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**ASSESSING PROGRESS IN AFRICA TOWARDS THE
MILLENNIUM DEVELOPMENT GOALS, 2009**

Introductory Note - Report on Assessing Progress towards attainment of the Millennium Development Goals in Africa 2009

The report "Assessing Progress towards attainment of the Millennium Development Goals in Africa, 2009" was jointly prepared by the African Union Commission, the United Nations Economic Commission for Africa and the African Development Bank. This joint publication is prepared annually and submitted to the African Union Summit for information regarding progress towards attainment of the Millennium Development Goals (MDGs) in Africa. The last report, jointly prepared by the AUC and UNECA in 2008, was submitted to the July 2008 Heads of State and Government Assembly in Sharm el Sheik.

The 2009 Report shows that although Africa continues to make progress towards attainment of the targets of the MDGs, that progress is uneven and varies by region. The report further shows that there have been some improvements in data reporting and coverage. There, however, still remain some challenges in getting sufficient data for tracking and reporting progress on a number of targets. The role played by the Inter-Agency Expert Group (IAEG) on MDGs indicators and the national producers of data, in filling the gaps on data is acknowledged in the report.

Progress towards attainment of the targets of the MDGs, as noted in the report, has been hampered by the crises that have recently emerged in the global scene. These include the food crisis, the fuel crisis and the global financial and economic crisis. Estimates show that the effect on economic growth rate could decline from an average of over 6 per cent in the recent past to just 3.6 per cent in 2009 as a result of the economic slowdown. The report also notes the significant decline in demand for African commodity exports that has led to large revenue losses. A combination of these and other factors would have significant implications for attainment of the MDGs in Africa.

Recommendations

The report recommends the following measures to ensure that progress towards attainment of the targets of the MDGs is sustained:

- Adoption of well-targeted and flexible social protection measures by African countries;

African countries should adapt their macroeconomic policies to fit the current financial conditions;

- National Statistic Offices should submit in due time to AUC, UNECA, AfDB, national statistics where they are available and ensure their comparability in future reports;

- MDG-based planning and plan implementation should continue to be emphasised; and
- Cascading of MDG-based development plans and poverty reduction strategies to lower tiers of government or sub-national jurisdictions.

The Draft 2009 MDGs Report was submitted to the Second Joint Annual Meeting of the AU Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development held in 6-7 June 2009 in Cairo, Egypt for their consideration. The Ministers took note of the report and recommended that it be submitted to the AU Assembly of Heads of State and Government. The resolution resulting from the Conference is attached.

Section 1: Introduction

1. Africa continues to make progress towards the targets of the MDGs but the progress is uneven on some goals and varies by region. There continued in 2008, to be high level political support in and outside Africa for the MDGs. In July, at the African Union Summit in Sharm El-Sheikh, Egypt, African leaders discussed and adopted a resolution urging all countries to deploy all means necessary to achieve the targets by the target date.

2. The Report of the United Nations Secretary-General's MDG Africa Steering Group was launched and considered at the AU Summit. In September, at the UN High-level Event on MDGs, world leaders expressed concern about the slow rate of progress on the MDGs, especially the human development indicators. In the MDGs Call to Action that resulted from the September HLE, countries were urged to scale up efforts to achieve the MDGs. The Secretary-General's MDG Gap Task Force Report pointed out shortfalls in meeting MDG 8, Partnerships, and urged major development partners to honor and fulfill their commitments on aid and on trade.

3. There have been significant improvements in data used for monitoring and reporting both in terms of reporting and in terms of coverage. This is probably due to enhanced efforts at the country level to collect MDGs-relevant data by national statistical agencies and also through scaled up advocacy for data by African continental institutions such as the African Union Commission and also the United Nations Inter-agency Expert Group on MDGs indicators.

4. A number of new challenges to meeting the MDGs in Africa emerged in 2008. Notable among these were the fuel crisis, the food crisis, the financial crisis, and the global economic and financial crisis. The global financial and economic crisis presents new challenges to achievement of the MDGs in Africa. It could stall, erode or reverse progress in the region towards the targets. Preliminary evidence suggests that the slump in exports is resulting in an increase in poverty incidence. Many artisanal miners have lost their source of income. Inflation is rising, local currencies are depreciating, and the price of staple food and imported commodities is going up. These changes will make it more difficult for governments to import medicines to advance progress towards the health targets or and to scale up manufacturing in order to create decent jobs. Governments have to be careful in the policy choices that they make to attenuate the impact of the crisis to ensure that it does not result in reversal of progress made.

