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Social dimensions of the New Partnership for Africa's Development

Report of the Secretary-General

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2015/3 to review progress made in the social dimensions of the New Partnership for Africa's Development. It examines progress in eradicating poverty and hunger and in improving education and health outcomes, agriculture and infrastructure. It also addresses the critical role that structural transformation by means of industrialization can play in fostering inclusive development through job creation. In addition, a case is made in the report as to why Africa needs to prioritize domestic resource mobilization to finance its development priorities. The report concludes with a set of policy recommendations that can further spur the development of Africa.



I. Introduction

1. The robust economic expansion occurring in Africa over the past decade has provided the foundation for an improvement in living standards across the continent. Although levels of poverty remain unacceptably high, significant progress has been made, with poverty falling steadily since the mid-1990s. Considerable progress has also been made in improving health outcomes, expanding access to education, health-care services, clean drinking water and sanitation and in developing infrastructure. Investments in malaria prevention and control are having a positive impact on the lives of millions of people. Africa is also making considerable progress in closing the gender gap in primary education, with some countries leading the way internationally on promoting gender equality in parliament. Broader measures of human development, such as the Human Development Index, also show long-term improvements in many countries.

2. Progress in these areas points to continued improvements in the quality and effectiveness of development policies, governance and institutions. Concrete steps are being taken to improve political, economic and corporate governance. Thirty-six countries have voluntarily acceded to the flagship governance programme of the New Partnership for Africa's Development, the African Peer Review Mechanism, and half of them have been reviewed by their peers. The voice of the continent's citizens has also become stronger, as evidenced by their participation in the formulation of the African Union Agenda 2063: The Africa We Want.

3. Africa can consolidate and make further gains in these areas by fully implementing the objectives of the New Partnership. The continent should pursue structural transformation policies that accelerate productivity growth through technological upgrading and innovation and learning by doing and by implementing inclusive social and macroeconomic policies, including to promote productive employment, decent work, and sustained investments in education, health care, agriculture and infrastructure. High domestic demand, fuelled by a growing middle class, offers hope that Africa's economy will continue to grow despite the major uncertainties emanating from reduced global demand for the continent's primary commodity exports. Rapid rates of urbanization also offer significant opportunities to create jobs and improve incomes through investments in urban infrastructure. The continent also needs to deepen and leverage the benefits of regional integration. Progress in these areas will contribute to consolidating Africa's growth momentum and enable the continent to transform itself from a low-income to middle-income status.

4. Social development in Africa has benefited significantly from the continent's strong economic performance. Its economy remains one of the fastest growing in the world, providing a necessary condition for social progress. That growth has occurred in spite of the adverse impact of slumping commodity prices and the severity of the Ebola virus disease outbreak in some countries. Despite its acute impact on affected countries, the overall impact of Ebola on Africa's economy has been largely insignificant. Africa's economy is expected to grow by 4.6 per cent in 2015, up from 3.5 per cent in 2014. According to *World Economic Situation and Prospects 2015*, the momentum is expected to continue, with the growth of the gross domestic product (GDP) expected to accelerate to 4.9 per cent in 2016. For more than a decade, economic growth has averaged 5 per cent annually, following a lost quarter century, which saw the region's per capita income decline significantly.

Africa's impressive turnaround is attributable to the boom in commodity prices and to mineral discoveries, sound economic policies and public finance management, improved governance and stronger institutions, higher levels of public and private investments in such critical sectors as infrastructure, and significant inflows of foreign direct investment and migrant remittances. Since 2000, external financial flows into the continent have quadrupled, surpassing \$200 billion in 2014.¹

5. In addition, moderate growth in the agricultural sector has contributed to overall growth and poverty reduction. Africa is also benefiting from favourable demographic trends that include falling fertility and infant mortality rates. This has placed the continent on the cusp of benefiting from a demographic dividend. To harness such a dividend, countries will have to make the right policy decisions, particularly with regard to those focusing on investment in health care, education and skills training.

6. Despite progress on a number of fronts, significant challenges remain. Of great concern is the lack of adequate financial resources to implement development programmes and projects that foster social inclusion and raise standards of living. Consequently, the continent faces major challenges in tackling high levels of poverty, inequality and widespread unemployment, especially among youth, women and other disadvantaged social groups. Some countries have also seen a rise in violent religious extremism and terrorist activities, maritime piracy and trafficking in humans, small arms and drugs. The numbers of refugees and internally displaced persons have also increased as a result of ongoing conflict situations in some countries. Displaced by poverty, a lack of opportunities, conflict, religious extremism and fear, thousands of men, women and children are risking their lives crossing the Sahara desert and the Mediterranean Sea in search of safety and better opportunities for themselves and their families.

II. Progress in addressing poverty and inequality

7. Although much of the world has achieved tremendous progress in reducing poverty in recent decades, Africa has not experienced comparable success. However, the continent has made considerable progress in poverty reduction in the past few years, with an estimated 39.6 per cent of its population living on less than \$1.25 a day in 2011 compared with 46.6 per cent in 1990. In sub-Saharan Africa, 46.6 per cent of the population lived on less than \$1.25 a day in 2011 compared with 56.6 per cent in 1990, according to the World Bank's *Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity*. Its *Global Monitoring Report 2015/2016: Development Goals in an Era of Demographic Change*, which presents data based on its updated poverty line of \$1.90 a day, shows that 36.1 per cent of Africa's population lived in extreme poverty in 2012. For sub-Saharan Africa, the 2012 estimates, using the measure of \$1.90 a day, stood at 42.6 per cent compared with 56 per cent in 1990. Extreme poverty in North Africa in 2012 stood at 3.4 per cent. World Bank projections also suggest that 35.2 per cent of sub-Saharan Africa's population has been living below \$1.90 a day in 2015. Levels of extreme poverty are much higher in Africa's least developed countries, however, where the

¹ African Development Bank, Organization for Economic Cooperation and Development (OECD) and United Nations Development Programme (UNDP), *African Economic Outlook 2014: Global Value Chains and Africa's Industrialization* (Paris, OECD, 2014).

percentage of the population living on less than \$1.90 a day was 66.7 per cent in 1990 and 46.9 per cent in 2012.

