

# Jobs, Justice and Equity

Seizing opportunities in times of global change



## Africa Progress Report 2012



## **ABOUT THE AFRICA PROGRESS PANEL**

The Africa Progress Panel (APP) consists of ten distinguished individuals from the private and public sector, who advocate on global issues of importance to Africa and the world. Mr Kofi Annan, former Secretary-General of the United Nations and Nobel laureate, chairs the APP and is closely involved in its day-to-day work.

The Panel's unique convening power allows it to focus on complex and high-impact issues such as global governance, peace and security, climate change, food security, sustainable economic development, and the Millennium Development Goals (MDGs). While these problems have immediate ramifications for Africa, their solutions require the coming together of a wide range of stakeholders within and outside Africa.

The life experiences of Panel members give them a formidable ability to access a wide and deep cross-section of society. This means they are well placed to affect change on issues that require the engagement of multiple stakeholders. The Panel's primary objective is to advocate for shared responsibility between African leaders and their international partners to ensure sustainable and equitable development in Africa.

## **ABOUT THE AFRICA PROGRESS REPORT**

The Africa Progress Report is the Africa Progress Panel's flagship publication. Its purpose is to provide an overview of the progress Africa has made over the previous year. The report draws on the best research and analysis available on Africa and compiles it in a refreshing and provocative manner. Through the report, the Panel recommends a series of policy choices and actions for African policy makers who have primary responsibility for Africa's progress, as well as vested international partners and civil society organisations.



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In this year's report we examine Africa's unprecedented opportunity to set a course for sustained economic growth, shared prosperity and a breakthrough in poverty reduction. But this journey will not happen without determined action and crucial changes to make growth much more equitable.

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# FOREWORD

BY KOFI ANNAN



Annual reports often begin with the observation that the year in question has been a particularly eventful one, but rarely has it been as fitting as this year. We have seen enormous change across Africa and the world. We have witnessed the spread of revolutions, the end of autocratic regimes and the birth of new democracies. We all held our breath as countries and currencies narrowly escaped collapse and towering debt burdens threatened to choke the world economy. Once again, the world as we know it has changed dramatically in the course of months.

**The “Arab Awakening”, combined with the rise of new social movements across the world in 2011, caught everyone by surprise. The common thread linking these movements is the shared sense of frustration and anger over unresponsive governments, and the lack of jobs, justice and equity.** For societies to function and prosper, I have always argued that we need three inter-related conditions: economic and social development; peace and security; and, the rule of law and respect for human rights. In the countries affected by the “Arab Awakening”, there has been a longstanding and near-total absence of the third condition.

To the surprise of many, Africa has mostly stood tall through all of this. **The majority of its 54 countries have weathered the recurrent financial and economic storms and have continued to impress as they traverse the road to recovery.** A few have even been able to take their place among the world’s top performers in the economic growth league. There has also been encouraging progress towards some of the Millennium Development Goals (MDGs). Many countries have

registered gains in education, child survival and the fights against killer diseases like HIV/AIDS and malaria. None of this is cause for complacency.

It cannot be said often enough, that overall progress remains too slow and too uneven; that too many Africans remain caught in downward spirals of poverty, insecurity and marginalisation; that too few people benefit from the continent’s growth trend and rising geo-strategic importance; that too much of Africa’s enormous resource wealth remains in the hands of narrow elites and, increasingly, foreign investors without being turned into tangible benefits for its people. When assessing nations, we tend to focus too much on political stability and economic growth at the expense of social development, rule of law and respect for human rights.

We at the Africa Progress Panel are convinced that the time has come to rethink Africa’s development path. **Not all inequalities are unjust, but the levels of inequality across much of Africa are unjustified and profoundly unfair.** Extreme disparities in income are slowing the pace of poverty reduction and hampering the development of broad-based economic growth. Disparities in basic life-chances – for health, education and participation in society – are preventing millions of Africans from realising their potential, holding back social and economic progress in the process. **Growing inequality and the twin problems of marginalisation and disenfranchisement are threatening the continent’s prospects and undermining the very foundations of its recent success.**

Justice and equity are certainly not new concepts. Here we use them in their broadest sense. By looking at the triangle of jobs, justice and equity, we underline the role of empowerment and equality of opportunity as indispensable for progress and thus particularly powerful focal points for domestic policy initiatives and international development assistance. We highlight jobs because it is through their livelihoods that people achieve social progress, for themselves and for others, and because the need to create jobs for the continent’s rapidly growing youth population stands out as among the most pertinent challenges for Africa’s policymakers. Failure to create jobs and opportunity for a growing and increasingly urbanised and educated youth will have grave consequences. And we highlight justice and equity because in the eyes of hundreds of millions of Africans both are so conspicuously absent from their lives.

Against this backdrop, our report sets out some proposals for change. **With the 2015 deadline for the MDGs fast approaching, we urge every government in Africa to draw up a plan of action for a “big push” towards the targets.** These plans should include provisions to reduce inequalities in child survival, maternal health and education. Given the critical place of education in poverty reduction and job creation, we urge governments to deliver on the commitment to provide education for all by 2015 – and to strengthen their focus on learning achievement. We also urge governments to focus on including women and girls in education, which is essential for creating more just, prosperous and fair societies.

Food security and nutrition is another pressing concern. We must never again witness the human tragedy that unfolded in the Horn of Africa. It is time for African governments and the international community to come together and build more robust defences against the scourge of Africa. **Raising the productivity of smallholder farmers is critical.** That is why we call on governments to bring these farmers from the periphery to the centre of national strategies for growth and poverty reduction. Climate change poses a profound threat to African agriculture. Countering that threat will require international cooperation. It is imperative that Northern governments act swiftly to finance adaptation to climate change, not least because early investments in infrastructure, water management and soil conservation will yield high returns. And an effective food and nutrition security strategy has to include safety net provisions both nationally, through social protection programmes, and internationally through a more effective humanitarian-response architecture.

