Part II

The Monterrey Consensus: Progress, Challenges and Way Forward

Assessing Progress in Meeting the Goals of the Monterrey Consensus

The Monterrey Consensus adopted by Heads of State and Government in March 2002 has emerged as the key framework for discussions on development finance by both developed and developing countries. In Africa, the adoption of the Consensus was seen as an important step in scaling up efforts to mobilize domestic and external resources for growth and poverty reduction.

It is now five years since the Consensus was adopted and the key question on the minds of African policymakers is the extent to which the laudable objectives have been achieved in the six core areas, namely:

- Mobilizing domestic financial resources for development;
- Mobilizing international resources for development;
- Promoting international trade as an engine of development;
- Increasing international financial and technical cooperation for development;
- External debt relief and sustainability; and
- Addressing systemic issues.

> *In Africa, the adoption of the Monterrey Consensus was seen as an important step in scaling up efforts to mobilize domestic and external resources for growth and poverty reduction*

Within the framework of the Monterrey Consensus, several attempts have been made in recent years to address the development financing challenges faced by poor countries. These efforts are reflected in the 2005 World Summit Outcome, the 2005 Paris Declaration on Aid Effectiveness, and the 2005 G-8 Gleneagles Summit Declaration. Since the new Millennium, G-8 countries have paid more attention at their summits to development issues affecting Africa.

This is due in part to the recognition that access to finance is critical to achieving the MDGs in Africa. It is also partly in response to the report of the Commission for Africa published by the United Kingdom in 2005, which had a tremendous influence on the approach of G-8 countries to Africa's development problems.

The Declaration from the Gleneagles Summit was the first bold, concrete and comprehensive effort made by G-8 countries to tackle the development finance problems of Africa. It recognized the need for a substantial increase in ODA to Africa to enhance the prospects for sustained economic growth and poverty reduction. In

this regard, G-8 leaders made the commitment that compared to 2004 they would double their aid to Africa by 2010. They also agreed to increase, along with other donors, total ODA to Africa by $US25 billion a year by 2010.

On debt, they made commitments to cancel 100 per cent of the outstanding debts of eligible Heavily Indebted Poor Countries (HIPC) to the International Monetary Fund (IMF), the International Development Association (IDA) and the African Development Fund (ADF) and to provide additional resources to ensure that the financial capacity of these international financial institutions is not reduced.

"The Gleneagles Summit was the first bold, concrete and comprehensive effort made by G-8 countries to tackle the development finance problems of Africa"

They also re-affirmed their commitments to the Paris Declaration and renewed their pledge to help Africa prevent and resolve conflicts, promote good governance, boost investment in health and education, take action to respond to HIV/AIDS and other diseases, develop continental infrastructure, build trade capacity and stimulate growth.

While the G-8 Gleneagles Summit added momentum to the commitments made by world leaders in the Monterrey Consensus, there is increasing concern in Africa that very little progress has been made in implementing key areas of the Consensus. The international community, through the United Nations General Assembly, has also stressed that, if current trends continue, African countries will not be able to mobilize the resources required to finance the public investments critical to achieving the MDGs. As part of efforts to focus attention on this issue, as well as other challenges facing developing countries in development finance, the United Nations General Assembly agreed to hold the High-Level Dialogue on Financing for Development in the autumn of 2007. This was to be followed by an International Conference in Doha in the second half of 2008 to review Implementation of the Monterrey Consensus.

Against this background, this chapter of the report provides an overview of Africa's economic performance before and after adoption of the Monterrey Consensus. This will enable us to determine how close we are to achieving the overall objectives of the Consensus, namely, to boost growth and reduce poverty in the continent. The chapter also assesses the degree of progress made in the six core areas of the Monterrey Consensus.

Since the Consensus was adopted in March 2002, the periods compared are averages for 1998-2001 to capture the pre-Monterrey period, and 2002-2005 representing the post-Monterrey period. Where available, more recent figures give an idea of current performance. Four-year averages of annual data on key macroeconomic variables before and after the adoption of the Consensus have been used and the question is whether there have been any significant changes in the evolution of these variables over the two periods under consideration.

There is no doubt that there has been a relative improvement in the economic performance of Africa since the adoption of the Monterrey Consensus in 2002. Average annual growth of real GDP increased from 3.3 per cent in the pre-Monterrey period (1998-2001) to 4.0 per cent in the post-Monterrey period (2002-2005). For Africa excluding NA, the growth figures are 3.2 per cent and 4.0 per cent respectively for the pre-Monterrey and post-Monterrey periods. It is interesting to note that these growth rates are above the world average recorded during the period (table 4.1).

