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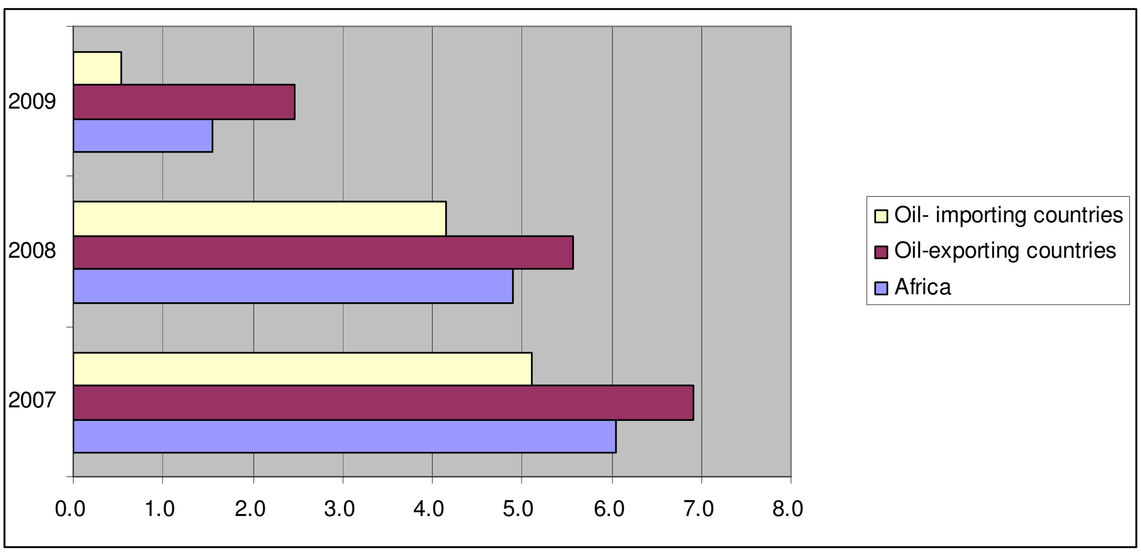
Overview of economic and social conditions in Africa in 2009

A. Introduction

1. The global recession negatively affected economic activity in Africa in 2009. Growth in the continental gross domestic product (GDP) decelerated from 4.9 per cent in 2008 to 1.6 per cent in 2009, as demand and prices for African exports, financial flows and remittances to Africa declined. This was a major turnaround from the relatively high GDP growth sustained over the past six years (figure1). As economic activity slowed down, inflation rates receded, helped also by lower international oil and food prices and by good agricultural harvests in some parts of the continent. Lacklustre economic growth and a benign inflation outlook provided scope for central banks to ease monetary conditions. Fiscal policies were also expansionary in an attempt to cushion the impact of the crisis on poverty and to support domestic demand. Yet not all countries had the needed fiscal space for social sector infrastructure and spending, which is required to mitigate the impact of the crisis and support economic diversification.

2. As economic activity tapered off, the employment situation deteriorated, particularly among vulnerable groups. Poverty either increased or remained high. The predicted impact of the crisis on health and education is grim, and the vulnerable groups are the ones who are most affected. The overall negative impact of the economic crisis on social welfare is likely to compromise progress towards achieving the Millennium Development Goals (MDGs), especially those aiming to reduce poverty, hunger and maternal and child mortality and to ensure "decent work for all".

Figure 1. Growth in African oil-exporting and oil-importing countries, 2007-2009 (%)



Source: ECA calculations based on UN-DESA, November 2009.

3. The prospects of achieving the MDGs, broader social development and the overall objectives of the New Partnership for Africa's Development (NEPAD) will be compromised if no bold actions are taken to ensure that African countries embark on paths of high, sustainable and employment-focused growth and put social development at the forefront of their development agenda. Robust and sustainable economic growth along with rising economy-wide productivity could be delivered by means of the diversification of production and export bases. Care must therefore be taken to ensure

that macroeconomic policies place special attention on real objectives, including economic activity and employment.

B. Developments in the global economy

The world economy contracted in 2009

4. The world economy shrank by 2.2 per cent in 2009, down from the positive, albeit modest, 1.9 per cent recorded in 2008, with activity slowing in both developed and developing economies. Despite a significant decline in global trade and capital flows, the world economy has begun to stabilize since the fourth quarter of 2009, supported in large by unprecedented macroeconomic and financial policy support. In general, developing countries fared better than developed countries. The first group as a whole expanded by 1.9 per cent in 2009, while the second contracted by 3.5 per cent. The aggregate figure for developing countries hides disparities among this group. East and South Asian countries were less affected by the global recession. They posted GDP growth of 4.3 per cent in 2009, while countries in Latin America and the Caribbean experienced the highest contraction in the developing world (- 2.2 per cent in 2009 compared with 4 per cent growth in 2008).

Current account imbalances widened

5. Current account imbalances in major economies, which were large before the crisis, continued to expand. The United States current account deficit as a percentage of GDP increased by more than two percentage points in 2009, while that of the euro area remained virtually at the same level as in 2008 (-0.7 per cent of GDP). Current account balances deteriorated, with surpluses declining markedly in regions that posted hefty ones in 2008. For instance, Russia's current account surplus fell from 6.1 per cent in 2008 to 3.6 per cent in 2009, while China's declined by two percentage points during the same period. The sharpest decline in surpluses were recorded in the Gulf Cooperation Council countries, where current account balances moved from a surplus of 26.3 per cent of GDP in 2008 to only 6.3 per cent in 2009, largely because of lower oil prices.