In this report we highlight a number of global trends that will shape Africa’s future. There is a strong likelihood that the world is moving into an era of higher food prices. One effect of that prospect has been to drive a “land grab” in Africa. While foreign investment in productive farming can be enormously beneficial, governments need to remain vigilant in guarding against speculative activity and the risk of displacement of smallholder African farmers. As the economic growth pole of the world economy moves East, Africa stands to gain from strengthened trade links with China and other emerging markets. **But it is vital that governments establish trade and investment policies that create incentives for entry into higher value-added areas of production.**

Despite growing domestic resources and improved governance and administrative systems, African leaders cannot do it alone. They need to be able to count on the sustained commitment of the international community and the fulfilment of its many outstanding promises. At a time in which many donors view their development assistance as expendable budget items, African leaders need to remind their partners of the intrinsic value of seeing it as an investment in a common future. **Donors also need to honour and act upon the aid commitments that they made in 2005.**

Naturally, the empowerment of Africans in their societies and economies is only one side of the coin. The empowerment of Africa in the global society and economy is the other, and seemingly no less challenging. Despite repeated promises to the contrary, the continent remains as marginalised in the world as many of its people remain in their countries. It remains heavily underrepresented in global institutions and constrained by unfair rules it does not have the power to change. The failure of the G20 to articulate a vision for supporting Africa’s development, or to provide the region’s poorest nations with a place at the table, is a disappointment. There are numerous qualified leaders in Africa.

Both in **Africa and internationally we must intensify the focus on fairness, democracy, the rule of law and respect for human rights.** For there can be no long-term security without development, and no long-term development without security. And both have to be rooted in the rule of law and respect for human rights. Events of the last year have underlined this message, which is understood by citizens in Africa and around the world.

Times are uncertain. But what is increasingly evident is that **Africa is on its way to becoming a preferred investment destination,** a potential pole of global growth, and a place of immense innovation and creativity. If we respond with courage and in the right way, building on the continent’s many successes, African societies will become more prosperous, fair and equal. This is a prize which we all, wherever we live, will share.



Kofi A. Annan

# INTRODUCTION

Commentary on Africa has suffered from extreme mood swings, with the pendulum moving from episodes of pessimism to bouts of euphoria. Twelve years ago, *The Economist* wrote off Africa, describing it as “the hopeless continent”<sup>1</sup>. That assessment was not atypical. After a decade of slow economic growth and even slower human development in the 1990s, few observers saw a bright future. How times change. Last year, *The Economist* ran with a very different cover headline: “Africa rising: the hopeful continent”<sup>2</sup>. According to the title of one widely cited report, Africa has now become a continent of economic “lions on the move,”<sup>3</sup> blazing a pathway to prosperity. The commentariat spotlight, to quote a few more reports, is now fixed on Africa’s “rising middle class,”<sup>4</sup> the “dynamic African consumer market”<sup>5</sup> and “growth opportunities for investors”<sup>6</sup>.

The extreme pessimism surrounding Africa a decade ago was unwarranted. So, too, is the current wave of blinkered optimism. Real gains have been made, but governments and their development partners need to reflect on the weaknesses, as well as the strengths, of the recent record – and assess both the risks and the opportunities that lie ahead.

## A mixed balance sheet

**Africa’s economies are consistently growing faster than those of almost any other region – and at twice the rate of the 1990s<sup>7</sup>.** Improved economic management has contributed to the growth surge. Exports are booming and export markets have become more diversified. Foreign direct investment has increased by a factor of six over the past decade. Private entrepreneurs have emerged as a dynamic force for change, driving innovation and transforming outdated business models. There is an emergent middle class, although its size is often exaggerated. **For the first time in over a generation, the number of people living in poverty has fallen.** Fewer children are dying before their fifth birthday and more are getting into school. Young and not-

so-young Africans are embracing new technologies that provide information, expand opportunities and connect people to one another and to the outside world. There have been setbacks and episodes of political violence, but democracy is growing deeper roots. Governance standards are improving.

**Yet there is another side to the balance sheet. Countries across Africa are becoming richer but whole sections of society are being left behind.** After a decade of buoyant growth, almost half of Africans still live on less than \$1.25 a day<sup>8</sup>. Wealth disparities are increasingly visible. The current pattern of trickle-down growth is leaving too many people in poverty, too many children hungry and too many young people without jobs. Governments are failing to convert the rising tide of wealth into opportunities for their most marginalised citizens. Unequal access to health, education, water and sanitation is reinforcing wider inequalities. Smallholder agriculture has not been part of the growth surge, leaving rural populations trapped in poverty and vulnerability.

The deep, persistent and enduring inequalities in evidence across Africa have consequences. They weaken the bonds of trust and solidarity that hold societies together. Over the long run, they will undermine economic growth, productivity and the development of markets. They weaken confidence in governments and institutions. And they leave many Africans feeling that their societies are fundamentally unjust and their governments unresponsive. Economic growth alone is not enough.

In this year’s report, we look at three of the most critical ingredients for transforming a promising economic upturn into a sustained recovery and lasting human development – jobs, justice and equity. We highlight jobs because livelihoods play such a fundamental role in people’s life-chances – and because Africa urgently needs to create jobs for a growing youth population. We highlight justice and equity because they are missing from the lives of too many Africans, making the present growth socially unsustainable.

## A growing demand for equity and justice

We live in a world of rapid and unpredictable transformations. Changes in demography and human geography are re-making societies, not least in Africa. Climate change is interacting with other pressures to reconfigure agricultural markets. Economic power is gravitating from West to East and North to South. The pace of technological innovation is accelerating and the face of social protest is changing.

The Arab revolutions of 2011 caught the world by surprise, as social movements challenged and toppled autocratic rulers across North Africa, the Middle East and the Arabian Peninsula. In Europe and the United States, the financial crisis has spawned new forms of social protest. In India, a mass social movement is demanding action to combat corruption. Villagers in a remote area of southern

China successfully mobilised against autocratic officials responsible for overseeing land grabs. A shared sense of frustration and discontent with unresponsive governments, inequality and injustice links these movements.

**Africa is not immune to the economic and political currents that are reconfiguring globalisation.** Its leaders need to find a place in the global economic governance architecture of a multipolar world. Africa's own demography and human geography are changing. Failure to create jobs and opportunity for a growing and increasingly urbanised and educated youth population would have catastrophic consequences, socially, economically and politically. Having played a minimal role in creating dangerous climate change, Africa's farmers face some of the gravest risks. And **the Arab Spring has not gone unnoticed by Africa's youth. The circumstances may be different, but young people in Africa also care about jobs, justice and equality – and governments ignore them at their peril.**

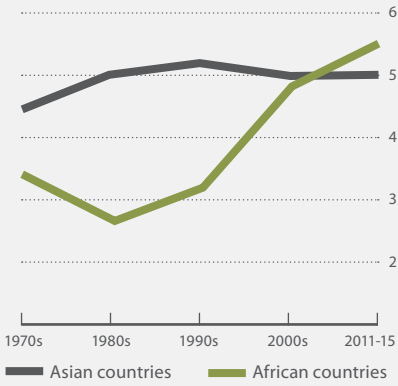
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# AFRICA: SUCCESSES AND SETBACKS

Africa is rising and African economies are growing faster than those of almost any other region in the world. However, the current pattern of trickle-down growth is not benefitting many people still living in poverty.