8. Although the percentage of people living in poverty is now much lower than it was in 1990, since 2011, Africa has had the largest absolute number of people living in absolute poverty in the world, surpassing South Asia, a region with historically similar levels of poverty. An estimated 393.5 million people lived in absolute poverty in Africa in 2011, while 361.7 million did so in South Asia. In 2012, the number of people living in absolute poverty declined to 388.8 million in sub-Saharan Africa and to 309.2 million in South Asia. However, the gap between the regions is larger in terms of percentage: 43 per cent of the global poor lived in sub-Saharan Africa in 2012 compared with 34.3 per cent in South Asia.²

9. While an examination of poverty eradication efforts at the continental level is important, progress has been mixed at the country level, with poverty levels falling much faster in a few countries. Using the \$1.25 a day poverty line, data suggest that in 2011 a large majority of Africa's extreme poor lived in some of the continent's most populous countries. The percentage of people living on less than \$1.25 a day was 84 per cent in the Democratic Republic of the Congo, 36.8 per cent in Ethiopia, 87.8 per cent in Madagascar, 60.1 per cent in Nigeria and 52.5 per cent in the United Republic of Tanzania. Given their combined population size, progress in those countries will have a major impact on levels of poverty at the continental level. However, it is equally important to note that extreme poverty also remains a major challenge in less populous countries. In 2011, the extreme poverty rate was 79.8 per cent in Burundi, 45.7 per cent in Lesotho, 71.6 per cent in Malawi and 63 per cent in Rwanda.

10. Using the revised World Bank poverty line of \$1.90 a day, the picture from 2012 remains largely unchanged for some countries.³ In terms of percentage, in 2012 there were four countries in which the concentration of poverty exceeded 70 per cent: in Madagascar, 82.1 per cent of the population lived below \$1.90 a day, followed by Burundi (77.2 per cent), the Democratic Republic of the Congo (77.2 per cent) and Malawi (70.8 per cent). In Nigeria, 51.7 per cent of the population lived below \$1.90 a day in 2012. On the other hand, less than 10 per cent of the populations of Gabon, Mauritius and Seychelles are living in extreme poverty.

11. It is important to note that such wide cross-country variations in levels of poverty indicate the varying initial conditions that countries faced when they embarked on implementing the Millennium Development Goals. Therefore, as countries work to implement the Agenda 2063 and the 2030 Agenda for Sustainable Development, successful poverty-eradication strategies must be context-specific and tailored to the initial conditions of each country. For example, the policies necessary for Gabon to eradicate poverty from a level of 6.7 per cent will differ significantly from the policy mix that Madagascar requires to make a major dent in its poverty level of 82.1 per cent.

12. Efforts to reduce poverty and foster inclusive growth across Africa continue to be undermined by extremely high and, in some instances, growing inequality.

² World Bank, PovcalNet, Regional aggregation using 2011 purchasing power parity and \$1.90/day poverty line. Available from <http://iresearch.worldbank.org/PovcalNet/index.htm?1>.

³ For further explanation, see <http://iresearch.worldbank.org/PovcalNet>.

Between 1990 and 2010, the Gini coefficient for disposable income fell in a majority of sub-Saharan African countries. Despite that progress, the region has the second highest unequal distribution of income after Latin America and the Caribbean. According to a 2014 International Monetary Fund policy paper, entitled “Fiscal policy and income inequality”, average inequality rose by more than 3 per cent in North Africa and in more than one fourth of sub-Saharan African economies.

13. To some extent, the decline in average income inequality augmented the impact of high growth on poverty on the continent. An analysis of the growth-inequality-poverty nexus in sub-Saharan Africa revealed that income growth and changes in inequality reinforced each other in reducing poverty in Burkina Faso, Burundi, Cameroon, Ethiopia, Mozambique, the Niger, Nigeria and Senegal.⁴ Declining inequality was a dominant factor in the decline in poverty in Guinea-Bissau and Lesotho. On the other hand, inequality worsened in Côte d’Ivoire, Kenya, Mauritania and Zambia, where poverty increased.

14. The dampening effects of income inequality on growth and poverty reduction are further compounded by high inequality of opportunities, particularly in education, health care and productive assets. High levels of income inequality limit the translation of income growth into poverty reduction, while the inequality of opportunities hinders disadvantaged and marginalized social groups from acquiring the necessary education and skills that could allow them to be competitive in the labour market and to participate in local and national policymaking processes. To make a significant dent in the depth and severity of poverty, Africa’s growth must be sustained and inclusive and accompanied by significant reductions in inequality. This would require social and macroeconomic policies to work in tandem to ensure that the average income of the poorest segment grows at a much faster pace than the income of the average population.

III. Progress in agriculture and food security

15. According to the New Partnership, Africa has a vast potential to feed itself. However, the continent continues to face major obstacles in achieving food security owing to chronic drought, the effects of climate change, nutrient-depleted soils, volatile food prices and inadequate investments in agriculture. For Africa as a whole, some 232.5 million people were undernourished in the period 2014-2016. Of these, 220 million people lived in sub-Saharan Africa.⁵ The prevalence of undernourishment declined from 27.6 per cent in the period 1990-1992 to 20 per cent in the period 2014-2016. However, the absolute number of undernourished people in Africa increased from 181.7 million in the period 1990-1992 to 232.5 million in the period 2014-2016. Just over 1 in 3 people (29.3 per cent) of the 795 million people in the world who do not have sufficient food daily live in Africa. In sub-Saharan Africa, just under 1 in 4 people (23.2 per cent of the population) are also undernourished.

⁴ Augustin Kwasi Fosu, “Growth, inequality and poverty in sub-Saharan Africa: recent progress in a global context”, *Oxford Development Studies*, vol. 43, No. 1 (January 2014), pp. 44-59.