5. On specific goals and targets:

- Although data on income poverty are not readily available, the current crisis is likely to erode progress made in some countries like Ghana in reducing poverty headcount;

- Progress towards full employment in the region is slow. The evidence confirms that recent growth in Africa has been significantly jobless and that dependency on the employed remains high. Labour productivity growth was positive across all regions of the period but it was not strong enough to accelerate progress towards full employment and to generate decent work. Labour productivity growth remains vulnerable to shocks and cyclicity;
- The region is on track to meet the primary education enrolment target. However, the target on primary completion, although improving, will not be achieved at current rate of progress. The urban and income gradient in enrolment is still significant underscoring the need to focus more attention on rural areas and poor households in order to meet the target;
- The trend towards gender parity remains strong in primary education but less so in secondary and tertiary education;
- Progress towards the health goals is still a serious challenge. Child and maternal mortality are still high. Immunization coverage is approaching universality and is thus reducing quite significantly in many countries, infant mortality rates. Progress towards reducing the prevalence of HIV/AIDS is strong but not at the rate to reverse and stop the spread of the disease;
- The proportion of the population with access to improved water supply and sanitation is growing but is mostly concentrated in urban areas.
- Significant gaps in fulfilling the global partnership for development. These include the inability to conclude the Doha round of trade negotiations; the inability of major OECD/DAC to reach the ODA/GNI ratio of 0.7%. The Economic Partnership Agreements present a risk to the MDGs and trade with China and other southern countries is growing.

6. Overall, this report concludes in the same tone as the 2008 Report: The continent is making progress on a few goals and not much on others. There is no convergence either in levels or rates of progress across the sub-regions. Achieving the MDGs in North Africa remains less of a challenge than it is in the rest of Africa.

Section II: Tracking Progress

7. There have been some changes in the indicators that are used to report and track progress. As noted earlier, there have been some improvements in data reporting as well as in coverage. This is due in part to stepped-up efforts by the Inter-Agency Expert Group (IAEG) on MDGs indicators and the national producers of data.

Nonetheless, there is still insufficient data for tracking and reporting progress on a number of targets.

8. This report, like the two that precede it, is based on data from the United Nations Statistics Division (UNSD), the internationally agreed repository of data for monitoring progress towards the targets of the Millennium Development Goals (MDGs)¹. The UNSD database has significant gaps and some of the data series are not up to date. For example, there continue to be critical gaps in the series on poverty and maternal mortality. This report has therefore drawn, when there was a need to, from other international but non-UNSD data sources as complements. Where other, non-UNSD data sources have been used, they are explicitly indicated.

9. Fortunately, efforts have been intensified in the recent past to improve data availability of data through UNSD. The international data collection and processing mechanism established to monitor and track progress towards the MDGs is enhancing cooperation among various stakeholders from national producers, via regional and international organizations, to improve the global MDGs-database housed at UNSD. Nonetheless, many challenges still hamper the capacity of countries to report their data on a timely basis and significant data gaps remain. In general, the major sources of data gaps, problems and differences between national and international sources are: definitional problems, methodological issues, lack of recent data at international level, lack of coordination at national level, differences in populations estimates in intercensus periods, lack of transparency in the estimation and modeling procedures by international organizations, delay in publishing results by National Statistical Offices, and lack of coordination within and among international agencies.

GOAL 1: Eradicate extreme poverty and hunger

Target 1B: Achieve full and productive employment and decent work for all, including women and young people.

10. This target, along with the indicators to measure progress associated with it, was introduced in 2007. There is sufficient data to measure progress on the growth rate of GDP per person employed and employment-to-population ratio.

Indicator 1.4 Growth rate of GDP per person employed

11. The growth rate of GDP per person employed, which is used as a measure for labour productivity growth, helps gauge the potentials of economies to generate decent jobs.

¹ It is mostly based on 2006 data, the most recent year for which UNSD reported data at the time it was being prepared.

