



UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
ECONOMIC COMMISSION FOR AFRICA

Twenty-seventh meeting of the Committee of Experts

26 – 29 March 2008

Forty-first session of the Economic Commission for Africa

31 March – 2 April 2008



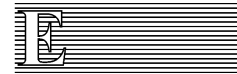
AFRICAN UNION
COMMISSION

Third meeting of the Committee of Experts

Third session of CAMEF

**First Joint Annual Meetings of
the AU Conference of Ministers of Economy and Finance
and ECA Conference of African Ministers of Finance, Planning
and Economic Development**

Addis Ababa, Ethiopia



Distr.: General
E/ECA/COE/27/2
AU/CAMEF/EXP/2(III)
Date: 21 March 2008

Original: English

Meeting Africa's New Development Challenges in the 21st Century: Issues Paper

Table of Contents

Abbreviation and acronyms.....	ii
Introduction	1
Section II: New Development challenges of the 21 st Century.....	2
A. Growth and employment	2
B. Climate change.....	7
C. Emerging social sector challenges	10
D. Accelerating and sustaining progress in good governance and building of capable states	14
Section III: Way forward and issues for discussion.....	16
Section IV: Conclusion	19
References	20

Tables and figures

Table 1: Growth rate of real GDP, %, selected African countries, 2005-2007	3
Figure 1: Africa and China trade volume, 1978-2005	4
Figure 2: Africa-India trade volume, 1978-2008.....	4
Table 2: World wheat supply and disappearance.....	6
Table 3: Comparison of expenditure on HIV and AIDS and new infections in Africa, by scenario, 2003-2025	13
Figure 3: Leading obstacles to good governance in Africa, in rank order.....	15

Abbreviation and acronyms

AERC	African Economic and Research Consortium
AfDB	African Development Bank
AGR1	African Governance Report 1
AIDS	Acquired Immunodeficiency Syndrome
APRM	African Peer Review Mechanism
AU	African Union
AUC	African Union Commission
CSD 14	14 th Commission on Sustainable Development
ECA	Economic Commission for Africa
EITI	Extractive Industry Transparency Initiative
ERA	Economic Report on Africa
GATS	General Agreement on Trade in Services
GCA	Global Coalition for Africa
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
IFAD	International Fund for Agricultural Development
IPCC	Intergovernmental Panel on Climate Change
MDGs	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
OAU	Organization of African Unity
PRSPs	Poverty Reduction Strategy Papers
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNECA	United Nations Economic Commission for Africa
WB	World Bank

Introduction

In 2000, the first year of the 21st century, the Economic Commission for Africa (ECA), the World Bank (WB), the African Development Bank (AfDB), the Global Coalition for Africa (GCA) and the African Economic Research Consortium (AERC) issued a joint report with the provocative title “*Can Africa Claim the 21st Century?*” The report’s response to the question it had posed was a qualified “Yes”. The “Yes” was conditional on Africa’s ability to address “the development traps that hobbled its growth. The report proposed four main strategies that African countries could pursue to usher in “self-reinforcing process of economic, political, and social development”. These strategies were: improving governance and resolving conflict; investing in people; increasing competitiveness and diversifying economies, and reducing aid dependence and strengthening partnerships¹.

Since the report was issued, Africa has made progress, albeit varied, in all the strategic areas identified in the report. Governance is improving across a large swathe of the continent as reported in ECA’s African Governance Report 1 (AGR1) and numerous other reports. The number of violent conflicts has significantly fallen in spite of the emergence of conflict in the Sudan’s Darfour region, and episodic rebellions in Chad. The conflicts in Sierra Leone, Liberia, Cote d’Ivoire, the Democratic Republic of Congo have all ended providing some space for economic growth and social development to resume. However, the enormous economic, political and social consequences of conflicts remain palpable. High on the agenda in this regard are preventing the emergence of new conflicts, relapse into conflict by countries newly exiting from conflict, and post-conflict rehabilitation and reconstruction.

Democracy is gradually taking root. There is greater freedom of expression in many countries than was the case several years ago. Increased freedom of the press is contributing to greater transparency and accountability. Elections are now more the norm than the exception. The competitiveness of African economies is also improving according to the 2007 Africa Competitiveness Report although a lot still remains to be done on that front. Countries are assiduously seeking out ways to diversify their economies and to increase value addition along the value chain. There is also good news on the growth front. The growth resurgence that began in the mid-1990s with a few countries has since spread to most countries of the continent. In 2007, over 39 African countries had been growing persistently for more than three years at an annual real rate of 3 per cent and of these, 15 had grown at 5 per cent or more. There has also been an increase in investment in people. Evidence shows that gross enrolment rate in all levels of education has grown as has completion rates.

There is ample evidence of the highest level of political commitment – both regionally and internationally – to set the continent on a sustainable development path. The United Nations Millennium Declaration has helped galvanize international and domestic attention on the moral imperative of improving the life conditions and life chances of the least privileged in society. The New Partnership for Africa’s Development (NEPAD) adopted by African Heads of State and Government in 2002 accentuates the message of the MDGs and provided a road map for growing African countries in the 21st century. While efforts at addressing late 20th century challenges remain, new challenges have arisen in the early 21st century.

¹ Anticipating the emergence of new development challenges in Africa in the 21st century, the Organization of African Unity (OAU), at its Fourth Extraordinary Session in Sirte, Libya, in September 1999 and at its Ordinary Session earlier in the year in Algiers, Algeria, in July 1999, emphasized the need and urgency for stronger African unity to enable the continent to confront the challenges of the new century.

The security of these positive developments is however threatened by new 21st century challenges. Among these new challenges are: a) Sustaining economic growth and creating employment in the face of new global actors, rising food and energy prices, a new global trading regime including the yet-to-be-commenced negotiation on General Agreement on Trade in Services (GATS); b) Climate change; and c) Improving governance and building a capable state. There are also new challenges on the social front such as ensuring long-term financing for treatment for people infected by the Human Immunodeficiency Virus (HIV) and those living with the Acquired Immunodeficiency Syndrome (AIDS) in addition to the challenge of legal empowerment of the poor. How Africa addresses some of these new 21st century challenges is critical for determining how Africa fares in the 21st century.

This background and issues paper discusses the four challenges enumerated above. It is prepared for the First Joint African Union Commission and United Nations Economic Commission for Africa (UNECA) Conference of African Ministers of Finance, Planning and Economic Development². Its purpose is two-fold: first, to surface and spell out some of the new development challenges confronting Africa as the 21st century unfolds; and second, to propose options for debate and consideration by Ministers, agreement on which will map out a way forward for addressing and overcoming these challenges.

