3.1	8.8	18.3	8.6	32.9	24.9
Total	16.3	25.8	46.3	56.9	71.5	56.2	64.8	65.3	56.6	88.1	82.2

North Africa

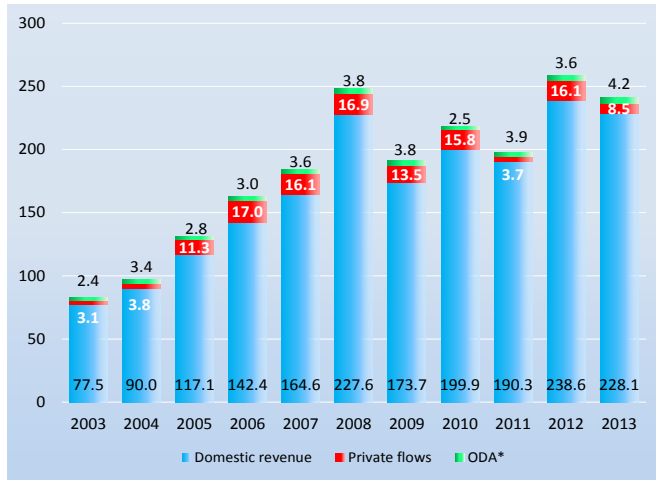
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
FDI	3.9	3.9	8.9	17.6	17.8	21.6	16.5	13.5	5.8	14.1	12.4
Other flows	-0.8	-0.1	2.4	-0.6	-1.7	-0.3	0.2	4.5	-1.5	7.3	3.0
Total	3.1	3.8	11.3	17	16.1	21.3	16.7	18	4.3	21.4	15.4

Africa (excluding North Africa)

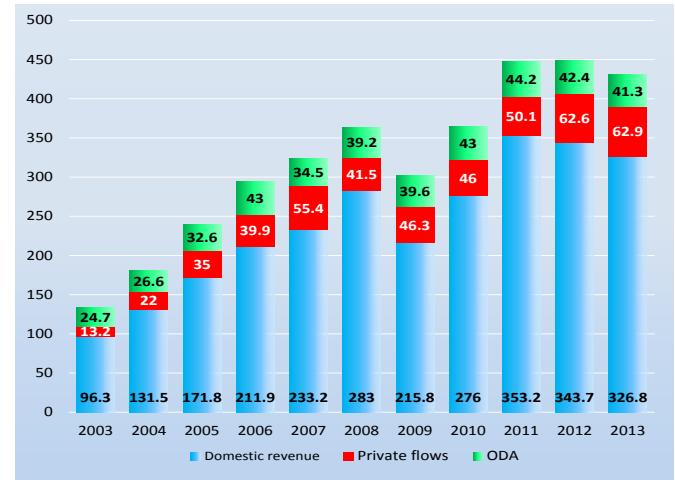
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013e
FDI	13.3	11.2	19.1	16.1	30.4	37.7	39.5	33.5	42.2	41.1	44.9
Other flows	-0.1	10.8	15.9	23.8	25.0	-2.8	8.6	13.8	10.1	25.6	21.9
Total	13.2	22	35	39.9	55.4	41.5	46.3	46	50.1	62.6	62.9

Sources: WB International Debt Statistics, January 2014; WB Global Economic Prospects, January 2014; UNCTAD, World Investment Report 2014; IMF World Economic Outlook database, April 2014

Development finance to North Africa (US\$ billion)



Development finance to Africa (excluding North Africa) (US\$ billion)



Sources: IMF World Economic Outlook database (April 2013); OECD-DAC International Development Statistics database; World Bank Migration and Development Brief, (November 2012); International Debt Statistics (2013); World Bank Global Economic Prospects (2013).

*Preliminary estimates.

Development assistance: overview table (all figures refer to net flows)

Region or country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013(a)
Africa (excluding North Africa)	24.7	26.6	32.6	43.0	34.5	39.2	39.6	43.0	44.2	42.4	41.3
North Africa	2.2	3.1	2.6	2.7	3.1	3.3	3.0	2.4	3.6	3.4	4.2
Africa, unallocated	0.7	0.8	0.8	0.9	1.4	1.5	1.9	1.5	1.9	1.9	-
Total Africa	27.5	30.5	36	46.6	39.1	44	44.4	46.9	49.7	47.7	45.5
Debt relief (bilateral)	6.7	4.3	8.9	14.5	3.7	2	2.5	3.6	3.8	2.8	1.2(c)
Total ODA minus debt relief	20.9	26.1	27.2	32.1	35.4	42.1	42	43.3	45.9	44.9	44.4
Share of Africa (%)	40.1	38.4	33.4	44.3	37.6	36.1	37.2	36.8	37.2	38.3	33.8
<i>For reference</i>											
Total ODA (US\$ billion)	69.6	80.1	108.3	105.4	104.9	122.8	120.6	129.1	134.7	126.9	134.8
ODA/GNI (%)	0.24	0.25	0.32	0.30	0.27	0.30	0.31	0.32	0.31	0.29	0.30