⁵ Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development and the World Food Programme (WFP), *The State of Food Insecurity in the World 2015: Meeting the 2015 International Hunger Targets: Taking Stock of Uneven Progress* (Rome, FAO, 2015).

16. The World Food Programme has raised concerns that erratic weather patterns in the Horn of Africa and Southern Africa are likely to devastate harvests and could result in severe food shortages.⁶ In Ethiopia, an estimated 8.2 million people are affected by the worst drought in more than a decade. In Malawi, more than 2.8 million people face hunger following severe floods and drought. Swaziland is also facing the sixth consecutive year of poor harvests, the worst in 25 years. Prospects for food security in the subregion are also being undermined by potentially poor harvests in South Africa, the largest producer of maize in the region.

17. In order to enhance the contribution of the agricultural sector to economic growth and shared prosperity and to harness its huge potential for reducing poverty, increasing food and nutrition security and creating decent rural employment, Africa's leaders laid out a bold vision that made agriculture one of the pillars of the structural transformation of the continent. The Comprehensive Africa Agriculture Development Programme has been a catalyst for finding local and regional solutions to agricultural challenges. The Programme has been successful in changing the policy environment and increasing attention to agriculture, and hence has had an impact on overall productivity growth in the sector. The Programme recognizes the role of the State in building institutions and providing the policy guidance and resources required to accelerate the growth of the agricultural sector.

18. African leaders recommitted themselves to the principles and values of the Comprehensive Africa Agriculture Development Programme in 2014 when they adopted the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. They also ensured that agriculture remained high on the political agenda when they declared 2014 the Year of Agriculture and Food Security in Africa. By adopting the Declaration, they reaffirmed Africa's strong commitment to using growth in agricultural productivity to spur economic growth, boost the food and income security of rural households and reduce extreme poverty and hunger. Thirty-four countries have since signed the Malabo Declaration, urging countries to invest in agriculture, in line with the Programme's framework. The continental vision for the next 50 years, Agenda 2063, also emphasizes investment in the agricultural sector.

19. Agricultural productivity and crop yields remain well below the global averages owing to inadequate investments in labour, land, infrastructure and agriculture-related institutions. In Africa as a whole, the growth of the agriculture sector remains below the Comprehensive Africa Agriculture Development Programme's target of 6 per cent annually. The sector grew at an annual rate of 3.8 per cent between the period 1995-2003 and the period 2003-2008, before declining to 2.6 per cent during the period 2008-2014. According to the New Partnership, 10 countries have exceeded the agricultural growth target of 6 per cent to date (Angola, Eritrea, Ethiopia, Burkina Faso, the Congo, Gambia, Guinea-Bissau, Nigeria, Senegal and the United Republic of Tanzania) and an additional four countries have achieved growth of between 5 and 6 per cent.⁷ Countries that have experienced rapid agricultural growth have shown greater political will by increasing domestic investment in the sector and developing more effective

⁶ See WFP, "Southern Africa braces for poor harvests". Available from www.wfp.org/news/news-release/southern-africa-braces-poor-harvests.

⁷ See www.nepad.org/foodsecurity/agriculture/about.

agricultural plans. Some countries have benefited from official development assistance targeting agriculture and rural development. One goal of the Programme is to scale up public investment in agriculture. At less than 4 per cent, the share of public expenditure for agriculture out of the total public expenditure in Africa as a whole has been below the Programme target of 10 per cent agreed to in the Maputo Declaration. Since 2003, only Burkina Faso, Burundi, the Congo, Ethiopia, Ghana, Guinea, Madagascar, Malawi, Mali, the Niger, Senegal, Zambia and Zimbabwe have surpassed the Programme's 10 per cent target in any year.⁸

20. By adopting the Comprehensive Africa Agriculture Development Programme, African leaders chose to prioritize the scaling-up of the domestic financing of agriculture, bolstered by investments in research, science and technology. Prioritizing research and development in agriculture enhances the continent's scientific knowledge base as it relates to soil fertility, improved crop varieties, pest and disease control and production systems that can be tailored to local conditions. However, besides committed political leadership, the key to improving Africa's agricultural performance hinges on the type of macroeconomic, social and agricultural development policies that countries choose to implement. In particular, policies that support the provision of farm inputs, including agricultural subsidies to farmers, should be linked to infrastructure development, education, entrepreneurship, research and development and trade. Providing improved seeds and fertilizers to resource-poor farmers and closing the persistent gender gap in agricultural productivity are critical.

21. Modernizing Africa's agriculture will have a major impact on the continent's transformation. Growth generated by agriculture in sub-Saharan Africa is up to 11 times more effective in reducing poverty than GDP growth in other sectors. Prospects for bolstering the contribution of agriculture to growth remain high, as the continent has the fastest rates of population growth and urbanization in the world, combined with rising income levels. These megatrends are driving total consumption, particularly the demand for food and other agricultural products. However, transforming Africa's agricultural sector should be a precursor to industrial development, as was the case in Europe and North America, Asia and Latin America. Higher capital investments, significant crop diversification and improved linkages with markets would need to be accompanied by a higher-value addition to agricultural commodities.

IV. Inclusive growth, structural transformation and job creation

22. Africa's labour force of workers aged 15 and over is expected to grow rapidly, requiring the continent to generate 18 million new jobs every year until 2035. More than 60 per cent of Africa's population is under the age of 25. By 2040, Africa is projected to have the world's largest labour force, surpassing China and India. It is estimated that sub-Saharan Africa's income per capita could be 25 per cent higher in

⁸ Samuel Benin and Bingxin Yu, *Complying with the Maputo Declaration Target: Trends in Public Agricultural Expenditures and Implications for Pursuit of Optimal Allocation of Public Agricultural Spending*, Regional Strategic Analysis and Knowledge Support Systems Annual Trends and Outlook Report 2012 (Washington, D.C., International Food Policy Research Institute, 2012).