The paper builds on recent studies, conference reports and ministerial conferences that are examining the development challenges that Africa faces in the 21st century. While a number of these challenges such as accelerating economic growth and creating employment are persistent, some, such as climate change and long-term financing of treatment for HIV/AIDS patients are new. How these challenges are addressed have implications for the efforts of the continent to secure any successes that it may record in its efforts to reach the targets of the Millennium Development Goals.

Section II: New Development Challenges of the 21st Century

This section discusses four main challenges, which in our view, could be critically determinant of how Africa fares in the 21st century. The challenges are: a) Growth and employment; b) Climate change; c) Emerging social issues – legal empowerment of the poor and long-term financing for HIV/AIDS treatment; and d) Governance and the capable state. Each of these challenges is discussed in the subsections that follow.

A. Growth and employment³

One of the main 21st century challenges facing Africa is the prevention of growth collapse and employment creation for its very young population. Evidence shows that Africa has been growing at a respectable rate in recent years. In 2007, 25 countries achieved a real GDP growth rate of 5 per cent or more (table 1) while another 14 achieved a growth rate ranging between 3 and 5 per cent. Put together, 39 countries grew at rate of 3 per cent or more in 2007. According to ECA/AUC forthcoming 2008 Economic Report on Africa, the continent grew at an average rate of by 5.8 per cent in 2007 and is on course to maintain that growth rate in 2008 in spite of the

² Hereafter, Ministers.

³ Growth and employment is an endemic challenge. It has been a major issue in practically all recent ECA conferences, including the Ouagadougou conference. It was also the focus of ECA's 2005 Economic Report on Africa. However, new variables in the 21st century have made it a 21st century challenge.

disturbance to growth in some countries such as Kenya and South Africa (due to growing electric energy insecurity).

Table 1: Growth rate of real GDP, %, selected African countries, 2005 - 2007

	2005	2006	2007
Angola	20.6	14.9	26.9
Tunisia	4.2	5.8	5.8
Nigeria	6.5	5.3	7.0
Egypt	4.5	6.8	6.6
Ethiopia	8.7	5.9	6.3
Sudan	7.9	12.1	11.3
Kenya	5.8	5.0	5.3
Uganda	6.7	5.4	6.0
DRC	6.5	6.5	6.2
Rwanda	6.0	5.3	5.7
Malawi	2.2	8.4	4.8
Mauritania	5.4	13.9	6.3
Mali	6.1	5.0	4.8
Cape Verde	5.8	5.8	6.1
Sierra Leone	7.2	7.4	6.5
Ghana	5.8	6.1	5.9
Burkina Faso	7.1	5.5	5.4
Republic of Congo	7.7	6.8	1.9
Equatorial Guinea	6.0	0.4	9.4
Zambia	5.1	5.9	5.8
Botswana	8.4	4.2	4.3
Mozambique	6.2	7.9	7.3
Tanzania	6.8	5.7	6.8

Source: African Development Bank/OECD African Economic Outlook 2007.

However, growth has failed to, as reported in ECA's Economic Report on Africa 2005 and in many other reports, to generate employment and to significantly reduce poverty. The failure of growth of African economies to generate large employment growth and thus significantly reduce poverty can be attributed to two major factors, amongst many; low factor accumulation, namely, physical and human capital and low productivity growth. Recent papers report a low response of poverty reduction to growth in Africa. Bigsten, A., Kebede, B. and Shimeles, A. (2003), for example, report that a 1 per cent increase in the mean real expenditure leads to a 1.2 per cent decrease of the national headcount ratio in Ethiopia, while Moser and Ichida (2001) report that a 10 per cent increase in per capita GDP leads to a 1 per cent increase in life expectancy, 3-4 per cent decline in infant mortality, 3.5 – 4 per cent increase in the rate of gross primary school enrollment.

A major reason for the low response of poverty reduction to growth is the fact that recent growth in Africa has not been accompanied by significant expansion in employment creation. A number of factors explain this outcome. First, the current growth rate of 5.8 per cent per annum falls short of the 7.0 per cent widely believed to be the minimum rate at which the continent must grow to reduce poverty and improve human conditions. This is complicated by the fact that this growth remains very vulnerable to volatility because of the monocultural nature of African economies and their dependence commodity exports. Second, the persistent concentration of growth in the capital-intensive extractive sector results in low labour absorption as most African economies have not achieved high enough productivity in the manufacturing and services sector to absorb excess labour in agriculture. As is well known, the extractive sector is largely an enclave economy with little, if any, linkages to the rest of the economy. Dominated by multi-

nationals, there is very little value addition in the sector. Third, income inequality is rising because of the low employment response of growth and this is made worse by rising inequality in the distribution of opportunities.

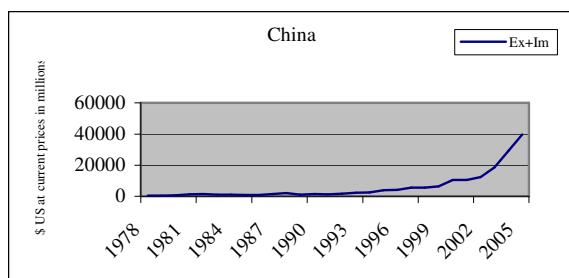
However, the scope for accelerating growth and employment in Africa is very significant. Key in this is increasing factor accumulation and raising total factor productivity. Evidence shows that Africa lags behind other regions on this score. In addition, as pointed out in ECA/AUC's 2007 Economic Report on Africa, African countries need to diversify their economies as a matter of competitive urgency. The poor structural transformation of African economies is a major constraint on growth and employment. Fourth, African countries have to effectively manage demographic pressure. Africa labour force, according to the International Labour Organization (ILO), is expanding at an annual rate of 2.5 per cent way beyond the ability of countries to cope. Dependency ratio is therefore very high with consequential impact on savings ratio. The slow rate of job creation especially for Africa's youth is resulting in high rates of illegal migration. Fifth, African countries have to improve education and skills to make them responsive and relevant to 21st century labour market requirements. Finally, African countries will need to continue to address the poor enabling environment that constrains investment and job creation.

However, what make growth and employment a major 21st century challenge for Africa are the recent developments in the international arena. These developments include the emergence of China and India as major global actors, rising food and energy prices, and complications arising from climate change. In the paragraphs that follow, we discuss the likely impact of rising food prices and emerging centers of economic power in the South, like China and India on growth and reemployment in Africa, suspending the treatment of climate change until much later since it is identified in its own right as a 21st century challenge.

