

PART I

**OVERVIEW:
AFRICAN
PROGRESS AND
CHALLENGES**

TOPIC I SUSTAINABLE ECONOMIC GROWTH

- FOCUS ISSUES:**
- agriculture
 - trade
 - infrastructure
 - the regulatory and institutional environment for the private sector
 - climate change and environmental sustainability

What commitments have been made?

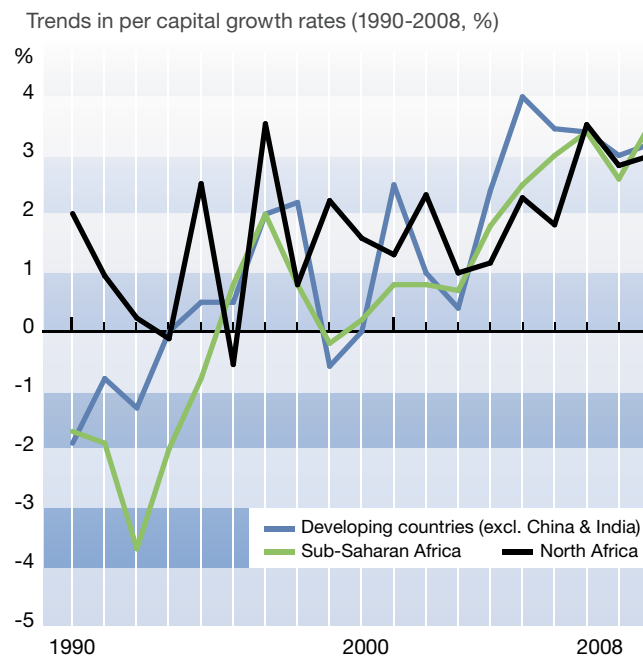
Both **African governments** and **development partners** have recognised the central importance of economic growth to the achievement of the MDGs. **African governments** have made a series of declarations identifying broad objectives on agriculture and food security, and specific objectives on fertilizer use, and including a commitment to allocate at least 10% of public expenditure to the sector by 2008. They have undertaken to mainstream trade into national development strategies, promote exports, enhance competitiveness and promote intra-regional trade. They have set out strategies for the development of infrastructure covering water, energy, transport and ICT. They have called for the promotion of the private sector including building financial markets and improving regulatory frameworks. Finally, they have made commitments to promote environmental sustainability and to integrate climate change adaptation strategies into national and regional development policies.

Development partners have placed increasing emphasis on growth. On the interlinked issues of trade and agriculture, they have pledged support for multilateral trade negotiations in the WTO aimed at securing substantial improvements in market access and reductions in trade-distorting subsidies in agriculture, plus increased 'aid for trade'. They have undertaken to increase support for infrastructure including increased access to clean energy, and have agreed plans of action in areas such as water and energy access and security. They have pledged to help mobilize both public resources and private sector participation in infrastructure, and more broadly to work with African governments and institutions to help improve the investment climate, and reduce the costs of doing business. On climate change, as signatories to the Bali Action Plan they have made commitments to enhanced action on mitigation, support for adaptation, technology transfer, and financial resources.

Have they been delivered?

The picture is mixed. **African governments** have made strong progress in delivering macro-economic reform and stability, and in simplifying economic regulations and strengthening the institutional environment for doing business. There has been positive progress within agriculture on issues such as the use of fertilizers, but minimal progress towards the 10% expenditure target set at Maputo in 2003. Good progress has been made in some areas of trade policy such as the reduction of import tariffs and export taxes, and

Africa has shown strong and sustained economic growth



Sources: World Bank country database; Global Economic Prospects 2009.

quantitative restrictions, but progress towards deepening regional economic integration has been slow and hampered by obstacles to cross-border trade, and the overlapping membership of the Regional Economic Communities. On infrastructure, some progress has been made in areas such as regulatory reform and in preparing strategic frameworks in subsectors such as road transport, though less in others such as water resources management. Increased attention is being given to issues of environmental sustainability, with recent initiatives at both continental and regional level, though there is still much to do to integrate climate-related policy into national development strategies.

Support from **development partners** for agriculture has been declining over the past decade as a proportion of total ODA, though it is now starting to pick up again. More importantly, multilateral efforts to take forward the trade agenda agreed at the WTO Ministerial meeting in Hong Kong in 2005 remain deadlocked. Large-scale domestic support measures—including for cotton—remain in place, as do tariffs on imports of agricultural commodities. Bilateral preference schemes have however continued to evolve, and steps have been taken to increase market access for the least developed countries as a group. There has been some increase in the reported totals for ‘aid for trade’ though these remain significantly below the levels promised. The picture on infrastructure is better—the establishment of the Infrastructure Consortium for Africa (ICA) in 2005 was a key development. Having stagnated for a decade commitments for infrastructure support began to rebound in 2001 and have picked up significantly since 2006.

