Distr.: GENERAL

E/ECA/CM.38/4
6 April 2005

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Twenty-fourth meeting of the Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development

Abuja
11-13 May 2005

ECONOMIC COMMISSION FOR AFRICA

Thirty-eighth session of the Commission/Conference of African Ministers of Finance, Planning and Economic Development

Abuja
14-15 May 2005

SURVEY OF ECONOMIC AND SOCIAL CONDITIONS IN AFRICA 2004-2005

This Survey was prepared by the Economic and Social Policy Division (ESPD) of ECA, for presentation at the Conference of African Ministers of Finance, Planning and Economic Development, 2005.

It is derived from the *Economic Report on Africa 2005: "Meeting the Challenges of Unemployment and Poverty in Africa"*.

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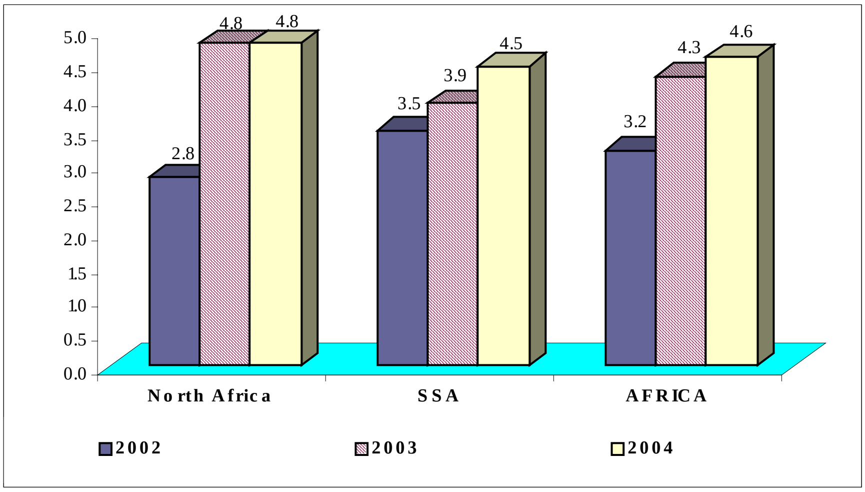
Contents

1. OVERALL GROWTH PERFORMANCE

Africa's real GDP grew by 4.6 per cent in 2004, the highest in almost a decade, up from 4.3 per cent in 2003 (Figure 1). This improvement was underpinned by higher prices of commodities, including oil, stemming from a strong growth in global demand. In addition, good macroeconomic management, better performance in agriculture, the improved political situation in many countries, and increased donor support in the form of aid and debt relief contributed to this positive outcome. The favourable growth performance in Africa in 2004, furthermore, reflects a continued upward trend since 1998. Unfortunately, the growth has so far not been translated to employment creation or poverty reduction.

Figure 1: Real GDP Growth in Africa (%), 2002-2004



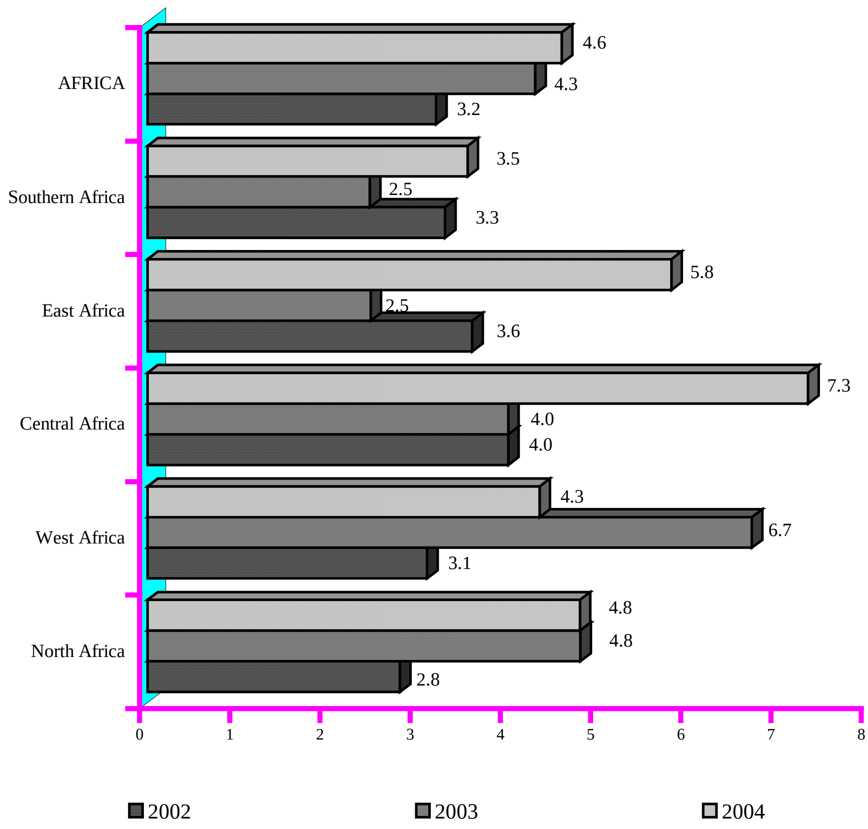
Source: Economic Report on Africa 2005 (Economic Commission for Africa)

1.1 Subregional Performance

The escalation in growth between 2003 and 2004 on the continent was attributable to an improvement in the performance of sub-Saharan Africa (SSA), in contrast with 2002-2003 when the increase emanated from North Africa (Figure 1). Central Africa experienced the highest growth rate in 2004, followed by East Africa, North Africa, West Africa and Southern Africa (Figure 2). Contributing to West Africa's relatively slow growth was the decline in Nigeria's real GDP growth from 10.2 per cent in 2003 to 4.6 per cent in 2004.[1]

[1] As Nigeria constitutes the lion's share of the West African economy, it requires special attention. The steep decline in its GDP growth between 2003 and 2004 must be placed in context, since it represents a return to a growth trend that had been interrupted by the decline in oil production in 2002, caused by civil protest in the oil-rich Niger Delta. Indeed, Nigeria's oil-GDP growth plummeted from 1.4 per cent to –11.6 per cent between 2001 and 2002 (IMF Country Report, 2005). Hence, the 10.2 per cent growth rate in 2003 reflected a rise from an unusually low base in 2002.