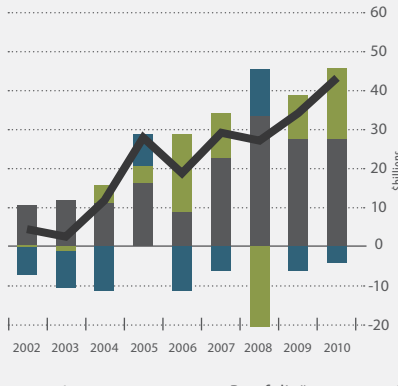
## ECONOMIC SUCCESS

### AFRICA'S GDP GROWTH IS STEADILY ON THE RISE\*



\* Excluding countries with less than 10m population, Iraq and Afghanistan  
Source: The Economist, 2011 (IMF data).

### FDI TO AFRICA IS ALSO INCREASING



Source: IMF, 2011.

### AFRICAN COUNTRIES ARE TOPPING THE LIST OF FASTEST GROWING ECONOMIES

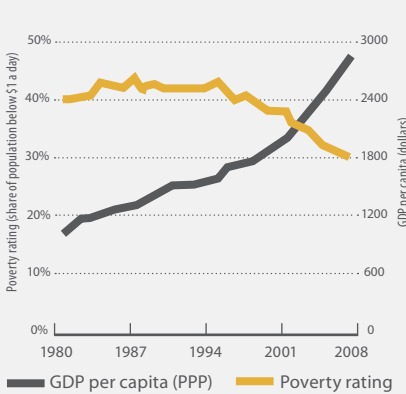
2001-2010		2011-2015	
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	Ethiopia	8.1
Niger	8.9	Mozambique	7.7
Ethiopia	8.4	Tanzania	7.2
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

Source: The Economist, 2011 (IMF data).

\* Portfolio investment is the category of international investment that covers investment in equity and debt securities, excluding any such instruments that are classified as direct investment or reserve assets.

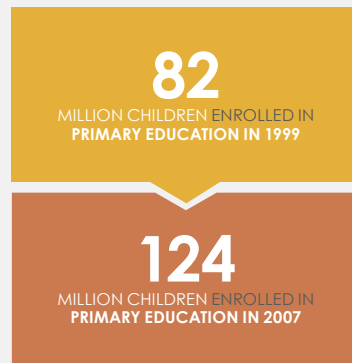
## SOCIAL SUCCESS

### POVERTY IS DECLINING



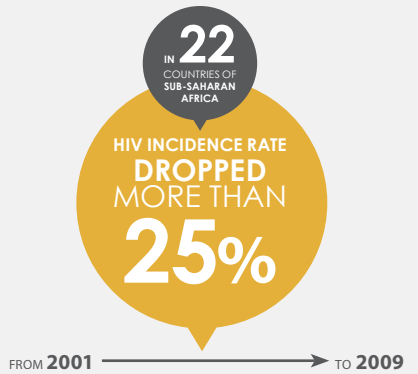
Source: Pinkovskiy, MIT, Sala-i-Martin, Columbia University and NBER, 2010.

### MORE CHILDREN ARE GOING TO SCHOOL



Source: UNESCO, 2010.

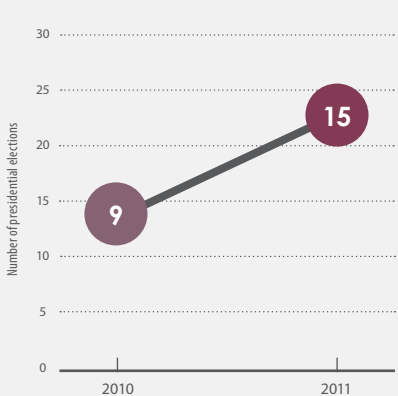
### HIV INCIDENCE RATES HAVE DROPPED



Source: UNAIDS 2010

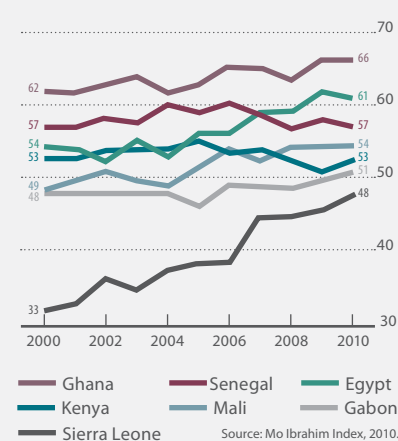
## POLITICAL SUCCESS

### DEMOCRACY IS SPREADING THE NUMBER OF ELECTIONS IS UP



Data Source: IFES Election Guide and EISA websites.

### OVERALL GOVERNANCE IS IMPROVING



Source: Mo Ibrahim Index, 2010.

### THE POLITICAL EMPOWERMENT OF WOMEN IS GROWING



Source: APP



Indeed, the benefits measured by poverty reduction and childhood survival fall far short of what Africans have a right to expect. There is a need for a renewed focus on justice and equity. Africa's impressive economic growth must be translated into shared growth for all Africans

### ILLICIT FINANCIAL FLOWS ARE TAKING A TOLL ON ECONOMIC DEVELOPMENT

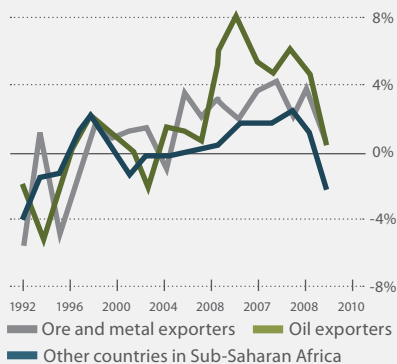
**1.8**  
trillion USD  
ARE ESTIMATED TO HAVE BEEN LOST TO ILLICIT FLOWS

FROM 1970 TO 2008

Illicit flows create a shadow financial system that "drains hard currency reserves, heightens inflation, reduces tax collection, cancels investment, and undermines free trade."

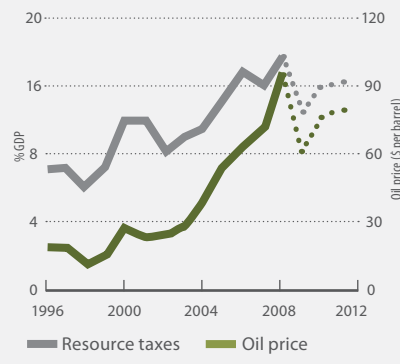
Source: Global Financial Integrity, 2009.