(a) Preliminary data and Secretariat estimates

(b) includes net ODA for North Africa and Africa unallocated

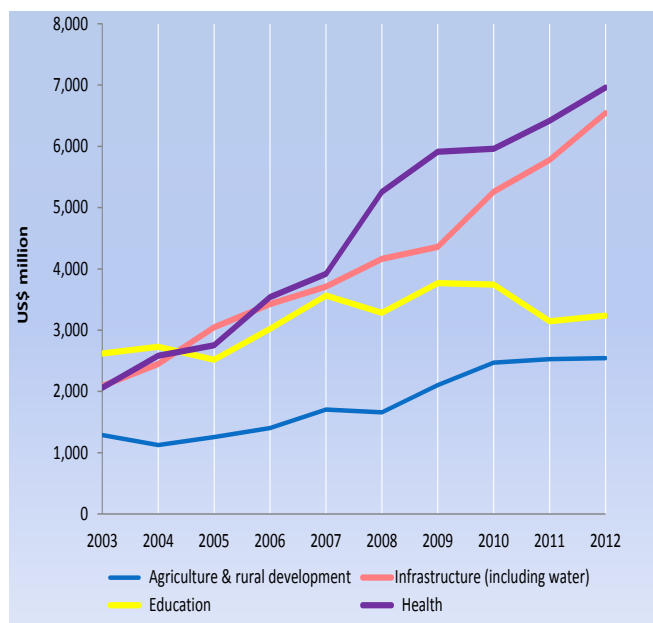
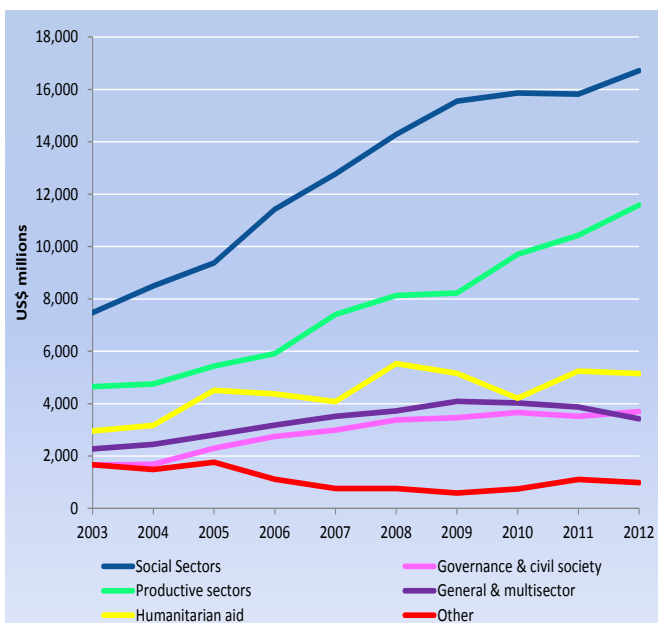
(c) Data for debt grants Africa (excluding North Africa) only.

Source: OECD-DAC, International Development Statistics database.

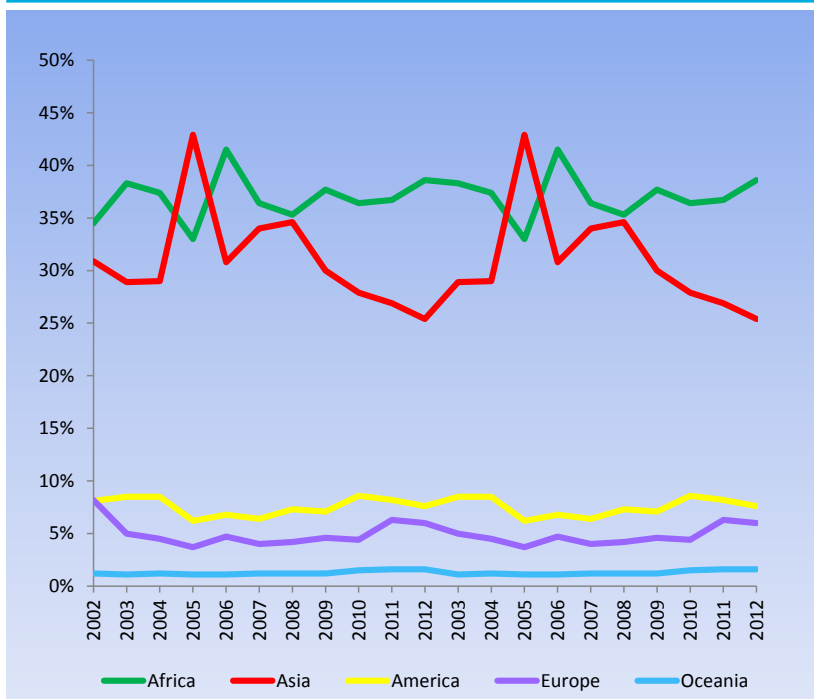
ODA to Africa by sector, Gross disbursements (US\$ millions, constant 2012 prices)