Figure 2: Real GDP Growth at Subregional level in Africa (%), 2002-2004



Source: Economic Report on Africa 2005 (Economic Commission for Africa)

Also contributing to the weak performance in West Africa was the ongoing political crisis in Cote d'Ivoire, which led to yet another year of slow real GDP growth (0.9 per cent in 2004). Furthermore, a locust invasion seriously affected the agricultural sectors of Mali, Niger and Senegal, contributing to their relatively low growth rates.

On the other hand, growth in six of the 15 West African countries was 5 per cent or higher, with Liberia leading the group with a real growth rate of 15 per cent, followed by the Gambia (6.6%), Sierra Leone (6.6%), Burkina Faso (5.4%), Cape Verde (5.4%), and Ghana (5.3%).

Rising oil prices buoyed growth in North and Central Africa. Meanwhile, East and West Africa benefited from increased agricultural production, coupled with rising commodity prices. In Southern Africa, real GDP growth increased in 2004, mainly as a result of steady growth in South Africa, which benefited from strong global and domestic demand created in part by its low interest rate environment.

1.2 Fastest versus Slowest Growing Countries

2004 Growth Record

The fastest growing African countries in 2004 were Angola, Chad, Equatorial Guinea, Ethiopia, Liberia, and Mozambique (Figure 3). Liberia's strong performance must be placed in context, however, as a most recent post-conflict economy, Liberia grew from a relatively low base of output. In addition, its growth was buoyed by substantial external aid in support of its rebuilding efforts. Thus, the sustainable nature of the growth may be in question.[2]

The slowest growing economies in Africa were Central African Republic, Cote d'Ivoire, Gabon, Seychelles and Zimbabwe, (Figure 3). The poor performance was hampered by drought and an adverse political environment (Zimbabwe); continuing political turmoil (Cote d'Ivoire); and, despite the discovery of new oil fields and higher oil prices, a decline in oil production due to limited investments in upgrading existing fields (Gabon)[3]

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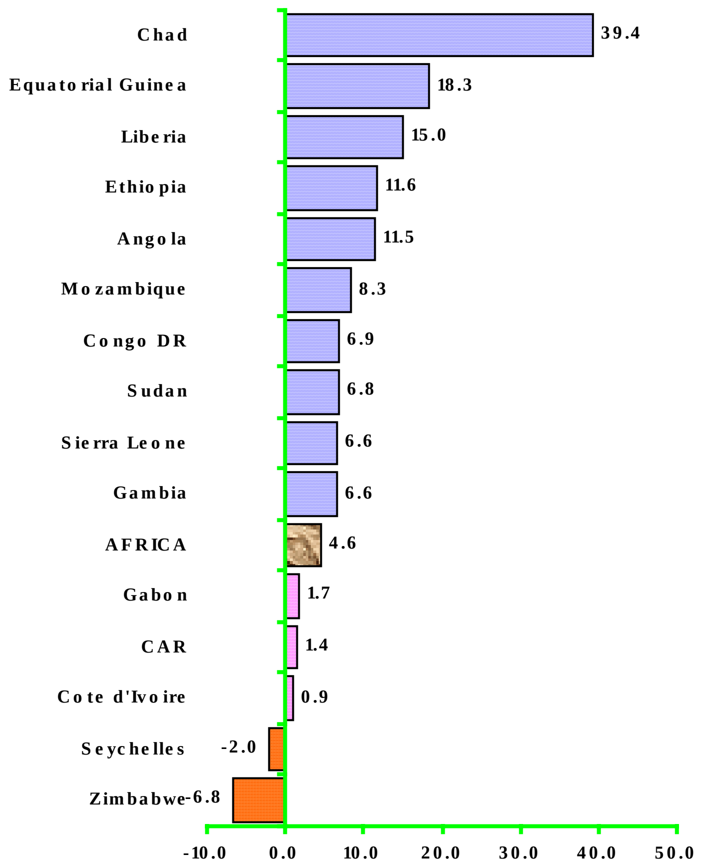
[2] The high growth of Angola, Chad and Equatorial Guinea also benefited from higher oil prices, while the construction of the Chad-Cameroon oil pipeline added considerably to the astronomically high growth of Chad. This pipeline should also help to continue fuelling Chad's growth in the future by facilitating its sale of oil in international markets.

[3] Oil production during the first half of 2004 was 2 per cent below the level achieved in 2003. Gabon is currently, undertaking investments to upgrade existing oil fields to capitalize on favourable oil prices (IMF Country Report No. 05/3).

Figure 3: Top 10 and Bottom Five Performers in Africa, 2004 (%)



Source: Economic Report on Africa 2005 (Economic Commission for Africa)

Half-decadal Growth Record

To gauge if the growth performance for 2004 was representative of medium-term performance, Table 1 presents data on the fastest and slowest growing countries based on 2000-2004 real GDP growth rates.

Seven of the top 10 performers in 2004 maintained average growth rates of 5 per cent or more during 2000-2004 (Table 1). Equatorial Guinea and Chad maintained double-digit growth rates, while Mozambique, Angola and the Sudan performed better than 6 per cent over the same period. The only top 10 performers in 2004 that failed to maintain average growth rates of 5 per cent or better were the Democratic Republic of the Congo (DRC), Sierra Leone and the Gambia (Table 1). This outcome reflects the post-conflict nature particularly of DRC and Sierra Leone.