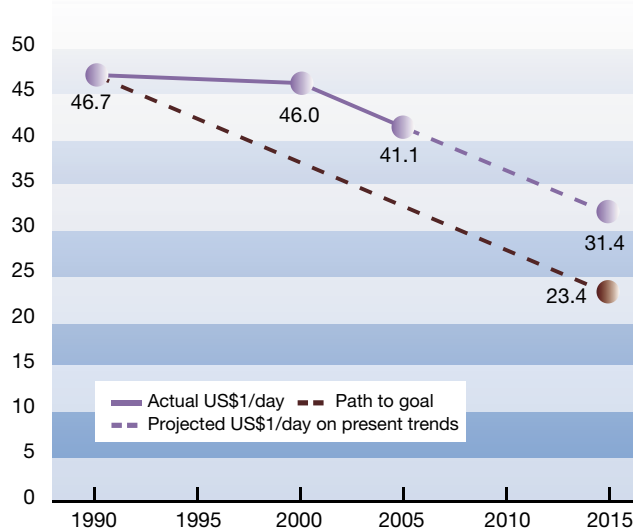
A variety of initiatives have been taken to help promote private sector investment, such as the establishment of the Investment Climate Facility, though there is clearly a need for more support in areas such as the development of capital markets. There has been an increased focus on issues of environmental



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**Poverty rates have fallen since 2000,
but a slowdown in growth will put progress at risk**

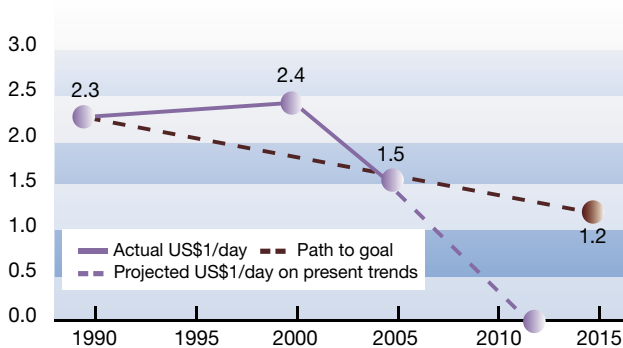
Percentage of population living on less than US\$1/day
Sub-Saharan Africa



*US\$1/day basis

Source: World Bank, GMR Series and staff estimates.

Percentage of population living on less than US\$1/day
North Africa



*US\$1/day basis

Source: World Bank, GMR Series and staff estimates.

sustainability and clean energy, and some initiatives to help finance adaptation have been launched. But far more needs to be done by development partners in all these areas.

What have the results been?

Despite the mixed picture above there has been strong progress in a number of key areas:

- Economic growth increased from an average of around 4% over 1997–2002 to over 6% over 2003–2007, and has been broadly spread across all countries. Inflation has been reduced, and oil-importing countries have registered more sustainable fiscal and external balances;
- Within this overall picture, agricultural sector growth has more than doubled from 2.7% in 2002 to close to 6.0% in 2006, as a result of both rising productivity and price trends;
- Africa's trade performance has improved, with exports increasing from US\$159 billion in 2000 to US\$424 billion in 2007;
- The costs of doing business have decreased, with over half the countries in Africa implementing reforms in 2007/2008 to make it easier to run a business, and attract foreign investment; and
- Faster growth has helped to bring about a reduction in income poverty—with a fall in the proportion of those living on less than US\$1 a day from 46.0% in 2000 to 41.1% in 2005 in sub-Saharan Africa.

But set against this Africa still faces enormous challenges:

- Cereal yields and per capita food production remain among the lowest in the world, with yields per hectare for food crops less than half the level for developing countries as a whole;

- Underdeveloped infrastructure remains a key limiting factor on economic growth;
- The rapid increase in exports has been concentrated in oil-producing countries. Africa remains highly dependent on a narrow range of exports—about 70% are fuel and mining products;
- Africa still has the highest cost of doing business in the world;
- Many countries have been badly hit by the food and fuel price shocks of 2008, leading to macro-economic difficulties and plunging an additional 24 million people below the hunger threshold;
- Most are affected by the slowdown in the global economy, which will impact on exports, growth and the availability of financing. Prices of major commodity products have declined sharply. The latest forecasts indicate a slowing of growth, from 6.2% in 2007 to 3.4% in 2009; and
- Many will be severely affected by the impact of climate change, imposing huge adaptation costs.