Gross Disbursements	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Economic activities & production	4,647	4,756	5,435	5,906	7,406	8,130	8,223	9,707	10,426	11,588
of which Agriculture & rural development	1,290	1,127	1,257	1,402	1,705	1,658	2,102	2,472	2,528	2,544
of which Infrastructure (excl. water)	1,457	1,520	2,017	2,234	2,570	2,892	2,897	3,665	3,980	4,627
Social sectors	7,475	8,497	9,377	11,423	12,766	14,285	15,549	15,865	15,824	16,721
of which Education	2,618	2,729	2,519	3,021	3,563	3,283	3,770	3,743	3,143	3,240
of which Health/Reproductive Health	2,060	2,583	2,752	3,541	3,920	5,255	5,913	5,962	6,415	6,960
of which Governance & civil society	1,658	1,681	2,297	2,751	2,986	3,380	3,461	3,667	3,517	3,698
General & multisector	2,274	2,443	2,808	3,178	3,518	3,722	4,089	4,029	3,871	3,423
Humanitarian aid	2,956	3,172	4,506	4,375	4,080	5,527	5,157	4,208	5,245	5,148
Other	1,667	1,482	1,758	1,113	756	757	584	742	1,102	988
TOTAL	28,052	27,738	35,594	43,904	33,287	35,455	36,824	38,468	42,678	41,058

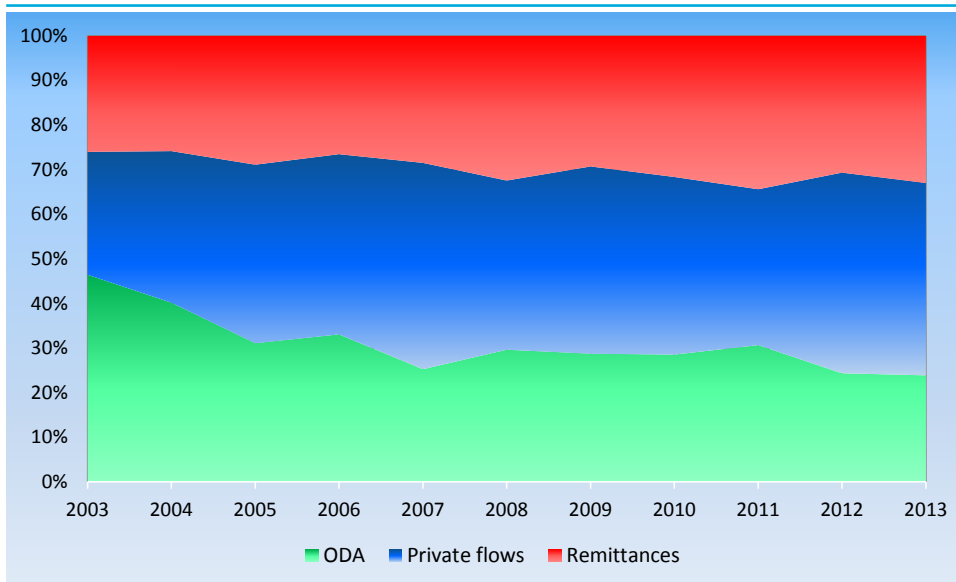
The total figure shown in this table refers to the total gross amounts disbursed by all donors for each year. They differ from the total figure shown in the development finance and development assistance overview tables, which shows total net ODA amounts disbursed (less repayments of loan principal during the same period, no account being taken of interest). Source: OECD, DAC Secretariat.