Interestingly, the slowest growing countries in 2004 also experienced the lowest growth rates during 2000-2004. The countries are Central Africa Republic, Cote d'Ivoire, Seychelles and Zimbabwe.

The implication is that the growth performance of the top and bottom performers has been fairly stable over the last half-decade. In effect, 14 African countries have been capable of sustaining their growth at 5 per cent or higher since 1999, a rate that puts them closer to meeting the estimated 7 per cent rate required to achieve the poverty-reduction goal, MDG1.[4] The current finding also suggests that more in-depth country-specific studies are required to explore the variance of performance across countries.

Table 1:High and Low Growth African Countries: 2000-2004

High Growth[1] Countries	Ave. Growth 2000-2004	Low Growth[2] Countries	Ave. Growth 2000-2004
Equatorial Guinea	26.0	Somalia	1.8
Chad	14.9	Comoros	1.7
Mozambique	9.7	Malawi	1.6
Angola	8.0	Kenya	1.6
Sudan	6.8	Gabon	1.4
Ethiopia	5.6	Guinea-Bissau	1.3
Rwanda	5.5	CAR	1.3
Liberia	5.3	Cote d'Ivoire	0.2
Uganda	5.3	Seychelles	-0.1
Burkina Faso	5.3	Zimbabwe	-7.5
Mauritius	5.2		
Senegal	5.2		
Tanzania	5.0		
Botswana	5.0		

Source: Economic Report on Africa 2005 (ECA).
Note: [1] Countries with 5% or more average growth (2000-2004). [2]Countries with less than 2% average growth (2000-2004).

1.3 Internal Sources of Growth, 2004

The internal factors explaining the growth record in Africa in 2004 include: continued macro-stability based on prudent fiscal and monetary policy, an improvement in the current account balance due to rising commodity prices (including cash-crop agriculture) and receipts from tourism, as well as improved political stability in several African countries.

1.3.1 Macro-stability

Inflation Declined

On average, inflation in Africa declined from 10.3 to 8.4 per cent between 2003 and 2004. The favourable trend in inflation was due to prudent monetary and fiscal policies, good harvests and relatively stable and, in some cases, appreciating exchange rates. The average trend, however, masks country

[4] With a more equitable distribution of income than the current average for SSA, countries would be able to achieve MDG1 with less growth than the estimated 7 per cent, since poverty reduction would be more responsive to growth (Fosu, A.K. “Inequality and the Growth-Poverty Nexus: Evidence from SSA,” a paper presented at the CSAE conference on ‘Understanding Poverty and Growth in sub-Saharan Africa’, University of Oxford, March 2002).

differences. Inflation declined in 29 African countries but increased in 20 countries. Twelve countries experienced double-digit inflation and one country (Zimbabwe) registered triple-digit inflation. In contrast, Chad experienced a deflation despite rising energy prices.[5]

Fiscal Deficits Eased

Fiscal deficits in Africa declined between 2003 and 2004; 32 countries either recorded surpluses or declines in their fiscal deficit. Of the 32 countries, 13 recorded surpluses while 19 experienced declines. Fiscal surpluses were concentrated in oil-producing countries; 8 of the 13 countries that experienced a fiscal surplus were oil producers.

The success of African economies as a whole in improving their fiscal stance in 2004 was attributable to revenues generated from windfall gains in oil prices and prudent fiscal policies. Notwithstanding progress on the fiscal front, challenges remain for several African countries; 10 countries experienced deficits in excess of 5 per cent of GDP.[6]

Deficits largely resulted from increased expenditure to: ensure food security (Malawi), finance public sector salary arrears (Guinea-Bissau), scale up social spending (Mauritius), fund elections (Malawi and Zimbabwe), and finance the reconstruction of war-torn economies (Sierra Leone and Angola).

The Current Account Improved

Roughly, one-half of African countries (26 out of 51) experienced an improvement in their current account, which moved from a deficit of 0.1 per cent of GDP to a surplus of 0.4 per cent for the continent overall.

The favourable performance on the current account was due to strong growth in oil- and non-oil exports, and improved market access facilitated by initiatives such as the Africa Growth and Opportunities Act (AGOA) and the Everything But Arms (EBA) initiative. For instance, the combined value of the 37 eligible AGOA countries' exports to the USA grew by 38.1 per cent in 2004, up from $US24.4 billion in 2003. However, the strings attached to these preferential trading arrangements, in terms of rules of origin and time-bound preferential treatment, are constraints to export growth. Furthermore, the end of the Multi-Fibre Agreement (MFA) poses a challenge for African textile and garment producers, since it will open up the market to intense competition, particularly from highly competitive countries such as China, India and Pakistan. In effect, the contribution of textile and garment exports to the current accounts of African economies could be compromised as a result of the rollback of the MFA.

Overall, exports grew at 23.5 per cent as a result of both volume (8 per cent) and price (23.5 per cent) increases, pointing to the improvement in the terms of trade. Import growth averaged 16.9 per cent reflecting higher incomes and rising oil and food prices. Import growth in oil-producing countries was also fuelled by increased investments to expand oil-production capacity. Nonetheless, the majority (8 out of 14) of the countries that experienced a surplus in their current account were oil-producing countries.

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[5] The deflation resulted from: increased food supply from carryovers from the previous year, and weak domestic demand due in part to a contraction in government spending. Government spending contracted as a result of a shortfall in non-oil revenue and late receipt of oil receipts due to the delays in the finalization of the institutional arrangements for the management of the oil revenues.

[6] Sao-Tome and Principe (17.2 per cent), Guinea Bissau (14.7 per cent), Malawi (12.7 per cent), Zimbabwe (9.7 per cent), Egypt (7.5 per cent), Swaziland (6.6 per cent), Morocco (5.9 per cent), Sierra-Leone (5.9 per cent), Mauritius (5.5 per cent) and Angola (5.4 per cent).