Commodity prices plummeted, and so did world trade

6. As global demand fell, the prices of major African export commodities, such as crude petroleum, coffee, cotton and tropical logs, dropped significantly in the first quarter of 2009, particularly when set against their record high levels of mid-2008. However, prices recovered strongly in the following two quarters and are expected to stabilize in 2010. Crude petroleum prices rose on average by 36 per cent above the commodity prices index. The aggregate food price index reached a peak in June 2008, but fell steadily thereafter. By August 2009, the aggregate food price index had dropped by 77 per cent from its peak level. Prices of all major foods and tropical beverages prices declined, except those of cocoa and sugar. Sugar and cocoa prices rose by around 40 per cent and 5 per cent in 2009, respectively. Continuing their downward trend started in early 2007, the prices of maize and wheat declined in 2009 by 25 per cent for maize and 30 per cent for wheat.

7. Besides prices, the volumes of world trade plummeted as well. World exports dropped by 12.4 per cent in volume. Foreign direct investment and remittance inflows to developing countries also declined significantly in 2009.

A rebound of the world economy, driven by China and India, is expected in 2010

8. Looking ahead, emerging economies, especially China and India, are expected to lead the global economic recovery and to stimulate growth in Africa, directly through increased demand for Africa's commodity exports and capital inflows into Africa as well as indirectly through its positive impact on global commodity prices.

C. Economic performance in Africa in 2009

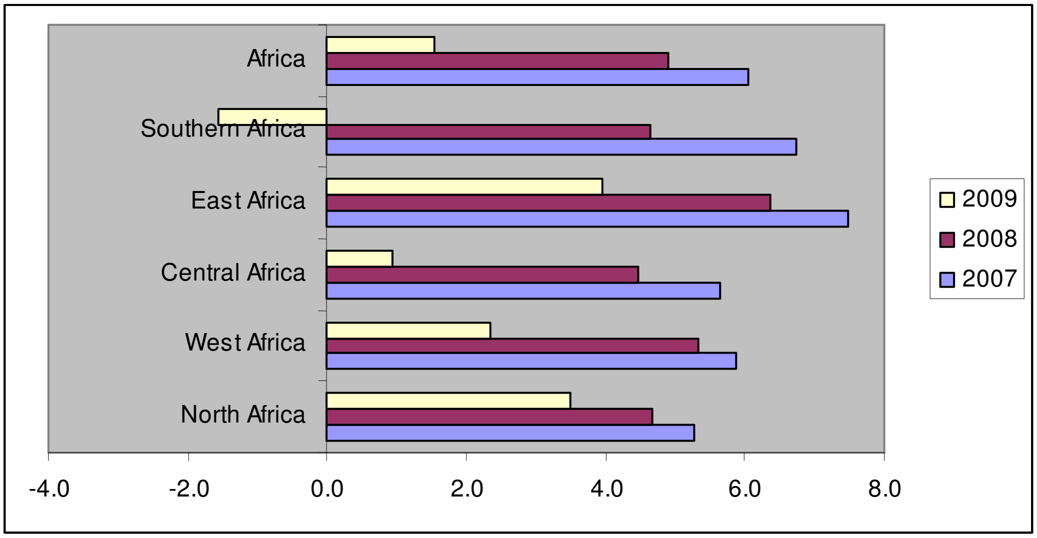
Significant deceleration in growth in 2009

9. Overall, Africa's GDP growth slowed down markedly in 2009, although showing some resilience compared to previous episodes of economic recession. Recent commodity price booms were better managed than previous episodes, with a number of countries accumulating significant external reserves and fiscal savings and recording lower debt. This prudent approach provided countries, particularly the oil-producing countries, with ample room for policy actions in the wake of the global economic downturn (UNECA and AUC, 2009; IMF, 2009). The pace at which GDP grew differs across countries and subregions.

Growth performance varied across and within subregions

10. On average, oil-exporting countries expanded more vigorously than the oil-importing countries, owing in large to the more initial favourable conditions on the basis of which they weathered the global recession, including large fiscal and current surpluses, strong external positions and low debt. A few oil-importing countries, including Djibouti, Ethiopia, Malawi, Morocco, Rwanda and Uganda, also showed considerable resilience, posting GDP growth of more than 5 per cent because of a variety of country-specific factors. The fastest growing subregion in 2009 continued to be East Africa (3.9 per cent), followed by North Africa (3.5 per cent), West Africa (2.4 per cent), Central Africa (0.9 per cent) and Southern Africa (-1.6 per cent (figure 2). This report succinctly assesses the growth performance of a selected number of countries across the five subregions, particularly countries where major developments occurred in 2009.

Figure 2. Subregional growth performance, 2007-2009 (%)



Source: ECA calculations based on UN-DESA, November 2009.

Central Africa

11. Economic activity declined in Central Africa, with GDP growth falling from 4.5 per cent in 2008 to 0.9 per cent in 2009. Economic contraction was recorded in Equatorial Guinea and Gabon, where decreased oil production and prices resulted in reduced government revenues, which in turn dragged down government spending. Similar developments led to a steep growth deceleration in Angola, where GDP expanded by a mere 0.2 per cent in 2009 compared to the double-digit growth rates sustained in recent years. Lower oil production and prices as well as slow activity in the timber and industrial sectors held back GDP growth in Cameroon.

12. Economic growth picked up in other countries in the subregion. The Republic of Congo posted GDP growth of 7.4 per cent thanks to increased oil production. The economies of Chad and the Central African Republic recovered moderately. Economic activity expanded by 2.4 per cent in the Central African Republic, thanks to rising donor support and increased investment in the mining sector. A modest recovery is also under way in Chad, driven by government infrastructure projects.