2050, solely as a result of the demographic transition.⁹ However, greater benefits can be reaped if countries put supportive policies into place, with the dividend increasing to about 50 per cent by 2050. The demographic future that Africa faces makes it imperative for countries to transform the structures of their economies and create jobs at an unprecedented massive scale. By changing the structure of its economy, Africa can make significant progress in creating decent jobs, eradicating poverty and tackling the informality and low pay and productivity that continue to plague local labour markets. Since 2000, the pace of structural transformation has increased slightly. However, the pace of change remains insufficient to fundamentally transform national economies.¹⁰

23. Levels of unemployment among young people and women remain a major concern. The youth unemployment rate in North Africa increased from 25.2 per cent in 2007 to 30.6 per cent in 2014, but declined in sub-Saharan Africa from 12.3 to 11.6 per cent. Among females, the labour force participation rate in North Africa continued to be the second lowest in the world. The youth unemployment rate among females increased from 36.9 to 44.8 per cent between 2007 and 2015. In sub-Saharan Africa, the rate declined from 13.3 to 12.6 per cent.¹¹

24. Many African economies have experienced buoyant growth over the past decade. However, Africa's strong growth has not been able to produce more and better-quality jobs to close the jobs gap resulting from population growth and the impact of the global economic crisis. In large measure, the lack of job growth is due to the structure of Africa's economies, which have not significantly changed for decades. African countries have not sufficiently scaled up the pace of shifting their economies from agriculture to more productive sectors and have remained overly reliant on the export of primary commodities. As a result, the share of manufacturing in production and exports has remained low, leading to the creation of fewer good jobs. However, evidence from countries that have embarked on changing the structure of their economies seems to show that such structural changes have the desired effect of moving agricultural workers into more productive jobs in non-agricultural sectors.¹²

25. To address such challenges, with the aim of boosting the contribution of the manufacturing sector to economic growth, creating jobs and addressing poverty and inequality, there is renewed commitment to promoting economic transformation through industrialization and to strengthening the resilience of African economies. That commitment is captured by the continental priorities outlined in Agenda 2063. Since 2013, the focus of the annual flagship *Economic Report on Africa*, jointly produced by the Economic Commission for Africa and the African Union, has been on the imperative for Africa to industrialize in order to provide meaningful employment opportunities to a growing population and raise living standards. The reports have made a strong policy case for accelerating economic transformation

⁹ IMF, *Regional Economic Outlook: Sub-Saharan Africa: Navigating Headwinds*, World Economic and Financial Surveys, April 2015 (Washington, D.C., 2015).

¹⁰ African Development Bank, OECD and UNDP, *African Economic Outlook 2015: Regional Development and Spatial Inclusion* (Paris, OECD, 2015).

¹¹ International Labour Organization, *Global Employment Trends for Youth 2015: Scaling Up Investments in Decent Jobs for Youth* (Geneva, International Labour Office, 2015).

¹² Erik Thorbecke, *The Structural Anatomy and Institutional Architecture of Inclusive Growth in Sub-Saharan Africa*, World Institute for Development Economics Research (WIDER) Working Paper 2014/041, February 2014 (Helsinki, United Nations University-WIDER, 2014).

through industrialization, given Africa's vast natural resource wealth, as well as through trade. At the global level, the 2030 Agenda also commits countries to inclusive industrialization.

26. Industrialization is key to the creation of decent and productive employment and poverty eradication. The shift to manufacturing will raise national incomes by increasing productivity and Africa's share of global exports. Manufacturing will also improve the quality and quantity of jobs and wages. The growth of the sector can also widen employment opportunities available to women, youth and other disadvantaged groups. In particular, industrialization will create more decent and productive jobs for the rapidly increasing reservoir of human capital that is Africa's youth. Furthermore, African countries need to industrialize and diversify in order to mitigate the impact of such external shocks as falling commodity prices. The recent collapse of oil prices amply demonstrated the structural economic weaknesses and vulnerabilities faced by countries that rely heavily on oil exports. The price collapse has influenced the fiscal situation of affected countries, exacting economic and social costs that include reduced public expenditures in the social sector and infrastructure investment.

27. However, the design and implementation of industrial policies at the national level will have a great impact on Africa's quest for industrialization and economic diversification. In addition, it will be necessary to address such structural constraints as the inadequate infrastructure (particularly poor roads and the lack of energy), the small size of domestic markets, the low level of skills, inadequate public and private investment in research and development and the low purchasing power of local consumers. The role of the State is important in all these areas. More importantly, developing States in Africa should not narrowly focus only on industrialization but on a much broader development of society. This entails investing in education, health care, agriculture and infrastructure, fostering inclusiveness and addressing climate change, all of which are reflected in Agenda 2063.

28. Entry points available to countries include targeting such basic, low-technology, labour-intensive manufacturing industries as agroindustry, textiles and apparel. Countries can also establish medium-technology industries that add value to commodities. Resource-rich countries will have to seek industrial policies that better leverage extractive industries, while resource-poor countries will have to pursue industrialization policies that leverage comparative advantages that they may have. Countries with vast amounts of agricultural land can optimize their agricultural base, others a highly skilled and educated labour force or an abundant inexpensive labour force.

29. African countries will need to focus on boosting investments in human resource development, infrastructure and agriculture, improving the business environment and deepening financial markets. Of particular importance are higher education investments targeting science, technology, engineering and math, which will boost their research and development capabilities. Countries that have made significant progress in transforming their economies include Mauritius, South Africa and Tunisia. Countries without sizeable mineral resources that have done well include Ethiopia, Rwanda and Senegal. Those countries have diversified their economies by studying examples of best practices from other countries and implementing those lessons in a manner that suits their own local context. Similarly,

the decision that Botswana took in 2011 to enter into higher-value-added activities in the diamond sector has ensured that an extra \$6 billion of diamond sales is now routed through the country's financial centres. Besides the financial windfall, new jobs for the country's youth have been created, and the country's infrastructure and tourism sectors have been boosted. The additional revenue has helped to fund the construction of schools, hospitals and roads and provide every child with free schooling to the age of 13.¹³ African countries should embrace the importance of learning by doing to improve social and economic policies and the quality of products. Progress in those areas would contribute to reversing the backsliding and deindustrialization that began in the late 1970s and was further compounded by structural adjustment policies.