1.3.2 Tourism on the Rise

Tourism is fast becoming an important source of foreign exchange earnings in Africa. Receipts from the tourism sector were $US18.6 billion in 2003 (the latest year for which data are available), representing an increase of 19.2 per cent over 2002. Receipts per tourist arrival were estimated at $US510 in 2003. While these amount to only about one-half the per capita tourist expenditure in the Americas ($US1029), they nevertheless represent a significant source of income for African economies. Indeed, together with an enabling environment and delightful weather conditions, the low cost of touring Africa may be a positive factor that makes Africa the preferred destination for tourists.

1.4 External Sources of Growth, 2004

Among the external factors explaining African economic growth in 2004 are: increased flows of foreign direct investment (FDI) and overseas development assistance (ODA),[7] as well as a rise in commodity prices induced by increased global demand. While rising oil prices were key in spurring growth in oil-producing African countries such trends posed a threat to the growth of non-oil producing African countries.

1.4.1 Strong Global Economic Growth

The global economy grew at 4.0 per cent in 2004, the strongest in two decades. Global growth was widespread but particularly robust in the United States and China, which experienced growth rates of 4.4 and 9.0 per cent, respectively. At 1.8 per cent, growth in the European Union (EU) was relatively tame and occurred in the backdrop of an appreciating euro that dampened exports. Given the importance of the EU as a trade partner to Africa, the relatively slow growth in the EU may have retarded the overall growth performance of Africa. Nonetheless, the generally strong global growth facilitated growth in developing countries, including African economies, by increasing global commodity demand.

1.4.2 Rising Commodity Prices

Africa's growth performance was spurred by rising oil and non-oil commodity prices. The commodity price index, denominated in US dollars, increased by 26.3 per cent in 2004 induced by increased demand from Asia, particularly China. Oil price changes accounted for the bulk of the commodity price increase, while metals and minerals and fertilizers contributed significantly to the rise in non-energy commodity prices. In contrast, the price of cocoa, coffee, cotton and groundnut oil declined between 2003 and 2004, on account of excess supply on the world market.

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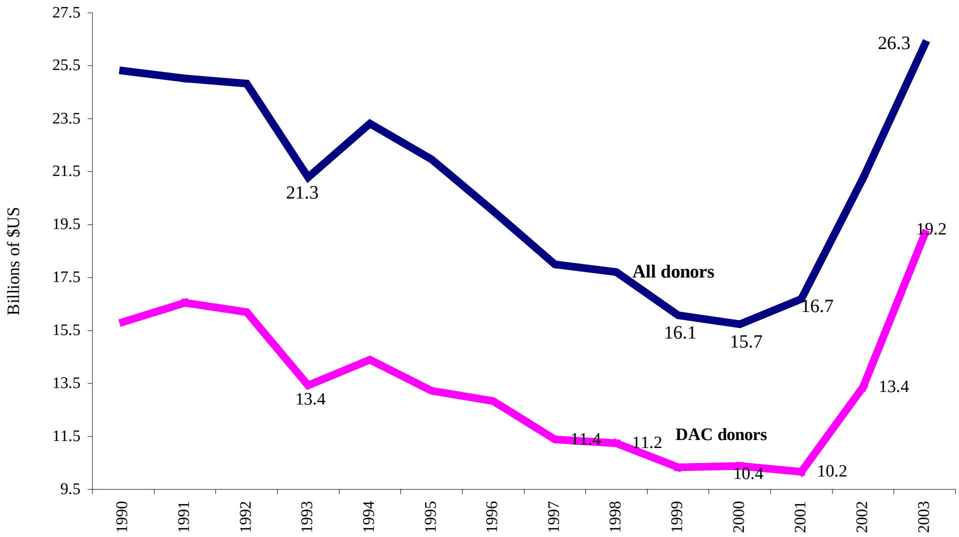
[7] Based on the most recently available ODA data (2003).

1.4.3 ODA on the Rise

Figure 4: *Net ODA flows to Africa, 1990-2003 (Billions of $US)*



Source: Economic Report on Africa 2005 (Economic Commission for Africa).

ODA to Africa recovered from a low of $US15.3 billion in 2000 to a new high of $US26.3 billion in 2003 (Figure 4). The recovery in ODA flows was largely driven by debt relief, provided through the Highly Indebted Poor Country (HIPC) initiative, and emergency assistance.

The Development Assistance Committee (DAC) accounts only not for the bulk of ODA as a whole, but also a significant share of ODA to Africa in particular. In 2003, member countries of the Committee provided about 73 per cent ($19.2 billion) of total ODA and more than 41 per cent of all ODA flows to Africa. By their per capita gross national income (GNI), Denmark (0.94), Norway (0.87), the Netherlands (0.81), Sweden (0.80) and Luxemburg (0.78) led the way in donations in 2001-2003.

In absolute terms, the biggest beneficiaries of DAC assistance during the period 2001-2003 were Egypt ($1.17 billion), Mozambique ($0.96 billion), Tanzania ($0.91 billion), the Democratic Republic of the Congo ($0.63 billion), and Ethiopia ($0.57 billion). It is noteworthy that most of these economies have been undergoing continuous economic reforms.

1.4.4 FDI Flows are Up

Africa has been recording increased flows of FDI despite recent declines in FDI globally. FDI flows to Africa increased from $US12 billion in 2002 to $US15 billion in 2003 and were projected to rise to $US20 billion in 2004. FDI flows to Africa tend to be concentrated regionally (i.e., North Africa) and sectorally (i.e., in the extractive industries).

Two thirds of all flows to Africa went to North Africa where investments favoured oil-rich Libya, the Sudan and investor-friendly Morocco. In SSA, the preferred FDI destinations were: Angola, Equatorial Guinea, Nigeria and South Africa.