East Africa

13. East Africa's GDP growth, although slowing down, remained relatively robust by African and international standards. Economic activity expanded by 3.9 per cent in 2009, down from 6.4 per cent in 2008. This performance looked even more remarkable when set against the background of a subregional drought, which dampened growth in agriculture and agro-industry.

14. The Ethiopian economy grew by 7.5 per cent, the strongest economic growth on the continent. This economic dynamism was driven in part by the robust performance of non-agricultural activity, particularly services, and robust government spending. Investment in infrastructure

development in Djibouti and buoyant activity in the industrial and services sectors in Rwanda and Uganda helped maintain GDP growth of 5 per cent or more in these countries.

15. In contrast, reduced mining export receipts and their attendant spillover effects limited output growth in the Democratic Republic of Congo (DRC) to 2.7 per cent in 2009, down from the 6. 2 per cent recorded in 2008. Lower agricultural output constrained Eritrea's GDP growth, which stood at 0.3 per cent in 2009. GDP contracted in Madagascar because of political instability and civil unrest and more severely in Seychelles, where economic activity declined by 8.7 per cent in part because of the poor performance of the services sector. The prospects of the Kenyan economy rebounding in the aftermath of the post-election violence were constrained by the effects of the global slowdown. Kenya's GDP recovered only haltingly, growing by 2.5 per cent in 2009.

North Africa

16. North Africa was also affected by the global recession, although moderately, with GDP growing at 3.5 per cent in 2009 compared to 4.1 per cent in 2008. This subregional aggregate largely reflected the remarkable resilience of the Egyptian and Moroccan economies, which expanded by 4.7 per cent and 5.3 per cent respectively, thanks to bold fiscal and monetary stimulus packages. Other economies in the subregion recorded GDP growth of 3 per cent or less because of various country-specific factors. As a result of a decline in hydrocarbon output growth in the economies of the Libyan Arab Jamahiriya and Algeria slowed sharply in 2009, recording 1.8 per cent and 2.1 per cent respectively. A marked reduction in manufacturing output and tourism activity set GDP growth at 3 per cent in Tunisia, while a decline in iron ore production constrained economic activity in Mauritania, which rose by 2.3 per cent. The Sudanese economy expanded by 3.5 per cent in 2009, down from 7.6 per cent in 2008, owing to the decline in flows of foreign direct investment and weak activity in the construction sector.

17. Although GDP growth uniformly trended downwards in 2009 across the subregion, certain manifestations of dynamism can be discerned in some North African countries, particularly the oil-exporting ones. One of them is the growing dynamism of the non-hydrocarbon sector, which has grown vigorously in recent years, helped partially by rising public investment rates.

Southern Africa

18. The impact of the economic and financial crisis on the real sector was more severe in Southern Africa than any other subregion. Southern Africa's GDP declined by 1.6 per cent in 2009, largely because of the contraction of the South African economy (-2.2 per cent) and the subregional spillover effects resulting from this contraction. Given its close integration in global financial systems, South Africa was one of the first countries on the continent to be affected by the global financial crisis. Also, as the world slid into recession, exports and private demand declined in South Africa. This slowdown in economic activity affected neighbouring countries that are heavily dependent on trade and financial flows with South Africa. Growth in Swaziland slowed to 0.4 per cent, owing in part to reduced exports to and financial inflows from South Africa. GDP contracted in Lesotho and Namibia because of reduced mining and textile output in the former and a severe contraction of the mining sector in the latter. Economic contraction was even more severe in Botswana, where GDP dropped by 10.3 per cent, the strongest decline in economic activity in Africa

in 2009, owing to lower production and prices of diamonds. Elsewhere in the region, Mauritius's GDP growth declined from 5.7 per cent in 2008 to 2.1 per cent in 2009, as export revenue, tourism receipts and foreign direct investment flows slowed down.

19. In contrast, economic activity picked up in Zimbabwe after a prolonged period of severe decline. GDP growth moved into positive territory, posting 3.7 per cent in 2009, bolstered by improved economic policies and credit expansion in a context of rising capital inflows and post-hyperinflation remonetization.

West Africa

20. Economic growth was uniformly moderate in West Africa in 2009, with the majority of countries growing by about 3 per cent. Ghana posted the strongest GDP growth (4.5 per cent), underpinned by buoyant international prices for gold and increased agricultural and industrial output. This, however, was a deceleration from the remarkable 6-7 per cent witnessed in recent years. At the other end of the spectrum, economic activity plummeted in Guinea in the context of increased political instability, with real GDP remaining at the same level as in 2008.

21. Elsewhere in the subregion, GDP growth posted positive though decelerating rates. Nigeria, the largest economy in the subregion, was the hardest hit by the global financial and economic crisis. Declining government revenue and the tightening of monetary conditions during the first half of the year constrained domestic demand, which, in addition to lower export earnings conspired to limit GDP growth to 1.9 per cent. Lacklustre economic activity in Nigeria contributed in part to soften GDP growth in Benin, particularly, and to a lesser extent, Niger, all having strong trade ties with Nigeria.

22. Côte d'Ivoire and Togo started recovering, although moderately. A broad-based economic recovery took shape in Côte d'Ivoire in 2009, where GDP expanded by 3.7 per cent, bolstered by high agricultural, hydrocarbon, mining and services output. The economic revival was sustained by an improved political and security situation. Growth also trended upwards in Togo, from 1.1 per cent in 2008 to 2.4 per cent in 2009. The economic recovery in Togo was rather muted, in part because of weak export earnings.

D. Inflation trended downwards, except in a few countries

23. Inflation rates receded in the majority of African countries, thanks to a variety of factors. These factors include weak economic activity, which implies limited demand pressures, reductions of the international prices of food and oil and good agricultural harvests in some parts of the continent, and the extension of government subsidies on basic food products. The pace at which inflation rates moderated varied, however. On average, oil-exporting countries recorded lower inflation rates than oil-importing countries (7.3 per cent against 9.1 per cent), in part because of the limited nominal exchange rate depreciation this group of countries experienced.