ODA to Africa by sector

Regional shares of net total ODA

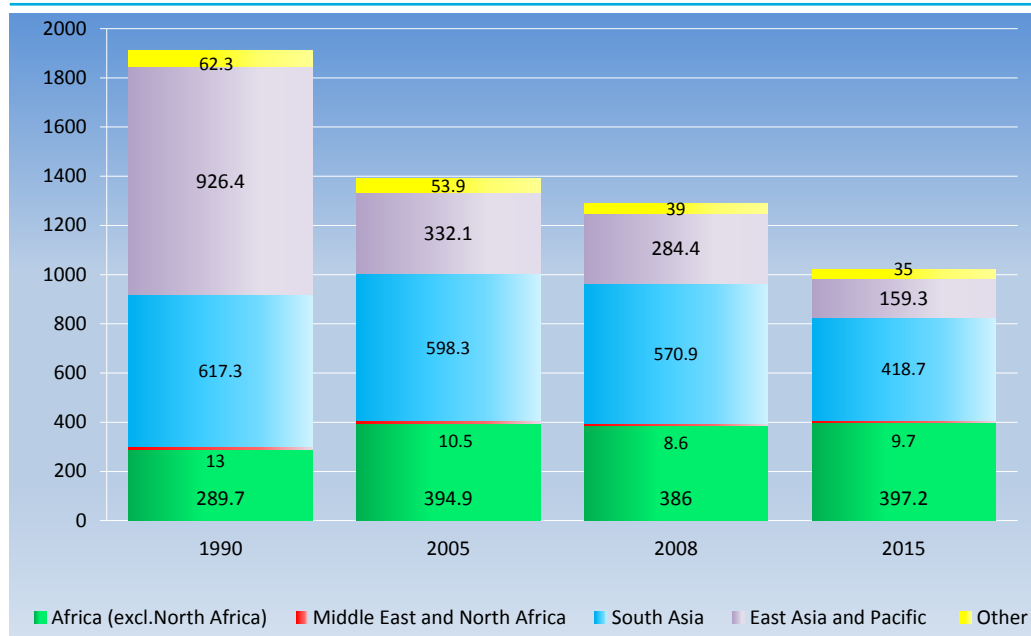


External flows to Africa by share



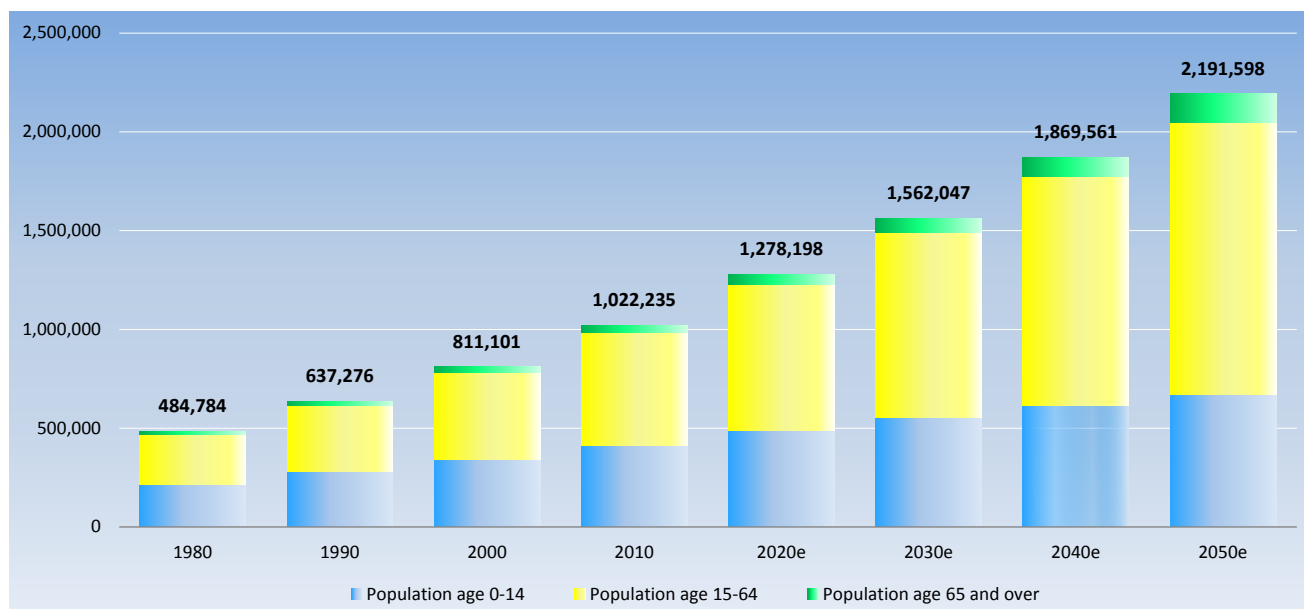
Source: Staff calculations using the sources in the Development Finance Overview tables

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



Sources: World Bank Global Monitoring Report (2013) and World Development Indicators (April 2013).