FDI flows to the service sector, at large, and the electricity and wholesale and retail subsectors in particular, have been on the rise in recent years challenging the dominance of the extractive industry. In particular, increased FDI flows to the service sector have been influenced by privatization and liberalization of the sector (e.g., telecommunications, electricity and water) and technological innovations that have increased the range of tradable services.

2. SOME AREAS OF CONCERN

Notwithstanding the favourable growth performance in 2004, savings and investment remain low. Meanwhile, the depreciation of the dollar has contributed to the appreciation of the currencies of several African countries and threatens to undermine their international competitiveness. Global growth is, furthermore, expected to decline to 3.2 per cent in 2005 on account of rising crude oil prices, tighter fiscal and monetary policies in the USA to address the deterioration of its budget and current account deficits, and a cooling of the Chinese economy. A slowdown in global growth may have adverse implications for African countries.

2.1 Risk of currency appreciation

As a result of continued weakening of the US dollar, 30 African countries experienced appreciation of their currencies against the dollar in 2004. The Liberian dollar showed the sharpest appreciation of all African currencies due to increased donor inflows, capital investment and remittances inflow, and the decline in capital flight as the country emerged out of conflict.

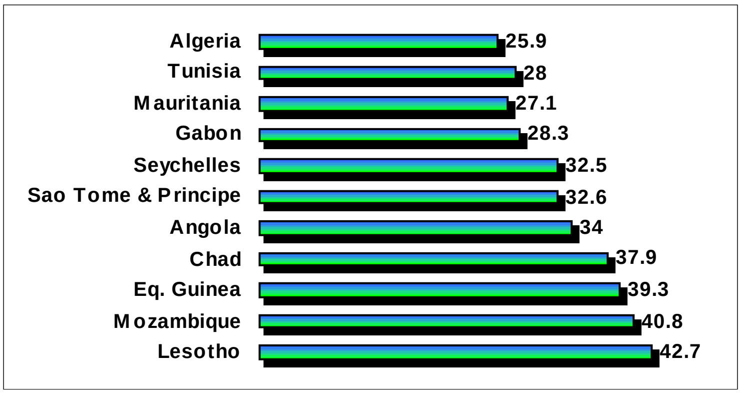
Higher gold and platinum prices, the weak US dollar and relatively low real interest rates were the main factors behind the strong performance of the South African rand in 2004. The currencies of three Southern African countries' (the Namibian dollar, the loti of Lesotho and the lilangeni of Swaziland), pegged at the same level to the rand, experienced rapid appreciation as well. The CFA franc, pegged to the euro, also gained much strength against the US dollar in 2004.

2.2 Weak Domestic Investment

Investment in Africa is generally low. It barely exceeded 20 per cent of GDP during 2000-2002.[8] Only 11 out of the 50 countries for which data are available experienced high investment rates, that is, in excess of 25 per cent during 2000-2002, with a majority of these countries being oil-producing (Figure 5).

[8] This is the most recent period for which reliable data are available.

Figure 5: Investment to GDP Ratios in Africa (%): 2000-2002

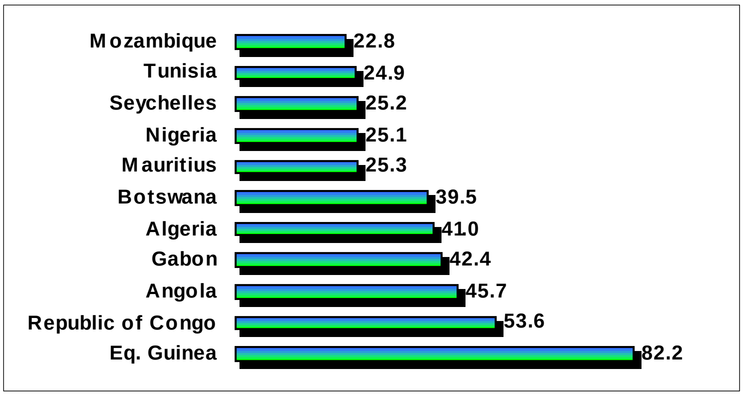


Source: Economic Report on Africa 2005 (Economic Commission for Africa).

2.3 Low Domestic Savings

The low level of investment in Africa is partly due to the low savings rate in the region. On average, Africa had a savings rate of 21.1 per cent of GDP during 2000-2002. Only 11 of the 50 countries[9] registered savings rates above the average for the region suggesting that even the average rate is dominated by the performance of a few countries (Figure 6).[10] The low level of domestic savings deepens dependence on external aid and renders African countries vulnerable to the volatilities of FDI and ODA flows.

Figure 6: Savings to GDP Ratios in Africa (%): 2000-2002



3. PROSPECTS FOR GROWTH IN 2005

Africa is projected to grow at 5.0 per cent in 2005, up from 4.6 per cent in 2004 (Figure 7). Growth is expected to be driven by the upturn in the growth prospects of 32 countries (including the largest 5 economies[11] except Nigeria). Growth will be underpinned by continued

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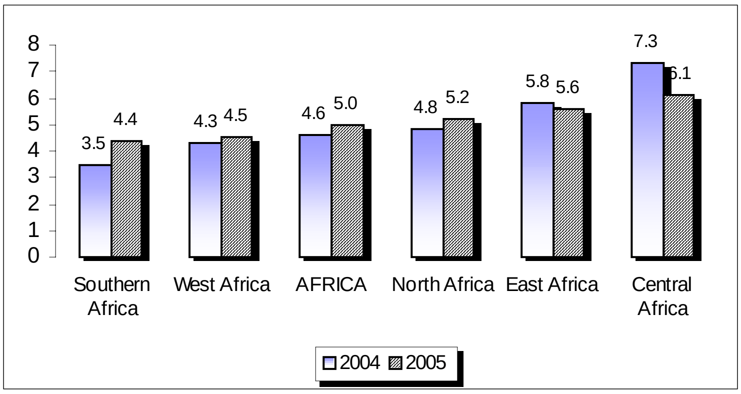
[9] These are countries for which data are currently available.