- **Expanding Trade with China and India**

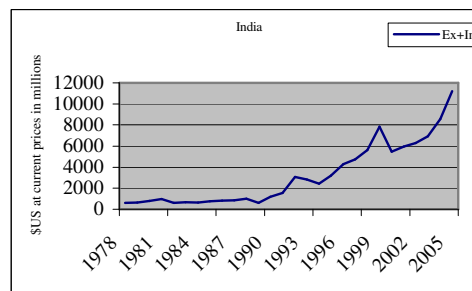
Since China and India embarked on a policy of economic liberalization in 1991, trade between them and Africa has greatly increased as the figures below show.

Figure 1: Africa and China trade volume, 1978 – 2005



Source: UNCTAD (2005).

Figure 2: Africa – India Trade Volume, 1978-2008



Trade between Africa and China rose from a miserly \$US364 million in 1978 to approximately \$US40 billion in 2005 while trade with India has risen over the same period from \$US613 to \$US11.214 billion⁴. Much of this trade is with mineral resources-rich countries and with the the more industrially advanced countries of North Africa.

⁴ In an address to the Executive Council of the African Union at the January 2008 African Union Summit, the Indian Foreign Minister put the 2007 figure at \$US15 billion.

However, China's and India's growing trade with Africa presents risks and opportunities to growth acceleration and employment expansion in Africa. On the risk side, the most critical is the risk of de-industrialization. This risk arises from the cheap and low quality exports from China and India. With considerably low production costs, China and India are able to export to Africa from a competitive position. There is also the risk of rapid resource exhaustion/depletion because Africa is using natural resources exports to finance its current extensive growth. The risk lies in the fact that these resources may not be available in sufficient quantity when Africa will need them most for its own growth.

There is also the risk that expansion of trade and economic relations between Africa and China and India could slow regional integration in Africa. Furthermore, the future of growth acceleration and employment expansion in Africa lies in regional integration. There is a high degree of agreement on this in part because many African countries are landlocked, very small economies that will need market integration to grow. There has, therefore, been a significant investment of resources in expanding intra-African trade. However, many of the products that China and India export (except services such as construction and ICT) to Africa are products that African countries can export to each other and thus boost intra-regional trade and regional integration. This is thus a significant risk.

But, China and India also present opportunities. Both countries are contributing to Africa's efforts to overcome its infrastructure gaps. Especially important is their contribution to the ability of African countries to provide both national and regional public goods such as trans-border roads and railways, which have the potential to facilitate intra-African trade and foster regional economic integration. Furthermore, they are enabling Africa to diversify their exports and shoring up their current accounts. Today many African countries are running current account surpluses, in part due to increased demand for Africa's natural resources exports from these countries. This has pushed up commodity prices. In addition, many African countries can import raw materials and finished goods much more cheaply from China and Asia than from the west, thus conserving scarce foreign exchange. The positive consequences of this for exchange rate and price stability are only now becoming evident. In addition, this has helped African countries to expand fiscal space and increase investment in growth and employment promoting sectors.

- **Rising food and fuel prices**

A factor that has the potential to seriously affect Africa's growth path in the 21st century – for good and for bad – is the rising food and energy prices because of likely hysteresis effects. According to some estimates, the number of food-insecure people in the world would rise by more than 16 million for every percentage increase in the real prices of staple foods, meaning that 1.2 billion people could be chronically hungry by 2025; 600 million more than previously predicted.⁵

Rapid escalation in food and energy prices, if not managed properly, could pose significant threats to growth and employment, good governance, peace and security. The rising price of staples has been blamed for social disturbances in at least four African countries in 2008⁶. Demand and supply factors are driving the rise in food prices. With respect to food prices,

⁵ See IFAD Background paper for a round-table discussion at the 31st session of IFAD's Governing Council on 14 February, 2008.

⁶ Cameroun, Burkina Faso, Senegal and Mauritania.

the increase in the consumption in China, India, and other growing parts of the world, increased use of grain in biofuel (ethanol) production are putting pressure on prices. On the supply side, rising energy price is contributing to the rising cost of production. Land, which was initially used for food production is now increasingly devoted to producing crops for ethanol plants.

Climate change and weather variability are also contributing to the supply problems. Countries such as Russia, Kazakhstan, China⁷ have announced the suspension of grain exports in 2008. Saudi Arabia, which had achieved wheat sufficiency, announced recently that it would phase out domestic wheat production because of rapid exhaustion of fossil (underground water). These actions are likely to have a strong impact in the urban areas of Africa and especially in North Africa, where wheat products such as bread have become important items in the food basket. All of these are happening in a context where, for example, area under wheat cultivation globally has not increased since 1988 as can be seen in Table 2 below.

Table 2: World wheat supply and disappearance

Mkt year	Area harvested 1/ (million hectares)	Yield (metric tons per hectare)	Production (million metric tons)	Feed use 2/ (million metric tons)	Domestic disappearance (million metric tons)	Exports 2/ (million metric tons)	Ending stocks (million metric tons)
1988	217.384	2.28	495.018	103.981	519.638	105.151	134.025
1989	225.831	2.36	533.152	103.668	531.011	103.419	136.166
1990	231.350	2.54	588.046	130.089	553.676	103.843	170.536
1991	222.516	2.44	542.904	113.820	551.470	109.948	161.970
1992	222.847	2.52	561.646	110.918	547.617	110.039	175.699
1993	222.085	2.51	558.035	107.971	552.371	103.717	181.363
1994	214.359	2.44	523.188	99.559	542.419	98.215	162.132
1995	218.778	2.46	537.927	91.922	544.785	99.195	155.274
1996	230.160	2.53	582.609	96.652	573.429	106.903	164.454
1997	228.385	2.67	609.959	100.948	577.457	104.413	196.956
1998	225.054	2.62	589.960	103.649	579.066	101.284	207.850
1999	215.377	2.72	585.817	98.923	585.139	113.449	208.528
2000	217.570	2.67	581.500	104.122	584.233	101.498	205.795
2001	214.684	2.71	581.179	107.406	585.370	105.707	201.604
2002	214.629	2.65	568.440	111.684	603.698	105.630	166.346
2003	209.585	2.64	553.538	96.164	587.493	108.428	132.391
2004	217.243	2.88	625.123	105.429	606.893	110.695	150.621
2005	218.503	2.84	621.456	111.301	624.430	116.159	147.647
2006	212.337	2.79	593.199	105.559	615.770	110.690	125.076
2007	217.184	2.78	603.594	99.394	618.966	106.399	109.704

1/ Aggregated based on local marketing years. Latest data may be preliminary or projected.

2/Excludes intra-European Union trade.

Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution Database.

⁷ <http://www.reuters.com/article/rbssConsumerGoodsAndRetailNews/idUSPEK8792420080305>.

Rising food prices could erode the successes made in reaching the targets of the MDGs in general and could foreclose the possibilities of meeting MDG 1 target 2 – halving the proportion of the population suffering from hunger by 2015 – in particular. Rising food prices is a real danger to growth and employment in Africa because food accounts for about 60 per cent of the consumption basket in sub-Saharan Africa and most countries in North Africa are net food importers, Egypt being the biggest net food importer.

As mentioned earlier, implicated in the rise in food prices is rising energy costs. Oil prices are now at an all-time high, at about \$US105/barrel. This has had a cascading effect on production costs, especially in the agriculture and transport sectors. In many countries, including some African countries, large tracts of land have been set aside for bio-fuels – at the expense of food crops – and high financial incentives given to farmers to produce crops for ethanol production.

Higher food and energy prices could have, at least in the short-term, a negative impact on the current account balance of net food and energy importing African countries and a positive impact on net energy producers and grain exporters. The first group of countries could experience large current account deficits, a debt problem (since they must borrow to finance the deficits) and a contraction in output and thus of employment. For the net exporters, large current account surpluses will expand policy as well as fiscal space, making it possible for countries to scale public sector investments to promote growth and employment⁸.

However, Africa can also take advantage of the opportunities presented by rising food and energy prices to increase their net output of food crops and expand energy exploration and exploitation. In most countries, arable land under cultivation is still very small. The scope to increase output through increased application of fertilizer and irrigation is largely untapped. There is thus profit to be reaped by Africa should it position itself to be the bread basket of the world in the 21st century. Table 1 above provides some basis for hope. As the table shows, although area under wheat cultivation has not changed since 1998, yield per hectare has risen from 2.28 metric tones to 2.88 in 2004 and falling slightly to 2.78 in 2007. Africa can thus not only expand food production through extensive means (by bringing more of its arable land under cultivation) but, also through intensive means through increased application of fertilizer and science and technology.

On the energy side, Africa today accounts for approximately 22 per cent of the world's oil reserves. High energy prices have provided stimulus for intensified exploration in marginal areas of oil producing countries and in many African countries. As a result, today, more African countries have joined the league of oil and gas producers. In addition, rising oil prices will also encourage the exploitation of alternative sources of energy including coal (and the development of technologies to make coal clean) and biomass and solar resources.

B. Climate change

At the eighth Ordinary Session of the African Union held in January 2007, African Heads of State and Government considered the challenge of climate change. At the end of the Summit, they called upon African countries to develop policies and strategies to combat this challenge and

⁸ Both sets of countries will also face challenges in the areas of exchange rate management, trade policy, fiscal policy and monetary policy.

called on Africa's development partners to support the member States and the Regional Economic Communities (RECs) to effectively integrate climate change adaptation and mitigation measures into their development plans/poverty reduction strategies.

There is ample evidence of the threat that climate change poses to Africa, presently and in the future, notably in the areas of achieving the MDGs, growth and employment, as well as peace and security. The report of the UK Commission for Africa (CfA), the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and other major reports such as the Stern Review of the Economics of Climate Change convey in vivid relief some of the current and projected impacts of climate change on Africa's development. The September 2007 High Level Event on Climate Change convened by the UN Secretary-General, the 2007 United Nations General Assembly debate on Climate Change, the 13th Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC) held in Bali, Indonesia, in December 2007 and the Bali Action Plan to launch negotiations to achieve a comprehensive goal by 2009 together demonstrate the urgency of action on climate by African leadership.

The Bali plan affirmed that the key areas for action are adaptation, mitigation, technology, and financing as well as deforestation. How will climate change affect food security? How will it affect housing and settlement patterns? How will mitigation and adaptation be financed? These questions are beginning to come to the fore and need to be deeply interrogated and understood by policy makers, especially Finance and Economy Ministers of the region because at the core of an effective response to the climate change challenge is financing.

There is a compelling urgency to addressing these questions because of the high dependence of the continent's economies on sectors that are especially vulnerable to environmental changes, the most critical and challenging among which is climate change. This vulnerability is not a direct consequence of the continent's actions. Although Africa contributes only about 3.8 per cent of total greenhouse gas emissions, its economies are among the most vulnerable to the adverse consequences of climate change in the world. This vulnerability derives from multiple stresses accentuated by low adaptive capacity. First, the geographical location of many African countries is characterized by already warmer climate, marginal areas that are more exposed to climatic hazards such as rainfall variability, poor soils and flood plains. Second, the economies of most African countries rely heavily on climate-sensitive sectors such as agriculture, fisheries, forestry, other natural resources and tourism. Third, the continent is plagued by inadequate ability to respond to the direct and indirect effects of climate change because of widespread poverty, poor economic and social infrastructure, conflicts, limited human and institutional capacities, and inadequate technologies and financial resources. Although the population of the whole continent will be affected, it is the continent's poor – those who live in squatters and fragile environments - that will be most affected by climate change.

The major impacts of climate change that could constrain efforts to improve the human condition in the continent in general in the long-term and progress towards the achievement of the Millennium Development Goals (MDGs) in particular include:

Increasing water stress and water-related conflicts: Africa's water resources have been decreasing over time mainly as a result of persistent droughts, rapid melting of snowcaps (in East Africa), drying of lakes and rivers and land use patterns. Climate change will exacerbate this situation. It is projected that between 75 and 250 million people in Africa would be exposed to increased water stress by 2020, the area experiencing water shortage in sub-Saharan Africa will have increased by 29 per cent by 2050, while river flow in the Nile region will decrease by 75 per

cent by 2100 with damaging consequences on irrigation practices. Decreasing water level is expected to affect water quality, exacerbate water borne diseases, and reduce available hydropower. If coupled with increased demand on water for different uses (agriculture, industry, energy, etc.), this will adversely affect livelihoods and exacerbate water-related problems, such as conflicts resulting from competing demands and the management of shared water resources.

Constrained agricultural production and increasing food insecurity: Climate change is projected to severely compromise agricultural production – the backbone of most African countries – and exacerbate poverty and food insecurity in many subregions of the continent. The area suitable for agriculture, the length of growing seasons and yield potential, particularly along the margins of semi-arid and arid areas, are expected to decrease significantly. More frequent and severe droughts, floods and weather extremes would compound the constraints on crop and livestock production systems. Local food supplies would also be affected negatively by decreasing fisheries resources in large lakes due to rising water temperatures. The combined impacts of these events would threaten the very livelihoods of significant proportions of the population and curtail the prospects for broad-based economic growth, poverty reduction, food security and environmental protection in the continent. This is more so as agriculture employs about 90 per cent of rural labour force and 60 per cent of the total labour force, accounts for as much as 40 per cent of total export earnings, and provides over 50 per cent of household food needs and income.⁹ With only 6 per cent of the arable land being irrigated, African agriculture is essentially rain-fed and therefore, very climate-dependent.