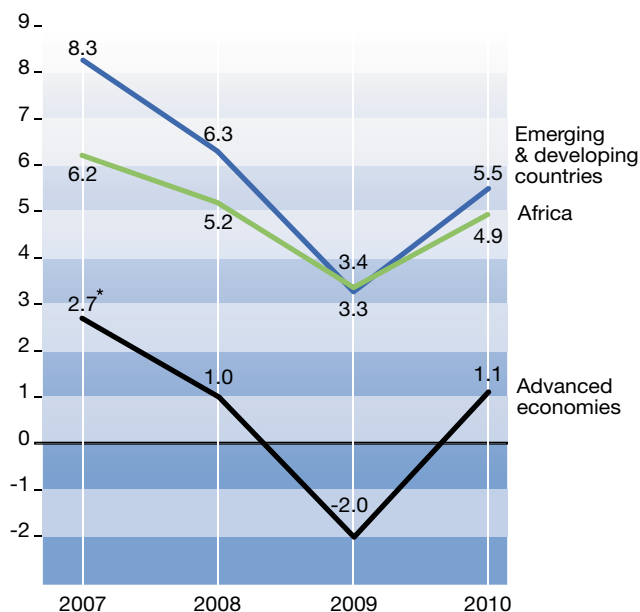
What are the key future policy priorities?

There are many areas where further action is needed. For **African governments**, these include:

- Continued efforts to improve the investment climate, to reduce the costs of doing business, and to promote access to finance, especially for small and medium scale enterprises;
- Increased public investment in key productive sectors—agriculture and infrastructure;
- Intensified efforts to promote regional economic integration; and
- Mainstreaming environmental and climate adaptation issues into economic planning.

The Global Outlook

(Percentage change from previous year)



Source: IMF WEO Update (January 2009).

For **development partners**, key priorities include:

- Intensifying efforts to reach agreement in multilateral trade negotiations in the WTO, specifically on those issues of most concern to Africa;
- Increasing funding and promoting partnership with the private sector in agriculture and infrastructure; and
- Increasing financial and technical support to help Africa adapt to climate change and to develop clean energy, in line with commitments made at Bali.

TOPIC II INVESTING IN PEOPLE

FOCUS ISSUES:

- education
- health
- gender¹

What commitments have been made?

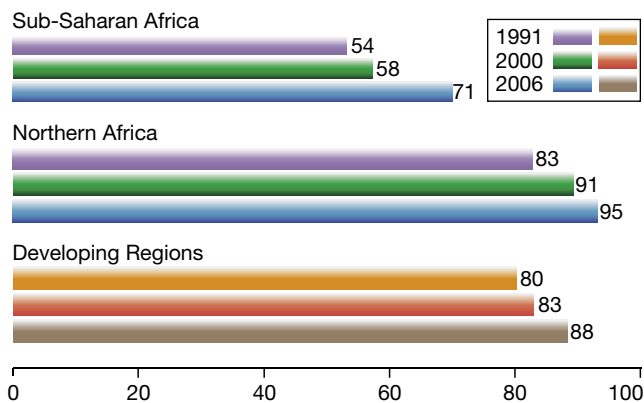
The adoption of the MDGs in 2000 signalled a new international emphasis on education and health, and the specific position of women within these areas (reflected in the goals on gender parity in primary education and maternal

mortality). They were reinforced by specific commitments in these areas by both **African governments** and **development partners**.

At the 2000 World Education Forum in Dakar, **African governments** and partners adopted the Dakar Framework for Action, a compact based on mutual commitments towards the Education for All (EFA) goals. In 2006, the African Union embarked on the Second Decade of Education for Africa, a wide-ranging agenda including tertiary and vocational education and gender. A number of African governments have subsequently committed to the Fast Track Initiative (FTI) and to the development of long-term costed plans to achieve EFA, though without a specific quantified expenditure target. In contrast, African governments have committed to spending 15% of their budgets on health, and to the strengthening of health systems, as well as making commitments in relation to specific diseases including HIV/AIDS. The African Union has adopted landmark declarations on gender issues including the Protocol on the Rights of Women and the Solemn Declaration on Gender Equality in Africa. These cover a very wide range of issues, including for instance land and property rights and political representation, as well as specific issues on education and health.

Net primary enrolment has grown at the fastest rate of any region

Total net enrolment ratio in primary education, 1990/1991, 1999/2000 and 2005/2006 (percentage)



Source: UN 2008 MDG Report.

¹ Gender issues are also covered under both Topic I and Topic III.

Development partners have in turn made commitments to invest more resources in both education and health. G8 Summits in particular have generated numerous commitments and reaffirmations in relation to meeting

funding shortfalls in FTI-endorsed countries, and to providing funding for HIV, tuberculosis, malaria and other infectious diseases, including for instance a commitment in 2006 to work towards providing an additional US\$60 billion to fight infectious diseases and to strengthen health systems. HIV has received particular attention. There has also been some focus on broader policy issues such as the recruitment of health workers. Development partners have also made a series of commitments to support African efforts to promote gender equality and women's empowerment, though these have tended to be broad statements of support rather than specific, time-bound and quantifiable commitments.

Have they been delivered?