[10] It should be noted that while high investment rates (i.e., at least 25 per cent of GDP) are critical for growth, they are not sufficient. For instance, despite the high investment rates in Algeria, Gabon and Seychelles during 2000-2002, the average growth rates in these countries were less than 5.0 per cent over the same period. This underscores the need to examine country-specific factors underpinning productivity.

[11] South Africa, Nigeria, Egypt, Algeria and Morocco.

macroeconomic stability; rising African exports in the context of strong, albeit slower, global growth; continued improvement in agricultural output, assuming continued good weather conditions; and vibrant growth in the tourism and mining subsectors.

Figure 7: Projected real GDP growth at sub-regional level (%), 2005



Source: Economic Report on Africa 2005 (Economic Commission for Africa).

Central Africa and Eastern Africa are expected to lead the growth process in 2005, while Southern Africa and West Africa are projected to grow at the slowest rate (Figure 7). Growth in Central Africa and Eastern Africa is, however, projected to be lower in 2005 than in 2004.

3.1 Central Africa

Growth in Central Africa is expected to decline due to a projected sharp drop in Chad's growth from 39.4 per cent, in 2004, to only 13 per cent in 2005. This is due to the winding down of construction activities on the Chad-Cameroon oil pipeline. Cameroon's growth is expected to remain unchanged while a further decline in oil production in Gabon is anticipated to slow the economy's growth to 0.8 per cent in 2005. On the other hand, robust expansion in the non-energy sectors is expected to strengthen the growth outlook in the Republic of Congo and São Tomé and Principe.

3.2 East Africa

Despite an anticipated decline from its 2004 level, East Africa's growth is expected to remain firm in 2005 due to increased donor support across the sub-region, good harvests (Burundi, Ethiopia, Kenya, Madagascar, Tanzania and Uganda); strong growth in tourism (Kenya, Seychelles and Tanzania); increased FDI flows (Madagascar and Uganda); good macroeconomic management (Uganda, the Democratic Republic of the Congo and Tanzania); and improved political stability (Burundi and Comoros).

3.3 North Africa

Growth in North Africa is anticipated to rise in 2005 as a result of increased agricultural growth and continued gains from oil. Other factors include tax cuts in Egypt, which are expected to boost private consumption and investment; strong tourism growth in Morocco and Tunisia;

more foreign investment inflows to the oil-sectors of Libya, Mauritania and the Sudan (if peace is secured); and strong growth in services in Tunisia and Mauritania. Aided by the expanded capacity in the oil sector and an improvement in the political situation, the Sudan is expected to expand at the fastest rate of 8 per cent in 2005, followed by Algeria 6.6 per cent, Mauritania 5.4 per cent and Tunisia 5.1 per cent.

3.4 West Africa

West Africa is projected to improve slightly upon its growth performance in 2004. Eight of the 15 countries (i.e., Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Guinea, Guinea Bissau, Mali and Senegal) are expected to improve on their 2004 growth performance. Liberia is again projected to lead the subregion with a growth rate of 15 per cent. The main factors behind the expected rise in the growth in West Africa are: anticipated agricultural growth (Benin, the Gambia, Guinea, Mali, Senegal, Sierra Leone and Togo); increased donor support (Guinea Bissau, Liberia and Sierra Leone); mining expansion (Burkina Faso, Guinea, Ghana, Mali, Sierra Leone); foreign investment inflows (Cape Verde and Liberia) and growth in tourism (Cape Verde and the Gambia).

3.5 Southern Africa

Southern Africa is projected to expand at a much faster rate of 4.4 per cent in 2005 compared to its growth rate of 3.3 per cent in 2004. Growth in South Africa is expected to increase from 2.8 per cent in 2004 to 3.4 per cent in 2005 because of the anticipated strong global demand for its products, growth in tourism, an increase in FDI inflows, expansion in domestic demand in response to new tax-relief measures and a low interest rate environment. Developments in the oil sector will continue to influence Angola's economic activity in 2005.

Furthermore, growth in services in Botswana, Mauritius and Namibia; an increase in mining sector activities in Botswana, Mozambique, Namibia and Zambia; agricultural sector expansion in Mauritius, Mozambique and Zambia; development in tourism activity in Mauritius and Zambia; and donor support in Zambia will be the main factors that contribute to the expansion of the subregion's growth in 2005. However, Zimbabwe is projected to contract in 2005 (albeit at a lower rate than in 2004) due to the continuing unfavourable political climate and the weak performance of both agricultural and manufacturing sectors.

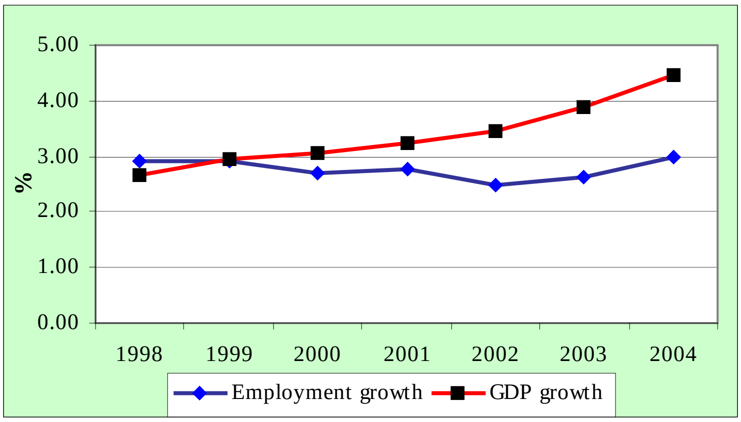
4. GROWTH, EMPLOYMENT AND POVERTY

4.1 Employment growth

Given the significance of employment as a source of income for the poor, increasing employment opportunities must be considered a critical element of poverty reduction initiatives. Sustained economic growth represents the route for creating "decent" jobs with above-poverty wages.