Increasing energy constraints: A combination of reduced water flows to major hydropower dams and worsening depletion of biomass energy resources resulting from climate change could seriously compound the already dire state of energy availability and accessibility. This could further impede industrial development throughout Africa.

Rising sea level degrading livelihoods and environment in coastal areas: The IPCC report projects that, towards the end of the 21st century, sea-level rise would affect low-lying coastal areas with large populations in Africa, further degrading mangroves and coral reefs and threatening human health, infrastructure, fisheries, biodiversity and tourism industries. It is worth noting that more than one quarter of Africa's population lives within 100 kilometres of the coast, and most of Africa's largest cities (such as Cairo, Lagos and Kinshasa, with more than 8 million inhabitants each) are along coasts vulnerable to sea level rise, coastal erosion, and extreme climate events.

Loss of biodiversity, forests and other habitats: Current estimates indicate that, by 2085, between 25 per cent and over 40 per cent of species' habitats could be lost, while 80 to over 90 per cent of species suitable habitats would decrease in size or shift in Africa due to climate change. This spells doom for millions of people, whose livelihoods are associated with biodiversity resources, including two-thirds of the people in Africa excluding North Africa who rely on products from forests.

Expanding range and prevalence of vector-borne diseases: Warmer environments as well as altered temperature and rainfall patterns resulting from climate change are expected to increase incidences of vector-borne diseases in Africa. Many subregions of such as the Sahel, Southern and Eastern Africa would experience increased outbreaks and severity of vector borne diseases

⁹ "African Regional Implementation Review for the 14th Session of the Commission on Sustainable Development (CSD-14)" Report, ECA, 2006 pg. 2; and "Fostering Agricultural Transformation for Food Security, Economic Growth and Poverty Reduction", ECA, 2007.

such as malaria, cholera, yellow fever, trypanosomiasis and rift valley fever, with far-reaching economic impacts. Adding to the challenge of the HIV/AIDS pandemic, climate change will increase the prevalence of communicable diseases, with the poor being the most vulnerable due to poor living environments and lack of access to health care.

Increased risks of conflicts related to population migrations: Extreme climate events such as floods, droughts, desertification and sea-level rise are likely to force increasing numbers of African population to migrate from rural to urban areas, as well as away from increasingly arid areas, low lying coastal areas and small islands. The resulting massive migrations could spark violent conflicts for access to and control of key livelihood resources such as land and water. For instance, the number of people affected by drought in Africa since the 1970s increased from nil to 35 million, and the current conflict in the Darfour region of the Sudan is partly associated with migrations induced by such climate-related hardships.

All of these impacts will adversely affect the security and place of Africa in the 21st century if not confronted head on.

C. Emerging social sector challenges

There are two main challenges identified for discussion in the social sphere: a) Legal empowerment of the poor, and b) Long-term financing for HIV and AIDS Treatment. The focus on these two is not in any way meant to under-emphasize the important challenge of meeting the MDGs in Africa. The focus on these two challenges derives from the fact that they intersect with many other social challenge and are included in any major UN declarations and resolutions of the African Union.

- **Legal Empowerment of the Poor¹⁰**

The persistence of poverty in Africa in the face of the recent resurgence of growth presents new challenges. Data show that a worryingly large number of countries in Africa will not achieve MDG1 Target 1 by the target date. Hence, poverty reduction remains a very high priority on the agenda of all African governments. In most African countries, efforts to address poverty have concentrated in the main on the economic and social spheres. Yet evidence¹¹ does suggest that addressing the legal impoverishment of the poor, legally empowering the poor through systemic change which would enable the continent's poor and excluded to use the law, the legal system and legal service to protect and advance their rights as citizens and economic actors, can be a powerful antidote to poverty and an important arsenal in the fight against poverty.

In too many African countries, the laws, institutions and policies governing economic, social and political affairs deny a large part of society the chance to participate on equal terms. The rules of the game are simply unfair. This is not only a morally unacceptable condition, it is also one that stunts economic development and may even undermine stability and security. The outcomes of governance will only change if its processes change, and change fundamentally.

The recent vast creation of wealth in China, for example, was facilitated by various legal protections, norms and instruments governing such things as business organizations,

¹⁰ This subsection is based on material provided by the Commission on Legal Empowerment of the Poor.

¹¹ See De Soto H, 2000, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, London: Black Swan; and the "Report of the Commission on Legal Empowerment of the Poor".

corporations, tradable assets, labour contracts, workers associations, venture capital, insurance and intellectual property¹². While the same protections and instruments exist in African countries, the overwhelming majority of the poor has poor access to them. However, these legal underpinnings of entrepreneurship, employment and market interaction are taken for granted by traditional approaches to development and standard economic theory. Contracts and property rights are assumed to be in place, and what is going on in the informal economy is scarcely taken into account. In fact, most development initiatives tend to focus on the official economy, the formal legal system and other formal institutions, and mainly at the national rather than the local level.

But the poor live in the shadows of the law, far from the law's protection and the opportunities it affords. Their lives and livelihoods are governed by informal local norms and institutions. Where they are not excluded from legal systems, the poor are often oppressed by them. If anything, they expect from the authorities discrimination and corruption – to be abused by the strongest, prosecuted by the legal system, kicked off their land, and their businesses shut down.

Legal discrimination has enormous consequences. According to research by the Commission on Legal Empowerment of the Poor, no more than 30 per cent of the world's people can take advantage of norms and regulations. The other 70 per cent are on the outside looking in, unable even to enter national markets, let alone global.

Legal Empowerment is not a substitute for other important development initiatives, such as investing more in education, public services and infrastructure, enhancing participation in trade and mitigating and adapting to climate change: it complements them, multiplying their effect by laying the conditions for successful initiatives to succeed. People living in abject poverty need immediate assistance and specially targeted interventions - desperately. The cause of education, particularly for girls, could not be more urgent.

If states and laws were to be reformed to work for the poor, they would quickly transcend their circumstances because it is not absence of assets or work that holds many poor people back, but that their assets and work are insecure, unprotected and of low productivity. Further vulnerabilities crowd in. Poor communities are often deprived of political voice and human rights. In a number of countries, poor women are often dealt a triple dose of exclusion from being poor, female and legally blocked from inheriting property. In our own era, then, vast poverty must be understood as created by society itself.