### LABOUR PRODUCTIVITY\* GROWTH IN SSA BY EXPORT STRUCTURE 1992-2009



Source: ILO, 2011.

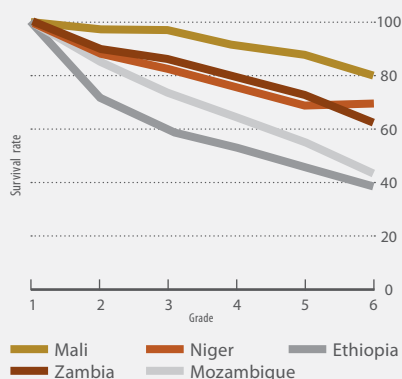
### RESOURCE-RICH COUNTRIES RELY TOO MUCH ON VOLATILE REVENUE FLOWS



Source: African Economic Outlook 2012

ECONOMIC SETBACKS

### SURVIVAL RATE BY GRADE OF PRIMARY EDUCATION 2008



Source: UNESCO, 2011.

### NATIONAL AVERAGES CONCEAL STRIKING INEQUALITIES

On average, Nigerian children receive close to 7 years of education. The richest 20% school for almost 10 years (more like Cuba or Bolivia) while the poorest 20% don't even complete 4 years of education which is closer to the national average of Chad.

Urban/rural and boy/girl differences are also striking

AVERAGE NUMBER OF YEARS OF EDUCATION	BOY		GIRL	
	URBAN	RURAL	URBAN	RURAL
Poorest 20%	6.5	4	6	2.5
Richest 20%	11	10	9.5	9

Source: UNESCO, 2010.

### MATERNAL MORTALITY REMAINS UNACCEPTABLY HIGH

Lifetime risk of maternal death\*  
\* The MMR and lifetime risk have been rounded according to the following scheme: <100, no rounding; 100-999, rounded to nearest 10; and >1000, rounded to nearest 100. The numbers of maternal deaths have been rounded as follows: <100, no rounding; 100-999 rounded to nearest 10; 1000-9999, rounded to nearest 100; and >10 000, rounded to nearest 1000.

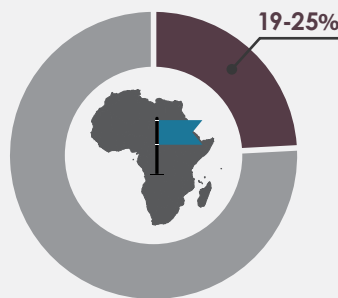
Chad and Somalia	1 in 14
Liberia	1 in 20
South Africa	1 in 100
AFRICA	1 in 36
ASIA	1 in 230
EUROPE	1 in 4 200

Source: WHO, World Bank, Unicef and UNFPA (2010) and The Lancet (2011).

SOCIAL SETBACKS

### BUT ELECTORAL PROCESSES ARE ALSO DELICATE

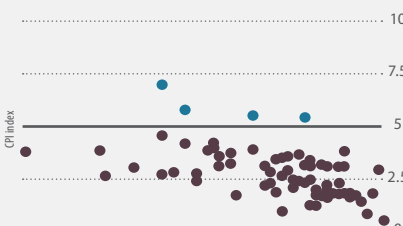
Between 19 and 25 percent of elections in Africa are affected by violence.



Source: USIP, 2010.

### GOOD GOVERNANCE IS HAMPERED BY CORRUPTION

All Sub-Saharan countries with the exception of Botswana, Cape Verde, Mauritius and Rwanda (which score over 5 on the CPI index) rank in the lower half of the 2011 Corruption Perception Index



Source: Transparency International, 2011.

### STILL A LONG WAY TO GO TO SECURE GENDER EQUALITY AT LEGAL AND POLITICAL LEVELS

Post conflict countries fare better in legal and constitutional protection for women's political participation.

Non-Post-Conflict	Post-Conflict	
14%	27%	Women's representation in parliament
61%	93%	Constitution includes anti-discrimination clause on gender
10%	21%	Constitution mentions violence against women
39%	50%	Gender-responsive budgeting initiative

Source: UNWOMEN Website

POLITICAL SETBACKS

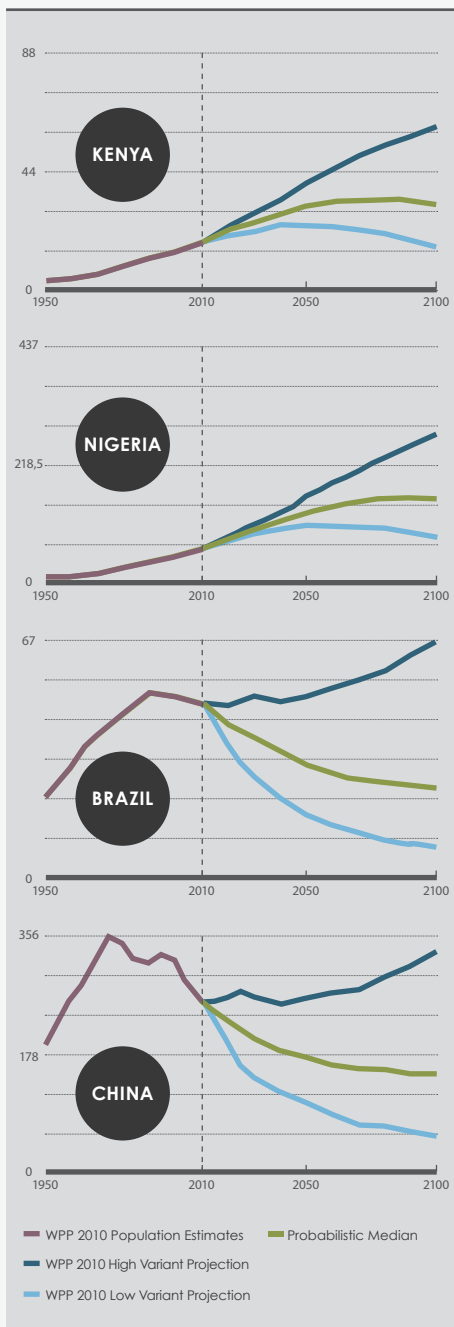
Source: APP with data from IMF, Africa Economic Outlook, Social Indicators, World Bank, Transparency International