Unfortunately, while real GDP growth in SSA has been on an upward trend since 1998, for example, employment growth has remained flat (Figure 8).

Figure 8: Real GDP Growth and Employment Growth in SSA (%)

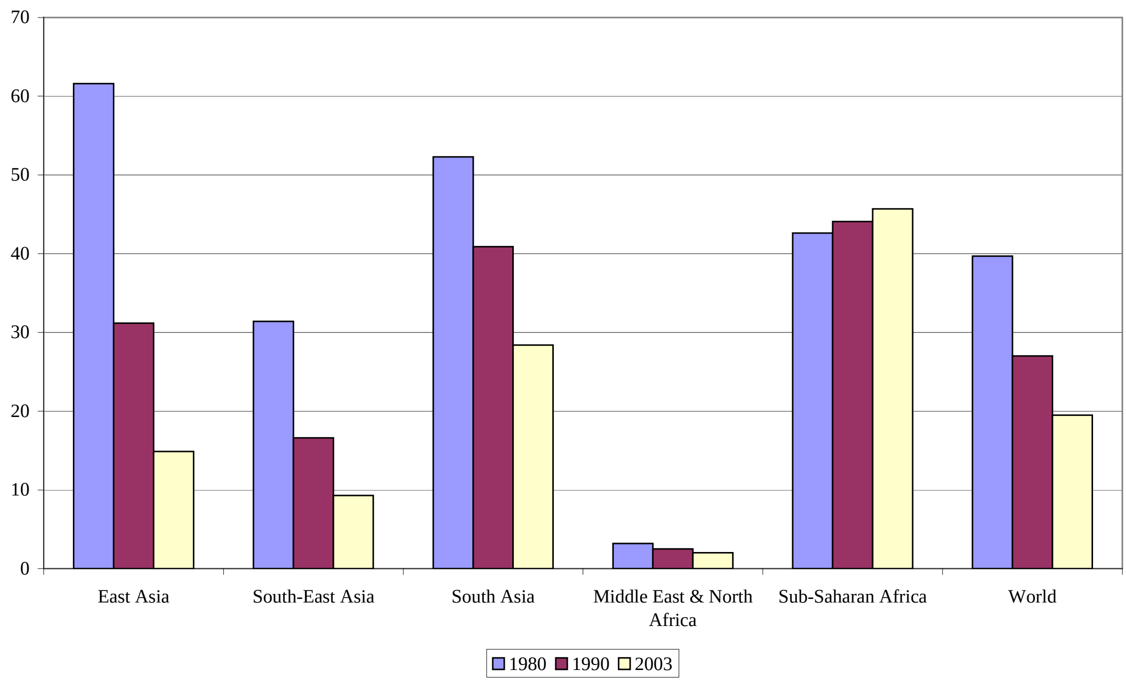


Source: Economic Report on Africa 2005 (Economic Commission for Africa).

These trends suggest, then, that real GDP growth in SSA has not been sufficiently employment-intensive.

4.2 Poverty Trends

Figure 9: $US1 a day poverty rate in selected regions



Source: Economic Report on Africa 2005 (Economic Commission for Africa).

In 2003, for example, SSA had the highest poverty rate, while North Africa and the Middle East (MENA) experienced the lowest rate (Figure 9). Moreover, the poverty rate decreased substantially between 1980 and 2003 for all subregions with the exception of SSA, where the rate actually increased slightly.[12] In addition, SSA was the only subregion where the proportion of the "working poor" increased during 1980-2003 (Table 2). This finding is likely explained by the fact that GDP growth in SSA during this period was barely enough to absorb population growth.[13]

***Table 2*: Working poverty shares in total employment, selected regions**

	US$ 1 a day poverty			US$ 2 a day poverty		
	1980	1990	2003	1980	1990	2003
East Asia	71.1	35.9	17.0	92.0	79.1	49.2
South-East Asia	37.6	19.9	11.3	73.4	69.1	58.8
South Asia	64.7	53.0	38.1	95.5	93.1	87.5
Middle East & North Africa	5.0	3.9	2.9	40.3	33.9	30.4
Sub-Saharan Africa	53.4	55.8	55.8	85.5	89.1	89.0
World	40.3	27.5	19.7	59.8	57.2	49.7

Source: Economic Report on Africa 2005 (Economic Commission for Africa).

5. PROGRESS TOWARDS MDG TARGETS

5.1 Overall SSA performance

The unsatisfactory performance of SSA in creating jobs and reducing poverty raises concerns about the subregion's progress in meeting the overall targets of the MDGs[14], practically all of which relate to social conditions. SSA's overall performance during 1990-2000, with respect to achieving the MDG targets, has been disappointing (Figure 10).[15] Performance was particularly weak on halving poverty, reducing maternal mortality and increasing the primary education completion rate, though there appears to be significant progress on meeting gender equality education targets, as well as on access to improved water sources.

Figure 10: Progress Towards Meeting the MDGs in SSA

	1990	2000	2015 (Target)
MDG1: People living on less than $1 (PPP) a day (% of population)	45	46	22
MDG2: Primary education completion rate (% of relevant age group)	57	55	100
MDG3a: Promoting gender equality: primary education	0.82	0.87	1
MDG3b: Promoting gender equality: secondary education	0.75	0.82	1
MDG4: Under five mortality rate (per 1,000 births)	187	174	62

[12] The Middle East and North Africa (MENA)'s poverty rate was already small in 1980, but still decreased a little more between 1980 and 2003.
[13] The per capita growth of GDP actually averaged -0.2 per cent during 1980-2003, compared for example, with an average of 2.0 per cent for North Africa.
[14] North Africa as a whole is on target toward meeting practically all the MDGs (see Figure 11).
[15] The most recent year for which reliable data are available is 2000.