24. Price increases moderated markedly in Zimbabwe to 3 per cent, down from the three- and four-digit level witnessed recently. Increased money demand, supported by post-hyperinflation remonetization, more than offset potential inflation pressures associated with credit expansion. In the

majority of the countries on the Communauté Financière Africaine (CFA) inflation rates just ran below the official target of 3 per cent, partly because of the continued appreciation of the CFA franc, which has a fixed parity with the euro. Similarly, South Africa's inflation rate fell, driven by weak economic activity and lower international prices for oil and food, but remained above the 3-6 per cent target band. Inflation declined steadily in Nigeria, as monetary conditions tightened during the first half of 2009.

25. In contrast, a few countries, including Angola, Eritrea, DRC, Ghana, Sierra Leone, Uganda and Zambia witnessed significant price escalations due to country-specific factors, including excess liquidity, currency depreciation and/or shortages caused by delays in importing consumer goods. On a more positive note, core inflation, which excludes food and energy prices, slowed down in a number of countries, including Algeria and Uganda. This partly attests to the growing credibility of central banks in anchoring inflation expectations.

E. Monetary conditions were loosened to mitigate the negative effects of the crisis on economic activity

26. As economic activity softened and inflationary pressures moderated, the majority of central banks on the continent adopted accommodating stances. The two central banks of the 15 countries in the CFA franc zone cut key interest rates and reduced reserve requirements in order to boost domestic credit and mitigate the impact of the global downturn on the CFA franc zone's economic performance. Similarly, central banks in Egypt and South Africa reduced interest rates several times. The Southern African countries whose currencies are fully or partially pegged to the South African rand followed suit by also imparting a countercyclical tone to monetary policy.

27. After tightening monetary conditions during the first half of 2009, Nigeria also started to loosen its monetary policy. The bailing out of five distressed banks, which together accounted for a third of total bank assets, also contributed to reversing course. Similar developments were also observed in the United Republic of Tanzania, where the central bank supported some commercial banks facing balance-sheet problems. Other countries, particularly DRC and Ethiopia, were confronted with excess liquidity due in large to limited coordination between the Treasury and the Central Bank.

F. Fiscal balances worsened in the majority of African countries in 2009

28. On average, fiscal balances deteriorated in much of Africa. This development reflected the combination of increased or constant public spending and declining government revenue in many countries, against a backdrop of falling GDP growth, lower external assistance and tightening global credit conditions. The resilience of public spending reflected the multiplication of fiscal stimulus packages on the continent, which were mostly delivered through spending rather than through revenue-based measures.

29. South Africa adopted a series of measures to boost infrastructure investment and expand social safety net systems in an attempt to sustain domestic demand in the face of reduced economic activity and to increase the country's long-term growth and employment potential.

30. Similarly, discretionary fiscal impulses targeted at major public investment programmes were initiated in Algeria, Cape Verde, Egypt and Rwanda in order to address infrastructure bottlenecks which had constrained growth. Ethiopia also planned, under its 2009/10 budget, to lessen the tight limits on public spending that had been set the previous year. Additional fiscal stimulus packages were implemented through 2009 supplementary budgets in Burkina Faso and Tunisia. Elsewhere, rising security and humanitarian spending in DRC and public service wage increases in Ghana and Swaziland accounted for the resilience of spending in these countries.

31. While public spending was resilient, government revenue declined, driven by shortfalls in customs collection due to weakened imports and lower tax revenue caused by weak economic activity. This resulted in rising fiscal deficits.

32. Against the background of declining external financing, rising fiscal deficits were increasingly funded from domestic sources, either withdrawals of government deposits from central banks (e.g.Rwanda) or borrowing from central banks (e.g. Zambia). Countries that adopted balanced budgets, whereby spending is capped to match available domestic and external resources, had little fiscal space to respond to the slowdown.

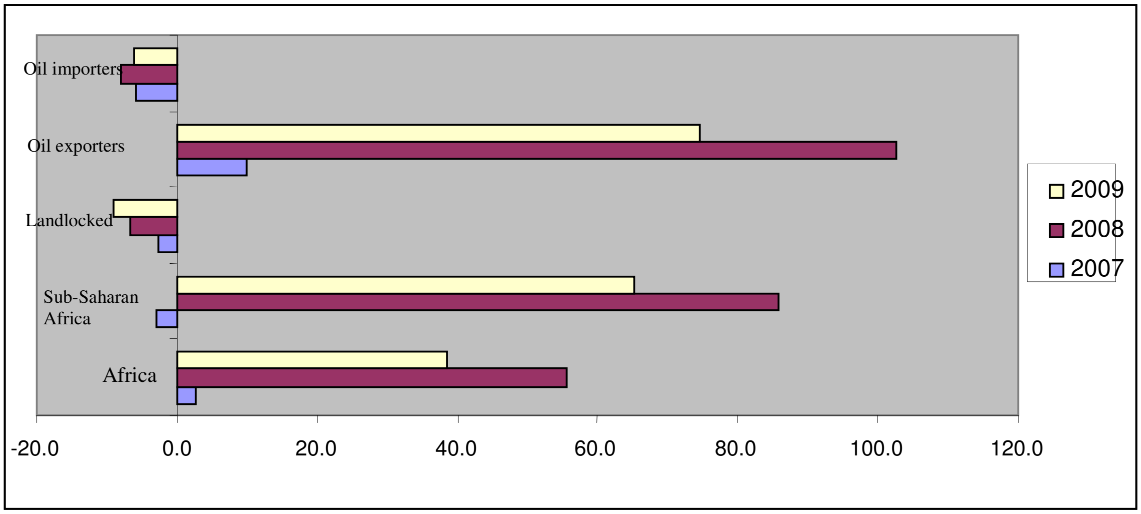
G. The real effective exchange rate appreciated in most countries