# DEMOGRAPHICS

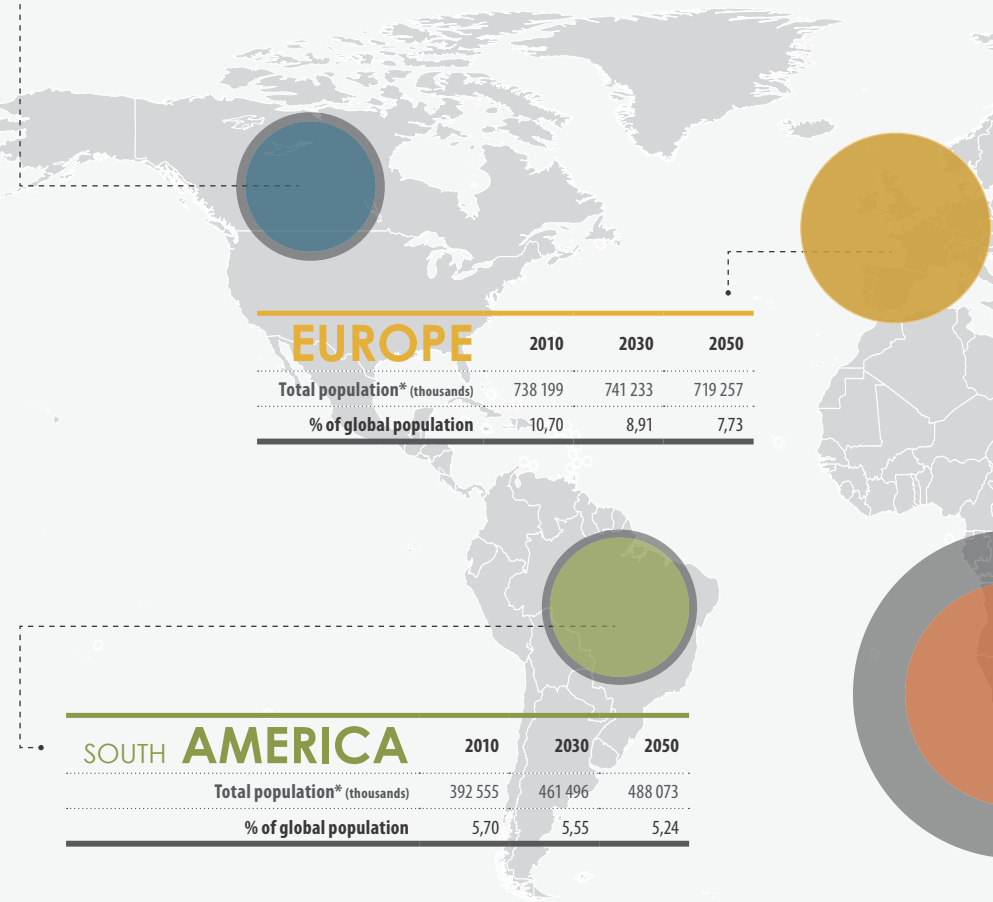
Africa's population is set to double by the middle of the century. This extra energy and talent could be a huge benefit if it is productively harnessed. If not, the impending youth bulge could prompt social disorder that will be difficult to contain.

## ANTICIPATING A YOUTH SURGE

Over the next few decades, there will be a surge in the number of young people living in Africa. With fertility rates dropping, Africa could be on the brink of the type of demographic revolution that Asia experienced three decades ago.



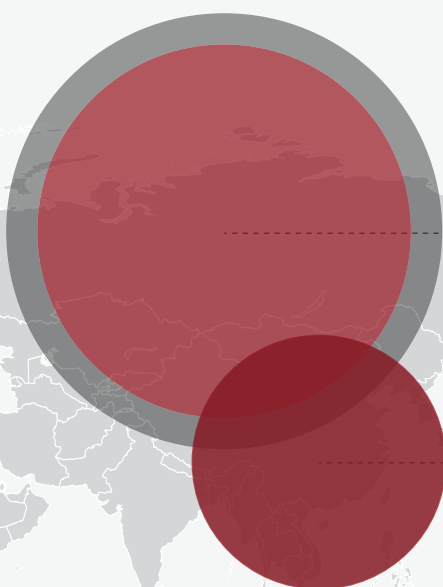
NORTH AMERICA	2010	2030	2050
Total population* (thousands)	344 529	401 657	446 862
% of global population	4,97	4,83	4,80



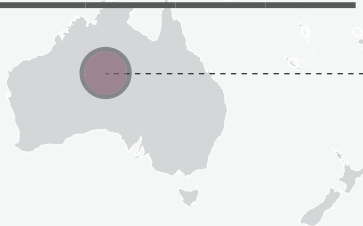
AFRICA	2010	2030	2050
Total population* (thousands)	1 022 234	1 562 047	2 191 599
% of global population	14,82	18,77	23,55



<b>ASIA EXCLUDING CHINA</b>	2010	2030	2050
Total population* (thousands)	2 822 917	3 474 665	3 846 616
% of global population	40,94	41,76	41,33



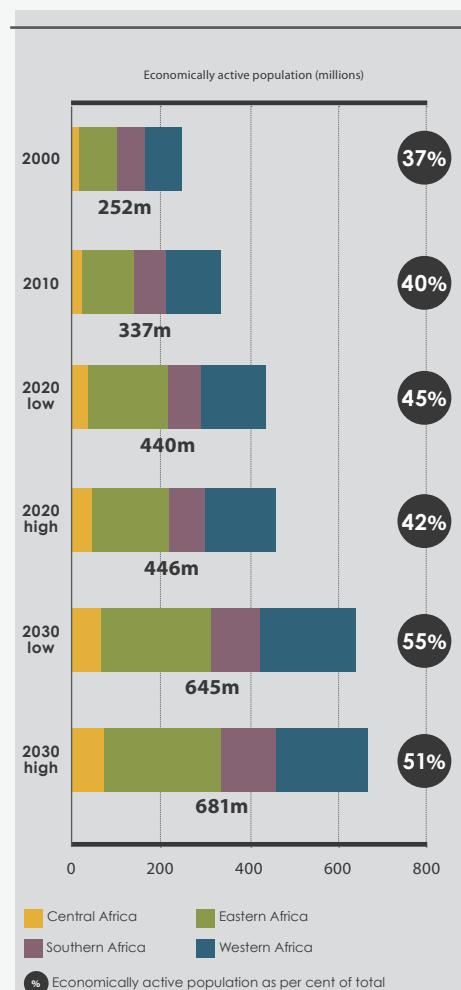
<b>CHINA</b>	2010	2030	2050
Total population* (thousands)	1 341 335	1 393 076	1 295 604
% of global population	19,45	16,74	13,92



<b>OCEANIA</b>	2010	2030	2050
Total population* (thousands)	36 593	47 096	55 233
% of global population	0,53	0,57	0,59

## THE JOB CREATION CHALLENGE

WITHIN SUB-SAHARAN AFRICA, THE ECONOMICALLY ACTIVE POPULATION IS EXPECTED TO CONTINUE TO INCREASE ACROSS ALL SUB-REGIONS, ESPECIALLY IN EASTERN AFRICA



Source: AfDB, 2011.