V. Promoting inclusive development: progress in education, health care, women's empowerment and gender equality

30. Africa has made tremendous strides in the provision of education and health care and the promotion of women's empowerment and gender equality. Gains in those areas are critical to Africa's transformation, which requires an educated, skilled, healthy and productive workforce. In response to those needs, countries have put education high on their respective national development agendas. This has been demonstrated by the amount of resources allocated to education, which increased from 4.2 per cent to 4.9 per cent of GDP between 2000 and 2012.¹⁴

31. Such efforts have contributed to rapid increases in school enrolments. At the primary school level, net enrolment increased from 55 per cent in 1995 to 74 per cent in 2012.¹⁵ Net enrolment ratios at the primary level rose by at least 20 per cent between 1999 and 2012 in 11 sub-Saharan countries. There has been notable progress in bolstering primary school completion. However, despite progress in access, at least 20 per cent of children enrolled fail to reach the last grade.¹⁶ Furthermore, the challenge of providing high-quality education remains, as evidenced by the 75 per cent of sixth graders in Malawi and Zambia who cannot read for meaning. Progress has been slower in meeting the needs of such disadvantaged groups as rural populations, the income-poor, out-of-school youth, children with disabilities and children living in conflict-affected areas.

32. The youth literacy rate for the population aged 15 to 24 years has improved in the region as a result of the increased access to universal primary education observed since 2000. More than 58.8 per cent of countries in the region have

¹³ World Diamond Council, "Diamonds and their benefits to Africa" fact sheet. Available from www.diamondfacts.org/pdfs/media/media_resources/fact_sheets/Diamonds_and_Their_Benefits_to_Africa_Fact_Sheet.pdf.

¹⁴ Economic Commission for Africa, African Union, African Development Bank Group and UNDP, *Millennium Development Goals Report 2015: Lessons Learned in Implementing the Millennium Development Goals: Assessing Progress in Africa toward the Millennium Development Goals* (Addis Ababa, 2015).

¹⁵ Kathleen Beegle, Luc Christiaensen, Andrew Dabalen and Isis Gaddis, "Poverty in a rising Africa: Africa poverty report" overview (Washington, D.C., International Bank for Reconstruction and Development/World Bank, 2016).

¹⁶ United Nations Educational, Scientific and Cultural Organization, *Education for All 2000-2015: Achievements and Challenges, Education for All Global Monitoring Report 2015* (Paris, UNESCO, 2015).

achieved a youth literacy rate of at least 75 per cent. The Gambia, Guinea-Bissau and Chad made outstanding progress in increasing their youth literacy rates from 2000 to 2012. However, countries emerging from conflict, such as Côte d'Ivoire experienced a drop in literacy rates over the same period. North Africa has made greater achievements towards youth literacy than sub-Saharan Africa.

33. At the subregional level, regarding gender and educational attainment, West Africa has the highest gender parity in primary education, followed by North Africa. Southern Africa has been registering a strong performance in reaching parity at all levels of education, followed by North Africa, which has made exceptional progress in tertiary education. East Africa is making continuous progress and has made significant progress in closing the gender gap in tertiary education.

34. Inequities in education across income, gender and location persist despite the progress being made. Only 23 per cent of poor rural girls complete their primary education in Central, Eastern, Southern and West Africa. Children in the poorest 20 per cent of the population are three times less likely to be enrolled in primary school than children from the wealthiest 20 per cent in some countries. As of 2012, 29.6 million children of primary school age were out of school in sub-Saharan Africa; 56 per cent were female. Although the region has made considerable progress in improving access to primary education, enrolment rates in higher education, especially in tertiary institutions, remain disappointingly low. There are also concerns regarding the quality of schooling outcomes, as evidenced by the fact that two in five African adults are illiterate. The region has a shortfall of about 1.7 million teachers, underscoring the need to expand teacher training.

35. Africa also continues to post progress on the health front; however, outcomes are not converging fast enough compared with those of the rest of the world. Substantial progress has been made in reducing child deaths. In sub-Saharan Africa, the number of under-5 deaths declined from 180 deaths per 1,000 live births in 1990 to 83 deaths per 1,000 live births in 2015.¹⁷ In North Africa under-5 mortality declined from 73 deaths per 1,000 live births in 1990 to 24 deaths per live births in 2015. Remarkable achievements have also occurred among Africa's least developed countries. Eritrea, Ethiopia, Liberia, Madagascar, Malawi, Mozambique, the Niger, Rwanda, Uganda and the United Republic of Tanzania have reduced their under-5 mortality by two thirds or more. Progress in those least-developed countries has contributed to the acceleration in reducing under-5 mortality on the continent. Sub-Saharan Africa's annual rate of reduction in child mortality increased from 1.6 per cent in the 1990s to 4.1 per cent in the period 2000-2015.

36. There have also been marked achievements in saving lives and containing the spread of Ebola virus disease in countries that experienced the outbreak. Concerted efforts resulted in a plummeting number of reported cases of Ebola, with very few new cases being reported in the affected countries now. However, since the outbreak in Guinea in December 2013, there have been a total of 28,476 reported cases of Ebola in Guinea, Liberia and Sierra Leone, with 11,298 reported deaths.¹⁸ Besides the loss of lives, the economic cost of the pandemic has been acute in the three most-affected countries. In 2015 alone, those three countries lost more than 12 per

¹⁷ Inter-agency Group for Child Mortality Estimation, "Levels and trends in child mortality: report 2015" (United Nations Children's Fund, New York, 2015).