33. The majority of African countries recorded real effective exchange rate appreciation. This was largely the case in countries with fixed exchange rate regimes, including the CFA zone countries, the Libyan Arab Jamahiriya and Cape Verde, and those with relatively high inflation rates. Conversely, countries where the real effective exchange rate depreciated, for instance Sudan, were mostly those where nominal exchange rates were allowed to depreciate in order to limit the effects of the global economic crisis on foreign exchange reserves and/or to boost export competitiveness. These countries were predominantly countries that had floating regimes or managed float regimes.

H. Current account balances deteriorated in the majority of countries

34. Africa’s external balance switched from a surplus in 2008 (+3 per cent of GDP) to a deficit in 2009 (-3.2 per cent of GDP), partly because export receipts plummeted more rapidly than imports. This aggregate figure conceals, however, variations among structurally determined groups of countries (figure 3). Oil-exporting countries ran smaller deficits (-0.7 per cent) than oil-importing countries (-6.2 per cent). Also, landlocked African countries posted larger current account deficits (8.9 per cent) than other countries, because of their much larger services account deficits, which reflect the high transport costs they face and their difficulties in competing in global markets for goods and services.

Figure 3: Current account balance in Africa by category, 2007-2009 (% of GDP)



Source: ECA calculations based on EIU, November 2009.
Note: Excluding DRC, Egypt, Guinea, Guinea-Bissau and Somalia.

35. Nowhere was the shift in current account balances more sudden than in oil-exporting countries. Lower oil prices translated into a significant decline in export earnings, which was not offset by the reduction in the import bill of these countries caused by lower oil and food prices and decreased demand for intermediate and capital goods. Current accounts therefore worsened, with surpluses dwindling in Algeria, Angola, Gabon, Equatorial Guinea, the Libyan Arab Jamahiriya and Sudan, or evaporating completely as in the Republic of Congo and Nigeria. Similarly, oil-importing and mineral-rich Botswana recorded a steep contraction in diamond and other mineral exports and weaker services exports, which resulted in the current account balance sliding from a surplus of 5.6 per cent of GDP in 2008 to a deficit of almost 10 per cent of GDP in 2009. In spite of the reduction in imports, driven by lower oil and food prices, current account balances widened in a number of oil-importing countries with chronic current account deficits, including Ethiopia, Niger and Zimbabwe. This was caused by lower export earnings, remittances and tourism receipts.

36. In contrast, current account deficits shrank in a few countries owing to a varied set of factors, which included the resilience of remittances and tourism earnings in Tunisia, the severe contraction in imports in the Gambia, Kenya, Rwanda, and South Africa and buoyant gold export earnings in Ghana, Mali and the United Republic of Tanzania. The reduction in current account deficits sometimes reflected a real adjustment process, in which limited access to external financing forced countries to freeze or postpone investment in infrastructure development and productive capacity-building.

37. With financial inflows decreasing sharply and nominal exchange rate depreciation mounting, rising current account deficits were financed through significant drawing on hefty foreign exchange reserves in some countries. External positions, however, remained strong in many countries, such as Egypt and Zambia, thanks in part to the recent allocation of special drawing rights from the International Monetary Fund (IMF).

38. The current environment presents countries with limited or declining foreign reserves with a difficult set of challenges. The tightening of external financing conditions might force them to shed imports of intermediate and capital goods as well as medicines, thus lowering long-term growth potential and compromising progress in social development.

L. Recent trends in social development in Africa

39. Recognizing the fact they are socially disadvantaged and most severely impacted by the economic crisis, this report reviews the social development status of the vulnerable groups, namely older persons; orphans and vulnerable children; young people; people living with HIV and AIDS; refugees; the internally displaced; migrants; and the poor. Women in these groups suffer the most from shocks associated with economic and natural disasters and conflicts. In particular, the report reviews which factors have influenced the access of these vulnerable groups to food, education, employment and health.

The size of vulnerable groups driven by natural population growth

40. The population of vulnerable groups has been increasing over time as a result of natural population growth (table 1). The population of people living with HIV and AIDS has been increasing owing to social, economic and cultural factors that fuel HIV infection such as stigma, gender inequality, poverty, polygamy, wife inheritance, “dry sex”, drug and alcohol abuse, mobility, sexually transmitted diseases, war and violence against women (Inungu and Karl, 2006). The increase in the number of people with disabilities is due to a number of reasons, chief among which are civil strife and continuing wars; a high level of illiteracy; undernutrition and malnutrition; communicable diseases; poor health services; a low level of social assistance and services; accidents and domestic violence; poor economic conditions in most of the countries; and old age and natural calamities and disasters (AUC, 2005).

Table 1. Population of vulnerable people in Africa

Category	Population (thousands)		Percentage of total population
	2005	2008	2008
Older persons [a]	47842	56124	5.7
Youth [a]	189157	201562	20.4
Persons with disabilities [b]	90590	98700	10.0
Persons living with HIV [c]	20400	22000	2.2
HIV/AIDS orphans [c]	6500	11600	1.2
Refugees [d]	2748	2106	0.2
Internally displaced persons [e]	11800[f]	11600[g]	1.2
Africa’s total population[h]	905900	987000	100.0

Source: [a] ECA-African Centre for Statistics database 2009
[b] Based on the assumption that 10 per cent of the population live with disabilities
[c] United Nations Joint Programme on HIV/AIDS (UNAIDS) 2009
[d] Office of the United Nations High Commissioner for Refugees statistical database, 2009
[e] Internal Displacement Monitoring Centre database
[f] Estimate is for 21 countries
[g] Estimate is for 19 countries
[h] United Nations Population Fund (UNFPA), 2009.