12. Analysis of the data on this indicator shows that, relative to 1991, labour productivity growth was positive in all regions of the continent, except in East Africa. The impressive growth in labour productivity per person employed began in 2000 across all sub-regions of the continent due in part to increased mining and mineral resources harvesting activities, especially in Equatorial Guinea, Chad, Angola, Nigeria, Lesotho, Zambia and Botswana.

13. There are significant variations across countries in labour productivity growth. In Equatorial Guinea, Lesotho, and Botswana, it grew on average by almost 5 percent and even higher but declined by more than 3 percent in Burundi, Zimbabwe and the Democratic Republic of Congo (DRC), all countries enmeshed in conflict. The positive growth rate of GDP per person employed was sustained by the buoyant expansion of economic activity in the first group of countries. In Equatorial Guinea, output expansion was driven by oil, in Lesotho by water and Botswana by mining. Labour productivity declined in the second group of countries in part due to conflict which resulted in a reduction in the efficiency of labour and therefore a severe contraction of aggregate demand.

14. There are also significant regional variations in output per person employed. Between 1991 and 2006, labour productivity was relatively stable in North Africa but significantly volatile in the rest of Africa. This is largely due to differences in the structure of production, with mining and other natural resources harvesting activities dominating output in all of Africa except the North.

Indicator 1.5 Employment-to-population ratio

15. Available data indicate that employment-to-population ratio remained virtually unchanged from 1991 to 2006 in Africa, although varying marginal changes took place across regions. On the one hand, very modest increases occurred in Northern Africa, where the employment-to-population ratio increased slightly from 43.51 percent in 1991 to 45.05 per cent in 2006. The region, however, still recorded the lowest employment-to-population ratio in the continent, due in large to weak participation of women and youth in labour markets. On the other hand, employment-to-population ratio in Central, East, Southern and West Africa declined very marginally from 1991 to 2006, despite the economic growth revivals witnessed during the period 2003-2006.

16. The continent is unlikely to achieve the target of full and productive employment and decent work for all, including women and young people, if current trends continue.

Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

17. The region had made progress in reducing the proportion of people who suffer from hunger. However, that progress came under threat from the rapid escalation in

food prices that began in early 2008. This indicated critical gaps in efforts to ensure food security in the region. These gaps are likely to be widened by the global economic and financial crisis which is resulting in a deceleration of regional growth, putting pressure on average prices, the price of staples, imports, and agricultural inputs. Conflicts in Zimbabwe, Sudan, Democratic Republic of Congo, Central African Republic and Chad complicate efforts to make progress.

Indicator 1.8: Prevalence of underweight children under-five years of age

18. Reporting on this indicator has deteriorated since 2000 when the UNSD database had data for 25 African countries. In 2006, UNSD had data on only 17 African countries and this made it difficult to assess progress.

19. However, the World Health Organization (WHO) does maintain a good database. The WHO data are presented in decennial intervals for countries for which data are available. It is therefore difficult to measure rate of progress for individual countries with 1990 as the base year. Among 25 African countries for which data are available, 18 reported improvements on the proportion of underweight children under the age of 5. Angola reported the largest decline in the proportion of underweight children under the age of 5 of 9.5% followed by Tanzania (8.6%), Mali (8.1%) and Nigeria (7.9%).

20. The region has on average made very little progress in reducing the proportion of children under 5 who are under weight. This contrasts with Southeast Asia and the Eastern Mediterranean region that have seen significant reductions.

21. If current the trend continues, Africa is unlikely to reach this target by 2015. Progress on this target may be severely constrained by the dramatic increases (although now moderating) in food prices that began in late 2007. The current economic crisis with the resultant inflationary pressures is likely to also severely affect efforts to reverse trend on this target.

Goal 2: Achieve universal primary education

Target 2A: ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

22. The region is sustaining progress made towards achieving universal primary education as reported in 2008². Most African countries are on track to achieve universal enrolment by 2015, if current trends continue. But actions need to be taken to improve access to primary education for children from poor households; who live in rural areas and/or are HIV orphans.

² ECA/ African Union *Assessing Progress Towards Attaining the millennium Development Goals in Africa 2008*, presented at African Union Heads of State Executive Council 11th Ordinary Session June 2008 Egypt

Indicator 2.1 Net enrolment in primary education

23. Data on net primary enrolment show significant improvements in 2006 over 2005. Most of the countries exhibit significant progress. In Ethiopia, for example, net enrolment increased by 6.3% in 2006 over 2005 and based on current trends, the country is on track to meet this target by the target date. As of 2006, 9 African countries have net primary enrolment rates of over 90 percent.