There are potential large direct and indirect economic benefits from the legal empowerment of the poor. Economic development through legal empowerment of the poor creates and expands fiscal space for the government. As the rule of law spreads to encompass more of national economic life, any underground government that exists to support and sustain an underground economy begins to unravel. More and more people develop a stake in the reduction of crime and in the maintenance of a peaceful social order. With income security, banks are more likely to lend for investment, facilitating property rights reforms. Mechanisms of social protection and labour rights are closely linked to the development of the business environment, of competition and productivity.

¹² See for example Chen, H, 2000, The Institutional Transition of China's Township and Village Enterprises: Market Liberalization, Contractual Form and Privatization, London: Ashgate Publishing

The rule of law is thus not an adornment to development; it is a fountain of progress. By establishing a sphere of rights and obligations, a sphere where human interaction can flourish in certainty and predictability, the creative forces of prosperity can be unleashed. The law is the edifice on which rest the vital institutions of state and market. No market can function without law and to be legitimate, power itself must submit to rules. Moreover, market and state develop in symbiosis. For example, market activity not only reflects basic freedoms such as association and movement, but generates economic resources to provide, uphold and enforce the full array of human rights. It is processes such as these, in which the poor realize their rights and reap the benefits of new opportunities that enable the fruition of citizenship – in short: legal empowerment.

There are no technical fixes for development. For such conditions to be established, and for states to guarantee their citizens' right to protection, systems can and have to be changed, and changed systemically. The core element in such a reform process is legal empowerment. It involves states delivering on their duty to respect, protect and fulfill human rights and the poor realizing more and more of their rights, and reaping the opportunities that flow from them, through their own efforts as well as through those of their supporters, wider networks and governments. The elements of legal empowerment are all grounded in the spirit and the letter of international human rights law, and at root in Article 1 of the Universal Declaration of Human Rights which declares: "All human beings are born free and equal in dignity and rights".

Legal empowerment for the elimination of poverty requires deep rooted change to the framework conditions in society, currently characterised by striking deficits: national law and lawmaking, law enforcement, governance and public administration. International institutions must also play a more conducive role.

- **Long-term sustainable financing opportunities for HIV in Africa¹³**

The HIV and AIDS epidemic which began in the late 20th century is a quintessential 21st century challenge because its full-blown effects/impacts will become much more visible in this century. Africa is the region where this impact might be most felt as according to UNAIDS, the continent continues to carry a disproportionate burden of the epidemic. According to UNAIDS, more than 22.5 million people in Africa are living with HIV, and there were 1.7 million new infections in 2007. Economic and governance impact of the epidemic have been estimated to various orders of magnitude. UNAIDS, for example, puts the economic impact of the HIV epidemic in Africa at between 1 to 1.5 percentage points of GDP growth¹⁴ over the short to medium-term. The longer-term impact is probably more important as there is growing evidence of intergenerational loss of human capital due to HIV, resulting from lower educational achievement and impoverishment of affected households. In macroeconomic terms, this effect may accumulate to reduce human capital and saving in the long term, leading to lower investments and lower productivity.

Evidence accumulated since the emergence of HIV/AIDS as a major disease shows that indicators of progress in responding to the epidemic are closely tied to the amount of resources available for interventions. Analyses strongly suggest that spending on HIV and AIDS prevention, care and treatment, and mitigation have to be significantly scaled up in order to produce better epidemiological outcomes or even prevent significant deterioration. UNAIDS et

¹³ Figures in this section are from a briefing note provided by UNAIDS for this Issues Paper.

¹⁴ UNAIDS attributed to UN Economic and Social Affairs Department, Population Division (2004).

al (2005) “AIDS in Africa: Three Scenarios to 2025” present comparative estimates of expenditure on HIV/AIDS and new infections in Africa, by scenario, 2003 – 2025 (Table 3 below).

Table 3: Comparison of expenditure on HIV and AIDS and new infections in Africa by scenario, 2003 - 2025

Indicator (US\$ billion except where marked)	<i>Scenario</i>		
	Tough choices	Times of transition	Traps and legacies
Total expenditure on HIV/AIDS	98	70	195
Prevention	45	25	75
Care and treatment	25	30	67
Orphans and vulnerable children	28	15	53
Cumulative new infections (million)	65	89	46

Source: UNAIDS AIDS in Africa Scenarios Project.

The table shows that in the pessimistic scenario, “Tough Choices” a total of \$US98 billion will be needed to finance HIV and AIDS interventions while in the optimistic scenario, \$US195 billion will be needed over the 23-year time horizon. These additional expenditures will enable lives to be saved, future savings on treatment as a result of reduced infection rates, and a reduction in the number of orphans and homeless children. The positive epidemiological outcomes arising from scaled up interventions would, analyses suggest, have a positive growth impact.

However, long-term financing remains a critical issue. In the Abuja Declaration, African Union Heads of State and Government committed to allocate at least 15 per cent of their annual budget to health. Unfortunately, additional financing mechanisms that would make this happen have yet to be identified. As a consequence, financing for HIV and AIDS interventions remains a challenge. This has become an even more compelling challenge as a consequence of the prolongation of life for many infected with HIV and/or living with AIDS as a result of the improved effectiveness of new therapies. For many, AIDS is “no longer a death sentence” but a chronic condition.

This new reality, the reality of people living longer - presents the long-term financing challenge of HIV and AIDS in a different light. Treatment and care, based on universal access, has to be provided without compromising development, growth and employment. New financing mechanisms have to be designed and new sources of finance tapped. The degree of feasibility of any financing mechanisms will differ between countries and between mechanisms themselves. Some financing mechanisms push the boundaries of traditional public finance models and stimulate adaptations to new models of public finance. The temporal dimension of the financing mechanisms map each country could build will have to take into account the timeframe appropriate to each mechanism. For example, existing financing options like ODA through harmonization and alignment – can achieve increased efficiency in the short-term while longer-term opportunities such as triangular cooperation will need to be built up on a longer timeframe at international and national levels.

D. Accelerating and sustaining progress in good governance and building of capable states

A capable and democratic state is a prerequisite for success in overcoming the three broad challenges discussed above. There is a great deal of empirical evidence in the economics literature showing an important causal effect of good governance on economic outcomes and that Africa's relatively weak performance in the 1990s (figure 3) on many governance indicators was an additional factor explaining the continent's weak economic outcomes¹⁵.