The picture is mixed. Almost half of **African countries** have developed national education plans endorsed by FTI, and around a third have long-term costed plans to achieve EFA. There has been a significant scaling up of domestic resources allocated to education, measured as a percentage of GDP, although there is no specific target to set this against. Nearly half the countries in sub-Saharan Africa have plans and targets to achieve universal access to HIV/AIDS treatment, and slightly less have implemented plans to accelerate TB control. However, only five countries had met by 2005 the target adopted in 2001 of allocating 15% of their budget to health, and more than half allocated less than 10%. On gender, most countries have scored less than half in terms of meeting their commitments according to



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the UNECA Africa Women's Progress Scoreboard, with most progress in the social bloc, and least in relation to conflict and political governance issues.



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Development partners have scaled up their support for both health and education. This is particularly noticeable in the case of health—where the Global Fund for AIDS, TB and malaria has received significant funding, and innovative financing mechanisms have been launched. WHO is developing a voluntary code of practice on the recruitment of health workers from countries where there are shortages in this area. In education, resources have been increased but remain insufficient to needs. More resources are being devoted to gender equality targets, particularly in the social sectors.

What have the results been?

African countries have made considerable progress particularly in increasing access to education:

- Net primary enrolment has grown at the fastest rate of any region—from 58% to 71% in sub-Saharan Africa;
- Most African countries are very likely to reach gender parity at primary level by 2015; and
- Several African countries have significantly cut their AIDS prevalence rate, and the availability of anti-retroviral treatment has increased. Progress has also been made on other diseases such as TB. The use of malaria bed nets has increased. The number of deaths from measles has been reduced.

However huge challenges remain:

- The primary enrolment rate is still the lowest in the world, 33 million children remain out of school, completion rates are much lower than enrolment rates, and secondary and tertiary intake rates remain very low;

- Africa has the highest female illiteracy rates of any region, and the largest gap between women and men in educational attainment;
- Many of Africa's health systems remain under-funded, under-staffed and ill-equipped. African health indicators are the lowest in the world;
- Improvements in under-five mortality and maternal mortality have been very small, leaving most African countries significantly off-track to achieve the health MDGs: a pregnant woman in Africa is 180 times more likely to die of pregnancy complications than her European counterpart;
- More than two-thirds of people living with AIDS are in Africa, and more than one million people, mostly women and children, die each year due to malaria; and
- Women continue to face broader inequalities, not only in the social sectors but also in terms of economic opportunities and political empowerment, for instance land and property rights.

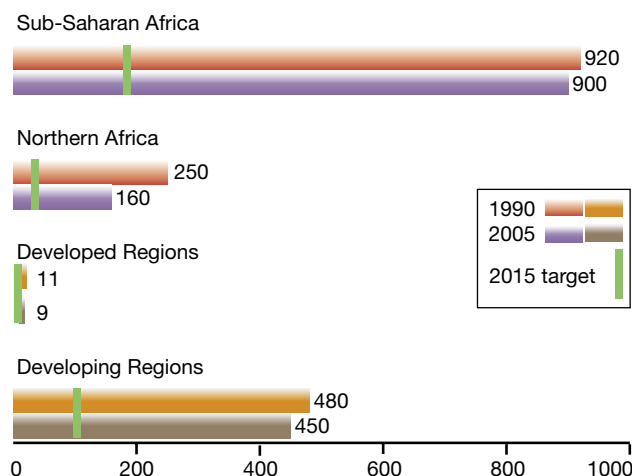
What are the key future policy priorities?

There are many areas where urgent further action is needed. This section suggests only some of the more important. For **African governments**, these include:

- Channelling increased domestic resources into the social sectors, and setting a clear path towards meeting existing expenditure commitments;
- Tackling key policy issues, including improving educational quality and strengthening health systems; and
- Accelerating implementation of the Protocol on the Rights of Women, and the Solemn Declaration on Gender Equality in Africa, with increased reporting by governments.

Little progress has been made in saving mothers' lives in sub-Saharan Africa

Maternal deaths per 100,000 live births, 1990 and 2005



Source: UN 2008 MDG Report.

For **development partners**, key priorities include:

- Continuing to invest increased resources in these sectors, channelling these as far as possible through country systems, in line with the Accra Agenda for Action;
- Taking further steps to facilitate the availability of low-cost and affordable drugs and treatment for specific diseases; and
- Tackling the issue of the recruitment by developed countries of scarce skilled health workers.

TOPIC III GOOD GOVERNANCE

- FOCUS ISSUES:**
- political governance
 - economic governance
 - peace and security

What commitments have been made?