¹⁸ World Health Organization, "Ebola situation report — 21 October 2015".

cent of their combined GDP, or more than \$1.6 billion.¹⁹ Economic growth is expected to be much lower compared with that of the pre-Ebola period. At the household level, the employment and income impacts have also been quite significant. To ensure a successful turnaround, greater efforts are required to strengthen the preparedness of those countries and the rest of the continent to address major pandemics and to reach the goal of zero new cases.

37. The region has also made progress in improving maternal health. Cabo Verde, Equatorial Guinea, Eritrea and Rwanda have reduced their maternal mortality ratio by more than 75 per cent between 1990 and 2013. Nevertheless, Africa still remains the region with the highest maternal mortality ratio in the world, registering 289 maternal deaths per 100,000 live births compared with the global average of 210 maternal deaths per 100,000 live births in 2013. The region is still suffering from low proportions of skilled birth attendance, low contraceptive prevalence rates, high adolescent birth rates, limited antenatal health-care coverage and a high unmet need for family planning, all of which contribute to high maternal mortality.

38. Although Africa accounts for more than half of all cases of and deaths from HIV/AIDS, malaria and tuberculosis worldwide, the region has shown impressive progress in combating those diseases since 1990. A downward trend has been observed since 2000 in the incidence, prevalence and death rates associated with HIV/AIDS, malaria and tuberculosis. The adoption of programmes and interventions recommended by the World Health Organization, such as the Directly Observed Treatment Shortcourse for tuberculosis, the use of insecticide-treated bed nets and artemisinin combination therapy for malaria and of antiretroviral therapy and the promotion of the use of condoms for HIV/AIDS, have been the main reasons for that achievement.²⁰ A high level of political commitment to combat those diseases has been demonstrated by African Governments.

39. Between 2001 and 2013, the number of new HIV infections per year per 100 people aged 15 to 49 years fell by more than half in Southern, West and Central Africa, was reduced by 46 per cent in East Africa and remained constant at the low level of 0.01 per cent in North Africa. HIV prevalence among adults in sub-Saharan Africa decreased from 5.6 to 4.7 per cent, and AIDS-related deaths in the population fell by 40 per cent, from 1.8 million to 1.1 million people. Improvements in testing, counselling, treatment and access to antiretroviral therapy, the reduction in mother-to-child transmission, the increase in prevention through the use of condoms and improvements in general awareness and knowledge of the disease have resulted in the achievements made so far.

40. Africa is progressing towards combating malaria and halting its spread in the region. The reduction in malaria cases and deaths is slightly higher than the world average. In sub-Saharan Africa, malaria cases have dropped by 34 per cent and the death rate by 54 per cent compared with 30 per cent and 47 per cent at the global level, respectively. The burden of malaria mortality and morbidity is highest in sub-Saharan Africa. Vector-control interventions and the use of insecticide-treated

¹⁹ World Bank, "The economic impact of Ebola on sub-Saharan Africa: updated estimates for 2015", 20 January 2015.

²⁰ Economic Commission for Africa, African Union, African Development Bank Group and UNDP, *Millennium Development Goals Report 2015: Lessons Learned in Implementing the Millennium Development Goals: Assessing Progress in Africa toward the Millennium Development Goals* (Addis Ababa, 2015).

bed nets and rapid diagnostic tests have expanded over the past 10 years. At least 55 million people at risk of malaria lived in homes that were regularly sprayed.

41. The region has experienced a downward trend in tuberculosis prevalence, incidence and death rates since 2000. The incidence rate declined, together with the prevalence rate, after peaking in 2000. The average reductions between 1990 and 2012 are low, however. While tuberculosis prevalence and death rates decreased by an average of 15 per cent and 26 per cent, respectively, the incidence rate increased by an average of 14 per cent.

42. Africa continues to make remarkable progress regarding women's empowerment and gender equality. The share of women in national parliaments increased by at least 15 per cent from 2000 to 2014. There are, however, variations by subregion and across countries. East Africa is leading, with Rwanda registering the highest percentage of women in its national parliament, followed by Southern, Central, West and North Africa.

43. The continent has also made progress towards closing the gender gap in primary education and increasing literacy levels for women and girls. Africa's drive to achieve universal primary education and other gender-informed policies have accounted for the impressive results observed in gender parity in many countries. Gender barriers remain and are more pronounced at different levels of education, despite the significant progress. With the exception of the Southern and North African subregions, the disparities result in low completion rates for girls at the primary level and low transition rates from primary to secondary school and from tertiary school into wage employment.

44. There have also been modest advances in the share of women in wage employment in the non-agricultural sector since 1990, even though the structural rigidity of most countries in the region has made it difficult to close the gender gap. Low educational attainment, the time burden of domestic tasks, the limited availability of child care and the impact of laws and customs on women's ability to work outside the home affect women's participation in the non-agricultural sector. Those issues need to be further addressed by appropriate policies.

VI. Enabling infrastructure and inclusive development

45. Poor infrastructure acts as a bottleneck in Africa's struggle to make further social and economic progress. Only \$45 billion of the \$93 billion needed to meet Africa's current infrastructure needs has been mobilized. Closing the large financing gap is critical for Africa's social and economic transformation. Infrastructure development has the potential to raise Africa's GDP by 2 per cent. The African Development Bank estimates that deficient infrastructure reduces the output of sub-Saharan Africa by about 40 per cent. Similarly, poor infrastructure has been identified as one of the major causes of poverty in the region.²¹ Populations with limited or no access to infrastructure, in particular good roads and social and economic services, tend to be much poorer than those with reliable access. People living in poverty or in rural and mountainous areas are less likely to participate in

²¹ IMF, *Regional Economic Outlook: Sub-Saharan Africa: Navigating Headwinds*, World Economic and Financial Surveys, April 2015 (Washington, D.C., 2015).

and benefit from the growth process in the absence of significant public investment in infrastructure.