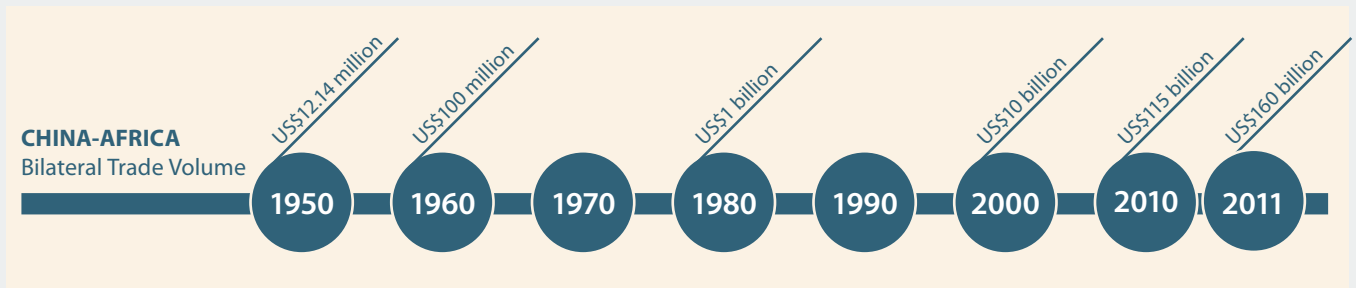
\* Median variant

Source: APP with data from United Nations, Department of Economic and Social Affairs. Population Division, Population Estimates and Projections Section

Africa is in the midst of a profound demographic shift. Population is growing faster than in any other region. As the ratio of working age people to dependents rises, economic growth could get a boost – a demographic dividend.

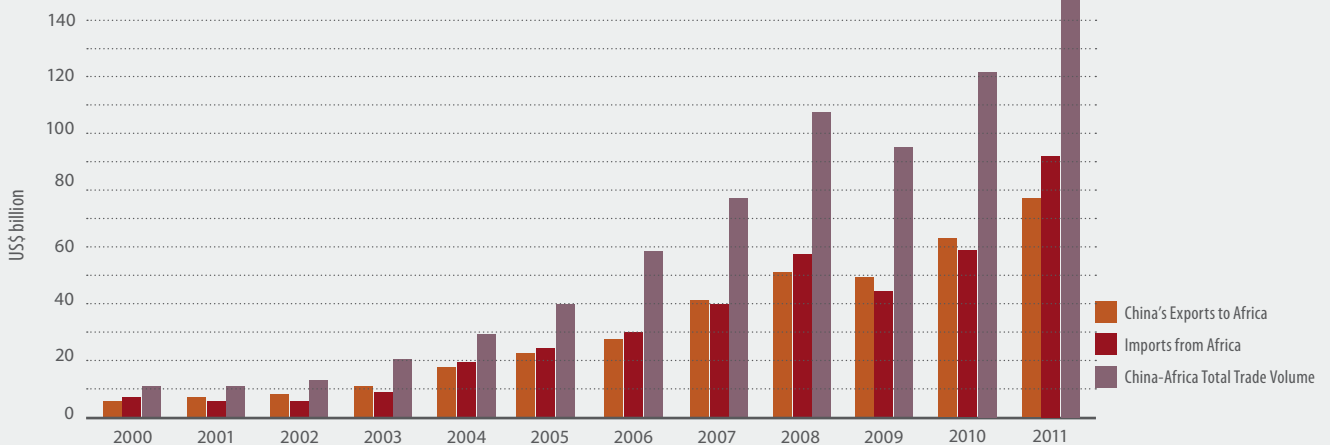
# AFRICA AND CHINA

The Africa-China relationship continues to be a balance of opportunity and risk. With the rise of emerging markets set to continue, governments and companies across Africa need to identify strategies to increase the benefits that come with deeper integration while managing the accompanying risks.



## CHINA-AFRICA TRADE

The value of Africa-BRIC trade has grown nine-fold over the past decade



Source: Ministry of Commerce PRC website, Standard Bank and Standard Chartered 2012.

## MORE FACTS

China has bilateral trade agreements with **45 African countries**

LDCs of Africa that have diplomatic relations with China have **zero tariffs** on some of their exports to China since 2005

By July 2010, zero-tariff African products increased to **4,700 taxable items** (covering 95% of the total taxable items mentioned in Chinese Import and Export Regulations)

Last year, China accounted for **18% of Africa's trade** (up from 10% in 2008)

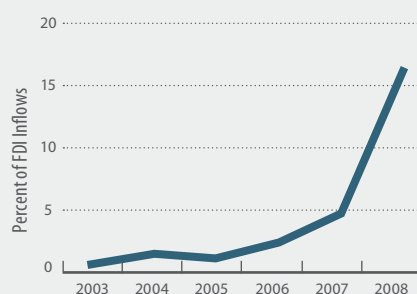
Last year, Africa sourced nearly **17% of its imports from China** (up from 4.5% in 2002)

China is set to become Africa's **largest export destination** in 2012

Source: Ministry of Commerce PRC website, Standard Bank and Standard Chartered 2012.

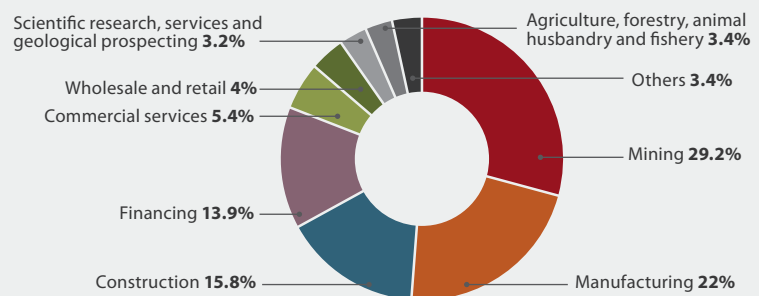
## CHINA'S INVESTMENT IN AFRICA

### INFLOWS OF FDI FROM CHINA TO SSA



Source: IMF, 'Regional Economic Outlook, 2011

### SECTOR COMPOSITION OF CHINA'S INVESTMENT IN AFRICA BY END OF 2009



Source: IMF, Regional Economic Outlook 2011 (data, Chinese authorities)  
Note: The figure covers both Sub-Saharan and North Africa