For the state to discharge its legitimate functions, for civil society to flourish, and for the private sector to function properly, a system of good governance is required that allows all stakeholders in these sectors to play their respective roles and fulfill their respective functions¹⁶. Good governance is also required to ensure that the country's economic and social priorities are based on the needs of society as a whole, and that broad based stakeholder participation is facilitated in the economic and political realms of the country. Good governance calls for the ability of a state to anticipate changes to its well-being, provide core services to its people and then augment these services, act as catalyst of change for the good, and guide the various forces in society towards harmony. "The very capable states in the world demonstrate how these tasks are artfully carried out¹⁷". Building capable states as a means of promoting good governance is thus a key requirement for effectively confronting and overcoming Africa's 21st century challenges.

The most useful measure of state capability is actual performance of the state in the delivery of its core responsibility and services to the citizenry. Judged by the scope and efficiency of delivery of services, most African states can be said to be lacking in capability. Many of them have failed in their core responsibility – protecting the territorial integrity of the country, resulting in conflicts and wars with enormous material and social consequences.

ECA in its 1998 Economic Report on Africa (ERA) identified in rank order the leading obstacles to good governance in Africa (figure 3).

¹⁵ Sachs, J; J.W. McArthur, G. Schmidt-Traub, M. Kruk; C. Bahadur, M. Faye, and G. McCord 2004, argue that weak governance is not a major factor explaining Africa's poor growth outcomes. They argue that once income per capita is controlled for countries in Africa, except North Africa, do not have worse governance indicators than other regions.

¹⁶ ECA. **ECA & Africa: Accelerating a Continent's Development.**

¹⁷ Hillary Benn (2004) Speech at the ippr Conference on "Building Capable States in Africa – Policy priorities for the G-8" available at <http://www.dfid.gov.uk/News/files/speeches/hilarycapstatesafrica6dec04.pdf>.

Figure 3: Leading Obstacles to Good Governance in Africa, in rank order

Rank	Obstacle
1.	Corruption
2.	Tax regulation and/or high taxes
3.	Inadequate supply of infrastructure
4.	Inflation
5.	Crime and Theft
6.	General uncertainty on costs and regulation
7.	Regulations on foreign trade
8.	Policy instability
9.	Labour relations
10.	Foreign currency relations
11.	Safety and environmental regulations
12.	Regulations for starting new businesses
13.	Price controls
14.	Terrorism

Source: ECA. Economic Report on Africa 1998 as reported in *ECA & Africa: Accelerating a Continent's Development*.

Progress has been made in eliminating or attenuating a number of the obstacles identified in the 1998 ERA. ECA's African Governance Report 1 (AGR1) documents the visible progress that African countries have made to improve governance in the recent past. According to AGR1, countries are scaling-up efforts to combat corruption as exemplified by Nigeria's Economic and Financial Crimes Commission and Botswana's Directorate on Corruption and Economic Crimes. There are improvements in economic and financial management as is evident from improvements in tax collection and use of tax revenues and inflation has been tamed in many countries.

Furthermore, elections are now more norm than the exception on the continent. Political parties are flourishing, the political space is becoming more inclusive and the electoral process – albeit in some cases flawed - is gaining more credibility and legitimacy. In tandem with these, there is increasingly a firm assertion of independence by the judiciary along with increasing emphasis on the rule of law. Countries are improving their management of their many diversities in order to prevent conflict and harness the opportunities presented by their ethnic diversities for economic growth.

AGR1 also shows that there has been a huge growth of civil society organizations and news media and their contribution to/participation in policy-making. The rapid growth of the media (including privately-owned media) in many countries is promoting better and improved access to information and thus stoking the demand for accountability and transparency from government officials, greater respect for human rights, rule of law and due process and better economic management.

At the continental level, the transformation of the Organization of African Unity (OAU) into the African Union (AU), the AU's New Partnership for Africa's Development (NEPAD) programme and the African Peer Review Mechanism (APRM) have provided added impetus for improvements in governance and efforts to improve state capabilities. At the international level, efforts such as the Extractive Industries Transparency Initiative (EITI) are helping to improve governance of natural resources extraction. This had been one sector that was a significant

contributor to the erosion of state capability in Africa. In addition, between Africa and her development partners, there is increased emphasis on mutual accountability.

The challenges of and to good governance and to building capable states remain enormous in Africa in spite of the visible progress reported above. State institutions and capacity remain weak, the democratic project remains fragile and reversible; and progress in controlling corruption remains poor because of weak public financial management capacity and infrastructure. In a number of countries, the vestiges of authoritarianism are still conspicuous as is evident from reported cases of human rights violations, manipulation of elections and misuse of power of incumbency. In others, press freedom and freedom of association and freedom of information and generalized political participation, are circumscribed.

Fortunately, there remains a strong commitment to good governance and building capable states on the continent. An Africa-wide consensus has emerged on the imperative for good governance as is visible from the adoption of the African Peer Review Mechanism (APRM) by the African Union and accession to it by an increasing number of countries¹⁸. In this regard, the financing of the APRM Programme of Action (PoA) emerges as a major challenge for countries. In January 2007, the Heads of State and Government of the African Union approved the African Charter on Elections, Democracy and Governance, which together with the Constitutive Act of the Union provide the ground norms for promoting good governance in Africa. Other regional initiatives like the New Partnership for Africa's Development (NEPAD), the African Peer Review Mechanism (APRM) and the attempt by Regional Economic Communities (RECs) like the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC) in designing governance norms and standards for member States in the subregion to adhere to confirm the general acceptability of the governance idea in Africa.

Section III: Way Forward and Issues for Discussion

The previous section has discussed some of Africa's new development challenges in the 21st century. It is clear that Africa's success in this new century will depend very critically on its ability to address these challenges successfully. The high level of commitment of African leaders to grow their economies and to improve the human condition of their people, coupled with firm support from Africa's development partners provide a unique opportunity for bold action in the continent to address these challenges. This section identifies some policies for consideration and adoption by Ministers. It is expected that a Plan of Action for confronting and overcoming these challenges will be adopted by Ministers.

Growth and employment

The challenge of growth and employment for Africa in the 21st century is complex as illustrated in the preceding section. Failure to address this challenge effectively and efficiently is likely to have disastrous consequences.

¹⁸ At the latest count, 28 countries have acceded to APRM, the voluntary self-monitoring mechanism designed to ensure that member States of AU in their policies and practices conform to the agreed political, economic and corporate governance values, codes and standards contained in the AU Declaration on Democracy, Political, Economic and Corporate Governance.