Population growth by age group (%)



e - estimated

Source: United Nations, Department of Economic and Social Affairs, Population Division (2011). World Population Prospects: The 2010 Revision

BOXES

1. THE COMMON AFRICAN POSITION ON THE POST-2015 DEVELOPMENT AGENDA

The Common African Position (CAP) on the post-2015 Development Agenda was adopted by African Heads of State and Government in Addis Ababa in January 2014. The position was the result of a consultative and participatory approach involving stakeholders at national, regional and continental levels and included the public and private sectors, parliamentarians, CSOs (including women and youth associations), RECs, think tanks and academia. It articulates Africa's priorities for the post-2015 development agenda through 6 pillars: (1) Structural Economic Transformation and Inclusive Growth; (2) Science, Innovation and Technology; (3) People-centred Development; (4) Environmental Sustainability, Natural Resources Management and Natural Disaster Management; (5) Peace and Security; and (6) Financing and Partnerships.

These pillars reflect both Africa's aspirations and commitment to completing the unfinished business of the MDGs by prioritising outcomes that will transform the continent into a global growth pole. Starting from a low base compared to other regions, Africa has made impressive gains across various MDG indicators including enrolment in primary schools, women empowerment and reversing the spread of HIV/AIDS. Africa has also sustained annual economic growth over 5% since 2000 with a number of countries ranked among the fastest growing economies in the world. However, many challenges remain, including translating economic growth into decent jobs, poverty eradication, addressing inequality, increasing access to basic social services, empowering the youth, ensuring peace and security across the continent and contending with emerging issues such as climate change.

Structural economic transformation and inclusive green growth addresses many of these challenges and Africa's leaders have called for a paradigm shift from managing poverty to economic transformation. The overarching goal of the CAP, therefore, is to eradicate poverty by making growth inclusive and people-centred, enhancing Africans' productive capacities to sustainably manage their natural resources in an environment of peace and security. It seeks to directly address Africa's continued dependence on primary products and non-inclusive economic growth that has failed to address poverty or create adequate decent jobs and remains vulnerable to external shocks.

The CAP also recognises the need for an enabling domestic, continental and global environment to achieve these goals and has identified a set of development enablers including: democracy and good governance, human rights, equality and access to justice for all, sound macro-economic policies, mutual accountability between the state and its citizens, private sector development, strengthening of national statistical capacities and geospatial information systems, effective M&E systems, preservation, protection and promotion of traditional intellectual property and strengthening human and institutional capacities.

The CAP objective is to ensure that Africa speaks with one voice and acts in unity to maximise impact in shaping the new global development agenda. Some of its priorities are already reflected in the reports of the Open Working Group on the Sustainable Development Goals, a key input into the UN Secretary General's Report on the post-2015 Development Agenda.

However, much more remains to be done, including coordinating strategies and actions to build intercontinental alliances around the CAP, a task assigned to the High Level Committee (HLC) on the post-2015 Development Agenda. The creation of the HLC in 2013, comprised of 10 Heads of State and Government from each of the 5 sub-regions, elevated the CAP from a simple set of priorities to a key Africa-wide development framework and is in sync with the continent's long term vision, Agenda 2063.

2. STRUCTURAL TRANSFORMATION THROUGH INDUSTRIALISATION

Africa has experienced robust growth in the new millennium, averaging 5% annually, with some countries growing by more than 7%. In addition to rising commodity prices, the drivers of this growth have included increased domestic demand, brought on by a new and growing class of consumers with rising incomes, increasing public spending on infrastructure and increasing capital inflows. Improved governance and macroeconomic management have also contributed to the positive economic growth environment.

The continent has witnessed slow but consistent structural transformation characterised by a falling share of agriculture in GDP and increasing contribution for services and industry, associated with a slight recovery in total factor productivity growth in the 2000s (see Topic 1). However, the share of the manufacturing sector in GDP has fallen and industrialisation remains an imperative for African economies to structurally transform. Africa's rich resource endowment, growing young population coupled with a growing middle class, rising domestic demand and an untapped scope for regional integration are among the factors underpinning Africa's industrialisation potential. Other factors include formidable recent growth, improved economic governance and macroeconomic management.

To turn these assets into transformative and inclusive growth, a visionary developmental state combined with long-term development planning is required. By promoting commodity-based industrialisation and enhancing backward and forward linkages from the extractive sector, African countries can use their resources as a launching pad for long-term diversification and industrialisation. For a successful transformation, managing this process is also fundamental. Industrialisation requires focused state action through a credible industrial policy framework, including the development of innovative industrial policy institutions, effective processes and flexible mechanisms.