24. But there are also some reversals. Net primary enrolment has declined in Lesotho, Cape Verde, Algeria, Sao Tome and Tunisia for example, underscoring the importance of vigilance and actions to ring-fence successes already achieved.

Indicator 2.2: Primary completion rates

25. In Africa as a whole, primary completion rates have been rising. In 2006, the most recent year for which data are available, the completion rate although low at 62.2 percent, represented an improvement of about 2.2 percent over 2005. There was an average increase of 5.3 percent in completion rates³ in 17 African countries between 2005 and 2006.

26. Among countries for which data are available, completion rate declined in Mauritius, Burundi and Central Africa. Average completion rate is low in countries in conflict and in countries emerging from conflict and in Africa's most populous countries, Nigeria and Ethiopia. But Benin, Guinea, Tunisia and Morocco show significantly high completion rates relative to net enrolment rate. At this rate, the continent is unlikely to achieve this target.

Goal 3: Promote gender equality and empower women

27. The continent continues to make progress towards gender equality and empowerment of women. Girls' primary school enrolment rate increased more than boys' between 2000 and 2006. Despite these gains, girls still account for 55 percent of the out-of-school population in the region. Gender parity in primary education has been achieved in a large swathe of countries. However, gender gap widens in secondary education and is widest in tertiary education. The upward increase in the number of women parliamentary representatives remains strong as visible in the number of women elected into Parliaments in recent elections. Although data is scant, in the non-agricultural sector women account for 80 percent of own-account, seasonal, part-time and informal work.

³ The proportion of pupils starting grade 1 who reach last grade of primary education, known as the Survival Rate to last Grade of primary, is the percentage of a cohort of pupils enrolled in grade 1 of the primary level of education in a given school year who are expected to reach the last grade of primary school, regardless of repetition.

Target 3A: Eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels of education no later than 2015

Indicator 3.1: Ratios of girls to boys in primary, secondary and tertiary education

28. Eleven countries⁴, according to available data, already achieved gender parity in primary education in 2006. There was a slight regression in Libya which had been among this group of early achievers. The Central African Republic and Niger, according to available data are the worst performers on this score. A small number of countries including Mauritania, Rwanda and Malawi have a gender parity index of more than 1 indicating that more girls are enrolled than boys in primary schools. Overall, based on available data, most African countries have a gender parity index of over 0.90 placing them on track to achieve gender parity in primary education, if current trends continue, by the target date.

29. Most African countries are also yet to achieve gender parity in secondary education nearly four years after the target date of 2005. Only eleven⁵ countries have achieved this target and five⁶ others report a gender parity index of over 0.90. For Lesotho and Namibia more girls are enrolled in secondary schools than boys. It is highly unlikely that African countries will reach the target of secondary school parity by 2015, if current trends continue.

Similar to secondary gender parity in tertiary education shows very slow progress, only eight⁷ countries have achieved gender parity in tertiary education. Ten⁸ countries have gender parity index of less than 0.50 in tertiary education, and have to make exceptional efforts to meet the target.

Indicator 3.3: Proportion of seats held by women in national parliament

30. Women's representation in national parliament has not shown an impressive progress from the 2007 level, reflecting changes that occur only during election years. About 18 countries have shown some improvement from the 2007 level, for example Lesotho has more than doubled their 2007 level from 11.7 to 25 percent.

31. The highest achievers of gender parity in seats held in national parliament in 2008 are the following: Rwanda (48.8 per cent), Mozambique (34.8 per cent), South Africa (33 per cent), Uganda (30.7 per cent), Burundi (30.5 per cent), Tanzania (30.4 per

⁴ The Gambia, Gabon, Lesotho, Malawi, Mauritius, Mauritania, Namibia, Rwanda, Sao Tome and Principe, Seychelles, and Uganda.

⁵ Gender parity in secondary education in 2006; Algeria, Botswana, Cape Verde, Lesotho, Namibia, Sao Tome and Principe, Seychelles, South Africa, Swaziland and Tunisia.