Issues for Discussion

- How best can African countries harness the new opportunities presented by expanding economic relations, notably, China and India, to ratchet up growth and expand employment?
- What options are available to African countries to attenuate the adverse impact of rising food and energy prices and exploit the opportunities that they present?
- How can African countries accelerate the positive growth performance of the recent past and minimize the risk of a growth collapse?
- How can regional and continental integration contribute to tackling the growth and employment challenge?

Climate change

Since the earth summit in 1992, a number of strategies to support adaptation to climate change have been implemented, mostly at a limited scale and with mixed degrees of success.

Issues for Discussion

- What financing mechanisms should African countries consider to finance the technological options (use of improved crop varieties, water harvesting and watershed management) to research and information exchange, capacity-building, institutional as well as human resource development, currently available for mitigating the adverse impact of climate change?
- How should capacity-building be financed? Out of public or private resources? What are the implications of public financing of capacity acquisition?
- Is there a need to create new regional facilities for financing climate change interventions? How can the efficiency of existing facilities be improved?
- How can climate change mitigation and adaptation be integrated into regional and national development frameworks as well as policy processes and decision-making across a range of sectors and scales?

Emerging Social Issues

- **Legal empowerment of the poor**

There is an urgent need for a comprehensive agenda for systemic change for legal empowerment to realize the civic and economic potential of the poor.

Issues for discussion

- Can enhanced access to justice and rule of law for the poor promote economic growth?
- Promote efficient governance of individual and collective property systems that systematically brings the extralegal economy into the formal economy and that ensures it remains easily accessible to all citizens.
- Create a functioning market for the exchange of assets that is transparent and accountable.
- Improve the quality of labour regulation and the functioning of labour market institutions, creating synergy between the poor's protection and productivity.
- Strengthen access to employment opportunities in the growing and more inclusive market economy.
- Expand social protection for poor workers in the event of economic shocks and structural changes as well as measures that guarantee access to medical care, health insurance, and pensions.
- Strengthen effective economic governance that makes it easy and affordable to set up and operate a business, access markets – and exit business if necessary.
- **Long-term sustainable financing opportunities for HIV in Africa**

Issues for discussion

- What is the scope for additional private financing of HIV/AIDS treatment and care, and mitigation in Africa?
- What possible new international financing mechanisms can countries consider?
- What measures should countries adopt to increase allocation to health to meet the minimum 15 per cent of national budget agreed in the Abuja Declaration?

Governance and the Capable State

The critical importance of good governance and state capability as prerequisite for success in addressing Africa's new development challenges of the 21st century has been laid. Good governance is about serving people. The issues that African Finance, Planning and Development Ministers may wish to consider for discussion includes discuss on how best to improve service to the people while ensuring that the state is capable of doing so.

Issues for discussion

- How can governments mainstream initiatives such as the Extractive Industries Transparency Initiative (EITI) and Kimberly process in order to improve governance in the extractive sectors of their economies¹⁹?
- What measures should governments adopt to improve public sector financial management?
- How can governments improve the financing and accountability of institutional infrastructure of good governance – the judiciary, Parliaments, bureaucracy – in a way that resolves (or attenuates) the tension between the demands for good governance and the demands for increased investment in the economic and social sectors?
- To what extent is obedience to the rule of law an under-gird for improving governance and how can it be promoted by Ministers of Finance, Planning and Economic Development?
- Should the APRM National Plan of Action (NPOA) be integrated into country's MDGs-consistent national development plans/poverty reduction strategies? If so, how should this be done and what financing mechanisms should be considered for the NPoA?

Section IV: Conclusion

This issues paper has examined some of the new development challenges facing Africa in the early 21st century. (Other challenges will certainly emerge in the course of the century.) It has also identified a number of issues for discussion by Ministers, the outcome of which will provide a plan of action for dealing with and overcoming these challenges. However, success will critically rely on committed leadership and political will, and a capable state is critical for this effort as it has the responsibility of providing funding for anchor investments and regulatory oversight.

¹⁹ This is a compelling issue in view of the fact that evidence shows that the management of extractive resources presents a threat to good governance and state capability in many African countries.

References

African Development Bank, ECA, World Bank, African Economic Research Consortium, and Global Coalition for Africa, 2000, **Can Africa Claim the 21st Century?** The World Bank: Washington, D.C.

African Development Bank/OECD African Economic Outlook 2007.

Chen, H. 2000, The Institutional Transition of China's Township and Village Enterprises: Market Liberalization, Contractual Form and Privatization, London: Ashgate Publishing.

De Soto H, 2000, The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else, London: Black Swan.

Kraay, A. 2005, "Aid Growth, and Poverty" presentation for IMF Seminar on Foreign Aid and Macroeconomic Management, Maputo, Mozambique, March 14-15.

Onyejekwe, O. 2004, "The Role of Good Governance in the National Implementation of the BPoA: The Need for a Capable State" paper prepared for the Workshop for the National Focal Points on the Implementation of the Brussels Programme of Action for the Least Developed Countries.

UNAIDS, 2005, **AIDS in Africa: Three Scenarios to 2005**.

United Nations Economic Commission for Africa (ECA), 1998 **Economic Report on Africa**.

.....(199) **ECA & Africa: Accelerating a Continent's Development**.

..... 2004, **African Governance Report 1**

..... 2005, **Meeting the Challenges of Unemployment and Poverty in Africa**, ECA: Addis Ababa, Ethiopia.

.....2006, Report of the African Regional Implementation Review for the 14th Session of the Commission on Sustainable Development (CSD-14)".

....."Fostering Agricultural Transformation for Food Security, Economic Growth and Poverty Reduction", ECA, 2007.

.....2007, and African Union Commission **"Economic Report on Africa 2007: Promoting Diversification of African Economies"**.

.....2008, **Economic Report on Africa 2008**.

UNDP, Human Development Report 2007/2008. Fighting Climate Change: Human Solidarity in a Divided World. NY: Palgrave Macmillan.

Thirlwell, Mark, “Food and the spectre of Malthus” in Financial Times, February 26 2008.

Sachs, J. J.W. McArthur, G. Schmidt-Traub, M. Kruk; C. Bahadur, M. Faye, and G McCord (2004), “Ending Africa’s Poverty Trap”, **Brookings Papers on Economic Activity**, 2004(1).

Web Resources

Hillary Ben, speech available at:

<http://www.dfid.gov.uk/News/files/speeches/hilarycapstatesafrica6dec04.pdf>.

Mohiddin, A. “Reinforcing Capacity towards Building the Capable State in Africa” A Concept Paper prepared for the UNDP available at:

http://www.undp.org/africa/agf/documents/en/background_info/papers/Paper1-Conceptpaper.pdf.