41. The number of refugees in Africa (excluding North Africa) continued to decline for the eighth consecutive year from a high of 3.4 million in 2000 (UNHCR, 2009). This was due to the successful repatriation operations to Angola, Burundi and South Sudan. However, according to the United Nations High Commissioner for Refugees (2009), renewed armed conflicts and human rights violations during the year 2008 also led to refugee outflows in Chad, DRC, Somalia and Sudan.

42. Africa has the highest number of internally displaced persons (i.e. persons who are displaced within their own country) in the world amounting to 11.6 million in 2008 in 19 countries (IDMC, 2009). The three countries with the largest internal displacement situations are Sudan (4.9 million), DRC (1.3 million) and Somalia (1.4 million). The major causes of internal displacement include armed conflicts, generalized violence, natural disasters such as floods and in some cases violations of international humanitarian law. Climate change is expected to lead to further internal displacement. The most recent findings of the Intergovernmental Panel on Climate Change indicate that the frequency and magnitude of climate-related disasters, such as flooding, hurricanes, desertification or even the "sinking" of stretches of land, are likely to increase as a consequence of global warming, and thus will further displace an ever-increasing number of people (United Nations, 2009a).

43. The other group that is vulnerable to income shocks is made up of those who live in extreme poverty. According to recent estimates, the proportion of the population living in extreme poverty in Central, East, Southern and West Africa, using the new US$ 1.25 per day international poverty line, was 51 per cent in 2005 and 3 per cent in North Africa (United Nations, 2009b). This amounts to more than 400 million people. This group of poor persons also includes most of the people in the vulnerable groups indicated in table 1.

44. Women account for the majority of members of vulnerable groups. Women make up 55 per cent of older persons, 50 per cent of refugees, 51 per cent of internally displaced persons, 50 per cent of African young people and 60 per cent of people living with HIV and AIDS, and account for the majority of the poor (various sources including the ECA statistical database 2009, UNHCR 2009; UNAIDS, 2009). Women and girls bear the brunt of the negative impact of the economic and food crisis, and they are falling deeper into poverty. It is important therefore that African countries embrace inclusive and particularly gender-sensitive development policies and programmes to improve the social development of vulnerable groups.

Access of vulnerable groups to food constrained by endogenous and exogenous factors

45. Vulnerable groups face serious difficulties in accessing food and ensuring food security. Owing to the lack of explicit income transfers, food subsidies and price controls in many countries, the burden is being relegated to the population. Vulnerable groups such as older persons, persons with disabilities, refugees and the poor are most vulnerable to higher food prices because of their lower incomes. Internally displaced persons are very vulnerable to food insecurity because in situations of conflict, lack of security impedes access by humanitarian agencies seeking to provide food assistance and other services (box 1).

Box 1: Examples of food insecurity among Internally Displaced Persons

In Sudan's region of Darfur, the United Nations estimated in May 2007 that 566,000 of the 4.1 million conflict-affected people were beyond the reach of humanitarian assistance. Consequently, malnutrition among internally displaced persons passed emergency levels of global acute malnutrition and in 2007 child malnutrition, rates reached emergency levels for the first time in three years. Access for humanitarian organizations worsened during 2007, until up to million internally displaced persons were out of reach of urgently needed assistance.

In Somalia humanitarian access is severely limited by insecurity, which makes it difficult to provide food aid and other life-saving assistance to internally-displaced persons. Camps for internally displaced persons lack basic facilities like schools, health care and water and sanitation, leading to widespread acute malnutrition and diarrhoea. A survey carried out in November 2007 among the internally-displaced populations in Afgoye and Merca in Somalia showed critical levels of malnutrition, in a region where 15 per cent of children under five already faced a high risk of starvation.

In Côte d'Ivoire malnutrition rates remained high, especially in landlocked areas and places where roadblocks and checkpoints prevented free movement.

Source: Internal Displacement Monitoring Centre, 2008, Internal displacement: Global overview of trends and developments in 2007, Geneva; Internal Displacement Monitoring Centre, 2009. Internal displacement: Global Overview of trends and developments in 2008, Geneva

46. HIV/AIDS in sub-Saharan Africa has left old people to shoulder the responsibility of looking after their own sick children and raising their grandchildren when their children die. Households headed by older persons and fostering orphans have been identified as being highly vulnerable to food insecurity (Muga G and Onyango-Ouma 2009; Makiwane and Kwizera, 2007; Adato and Bassett, 2008). These households face difficulties in producing food because of limited labour and other inputs and therefore experience higher rates of malnutrition.

47. Finally, droughts and the increased frequency of natural disasters due to climate change are contributing to increased food insecurity for millions of Africans. The adverse effects of droughts and other natural calamities are particularly severe for vulnerable groups such as the elderly and the disabled, who in addition to physical assets often lack the necessary human capital and/or ability to cope with such conditions.