African governments have made a series of landmark commitments to good governance since 2000, including in the Constitutive Act of the African Union (2001), the African Charter on Human and People's Rights and its Protocol on the Rights of Women (2003), the African Union Convention on Preventing and Combating Corruption and the Abuja Declaration on Economic and Corporate Governance (both 2003), the African Charter on Democracy, Elections and Governance (2004), and the NEPAD Declaration on Democracy, Political, Economic, and Corporate Governance (2002). On issues of peace and security, the Protocol establishing the Peace and Security Council of the African Union was agreed in 2002. An African common position on the Illicit Proliferation, Circulation and Trafficking of Small Arms and Light Weapons was adopted in 2000, and was subsequently developed further in a series of regional initiatives including a new Convention signed by the Economic Community of West African States (ECOWAS) Heads of State in 2006.

Development partners have made successive commitments to promote and support good governance and human rights, both as signatories to broader international instruments including the Universal Declaration of Human Rights, and more recently the UN Convention against Corruption, as well as the OECD's Anti-Bribery Convention, and more specifically in support of African initiatives such as the African Peer Review Mechanism (APRM). In the area of peace and security, they have focussed in particular on supporting Africa's efforts to undertake peace support operations and peace-building activities, notably at successive G8 Summits which have adopted a series of Action Plans containing specific commitments for instance to the training and equipping



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of African peace-keeping forces by 2010, and through commitments made by the European Union to provide financial assistance for peace support operations. They are also signatories to broader international instruments including the UN Programme of Action on Small Arms and Light Weapons adopted in 2001, the UN Firearms Protocol which entered into force in 2005, and the Geneva Declaration on Armed Violence and Development adopted in 2006.

Have they been delivered?

African governments have followed up on the commitments above by putting into place a range of practical mechanisms including the African Peer Review Mechanism (APRM), the African Court of Human and People's Rights and the African Court of Justice. To date, slightly over half of AU Member States have voluntarily acceded to the APRM, fifteen countries have launched the review process and five reviews have been completed. The process has focused political

attention on critical issues such as managing diversity, the electoral process, land and corruption. However accelerating the pace of the reviews and implementing the resulting national programmes of action remain major challenges. Twenty-seven countries have ratified the AU Convention on Preventing and Combating Corruption, though many have yet to develop comprehensive national strategies for its effective implementation. Several peace support operations have been undertaken by the AU or sub-regional organisations. However sufficient and predictable funding remains a major constraint on peace-keeping by the African Union. Much also remains to be done to implement fully the regional agreements summarised above on small arms and light weapons.

Development partners have provided financial support for the APRM, and have earmarked funds to support reforms triggered by the process. In the area of economic governance, thirty-seven countries have ratified the OECD Anti-Bribery Convention, and there have been significant numbers of investigations and convictions. However there is still little enforcement in some Parties to the Convention. And although the UN and the World Bank have launched the Stolen Assets Recovery Initiative to help developing countries recover stolen assets more support is needed (for instance through mutual legal assistance) to help make this more effective. Significant financial support has been provided for AU-led peace support operations, the financial costs of which have been largely funded by development partners—though funding has still been insufficient to meet needs, and provided through multiple funding channels, often on an *ad hoc* basis. The implementation of international instruments on small arms and light weapons has been uneven—a significant number of states do not, for instance, have laws or procedures controlling the production and export of small arms.



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What have the results been?

There have been important positive developments:

- There has been a continuing process of political liberalisation, with a growing number of countries moving towards multi-party democracy. Elections are more regular: in the decade 1996–2006, forty-four elections were held in sub-Saharan Africa; from 2005–2007, twenty-six presidential and twenty-eight parliamentary elections were held on the continent. Social inclusiveness is on the rise: segments of the population that were previously excluded (including women, children and ethnic groups) are increasingly engaged in political processes;
- There have been important improvements in economic governance, including public financial management contributing to macro-economic stability and revenue mobilisation. There have been major breakthroughs in anti-corruption investigations and convictions in several countries; and

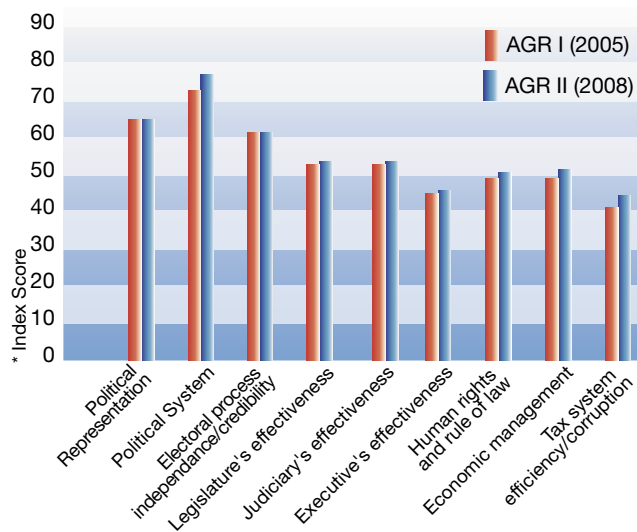
- After increasing steadily through to the early 1990s, the number of state-based armed conflicts—those in which a government is one of the parties—has decreased significantly from sixteen in 1999 to seven in 2006 in sub-Saharan Africa.