3. TACKLING THE CHALLENGES OF YOUTH UNEMPLOYMENT AND UNDEREMPLOYMENT IN AFRICA

The challenge posed by youth unemployment and under-employment calls for Africa to not only ensure sustainability of economic growth, but also to transform it into sustained and inclusive development, based on (1) economic diversification, with special focus on industrialisation that creates jobs, contributes to reduced inequality and poverty rates, and enhances access to basic services; and (2) trade enhancement that substantially opens up market opportunities and improves economics of scale. It is therefore important that Africa's renewed efforts to achieve economic and structural transformation becomes the flag bearer for youth employment creation and inclusive development.

Efforts have been made at international, regional and country levels to address the challenge. Globally, the UN Programme of Action for Youth seeks to assist governments across 15 priority areas, with clear relevance for Africa. At the continental level, the AU has adopted and entered into force the African Youth Charter. The charter provides a framework for developing and implementing tangible youth policies and programmes including employment, sustainable livelihoods, education, health, youth participation, peace and security and law enforcement among others. It also calls on governments to guarantee participation by young people in parliament and other decision-making bodies. Other key initiatives include: the approval of a plan of action for accelerating the ratification and implementation of the African Youth Charter; the declaration of the period 2009-2018 as a decade of youth development; and the establishment of youth networks including the Pan-African Youth Union to serve as a platform for engagement. The AU's Agenda 2063, which held consultations with youth, women and diaspora representatives during its formulation, considers youth as instrumental to Africa's future and promotes youth rights.

At national level, there is full recognition of the challenges and opportunities that youth present and most African countries are making efforts to engage youth in political decision-making processes. Several are developing policies and allocating more resources to address concerns of their young people, whilst a number of countries are establishing initiatives to address the youth skills gap. Young people themselves are increasingly helping to raise the profile of youth issues. More, however, needs to be done to promote youth employment through both government policy and investment and, as a cross-cutting issue, needs to be addressed within the framework of an interdisciplinary, multi-sectoral, and multi-stakeholder approach.

4. THE G20 DEVELOPMENT OUTLOOK

The G20 is mentioned in a number of topics in the main section of this report, including trade, agriculture, infrastructure, the private sector, food security, domestic resources for development, foreign investment and economic governance. This reflects growing G20 engagement across a range of development issues.

G20 Leaders in June 2010 agreed to establish the G20 Development Working Group (DWG) with a mandate to elaborate a development agenda consistent with the G20's focus on promoting economic growth and resilience. Leaders adopted in November 2010 the Seoul Development Consensus for Shared Growth and Multi-Year Action Plan (MYAP) consisting of 27 action items grouped in 9 key pillars considered critical to inclusive and sustainable growth in developing countries, particularly LICs: infrastructure; food security; private investment and job creation; human resource development; trade; financial inclusion; growth with resilience (i.e. social protection and remittances); domestic resource mobilisation; and knowledge sharing. During the 2011 French presidency, all 9 pillars were addressed, with an emphasis on infrastructure and food security. In 2012, the Mexican presidency followed a similar course, while introducing green growth as a cross-cutting issue. The following year, Russia emphasised actions on food security, infrastructure, financial inclusion and human resource development. Australia has indicated its wish in 2014 to focus on infrastructure, domestic resource mobilisation and financial inclusion while continuing to advance important work on the other G20 development commitments, in particular food security and human resource development. Within this overall global approach, there has been some focus on Africa, especially with respect to infrastructure and food security.

Assessing progress

The DWG submitted an Accountability Report on G20 Development Commitments to Leaders in Saint Petersburg, assessing progress on 67 commitments originating from the MYAP and Leaders' Declarations. The report highlights some significant successes. As regards infrastructure, the High Level Panel on Infrastructure Investment recommended several initiatives to overcome obstacles to infrastructure investment in Africa. The G20 prompted multilateral development banks (MDBs) to improve their policy frameworks for infrastructure investment. An MDB Infrastructure Action Plan included recommendations on improving project preparation facilities, including the assessment of existing facilities in Africa by the Infrastructure Consortium for Africa (ICA). The ICA report revealed wide gaps in project preparation, and as a result, the first African Project Preparation Facilities Network was launched in June 2014.

The G20's 2011 Action Plan on Food Price Volatility called for the establishment of a system of strategically placed emergency food reserves. ECOWAS led the development of a pilot project, which was then integrated into the Global Initiative for Resilience in Sahel and Western Africa launched in December 2012. The G20 Action Plan also supported the establishment of a Platform for Agricultural Risk Management, the development of risk management instruments and NEPAD's initiative to integrate risk management into Africa's agricultural policies. The G20 also established the AgResults Initiative, a 'pull' mechanism involving the ex-post provision of financial incentives for innovative solutions to well-known problems. To date, US\$100 million has been pledged, with three pilot projects focusing on maize cultivation launched in Africa.