⁶ Over 90 % gender parity in secondary education: the Gambia, Kenya, Madagascar, Sudan and Zimbabwe

⁷ Algeria, Botswana(2005),Cape Verde, Lesotho, Libya (2003), Mauritius, South Africa, Tunisia

⁸ Benin (0.25); Burkina Faso (0.46), Burundi (0.43); Central African Republic (0.28); Eritrea (0.15), Ethiopia (0.34), Guinea (0.28) Mauritania (0.36), Niger (0.29) and Zambia (0.48)

cent), Namibia (26.9 per cent), Lesotho (25 per cent), Seychelles (23.5 per cent), Tunisia (22.8 per cent), Mauritania (22.1 per cent), Eritrea (22 per cent), Senegal (22 per cent), Ethiopia (21.9 per cent).

32. Countries with less than 10 per cent gender representation in seats held in parliament are : Algeria(7.4 per cent), Chad(5.2 per cent), Comoros (3.0 per cent) Congo (7.3 per cent), Cote d'Ivoire (8.9 per cent),DRC (8.4 per cent), Egypt (1.8 per cent), The Gambia (9.4 per cent), Kenya(7.3 per cent), Libya (7.7 per cent), Madagascar (7.9 per cent), Nigeria (7 per cent), Sao Tome and Principe (1.8 per cent), and Somalia(8.2) per cent.

Goal 4: Reduce child mortality

Target 4A: Reduce by two thirds between 1990 and 2015 the under five mortality rate

33. Although data on this target is problematic and at times contentious⁹, there is nonetheless noticeable evidence of progress. Reported under-five mortality in Africa in 2006 was 129 per 1,000 live births. This is not significantly different from the 130 per 1,000 live birth reported in the 2008 Report. However, more African countries are making progress in reducing under-five mortality.

Goal 5: Improve Maternal Health

Target 5A: reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

Indicator 5.1: Maternal mortality ratio

34. The 2005 maternal mortality estimates are not comparable to the previous estimates for 1990, 1995 and 2000 because of the difference in methodologies applied. The estimates for Africa in 2005 were 900 maternal mortalities per 100,000 births for Sub-Saharan Africa and 160 per 100,000 for North Africa. The imputed values for 1990 were 920 and 250 per 100,000 births for Sub-Saharan and North Africa respectively. This signifies a 0.1 percent decline over the period and significantly off-track to achieve the target, compared to the global decline that has only been 1 percent. The target reduction of 75 percent between 1990 and 2015 requires a 5.5 percent annual decline.

Indicator 5.5: Antenatal care coverage (at least one visit and at least four visits)

35. Antenatal care coverage is improving. In 2005 over twenty-six countries had a coverage rate of above 80 percent for at least one antenatal visit, whilst ten countries had a coverage rate below 80 percent. Only seven African countries have reported on

⁹ An example of contention in this regard is the recent disagreement between the Government of the Federal Republic of Nigeria and UNICEF over reported figures in UNICEF's 2009 State of the World's Children Report

the recommended four antenatal visits in 2005 and their average coverage is 52 percent.

Goal 6: Combat HIV/AIDs, Malaria and other diseases

Target 6A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Indicator 6.1: HIV prevalence among population aged 15-24 years

36. Though HIV prevalence rate and deaths associated to AIDS in Africa remain high, there has been a slight drop in both prevalence and mortality rates in the region. The trend towards decrease in HIV prevalence observed in the past few years continued to be maintained in 2008. Prevalence remains relatively low in North Africa. The prevalence rate for the rest of the continent in 2007 decreased to around 5 percent (UNAIDS 2008). Similarly, HIV/AIDS related deaths have fallen to 1.4 million from about 2 million and new HIV infections from 3 million in 2001 to 2.7 million in 2007. These improvements are due to the scaling up of prevention and treatment programmes in many countries of the continent.

Target 6B: Achieve by 2010, universal access to treatment for HIV/AIDs for all those who need it

37. The number of people who received Antiretroviral Treatment (ART) has increased from the last reporting period across all African sub-regions. In North Africa, the proportion of HIV patients who received ART increased from 24 to 32 percent between 2006 and 2007, whilst in the rest of Africa, it increased from 21 to 30 percent, the highest rate of increase for developing regions. As a result, the sub-region is estimated to have gained about 2 million years of life from ART coverage (UN 2008). Efforts need to be scaled up to improve access in Central Africa.