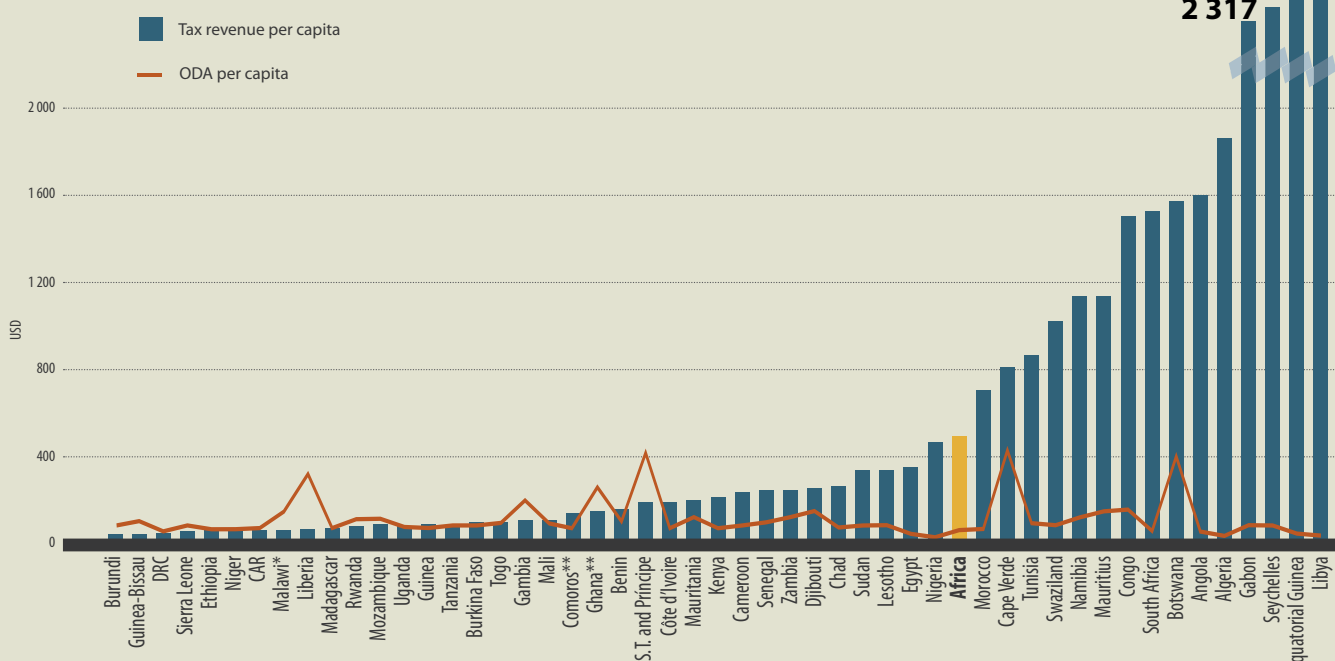
# DOMESTIC RESOURCE MOBILIZATION

There is a widespread public perception in many rich countries that international aid remains the dominant form of development financing for Africa. That perception is wide of the mark. Africa is more dependent on aid than other regions, but domestic resource mobilization – the public and private finance raised within countries, through taxes and savings – far outweighs levels of development assistance. For the first time ever, official development assistance declined to Sub-Saharan Africa in 2010.

## DOMESTIC RESOURCE MOBILISATION

AID AND TAX REVENUE PER CAPITA (2008)

Domestic resource mobilisation is rising but needs to increase faster in order to reduce aid dependence.



Notes: (\*) 2007, (\*\*) 2006.

Source: AFDB/OECD 2010 - African Economic Outlook

## FOREIGN DIRECT INVESTMENT

Foreign direct investment is rising but needs to be encouraged beyond the natural resource sector.

## GRANT & HIGHLY-CONCESSIONAL LOANS FROM OFFICIAL SOURCES

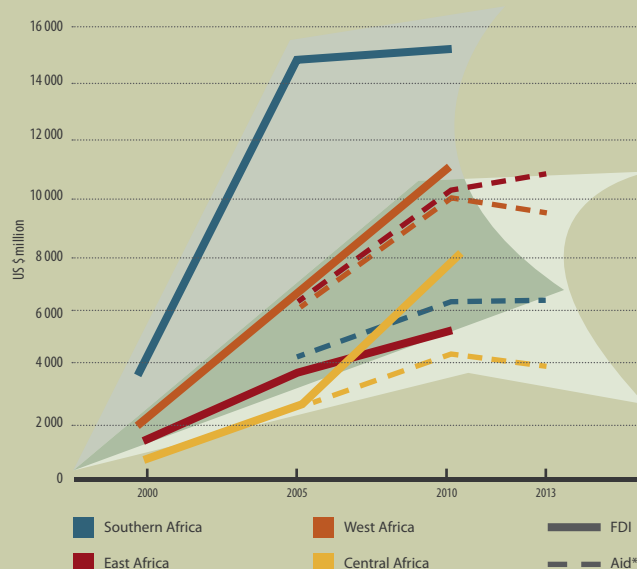
Development assistance is likely to flatten out after the growth of the past decade, and indeed fell in 2011 for the first time this century.

## SEMI-CONCESSIONAL AND NON-CONCESSIONAL FLOWS FROM OFFICIAL AND MARKET SOURCES

Semi-concessional loans and market-based finance have potential for growth but could raise concerns over debt

## FOREIGN DIRECT INVESTMENT VS AID\*

\* Aid data is from the OECD report on Aid Predictability, 2011, and refers to gross Country Programmable Aid as defined by the OECD



# CONCLUSION

We started this report by cautioning against highly polarised perspectives on Africa's prospects. **Perhaps more than at any time in recent years, there is cause for cautious optimism.** The region has registered a decade of strong economic growth and has recovered strongly from the global recessions. The private sector is emerging as a vibrant and innovative force for change. Domestic and foreign investment is rising. For the first time in a generation, poverty levels are falling – and many countries have witnessed strong progress towards the MDGs. Democracy is throwing down deeper roots, with multi-party elections now the firmly established rule rather than the exception. Inevitably in a region as diverse as Africa, there are many national exceptions to this big picture canvas. Yet the favourable constellation of strong economic growth, improving human development, and more accountable governance means that **African leaders could set the scene for a breakthrough that transforms the lives of the current generation and the prospects of future generations.**

That outcome is not automatic. Trend is not destiny – and Africa's future will be shaped by how effectively the region's governments and development partners respond to the great challenges that lie ahead. In this report, we have identified a number of concerns that, in our view, merit urgent consideration. Across the world, we have seen the rise of social movements and the spread of public attitudes contesting what are viewed as unacceptable levels of inequality. **We are of the strong view that inequalities across much of Africa are ethically indefensible, economically inefficient and politically destabilising.** That is why we call upon Africa's leaders to put equity and the development of more inclusive societies at the heart of their planning for the future.