Looking ahead

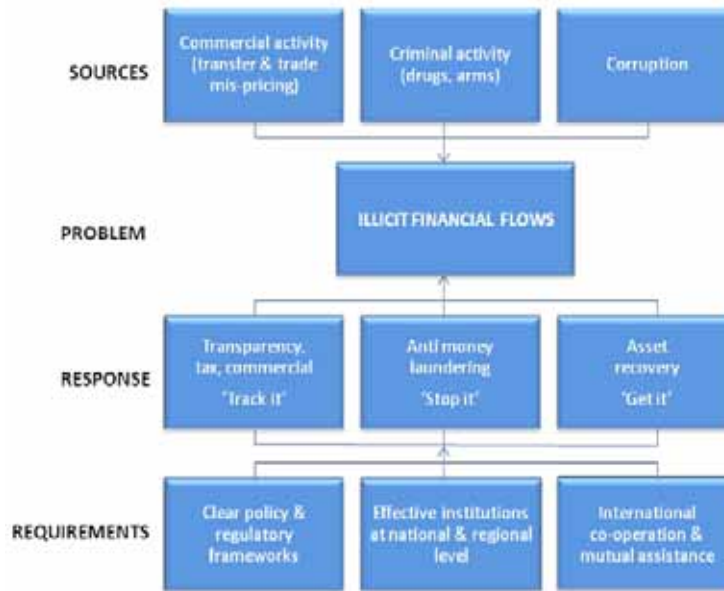
Building upon the foundations of the Seoul Development Consensus for Shared Growth and Multi-Year Action Plan, G20 Leaders also adopted the Saint Petersburg Development Outlook to frame the DWG's future approach to development. The DWG is to remain focussed on strategic actions to create enabling environments for development, promote greater coherence with broader development efforts outside and inside the G20, and focus on 9 new actions in the areas of food security, financial inclusion and remittances, infrastructure, human resource development and domestic resource mobilisation. The DWG will also ensure follow up to the ongoing actions in these 5 areas inherited from the 2010 MYAP.

5. ILLICIT FINANCIAL FLOWS

The need to tackle the problem of illicit financial flows has risen rapidly up the political agenda both in Africa and internationally over the last year. African Ministers have established a High Level Panel chaired by former President Mbeki on this subject. The Panel has issued a call for action to 'track it, stop it, get it' regarding illicit financial flows. The issue of tax evasion and aggressive tax avoidance was one of the priorities of the G8 UK presidency, and the G20 is also addressing the issue of how to prevent the erosion of domestic tax bases through profit shifting by multinational enterprises. It has also been discussed at meetings of the Africa Partnership Forum, the OECD DAC and the OECD Global Forum on Development.

Illicit financial flows are a major obstacle to economic development and the achievement of the MDGs

in Africa. They comprise funds illegally acquired, transferred or used. Estimates are debated, but there is consensus that the sums are significant, reducing the resources available to governments. ECA estimate cumulative IFFs from Africa due to trade misinvoicing alone at US\$242 billion during 2000-2009. In resource-rich countries in Africa, the natural resource sector is often the main source of IFF. A latest estimate by GFI includes US\$487 billion in total illicit financial flows coming out of Africa over 2002-2011, peaking in 2009 but dropping in 2010 and 2011. This represents an average of approximately US\$49 billion annually over the period, with a trend rate growth in excess of 20%. This is almost as large as average private capital inflows of US\$56 billion, and greater than average official development assistance of US\$43.4 billion over the same period.



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ACRONYMS & TERMS

Africa applies to the five sub-regions recognised by the African Union. The term 'Africa excluding North Africa' is used to apply to Central, East, Southern and West Africa, where the distinction is relevant to the analysis in the report.

3ADI	Accelerated Agribusiness and Agro-industries Development Initiative
AAI	Alliance for Africa's Industrialisation
ACH	Africa Clearing House
ACPC	African Climate Policy Centre
ACSP	Africa Carbon Support Programme
AEOI	Automatic exchange of information
AfDB	AfDB
AfDF	African Development Fund
AfT	Aid for Trade
AF	Adaption Fund
AFSI	L'Aquila Food Security Initiative
AGA	Pan-African Governance Architecture
AGDI	African Gender and Development Index
AGPP	Africa Global Partnership Platform
AGR	Africa Governance Report
AIDA	Action Plan for the Accelerated Industrial Development of Africa
AIDS	Acquired Immune Deficiency Syndrome
AMC	Advanced market commitments
AMCEN	African Ministerial Conference on the Environment
AMISEC	African Mission in Support of Elections in the Comoros
AMISOM	African Mission in Somalia
AMV	Africa Mining Vision