Target 6C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Indicator 6.7.1 Proportion of children under 5 sleeping under Insecticide Treated Nets (ITNs)

38. There has been tremendous progress in the use of ITNS for children in a number of selected countries. For example over a period of six years, from 2000 to 2006, The Gambia has increased coverage from 15 to 49 percent, Guinea Bissau from 7 to 39 percent, Tanzania from 7 to 20 percent and Uganda from 0 to 20 percent (UN 2008). All sub-Saharan African countries for which data are available showed increases in insecticide-treated net use among children under five and sixteen out of twenty African countries have at least tripled their coverage since 2000. Despite this progress, overall insecticide-treated net use falls short of demand.

Goal 7: Ensure environmental sustainability

Target 7A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

39. In the majority of African countries the consumption of toxic substances related directly to negative environmental impact have decreased over the last reporting period, 2005- 2006. This is clearly in line with the Montreal Protocol of phasing out the Chlorofluorocarbons (CFCs) and Ozone Depleting Substances (ODSs) to achieve the dual benefit of ozone protection and climate change.

40. Carbon dioxide emissions, another major source of climate change, on the continent have remained static at 0.5 billion metric tons over the reporting period, 2003 to 2004. However, gas flaring in the major oil producing countries of Nigeria, Angola, and Libya remains a concern. Nonetheless, except for Equatorial Guinea, South Africa and Tunisia there was a general trend towards reduced carbon dioxide emissions per capita in all African countries.

Target 7B: Reduce biodiversity loss, achieving by 2010, a significant reduction in the rate of loss

41. On the continent, the proportion of marine and terrestrial protected areas to total area has shown some improvement. In 27 African countries, there was a positive change in protected areas during the period 1990 to 2007 that range from Egypt with a 7.8 percent increase, Equatorial Guinea 9.3 percent, Gabon with 11.6 percent and Guinea Bissau at 26.3 percent to Kenya and Mauritius with 0.3 percent and Tunisia and Zimbabwe with 0.1 percent. The continent is on track in reducing bio-diversity loss.

Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Indicator 7.7: Proportion of population using an improved drinking water

42. Many African countries continue to make progress in increasing the proportion of people using an improved water source. In 2006, in more than 24 countries the proportion of people using an improved drinking water source was 60% or more. In countries such as Egypt, Botswana and South Africa, the proportion is close to 100%. Countries like Ethiopia, Mauritania, and Mali report the largest rate of improvement. However, the overall continental average will be weighted down by slow progress in Nigeria, the continent's most populous country, where the proportion is below 50%. There are major disparities between urban and rural areas in respect of access to improved drinking water source. Except in North Africa and Southern Africa, the rural

population has limited access to improved drinking water source. At current rate of progress, the target of at least 89 percent coverage of the population with improved drinking water is unlikely to be attained in Africa by the target date.

Indicator 7.8: Proportion of people using an improved sanitation facility

43. Progress continues to be made in respect of the proportion of people using improved sanitation facility relative to 1990. A number of countries have improved in 2000-2006 period, but given starting conditions, the rate of growth has to be greatly accelerated to meet the targets. There are also a number of countries, for example Burundi, Liberia and Rwanda, that have regressed since 1990 and a probably significant cause could be the devastation of infrastructure in conflict situations and the constraints in infrastructure building in post-conflict situations.

44. In twenty-one countries excluding North Africa, only 16 percent in the poorest quintile have access to improved sanitation.

Goal 8: Develop a global partnership for development

Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

45. Progress in developing further an open, rule-based, predictable, non-discriminatory trading and financial system has been limited. Efforts to conclude the Doha Round – the development round - of trade negotiations in July 2009 failed, largely as developed and developing countries disagreed on the issue of the Special Safeguard Mechanism (SSM), a provision that would allow developing countries to increase tariffs on agricultural goods temporarily when facing rising imports and falling prices. The failure to conclude the Doha Round of trade negotiations means that the scope and ability of African countries to deploy trade for development has been constrained.

46. This is a major constraint to Africa's ability to harness trade for development. Africa's share of world trade is very small having decreased from around 6% in the 1980s to slightly less than 2% in 2007.

47. Restrictions on market access for African manufactures and agricultural produce is important factor explaining this decline in Africa's share of world trade.