Set against these positive trends, there remain major challenges:

- The quality of elections remains suspect in many countries. Adherence to constitutionalism and the rule of law remains a major challenge. More efforts are needed to enforce the rights provided for under the various international and regional instruments on human rights. Institutional checks and balances need to be strengthened to increase the accountability of the executive branch;

There has been marginal progress on governance in Africa

Governance Trends in Africa



*For more details on the Index Score, see the UNECA African Governance Report 2008.

Sources: UNECA Expert Panel Surveys, UNECA Africa Governance Report (AGR) 2005 and 2008.

- Many national corruption agencies are relatively weak and corruption remains a huge problem; the AU estimates that corruption is costing Africa nearly US\$150 billion a year, and the AfDB estimates that it leads to a loss of around 50% of tax revenues. Little progress has been made in asset repatriation from development partners: the legal regimes involved are complex and cumbersome, and litigation costs make the process extremely difficult for many African countries; and
- Africa continues to have the largest number of armed conflicts of any region: around one-fifth of the population of Africa still live in conflict zones, and around 20% of all small arms and light weapons in circulation are estimated to be in Africa.

What are the key future policy priorities?

For **African governments**, these include:

- Consolidating the trends towards improved political governance, including by tackling the key cross-cutting issues emerging from the UNECA Africa Governance Report and the APRM process;
- Stronger action to tackle the continuing problem of corruption; and
- To reduce further the number of conflicts, including through strengthened peace-keeping, and tackling underlying issues including the availability of small arms and light weapons.

Development partners have a key role to play in supporting African led efforts, including by:

- Taking stronger international action against bribery and corruption, combined with more effective action to restore illegally acquired assets, to African governments;
- Providing secure and predictable financial support for African peace-keeping efforts; and
- Taking more effective international action to tackle the underlying causes of conflict, including the illicit trade in small arms and light weapons, and in natural resources used to finance conflict.

TOPIC IV DEVELOPMENT FINANCE

- FOCUS ISSUES:**
- domestic public resources
 - foreign direct investment and other private financial flows
 - development assistance
 - external debt

What commitments have been made?

African governments had even before the Monterrey Consensus of 2002 emphasised the importance of domestic savings and improvements in public revenue collection, as well as the importance of private capital flows. They have re-emphasised on many occasions their commitment to mobilise additional domestic resources, and to improve the investment climate in order to attract increased domestic and foreign investment, though without setting specific time-bound targets.

Commitments from **development partners** have come in two main 'waves'. During or after Monterrey they entered into substantial new commitments to increase official development assistance (ODA) as a proportion of gross national income (GNI), though without making specific commitments to Africa, including an EU commitment to reach an interim target of 0.39% of GNI by 2006. An important 'second wave' of commitments in relation to ODA volumes, aid effectiveness, innovative financing mechanisms and debt relief, came in 2005. These included an EU commitment to a further increase in ODA to 0.56% of GNI by 2010, with half of this increase going to sub-Saharan Africa. At the 2005 G8 Gleneagles Summit, it was estimated that the various commitments which had been made would lead to an increase of ODA to Africa of US\$25 billion a year by 2010 compared to a 2004 baseline. Both development partners and African governments made commitments to improve aid effectiveness in the 2005 Paris Declaration, re-affirming and extending these in the Accra Agenda for Action. Development partners also committed themselves to the development of innovative financing mechanisms, and additional measures to cancel outstanding debts to the IMF, IDA and Regional Development Banks.

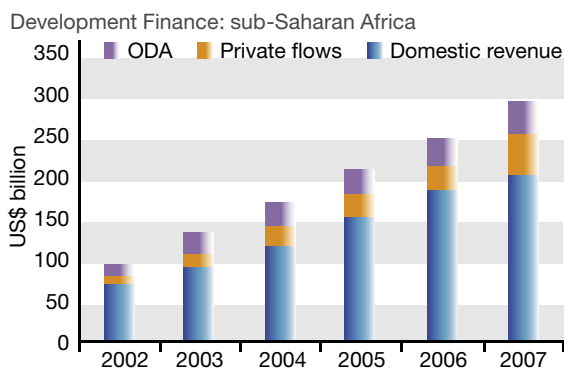
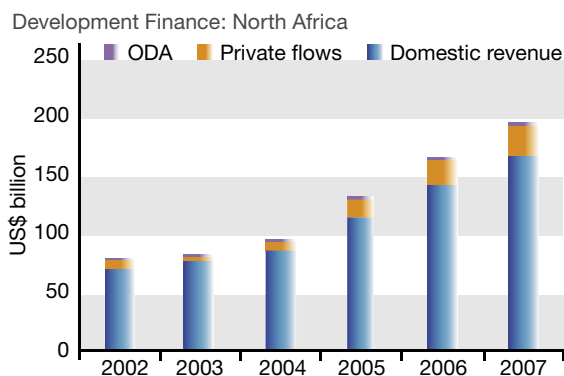
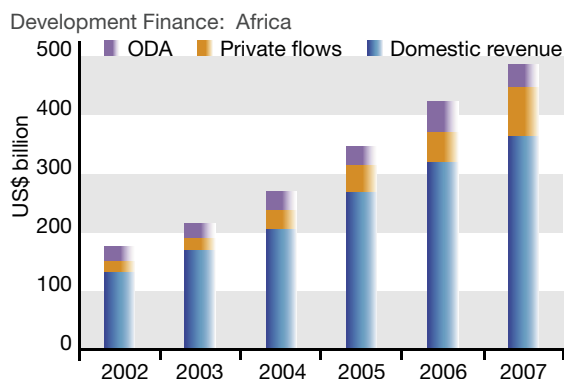
Have they been delivered?