APCF	African Productive Capacity Facility
APCI	African Productive Capacity Initiative
APP	Africa Progress Panel
APRM	African Peer Review Mechanism
APSA	African Peace and Security Architecture
ATAF	African Tax Administration Forum
ATT	Arms Trade Treaty
AU	African Union
AUC	African Union Commission
AUCPCC	AU Convention on Preventing and Combatting Corruption
BEPS	Base erosion and profit shifting
BIT	Bilateral investment treaty
CAADP	Comprehensive Africa Agriculture Development Programme
CAHOSCC	Conference of African Heads and Governments on Climate Change
CAMI	Conference of African Ministers of Industry
CARMMA	Campaign on Accelerated Reduction of Maternal, Newborn and Child Mortality in Africa
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CEDAW	Convention on the Elimination of all Forms of Discrimination against Women
CFTA	Continental Free Trade Area
CIFs	Climate Investment Funds
CO₂	Carbon Dioxide
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of the Parties
CPA	Country programmable aid
CPIA	World Bank's Country Policy and Institutional Assessment
DAC	Development Assistance Committee
DFQF	Duty-free and quota-free
DTCs	Developing and transition countries
EAC	East African Community
ECA	Economic Commission for Africa

ECOWAS	Economic Community of West African States	IFI	International financial institution
EDF	European Development Fund	IFF	Illicit financial flows
EFA	Education for All Initiative	IFPRI	International Food Policy Research Institute
EISA	Electoral Institute for the Sustainability of Democracy in Africa	IHP	International Health Partnerships
EITI	Extractive Industries Transparency Initiative	IMF	International Monetary Fund
EPI	Environmental performance indicator	IMP	Investment Monitoring Platform
EU	European Union	LDCF	Least Developed Countries Fund
FAO	Food and Agriculture Organization	LDCs	Least Developed Countries
FDI	Foreign direct investment	LICs	Low Income Countries
FTA	Free trade agreement	MDB	Multilateral development bank
FTI	Fast Track Initiative	MDGs	Millennium Development Goals
G8	Group of Eight	MDRI	Multilateral Debt Relief Initiative
G20	Group of Twenty	MICOPAX	Mission for the Consolidation of Peace in Central African Republic
GCF	Green Climate Fund	MVA	Manufacturing value added
GDP	Gross domestic product	MYAP	Seoul G20 Multi-Year Action Plan on Development
GEF	Global Environment Facility	NAMA	Nationally Appropriate Mitigation Actions
GFATM	Global Fund for AIDS, Tuberculosis and Malaria	NAPA	National Adaptation Programme of Action
GHG	Greenhouse gas	NEPAD	New Partnership for Africa's Development
GNI	Gross national income	NPCA	NEPAD Planning and Co-ordination Agency
GPEDC	Global Partnership for Effective Development Cooperation	ODA	Official development assistance
GPOA	Gender plan of action	OECD	Organisation for Economic Co-operation and Development
GVCs	Global value chains	OECD-DAC	OECD Development Assistance Committee
HATC	High Level African Trade Committee	PAP	PIDA Priority Action Plan
HIPC	Highly indebted poor country	PAQI	Pan-African Quality Infrastructure
HIV/AIDS	Human immunodeficiency virus/Acquired immune deficiency syndrome	PICI	Presidential Infrastructure Champion Initiative
IATI	International Aid Transparency Initiative	PFM	Public financial management
IBRD	International Bank for Reconstruction and Development	PIDA	Programme for Infrastructure Development in Africa
ICA	Infrastructure Consortium for Africa	PMPA	Pharmaceutical Manufacturing Plan for Africa
ICTs	Information and communication technologies	PPI	Private participation in infrastructure
IDA	International Development Association	PPP	Public private partnership
IDDA	Industrial Development Decade of Africa	PRSP	Poverty reduction strategy paper
IFAD	International Fund for Agricultural Development	PSC	Peace and Security Council

REC	Regional economic community
RCIP	Regional Communications Infrastructure Programme
REDD	Reducing emissions from deforestation and forest degradation
SADC	Southern African Development Community
SALWs	Small Arms and Light Weapons
SCCF	Special Climate Change Fund
SIPRI	Stockholm International Peace Research Institute
StAR	Stolen Assets Recovery Initiative
TB	Tuberculosis
TFP	Total factor productivity
TNA	Technology needs assessments
UN	United Nations
UNAIDS	The Joint United Nations Programme on HIV/AIDS
UNAMID	United Nations-African Union Mission in Darfur
UNCAC	United Nations Convention Against Corruption
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organisation
UN-REDD	United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
UNOSAA	United Nations Office of the Special Adviser on Africa
UPE	Universal primary education
WEF	World Economic Forum
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

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