46. The importance of access to infrastructure is poignantly demonstrated by the deficits in energy and decent roads in Africa. As many as 630 million sub-Saharan Africans lack access to electricity and those with access pay some of the highest prices in the world. Estimates also show that sub-Saharan Africa is the only region in the world in which the absolute number of people without access to modern energy is set to rise. Massive electricity shortages make it much harder for countries to sustain GDP growth or to industrialize. Hence, generating adequate and affordable energy to meet the growing demand from the industrial, commercial and residential sectors would be a game changer for the continent. The continent has a unique opportunity to deploy clean technologies and harness its massive resources for both conventional and renewable energy. Access to affordable energy would also save the lives of women and children who needlessly die every year from the effects of indoor smoke.

47. To support the diversification of economies, create jobs and eradicate poverty, greater efforts are required to address the continent's energy needs. The lack of power has been a major reason for Africa's lack of progress on several fronts, key among them being industrialization and powering hospitals and schools. For a continent blessed with abundant sources of conventional and renewable energy, infrastructure investments aimed at developing the continent's energy potential are critical. Hence, such ventures as the United Nations initiative entitled Sustainable Energy for All, the African Development Bank's Africa50 Fund and New Deal for Energy in Africa and the Power Africa initiative of the United States of America offer real opportunities for unlocking the continent's immense energy potential, propelling economic growth and enhancing the quality of life for millions of people. In addition, investing in Africa's power sector could create 2.5 million new jobs across the continent.²²

48. The deficits of Africa's infrastructure are also amply demonstrated by the small percentage of people who have access to all-season roads. While about two thirds of the rural population in other developing regions lives within 2 km of an all-season road, only one third of Africans do so.²³ According to the World Bank's Rural Access Index, 5 per cent of Chad's rural population lives within 2 km of an all-season road. The figure is 14 per cent for Mali, 19 per cent for Burundi and 22 per cent for Guinea.²⁴ Such low levels of access to good roads has a disproportionate impact on women and children seeking health care or smallholder farmers seeking access to markets. Infrastructure developments that link smallholder farmers to markets have the potential to spur more inclusive growth by creating decent rural employment and reducing the transaction costs faced by smallholder farmers when they procure farm inputs or sell their outputs.

²² Antonio Castellano, Adam Kendall, Mikhail Nikomarov and Tarryn Swemmer, "Brighter Africa: the growth potential of the sub-Saharan electricity sector", Electric Power and Natural Gas, February 2015 (McKinsey and Company, 2015).

²³ Vivien Foster, "Overhauling the engine of growth: infrastructure in Africa" draft report, Africa Infrastructure Country Diagnostics, September 2008 (World Bank, Washington, D.C., 2008).

²⁴ World Bank, Rural Access Index: all countries (and territories) included in the world development indicator. Available from www.worldbank.org/transport/transportresults/headline/rural-access/rai-updated-modelbasedscores5-20070305.pdf.

49. Africa's move to focus on infrastructure development at the regional level is laid out in the New Partnership's Programme for Infrastructure Development in Africa and the African Union's Presidential Infrastructure Champion Initiative. As called for by the Dakar Agenda for Action, African countries need to scale up public investments in infrastructure, which currently stand between 2 and 3 per cent of GDP.

VII. Mobilizing financial resources for inclusive development

50. Sustaining the transformation of Africa's economies and improving standards of living is highly dependent on the continent's ability to address its development finance constraint in such sectors as health care, education, agriculture and infrastructure. In that regard, the Heads of State and Government Orientation Committee of the New Partnership requested the organization and the Economic Commission for Africa to conduct a policy study identifying sources of the domestic resources needed to implement the continent's development programmes and projects and to propose implementable and viable domestic resource mobilization instruments.²⁵ The study showed that the continent has the potential to finance at least 70 to 80 per cent of its development programmes and projects.

51. The potential to raise financing for inclusive and sustainable development from domestic sources is huge. The continent mobilizes \$520 billion from domestic taxes and earns more than \$168 billion annually from minerals and mineral fuels, while stock market capitalization stood at \$1.2 trillion in 2007. Such resources could be even higher with better tax administration, the expansion of the tax base and stronger management of natural resources. Significant potential also lies in leveraging public pension funds, the \$400 billion in international reserves that is held by the central and reserve banks of African States, and more than \$160 billion in sovereign wealth funds. Curtailing illicit financial flows, which reached about \$854 billion over the period 1970-2008, could also significantly boost domestic resources. Debt-relief measures could potentially raise \$114 billion. In addition, remittance flows to sub-Saharan Africa reached \$32.9 billion in 2014.²⁶

52. The adoption of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development provided a comprehensive framework for financing Africa's development agenda, including support in terms of finance, trade, the combating of illicit financial flows, the transfer of technology and capacity-building. In particular, the Agenda reiterates that countries have the primary responsibility for their own economic and social development, while committing the international community to creating an enabling environment for sustainable development.

53. As articulated in the Addis Ababa Action Agenda, raising the required resources is dependent on sustained economic growth, improved and fair trade between Africa and the rest of the world, the leveraging of financial resources from

²⁵ New Partnership for Africa's Development Planning and Coordinating Agency and Economic Commission for Africa, *Mobilizing Domestic Financial Resources for Implementing the New Partnership for Africa's Development National and Regional Programmes and Projects: Africa Looks Within* (Johannesburg, 2013).

²⁶ World Bank, "Migration and remittances: recent developments and outlook, special topic: financing for development", Migration and Development Brief 24, 13 April 2015.

commodity booms, the flow of foreign direct investment, improved tax collection, the tackling of illicit financial flows, debt cancellation and management and the smarter use of official development assistance.

54. Although African countries have demonstrated their resolve to raise domestic resources to finance their continental development blueprint, the continent still requires predictable and additional support from its development partners. In that regard, it is imperative that developed countries fulfil existing commitments relating to official development assistance and provide genuine debt relief to least developed countries. From 2014 to 2013, official development assistance to Africa from member countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development fell by 5 per cent, to \$28 billion. For sub-Saharan Africa, assistance was \$25 billion, a decrease of 5 per cent from 2013.²⁷ That decline is of particular concern, as official development assistance constitutes more than two thirds of external financing for least developed countries.