Most **African governments** have made substantial progress in improving macro-economic and fiscal management and succeeded in raising the ratio of government revenue to GDP—from an average of 21% to over 25% between 2001 and 2007. The domestic savings ratio also increased sharply—from 18% over 1997–2002 to nearly 24% over 2005–2007, though the increase was concentrated in resource-rich countries and the savings rate remains below that of other regions. The range of the government revenue to GDP ratios also varies considerably. Over half of Africa, including all of North Africa, is now collecting over 20% of GDP as domestic public revenue, but a quarter of governments in sub-Saharan Africa still collect below 15% of GDP in domestic revenue.

Development partners made good progress towards meeting their Monterrey commitments to increase ODA by 2006. EU net disbursements that year were for instance 0.43% of combined GNI, compared to the commitment of 0.39% announced at Monterrey. A key factor in this was the very substantial debt relief agreed in 2005 and 2006, leading to a sharp surge in ODA/GNI ratios in both years. The picture on the 'second wave' of commitments made in 2005 is however more mixed, and as yet incomplete—given that a number of these relate to 2010:

- Progress was made in delivering additional debt relief through the Multilateral Debt Relief Initiative (MDRI) which was implemented in 2006;
- Following the debt-related surge of 2005 and 2006, the ratio of ODA to GNI however fell in 2007 both globally and in Africa as debt relief returned to more normal levels:

Development finance to Africa has substantially increased, with domestic revenue representing the largest share of total revenues



Sources: IMF Regional Economic Outlook Series; Middle East and Central Asia (May 2008), Sub-Saharan Africa (September 2008); World Bank, Global Development Finance (2008); OECD Development Co-operation Report, 2007 (published January 2008) and updates.

- A great deal remains to be done by development partners to meet their existing commitments, both to increase ODA volume and improve aid effectiveness by 2010; and
- A number of the countries which have received debt relief are at either moderate or high risk of debt distress. The economic downturn could further aggravate the debt sustainability situation.

What are the key future policy priorities?

For **Africa** key priorities include:

- Boost savings by exploiting the potential of micro-finance institutions, creating deeper and more diversified financial systems, and promoting the regional integration of capital markets;
- Continue efforts to increase domestic public revenue mobilisation, including by improving tax administration and the transparency and equity of tax policy, and by combating tax evasion; and
- Continue efforts to improve the investment climate, develop financial markets, and reduce the costs of remitting funds from abroad.

For **development partners**, the key priorities include:

- Strengthened international action to combat tax evasion and fraud, and harmful tax practices; to repatriate illegally acquired assets; and to increase transparency and exchange of information;
- Delivering existing commitments to increase aid volume and improve aid effectiveness; and
- Increasing the use of innovative financing, including the generation of additional revenue from the carbon market, in order to provide additional funding to help meet the costs of adapting to climate change.

TOPIC V KEY CROSS-CUTTING ISSUES

Four main cross-cutting issues run through all the preceding topics:

- the importance of capacity development
- the key role of regional institutions
- the need to link different areas of public policy in support of development objectives
- the need to look at international systemic issues more broadly

Capacity development

The challenge of capacity shortages spans all the topics in this report. It is central to the growth agenda—Africa needs to expand its supply of labour market skills in order to become more competitive in global markets. It is central to investing in people—Africa needs more trained teachers and health workers to deliver faster progress towards the education and health MDGs. It is central to the good governance agenda. Many governance institutions such as the legislature,

executive and judiciary, suffer from serious capacity constraints. The capacity of the public bureaucracy remains weak due to factors including the low pay, poor working conditions and lack of training which persist in the public sector of many African countries. Many countries still lack the capacity to translate broad policies into sectoral programmes and to implement these. More capacity is needed in areas such as peace-keeping and the security sector. And more capacity is needed not only in national governments but also in regional and continental institutions.