Access to education biased against vulnerable groups

48. While Africa is making progress towards achieving universal primary enrolment, there are still about 46 million primary-school-age children who are out of school in East, Southern, Central and West Africa (UNICEF, 2010). Also, the significant progress towards enrolment has not been accompanied by commensurate gains in completion rates. Particular groups of children who are more likely to be out of school or not to complete the full cycle of primary education include: street children, children with disabilities, child labourers, children living in conflict situations such as

internally-displaced children, children from poor households, children living in rural, remote and marginalized areas, and children orphaned by or infected with HIV and AIDS (UNESCO, 2005). More girls are out of school than boys, and the out-of-school girls are far more likely than boys never to go to school (UNESCO, 2010). The two biggest factors of exclusion are crisis and conflict situations and a lack of response to the needs of children with disabilities (UNESCO, 2010). More than half of the children without access to primary education live in countries affected by conflict, and a third are children with disabilities. Children with disabilities are by far the single group most likely not to be in school. Another important factor of exclusion is that only a few African countries have established free primary education, including tuition, uniforms and textbooks. This seriously affects resource-constrained households. In addition, one of the distinguishing characteristics of primary schooling in Africa is that secondary-school-age children attend primary school. This feature is particularly alarming for marginalized children, as it exacerbates peer and household pressure for non-completion and entry into the labour market prior to completion. .

49. The number of children and young people who are out of secondary education is alarmingly high in Africa. Yet primary and secondary education is the starting point for developing a basic level of human capital. The lower level of education thus attained perpetuates the cycle of poverty across generations and reduces prospects of decent work opportunities.

50. In order to be competitive and have a chance of finding a decent job, African young people need to acquire knowledge and skills through higher levels of education and technical and vocational training. However, overall participation in tertiary education is very low on the continent. Only 6 per cent of the tertiary-education-age cohort was enrolled in tertiary institutions in 2007 in Africa, compared with the global average of 26 per cent (UNESCO 2009). Very few young people from vulnerable groups are able to access higher education, mainly because of a lack of resources to meet school fees.

51. It is important that public policies designed to improve access to all levels of education by the poorest and other vulnerable groups are made a priority. Overall approaches to use in “targeting” out-of-school populations should be tailored to specific marginalized groups, reduce obstacles preventing children from going to school and use inclusive multisectoral measures. Some of the many policies that have proved effective in some countries include abolishing school fees; building schools in under-served areas; introducing school feeding and nutrition programmes; supporting participation of girls and encouraging them to complete their education; affirmative action; and inclusive education and boosting recruitment of teachers (UNESCO, 2010). This is essential to ensure that the right of everyone to education is recognized.

Access of vulnerable groups to employment opportunities is limited

52. Women, young people, persons with disabilities, older persons, people living with HIV/AIDS, migrants and other vulnerable groups face particular challenges in obtaining decent work. Most end up in what the International Labour Organisation (ILO) terms vulnerable employment (as unpaid contributing family workers or own-account workers or in seasonal employment or informal and poorly paid petty business), which is characterized by insecure employment, low earnings and low productivity. Young people are faced with the challenge of high unemployment owing mainly to lack of experience and relevant training. Persons with disabilities

lack access to decent jobs due to discrimination, lack of relevant training and lack of physical access to buildings. People living with HIV and AIDS experience considerable barriers in finding and keeping a job, even before the disease renders them incapacitated because of stigma and discrimination.

53. Other important dimensions of economic participation by vulnerable groups include access to productive resources such as credit, technologies, information, land and other assets to enable them to undertake small-scale income-generating projects. However, people in the vulnerable groups lack access to these resources, and this affects their ability to move out of poverty.

54. Clearly, even before the onset of the economic crisis, vulnerable groups had limited access to employment opportunities and productive resources. Since most of them work in vulnerable employment that is less well covered by social safety nets, they are more vulnerable to the impact of the crisis. Older workers who are displaced from the labour market are also likely to be affected because they have fewer chances of securing a job after losing one (United Nations, 2010). Governments are likely to reduce public expenditure on programmes that improve the employment opportunities of vulnerable groups such as people with disabilities or young people. Migrant workers are hardest-hit during economic downturns as the sectors in which they are employed, such as construction, manufacturing and hospitality services, are highly vulnerable to job cuts. It is important that governments adopt or strengthen specific measures to promote employment opportunities for people in vulnerable groups.

Problems in access by vulnerable groups to health daunting

55. Vulnerable groups have poor access to health care for social, economic and cultural reasons. In many countries, the physical infrastructure in the health field is limited in rural and remote areas. In conflict situations, destruction of the physical infrastructure, including roads and health and education facilities, increased personal insecurity and reduced personnel and supplies for social services exacerbate the risk that vulnerable groups such as displaced people and refugees may not be able to access health services. Older persons need more health assistance for non-communicable diseases, typically chronic, degenerative and mental illnesses, and disability–related problems. This situation demands specialist services and personnel that are not easily available to the growing numbers of older people.

56. The findings of an ECA study that investigated the extent of inequities in access to health care in a group of African countries – Chad, Cameroon, Egypt, Ethiopia, Ghana, Kenya, Malawi, Morocco, Senegal and Zambia, — through analysis of demographic and health surveys show significant inequities in access to health care stemming from income differences, distance to a health care provider, and rural/urban location in all countries studied (UNECA, 2008). Inequities are most extreme for delivery assistance, a key service to reduce maternal mortality (Millennium Development Goal 5). For example, in Egypt in 2005, the absolute difference between the richest 20 per cent of the population and the poorest 20 per cent was approximately 43 per cent. In Ghana in 2003 the absolute difference between the two groups was 70.5 per cent (UNECA, 2008). The inequities exhibited in access to health care are replicated in the provision of water and sanitation.

57. Overall, both the elderly and persons with disabilities require health services that cater to their specific needs, reflecting the illnesses and ailments that occur in older age or affect those with a disability. For instance, people in a wheelchair require accessible facilities, which are absent in most African countries. Rehabilitation is also an important health service for both socially vulnerable groups. Hence the need for policies to ensure special access to health services for all vulnerable groups, including free or subsidized medical services.