This message should not be interpreted as part of an anti-growth agenda. Consistently high growth is unquestionably a condition for sustained – and sustainable – progress in Africa. Similarly, it is important that Africa's leaders not be mesmerised by economic growth in and of itself. They must also consider the quality of growth, the distribution of benefits from wealth creation, the opportunities that poor people and women have to participate in growth, and the relationship between growth and progress towards the MDGs. It is clear from

the experience of several high-growth economies around the world that growth alone will not automatically deliver accelerated progress towards the international development goals in maternal health, child survival or hunger.

The 2015 target date for the MDGs provides an opportunity to focus national and international attention on parts of society that have been left behind. The Africa Progress Panel welcomes the emerging debate on the post-MDG framework. However, we are concerned that governments are losing sight of the 2015 promise enshrined in the original MDG targets. The value of any future commitments will be diminished by a failure to accelerate progress towards these targets. That is why we call for a 'big push' towards the MDGs, with every government setting out a best endeavour strategy for getting as close as possible to the goals – and donors backing their efforts by acting on their aid commitments.

In our view, both the current and future MDG frameworks should attach far more weight to equity targets. The MDG promise was made for everyone. Yet in many countries, people who are poor, female and rural face acute disadvantages. And because of inequitable patterns of public spending they have the last call on public spending. We are convinced that it is time to integrate equity targets into the MDG framework. These targets could take the form of specific goals aimed at reducing gaps in, say, child mortality, maternal health, and education based on wealth, gender, rural-urban divisions and wider markers for disadvantage. Reducing inequalities in basic life-chances is a moral imperative. But it would also spur prospects for economic growth and accelerate progress towards the MDG targets themselves.

Looking ahead, there are immense opportunities. African economies are becoming more integrated with high-growth emerging markets. The region's vast mineral wealth is driving growth and acting as a magnet for foreign investment. With population growth and rising wealth driving up demand for food, Africa's farmers could benefit from opportunities in global markets. As the centre of gravity in the world economy moves south and east, the emerging forms

of global economic governance could provide Africa with a greater voice. Meanwhile, the revolution in information and communication technology has created an opportunity for Africa to leapfrog old, outmoded technologies and adapt new innovations.

For each of these opportunities there is a corresponding risk. In the absence of strategies aimed at facilitating entry to higher value-added areas of production, there is a danger that Africa's mineral wealth and integration with emerging markets will reinforce dependence on the export activities that generate modest levels of employment, have weak linkages to local markets, and leave the region vulnerable to adverse price trends. Rising global demand for food could generate incentives for a new wave of speculative land-grabbing, with the profit margins of hedge funds and other investors overriding national and regional food security. Paradoxically, the rise of the BRICS and the G20 could leave Africa more, not less, marginalised in global economic governance. And failure to lower the cost of Internet access could limit the democratising and leapfrogging potential of ICTs. In all of these areas, governments will need to develop proactive policies aimed at seizing opportunity and mitigating risk. Laissez-faire is unlikely to deliver results. That is why we call for more active policies in agriculture, manufacturing and trade aimed at strengthening competitiveness, supporting technological innovation, and protecting the land rights of Africa's farmers.

The future is never entirely predictable – but there are **two areas in which policy failure today will have highly predictable, and damaging, consequences for the future. The first is youth employment.** Africa's youth bulge could create a large demographic dividend. Young Africans have extraordinary levels of energy and creativity. They also have hopes, ambitions and

dreams. What they are lacking is the opportunity to develop the skills they need to realise their potential. Stated bluntly, the region's education and training systems are not currently fit for the purpose of providing decent quality education for all. Failure to tackle the twin crisis in access to school and learning in school will not just limit the right to education, undermine prospects for economic growth, and waste human potential. It will also render countries all the more vulnerable to the political and social instabilities that inevitably accompany urbanisation and youth unemployment.

**The second area that requires urgent policy attention is smallholder agriculture.** It is sometimes forgotten that farming is the primary source of employment and food security for most Africans. Yet for far too long, smallholder farmers have suffered from a combination of indifference and actively damaging policies. With the right incentives, institutional reforms and public spending policies in place, we are convinced that it is possible to dramatically increase the productivity of smallholder agriculture, to expand opportunities for rural employment, and strengthen the economic interaction between urban and rural economies. By contrast, continued neglect of smallholder farming will undermine economic growth, reinforce inequalities, and increase the region's exposure to the risks that come with over-dependence on food imports.

**Africa was never a 'hopeless continent'. It was – and remains – a region of immense potential, much of it unfulfilled.** With decisive leadership at home and sustained support from development partners, there is now an opportunity to unlock that potential and to set course for a future of shared prosperity, more equal opportunity, and political stability. The journey will not be easy. But the prize is great and it is within reach – and we must collectively seize the moment.

***The Africa Progress Panel promotes Africa's development by tracking progress, drawing attention to opportunities and catalyzing action.***

## **PANEL MEMBERS**

### **Kofi Annan**

Chair of the Africa Progress Panel, former Secretary-General of the United Nations and Nobel Laureate

### **Michel Camdessus**

Former Managing Director of the International Monetary Fund

### **Peter Eigen**

Founder and Chair of the Advisory Council, Transparency International and Chairman of the Extractive Industries Transparency Initiative

### **Bob Geldof**

Musician, businessman, founder and Chair of Band Aid, Live Aid and Live8, Co-founder of DATA and ONE advisor and advocate

### **Graça Machel**

President of the Foundation for Community Development and founder of New Faces New Voices

### **Linah Kelebogile Mohohlo**

Governor, Bank of Botswana

### **Olusegun Obasanjo**

Former President of Nigeria

### **Robert Rubin**

Co-Chairman of the Board, Council on Foreign Relations and former Secretary of the United States Treasury

### **Tidjane Thiam**

Chief Executive Officer, Prudential Plc.

### **Muhammad Yunus**

Economist, founder of Grameen Bank and Nobel Laureate

## **Africa Progress Panel**

P.O. Box 157  
1211 Geneva 20  
Switzerland

info@africaprogresspanel.org  
**www.africaprogresspanel.org**



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