There have been efforts by both national governments and regional and continental institutions, and by development partners to address the capacity challenge, including a series of targeted capacity building initiatives under the NEPAD capacity development initiative, as well as programmes agreed with multilateral institutions such as the World Bank. Resources have been committed however the results continue to be disappointing. With the exception of a few countries, public service reforms have not achieved their intended objectives. The loss of key skilled workers, including through the ‘brain drain’ to other regions, continues to be a major problem (though also a source of remittances).

There is a strong link to education sector policy and priorities. Although universal primary education lays the foundation for a more literate and numerate labour force, there has been only limited progress in increasing formal vocational training and making tertiary education more relevant



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to the labour market. But the challenge is not simply one of capacity development—it is also one of capacity utilisation and retention. This means addressing the wider policy environment—people have to be trained, adequately equipped and sufficiently remunerated in order to perform effectively.

Key priorities now for **African governments** are to address supply issues including through strengthened vocational training in the formal and informal sectors, to address utilisation issues through taking forward institutional reform, and to address retention issues by targeted schemes to improve working conditions and remuneration in areas where there are critical shortages. **Development partners** should reinforce these efforts, including through a review of their own recruitment practices in areas where there are shortages of skilled workers such as the health sector, as well as financial and technical assistance.

Regional integration

The institutional landscape in Africa has been transformed since 2000, in particular with the establishment of the African Union as the key continental institution. The Regional Economic Communities (RECs) also have a key role to play. The African Union has recognised eight of these—though they have overlapping membership, and trade arrangements. African leaders have recognised the need both to rationalise and strengthen the RECs, and to harmonise their activities. Progress to date has however been slow. Development

partners including the EU have stated that they are committed to working in support of regional integration and trade in Africa.

The RECs have a particularly important role to play in helping to promote economic growth. Closer regional economic integration creates the conditions for increased trade, and by increasing market size can also help to attract both domestic and foreign investment. Regional capital markets can help overcome the narrowness of national markets. The development of infrastructure and the management of natural resources both require a regional approach (for instance on issues of trans-boundary water management). But they also have a key role to play in other areas. They have been active in the promotion of democracy and good governance, and on peace and security issues. The African-led peace-keeping forces in Liberia and Cote d'Ivoire were put in place by the Economic Community of West African States (ECOWAS). Regional instruments on the control of Small Arms and Light Weapons have been developed by states in the East Africa, Great Lakes, and Horn of Africa regions and by ECOWAS.

It will be important to accelerate three processes. The first is the rationalisation of the current overlapping arrangements. The second is the deepening of the process of integration within the sub-regions. The third is the process of co-ordination across the different sub-regions. The lead in all these areas is clearly for African governments. But it is important that the policies of development partners, for instance in the area of trade, should help to reinforce these processes.

Policy coherence

Although this report addresses the topics of growth, human development, governance and finance in turn, these are clearly interconnected. The challenge of linking different areas of public policy is one for both African governments and their development partners. For African governments, meeting objectives for instance on health is not just about health sector policy. It also involves improving water and sanitation infrastructure, which means improving the regulatory environment and addressing the impact of climate change. It is clearly linked to improved education, particularly of girls, and to tackling gender discrimination. It means improving governance, with proper management and accountability systems, and creating conditions of peace and security. And it requires resources. It will be important for African governments to reflect their MDG objectives in their wider public policies and resource allocation.

Delivering the MDGs requires not only strong leadership within the continent, but also collective action globally, on an increasingly wide range of public policies, ranging from climate change and trade, to financial regulation, tax policy, corruption, and peace and security, as well as development finance. This is re-defining what is required from Africa's development partners, and underlines the importance of ensuring that different areas of public policy re-enforce rather than undermine each other. It will be important for development partners to reflect their commitment to the MDGs in the approach which they take both to key forthcoming international negotiations in 2009, such as those on climate change and trade, and in other areas where there is potential to improve international co-operation, such as tax policy.



UN Photo / Evan Schneider

International systemic issues

Current global developments have triggered a re-examination of a range of wider systemic issues, including the reform of the international financial architecture and international financial institutions, as well as the arrangements which exist for policy dialogue and co-ordination among countries that are increasingly interlinked as a result of globalisation. This is taking place against a background of wide agreement on the need for greater transparency and more effective oversight of the international financial system, a recognition of the stake which countries at all levels of development have in this, and a growing consensus on the need to reform multilateral institutions so that they are more responsive and effective in helping developing countries tackle both short-term crises—such as the food and fuel price shocks of 2008, and long-term development needs.

It is clear that Africa is profoundly affected by wider global economic developments. It is also clear that, as a continent of nearly a billion people, it is under-represented in both formal and informal international processes. Against this background, African leaders have called for Africa to be given stronger representation in international decision-making processes, in institutions such as the International Monetary Fund and the World Bank, and in emerging arrangements for enhanced policy dialogue and co-ordination. It will be important to reflect Africa's interests in all these areas in the new global governance arrangements which are expected to emerge in 2009.