48. Africa's major oil exporters and South Africa hold by far the largest share of exports and imports. Commodity exports dominate with manufactures accounting for an insignificant 0.82% in 2006 up from 0.77% in 2002. Several countries moved towards trade liberalization in the 1990s. As of 23 July 2008, 42 African countries are members of the World Trade Organization. Another 9,(Algeria, Comoros, Equatorial Guinea,

Ethiopia, Liberia, Libya, Sao Tome and Principe, Seychelles and Sudan) are negotiating accession.

49. Africa is beginning to take full advantage of south-south trade and cooperation. This is most notable in Africa's trade relations with China. According to recent data, the volume of trade between China and Africa increased approximately by 45% from 2007 to the end of 2008. Total trade for 2008 was approximately US\$106 billion. Africa's exports to China increased by 54% while Africa's imports from China increased by only 36%. Progress in promoting intra-African trade is slow and at its current rate of growth, intra-African trade is unlikely to be a major contributor to the continent's development in the short run.

50. There has not been much progress on negotiations with the European Union on the Economic Partnership Agreements (EPAs) designed to replace the Cotonou Agreement between Europe and the ACP countries. The EPAs which are essentially free trade agreements based on reciprocal market access present significant risks to Africa. Liberalization between countries with vastly different levels of development could be very damaging for the weaker parties. For trade liberalization to benefit African countries, they need to be granted special and differential treatment so that they can protect their infant industries until they are strong enough to compete internationally.

51. The current slowdown of the world economy and the potential for rising protectionist sentiment make the prospects of achieving this target remote.

Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

52. There has been progress in dealing with the high debt burden of African countries. These efforts, beginning with the heavily indebted poor countries initiative in 1995, have freed up resources for African countries enabling them to make additional investments in accelerating progress towards the targets of the MDGs. In 2005 at the Gleneagles G-8 Summit, G8 leaders pledged, under the Multilateral Debt Relief Initiative (MDRI), to cancel the debt of the poorest countries in the world. Most of these poor countries are African. The aim of the MDRI is to reduce further the debt burden of heavily indebted poor countries and provide additional resources for help accelerate progress towards the targets of the MDGs.

53. At the end of January 2009, 20 African countries were at post HIPC completion point, 8 were between decision and completion point while another 5 were at pre-decision point.

Official Development Assistance (ODA) to Africa gained momentum during the four years that followed the United Nations International Conference on Financing for

Development, convened in Monterrey, Mexico, in 2002. ODA to Central, East, South and West Africa rose annually by 9 percent from 2002 to 2006.

54. The share of debt relief grants in total ODA increased in 2007 but fell quite significantly in 2008 according to latest figures made available by the Organization for Economic Cooperation and Development (OECD).

55. In relative terms, the Development Assistance Committee (DAC) countries devoted only 0.25 percent of their gross national income (GNI) to aid in 2006, slightly up from the 0.23 per cent recorded before Monterrey. This aggregate figure, however, conceals varying efforts among DAC members. While Denmark, Luxembourg, the Netherlands, Norway and Sweden had consistently reached the United Nations target of 0.7 per cent of GNI, the United States and Japan allocated only 0.16 and 0.17 of their GNI to ODA in 2007, respectively.

56. Non-OECD/DAC donors, particularly from the South, scaled up their aid budgets. South Arabia and Venezuela reached the target of 0.7 per cent. China, India and Brazil are becoming important providers of ODA to Africa. In addition, ODA from African countries to other African countries is also growing. Nigeria, Libya and South Africa are the leading African providers of ODA to other African countries. However, significant financing gap remains. The quantum of ODA provided to Africa is still below what was pledged in Monterrey, Mexico, in 2002 and re-affirmed in Doha, Qatar, in 2008.

57. Progress towards aid effectiveness is still slow. Many of the targets of the Paris Declaration are yet to be met. Although some progress has been made in respect of donor coordination and the alignment of technical assistance with country programs much still remains to be done. Progress on general budget support or sector budget support has stalled. Aid remains unpredictable, insufficiently linked to national processes and characterized by high transaction costs. Some of the necessary actions needed to advance the Paris Declaration were agreed at the Accra Conference on Aid Effectiveness and demarcated in the Accra Action Agenda (AAA). However, the current deceleration of economic growth and the requirement of account will pose another challenge.