J. Economic rebound in 2010, but subject to downside risks

58. Africa's GDP growth is projected to recover in 2010 and grow at 4.3 per cent. However, owing to considerable risks, Africa's growth in 2010 could vary between 3.6 per cent and 5 per cent[1]. Even under the most optimistic scenario, the pace of the recovery remains well below the level required to achieve a meaningful improvement in social conditions in Africa.

59. The expected pick-up in economic growth will be supported by both domestic and international factors. The expected recovery of the global economy is set to increase demand for and prices of African export goods, in particular minerals and hydrocarbons, and services. Private flows, in particular foreign direct investment and portfolio investment will pick up as well. On the domestic front, various fiscal and monetary packages adopted by many governments on the continent are expected to continue to support domestic demand, which will also benefit from relatively low interest rates.

60. East Africa is expected to continue to be the fastest growing subregion (5.3 per cent), followed by West Africa (4.7 per cent), North Africa (4.1 per cent), Southern Africa (4.1) and Central Africa (3.8 per cent). However, the strongest recovery will be recorded in Southern Africa. South Africa will lead the growth momentum, thanks to rising mining output combined with renewed dynamism in services, in particular tourism, supported by the World Cup football tournament.

61. Average inflation in Africa is projected to decline further in 2010, thanks in large part to a significant deceleration in price increases in countries that posted double-digit inflation rates in 2009. Despite expected rising food and oil prices, inflation rates will moderate in DRC, Ethiopia, Ghana, Kenya, Rwanda, Sao-Tome and Principe, the United Republic of Tanzania and Uganda, driven by the expected gradual tightening of monetary policy and/or to limited exchange rate depreciation. In contrast, demand-pull inflationary pressures will lead to strong increases in prices for non-traded goods, fuelling inflation in Angola, the Republic of Congo and Gabon, whereas continued currency depreciation and/or the growing monetization of fiscal deficits will feed or sustain already high inflation rates in Eritrea, Guinea and Mauritania.

[1] GDP interval forecast is a series of values in which we expect the GDP to fall, with some probability. A 95 per cent confidence interval is computed using the following formula: $g_p \pm 1{,}96 \cdot \hat{\sigma}$, where g_p is the predicted growth rate and $\hat{\sigma}$ the corrected standard deviation. The corrected standard deviation is computed on the basis of DESA forecast errors. A bootstrap method was used in order to correct potential small-sample bias.

62. The outlook is, however, subject to downside risks, which are linked to structural weaknesses in African economies, in particular their excessive dependence on exports of primary commodities and low-value-added products. A slower-than-expected recovery of the global economy, a relapse into recession and/or the eruption of another global financial crisis would depress demand for and prices of African exports and decrease tourism receipts weaken domestic financial markets, squeeze domestic credit and investment and reduce private and official flows to the continent. Also, a severe deterioration in weather conditions will restrict agricultural output, thus lowering economic growth in many countries. Finally, an unexpected worsening in political and security situations might dampen growth prospects in some countries, particularly in those that are holding elections in 2010.

K. Conclusion and recommendations

63. The recent global recession did not spare Africa. GDP growth for Africa as a whole fell markedly, with negative implications for employment and more broadly for social conditions across the continent. The continent, however, seems to have withstood the shock better than on previous occasions, thanks mainly to stronger initial positions. Countries that did well were mostly those that sustained more broad-based growth, i.e. countries that were relatively successful in diversifying their production and export bases. Success in securing high and sustainable growth, generating enough decent jobs for the rising working population and achieving broader social development depends largely on success in economic diversification (UNECA and AUC, 2007). Macroeconomic and structural policies as well as institutional reforms formulated and implemented in Africa should be subservient to this broader developmental goal.

64. The downward inflation trends attest to the growing credibility of monetary policies in much of the continent. Yet this achievement has not had discernible responses in the form of rising investment and economic growth rates, greater economic transformation and robust employment creation in African countries. This shortcoming can be addressed by ensuring that monetary policies pay adequate attention to developments in the real sector, including economic activity and employment, and not only to price stability.

65. Although fiscal policies turned out to be largely countercyclical, their effectiveness needs to be improved. The introduction of social protection schemes, particularly well-targeted social safety net measures, will be one way through which this can be achieved. These fiscal measures, however, have some cost implications. Long-term fiscal sustainability requires that spending efforts go hand in hand with commensurate domestic resource mobilization and renewed efforts by the international community to live up to its aid commitments, particularly in favour of countries with limited fiscal space and with limited and dwindling foreign exchange reserves.

66. Success in diversifying the production and export base away from primary commodities requires competitive real exchange rates. Countries, irrespective of their exchange rate regime, are confronted with the challenge of maintaining an appropriate real exchange rate that ensures the competitiveness of tradable goods and services. Raising spending in infrastructure, human capital and other productivity-enhancing activities will be an effective way to increase economy-wide productivity and competitiveness.

67. Getting macroeconomic policies right will be insufficient if not complemented by structural and institutional efforts, including strengthening capacity in budget execution and reporting as well as reforms aimed at improving the business environment. Also, the consensus that emerged from the recent global financial turmoil is that there is a need to step up supervisory efforts in monitoring liquidity and credit risks. This is particularly important given the rapid expansion in private sector credit in some countries.

68. More broadly, in order to achieve the millennium development goals and other social development goals, African countries should put social development, particularly that of the vulnerable groups, at the forefront of their development agenda. The global economic crisis has heightened the need to develop and strengthen measures that ensure the inclusion of vulnerable groups in the mainstream development framework. Addressing the impact of shocks to the vulnerable groups is essential to realizing the basic human right of access for all to food, health, education and employment. This will promote social development and contribute to the acceleration of progress towards achieving the MDGs.

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