55. Debt relief under the Heavily Indebted Poor Countries and Multilateral Debt Relief initiatives has alleviated debt burdens in assisted countries and has helped to boost public expenditures for poverty eradication and investments in social sectors in these countries. However, according to IMF, as of May 2015, the Sudan was in debt distress and Burundi, the Central African Republic, Chad, Djibouti, Mauritania and Sao Tome and Principe were at high risk of debt distress.

56. To help African countries to invest in sustainable, inclusive agricultural systems, official development assistance and public-private partnerships in support of the Comprehensive Africa Agriculture Development Programme continue to play an important role. Several African countries are receiving significant support from the Global Agriculture and Food Security Program, a multi-donor trust fund established in 2010 for the purpose of assisting the world's poorest countries to boost agricultural productivity, improve food and nutrition security and reduce poverty. Recipient countries include Benin, Burkina Faso, Kenya, Mali and Uganda. Besides improving food and nutrition security, such resources are also being used to develop agricultural value chains and to build capacity for local authorities and farmer organizations in areas with the highest levels of poverty and food insecurity.

57. Similarly, the Grow Africa Partnership has seen 210 companies commit to investing more than \$10 billion in African agriculture. In 2013 and 2014, \$1.8 billion of that commitment was implemented, reaching 8.6 million smallholder farmers (of whom 40 per cent were women) and creating 58,000 jobs. Two thirds of the companies are African. In support of those efforts, 12 countries have committed to accelerating private-sector investments by making more than 200 policy improvements, while Africa's international development partners have committed to providing more than \$6 billion to finance improvements in the enabling environment.²⁸ Such investments in the agricultural sector will ensure that the millions of people who have been bypassed by urban-biased growth have the opportunity to permanently escape poverty and hunger. More importantly, investing in agriculture will shift the focus of the sector from managing poverty and hunger to

²⁷ OECD, "Development aid stable in 2014 but flows to poorest countries still falling: detailed summary, 8 April 2015 (Paris, 2015). Available from www.oecd.org/dac/stats/documentupload/ODA%202014%20Technical%20Note.pdf.

²⁸ Grow Africa Partnership, "Accelerating agricultural transformation in Africa", Grow Africa Progress and Priorities (2015).

creating decent rural jobs and wealth. Such a transformation will attract Africa's youth to the sector.

58. Japan is also helping to strengthen sectors that have a high potential to lead to sustainable growth in Africa, in line with the commitments reached within the framework of the Tokyo International Conference on African Development. Support has targeted such sectors as health care, energy and infrastructure and the development of human resources with practical skills that match the labour market demands of local industries. In 2013, the Japan International Cooperation Agency committed 46.9 billion yen to technical cooperation and provided 81.2 billion yen in loans and 50.2 billion yen in grants to Africa.²⁹

59. African countries are also benefiting from south-south cooperation. India approved nearly \$9 billion in concessional credit for nearly 140 projects in more than 40 countries, and nearly 60 projects had been completed. China invested nearly \$10 billion in sub-Saharan Africa's energy sector during the period 2005-2011.³⁰ Forty-two African countries have also benefited from \$436 million for technical cooperation projects funded by the Brazilian Cooperation Agency during the period 2013-2015.³¹ The technical cooperation activities of Brazil in Benin, Burkina Faso, Chad, Mali and Togo have targeted the promotion of the sustainable development of cotton value chains through the transfer of tropical farming technology.

VIII. Conclusion and recommendations

60. To further promote social progress in Africa, the Commission may wish to consider the following recommendations:

(a) African countries should vigorously promote economic transformation, including through deliberate public policies in sectors that accelerate development, particularly investments in education, health care agriculture and infrastructure development;

(b) African countries should continue to foster political stability, promote peace and security and strengthen the governance, policy and institutional environment in order to enhance prospects for inclusive and sustainable development. States should also develop an enabling environment for the private sector to contribute to economic transformation and the creation of productive employment and decent work opportunities;

(c) Countries should pursue macroeconomic policies that stimulate aggregate demand in order to improve employment growth. Such policies should be complemented by active labour market policies that enhance the employability of disadvantaged and marginalized groups, such as job search and training programmes;

²⁹ Japan International Cooperation Agency, "The Japan International Cooperation Agency's activities in Africa, Fifth Tokyo International Conference on African Development: five-years assistance 2013-2017 (Tokyo, 2014).

³⁰ International Energy Agency, "Africa energy outlook: A focus on energy prospects in sub-Saharan Africa", World Outlook Special Report (Paris, OECD and International Energy Agency, 2014).

³¹ OECD and FAO, *OECD-FAO Agricultural Outlook 2015* (Paris, OECD Publishing, 2015).

(d) Countries should invest in agriculture and rural infrastructure and strengthen the capacity of smallholder and family farmers, in particular rural women and youth, through gender- and youth-balanced investments to improve their capacities through education and training and to improve access to credit, labour-saving technologies and associated agricultural resources;

(e) Countries should continue to promote policies that increase women's empowerment and participation in political and productive activities, including access to schooling, health care, decent work, credit and land;

(f) African countries should expand the coverage and strengthen the capacities of health-care systems to enhance pandemic preparedness across the entire continent and effectively respond to major disease outbreaks. Countries must adequately fund their health-care sectors to ensure appropriate levels of staffing, skills and technology. The private sector and the international community should work together to fund and develop vaccines for neglected tropical diseases through innovative financial instruments;

(g) For its part, the United Nations system should continue to promote, support and facilitate, in a coordinated and coherent manner, the exchange of experience among African countries in the implementation of continental and global development priorities, including the recently adopted Agenda 2063 and the 2030 Agenda for Sustainable Development.