Section III: The Global Financial and Economic Crisis—a new challenge to accelerating progress to meet the MDGs in Africa

58. The previous reports (2007 and 2008) identified a number of challenges and constraints to meeting the MDGs in Africa. Those challenges are as pressing today as they were then. However, the environment in 2009 for achieving the MDGs in Africa has been made much more complex by the financial crisis that gripped the major industrialized economies in late 2008 and which economic impact is now being felt on the continent. After more than 6 consecutive years of registering average annual growth

rate of more than 6%, the African economy may be facing difficult times in largely uncharted territory.

59. Many advanced economies are heading into recession and this has resulted in a significant fall in the global demand for Africa's exports and, therefore, of export revenues. This will have a knock-on effect on the region's growth and efforts to advance on the targets of the MDGs. According to estimates by ECA and the African Union Commission¹⁰ growth in the region is likely to decelerate to 3.6% in 2009 due to the global economic and financial crisis.

60. Although the financial sector of many African countries is not experiencing significant solvency problems, the impact of the crisis is beginning to be felt in a number of African countries. For most of Africa, the crisis is economic. There has been a significant deleveraging by foreign investors which has resulted in loss of value in African stock markets. The demand for commodities has declined significantly resulting in a large loss of revenue, both customs and export foreign revenue. Consumer prices have risen significantly notably because of the high weight of food in the consumption basket and inflationary expectations. Inflationary pressures are beginning to build in the countries on common items consumed by the poor and that have implications for attainment of the MDGs. Many countries (for example Ethiopia and Nigeria) are now experiencing double-digit inflation.

61. The permissive fiscal space that many African countries had a number of years ago that enabled them to scale up public sector investments to accelerate progress towards the targets of the MDGs is tightening. This could also pose significant challenges to securing successes already achieved. Current account positions are worsening for a number of African countries. This could present significant future debt burden for countries by increasing debt service and limiting fiscal space for governments to increase investments in MDGs-critical areas.

62. The deterioration in the current account balance of many African countries has put pressure on their domestic currencies. Since October 2008, most African currencies have lost value relative to the US dollar and other major currencies. This is raising the cost of production in domestic prices and contributing to inflationary pressures. Ideally, depreciation should result in increased exports. However, depressed demand conditions in the major markets for Africa's exports limit the ability of African exporters to take advantage of the change in relative prices. The export of commodities such as coffee, ore, tea, horticulture for example, has fallen significantly. In countries such as DRC, where artisanal mining was commonly used as an anti-poverty measure; small scale miners have relapsed into poverty because of non-existent demand for their ores.

Section IV: Conclusion and recommendations

¹⁰ Economic Report on Africa, 2009

63. This report concludes in the same tone as the 2008 Report. The continent is making progress on a few goals and not much on others. There is no convergence either in levels or rates of progress across the sub-regions. Achieving the MDGs in North Africa remains less of a challenge than it is in the rest of Africa.

64. The current global economic and financial crisis presents special challenges to African countries' efforts to sustain progress already made in efforts to achieve the MDGs. Many lack the space for fiscal stimulus to attenuate the recessionary impact of the crisis. Nonetheless, this short-term difficulty should not distract countries from continuing to pursue the policies responsible for the progress already made and from scaling up the public sector investments necessary to achieve the MDGs or to adopt measures that imperil success already achieved. To deal with the immediate issue of ameliorating the effects of the crisis and in order to secure the progress already made, African countries should consider well-targeted and flexible social protection measures. Such measures could include public works programmes, food-for-work programmes, pensions, and health insurance policies.

65. African Countries should adapt their macroeconomic policies to fit the special circumstances of this time while ensuring that they do not adopt short-term measures that may create unsustainable fiscal positions in the future. MDG-based planning and plan implementation should continue to be emphasized. Governments should cascade MDGs—based development plans and poverty reduction strategies to lower tiers of government or sub-national jurisdictions as these are better placed to produce local public goods and to enhance the efficiency of the delivery of social services. In doing so, care must be taken to ensure that increased assignment of fiscal responsibility to lower tiers of government does not result in co-ordination failures and present risks to macro-economic stability.

2009

Assessing progress in Africa towards the millennium development goals, 2009

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