MDG5: Maternal mortality rate (per 100,000 live births)	920*	917	230*
MDG6: Combating HIV/AIDS, malaria and other diseases: HIV/AIDS – In 2001 youth prevalence was 13% for men and 6% for women. Malaria - Only 7 out of 27 SSA countries with above-5% incidence use bed nets for prevention. Tuberculosis - has a prevalence of 350 per 100,000 in SSA in 2001.	-	-	-
MDG7a: Access to improved water source (% of pop.)	54*	58	77
MDG7b: Access to improved sanitation services (% of population)	55*	54	77
MDG8a: ODA flows (% of donors' GNI)	On the decrease	Increase to 0.3** in 2003	0.7% of GNI as agreed in Monterrey
MDG8b: Debt sustainability	N/A	Currently (2004) 12 African countries have reached completi on point	

Source: www.developmentgoals.org, *United Nations Database, ** OECD /DAC.

5.2 Subregional and country-level performance

The apparently dismal performance at the regional level, however, masks subregional and country-level differences. North Africa, for example, is singled out as a subregion with a remarkable progress towards achieving the MDGs (Figure 11). It is also noteworthy that several countries are projected to achieve each of the goals. Nonetheless, the majority still lag behind, and special efforts will be required to ensure that they can achieve the MDGs.

Figure 11: Achieving MDGs in Africa: Country and Subregional Performance

Goals	Countries that are likely to achieve the targets
Goal 1: Eradicate extreme poverty and hunger	**Poverty**: Botswana, Burkina Faso, Cameroon, Ghana, Lesotho, Mauritius, South Africa, Uganda, and North African countries. **Child malnutrition**: Botswana, Chad, Egypt, the Gambia, Mauritania, the Sudan and Tunisia. **Overall undernourishment**: Angola, Ghana, Malawi and North African countries
Goal 2: Achieve universal primary education	**Both net enrolment and completion rate**: Algeria, Botswana, Cape Verde, Egypt, Gabon, Mauritius, Namibia, Rwanda, Seychelles, Sao Tome and Principe, South Africa, Togo, Tunisia and Zimbabwe.

Goal 3: Promote gender equality	**Primary level education**: Botswana, Lesotho, Mauritius, Namibia, Rwanda, Swaziland, and Zimbabwe. **Secondary level:** Algeria, Botswana, Lesotho, Libya, Namibia, Rwanda and Tunisia.
Goal 4: Reduce child mortality	Cape Verde, Mauritius, Seychelles, and North African countries
Goal 5: Improve maternal mortality	North African countries, Botswana, Cape Verde, the Gambia and Mauritius
Goal 6: Combat HIV/AIDS, malaria and other diseases	**HIV/AIDS**: Botswana, Zimbabwe and Uganda. **Malaria**: Benin, Cameroon, Central Africa, Comoros, Gambia, Guinea-Bissau, Kenya and Rwanda. **Tuberculosis:** Angola, Gabon, Gambia, Madagascar, South Africa, Swaziland, Zambia, and North African countries in all the three cases (HIV/AIDS, Malaria, and Tuberculosis)
Goal 7: Ensure environmental sustainability	**Sustainable development (forest area**): Cape Verde, the Gambia, Swaziland, and North African countries. **Access to safe drinking water (rural**): Algeria, Burundi, Botswana, Egypt, Ghana, Gambia, Malawi, Mauritius, Namibia, South Africa and Tanzania. **Access to sanitation (urban)**: Algeria, Egypt, Ghana, Libya, Mauritius, Morocco, and Tunisia.

Source: ECA, Progress and Prospects of Achieving the MDGs in Africa, 2005.

6. CONCLUSION AND POLICY RECOMMENDATIONS

The country-level MDG performance of African countries is cause for “unrelenting concern” but not for “despair”. Africa’s favourable real GDP performance in recent years is a welcome development, especially when placed in the context of historically low levels of growth.

Sustainable growth in Africa will require policy interventions at the economic, social, and political levels.

6.1 Economic

At the economic level, priority must be given to:

- Minimizing dependency on the vagaries of the climate, through agricultural transformation;
- Reducing exposure to commodity price shocks via export diversification;
- Consolidating macroeconomic stability through prudent fiscal and monetary policies underpinned by effective expenditure tracking systems and an efficient public sector;

- Mobilizing domestic savings to finance investments, through macroeconomic stability and measures to deepen financial and capital markets;
- Maximizing job creation by minimizing constraints to private sector investments and growth (e.g., complementary public investments in roads, utilities, etc., and minimization of red-tape);
- Minimizing the unpredictability of ODA flows by negotiating greater donor coordination and commitment to streamline aid delivery modalities and, where relevant, ensuring greater effort on the part of African countries to fulfill mutually agreed benchmarks with donors; and
- Accelerating efforts of regional cooperation to effectively harness global forces for development.

6.2 Social

Social-level interventions must be guided by the goal of improving the health and human capital of the citizenry. This can be achieved by:

- Maximizing physical and financial access to health systems by the poor, through cost-effective investments in social services, including the design of financially sustainable social safety nets;
- Addressing the adverse effects of major diseases such as malaria, and especially halting the spread of HIV/AIDS as well as addressing the needs of people living with AIDS; and
- Investing in education and ensuring that human capital (acquired either through formal education or skills training) is relevant to the workplace; and putting in place effective policies to retain human capital and reverse the brain drain.

6.3 Political

On the political level, the overriding objectives should be:

- Securing peace and security through the development of credible democratic processes and institutions, including the respect for the rule of law and the rights and liberties of the citizenry; providing for the rule of the majority while respecting the rights of minorities;
- Making special provisions for the least-developed countries and post-conflict economies; and
- Optimizing global partnerships to level the playing field in the trade arena; as well as developing and maintaining the capacity for infrastructure development and effective management.