There has been a relative improvement in the economic performance of Africa since the adoption of the Monterrey Consensus

Table 4.1
Trends in selected economic indicators

	Pre-Monterrey period (1998-2001)	Post-Monterrey period (2002-2005)
Real GDP growth (%)		
World	3.4	3.8
Africa	3.3	4.0
Africa excluding NA	3.2	4.0
Rate of inflation (%)		
World	4.7	3.6
Africa	11.8	9.2
Africa excluding NA	14.7	11.3

Source: *Computations based on UNECA/AU, 2007 and IMF, 2007b.*

4.1 Mobilizing domestic financial resources

Domestic savings has a critical role to play in financing development in Africa. It is needed to provide resources for investment, boost financial market development, and stimulate economic growth. Yet, African countries have difficulties mobilizing adequate domestic resources to meet their investment needs. Consequently, the continent continues to have significant financing gaps that have to be closed to provide resources for public and private investments to meet the MDGs. Several studies have tried to estimate the magnitude of the resources needed for Africa to meet the MDGs. For example, the estimates provided by Sachs et al (2004) suggest that Africa excluding NA would need about $25 billion in additional assistance per year in order to meet the MDGs.

A similar estimate was provided by the Commission for Africa.[1] While external assistance has played an important role in narrowing the financing gaps, it is not a sustainable solution to the development finance problems. More efforts are needed

1 For country-specific estimates, see, for example, Kakwani and Son (2006).

to boost domestic savings and use it as a critical and stable source of financing for development.

Available data indicate that since the adoption of the Monterrey Consensus, African countries have made slight progress in mobilizing domestic resources. Based on average annual data, the ratio of savings to GDP increased from 19 per cent in the pre-Monterrey period to 22 per cent in the post-Monterrey period. More remarkable progress has been made in recent years. For example, in 2007, the savings ratio is projected to increase further to 26 per cent (table 4.2). While there has been a relative increase in the savings ratio, domestic investment as a share of GDP has been stagnant at about 20 per cent in both pre- and post-Monterrey periods. It is projected to increase to 22.1 per cent in 2007. For countries in Africa excluding NA, the trends in savings and investment ratios were the same as for the whole region.

“More efforts are needed to boost domestic savings and use it as a critical and stable source of financing for development”

Table 4.2

Savings and investment ratios

	Pre-Monterrey (1998-2001)*	Post-Monterrey (2002-2005)*	2007**
Domestic savings (% of GDP)			
Africa	19.0	22.0	26.0
Africa excluding NA	17.8	20.0	22.1
North Africa	21.0	25.0	30.0
Investment (% of GDP)			
Africa	19.7	20.1	22.1
Africa excluding NA	18.4	19.0	19.8
North Africa	21.6	21.9	24.4

**Estimates*

*** Projections*

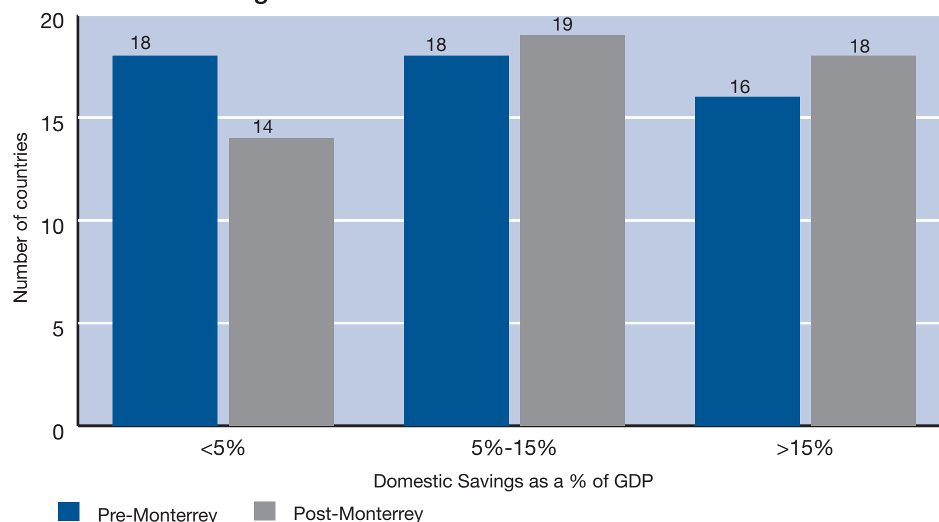
Source: *Computations based on WDI, 2007 and IMF, 2007a.*

The regional figures on savings ratios presented here mask striking differences across countries. There are still a large number of countries whose overall savings ratio is lower than 15 per cent, a figure considered to be very low in financing a meaningful growth rate (figure 4.1). In the post-Monterrey period, 18 countries had savings ratios above 15 per cent compared to 16 in the pre-Monterrey period. While this is not a big change, it shows that some African countries are making headways in mobilizing domestic resources. Countries such as Algeria, Botswana, Democratic Republic of Congo, Gabon, and Nigeria had average savings ratios above 30 per cent in the post-Monterrey period.

Table A4.1 (in the appendix) shows that, relative to the pre-Monterrey period, 11 African countries registered an increase in saving ratios in excess of 5 percentage points in the post-Monterrey period. In terms of the change in savings ratios, the big gains were observed in Algeria, Chad, Djibouti, Namibia, Swaziland, and Zambia. Overall, twenty-nine countries had an increase while nineteen countries had a decrease in savings ratios in the post-Monterrey period. It should be noted that in most of the countries that had an increase in savings ratios, it was due to the sharp rise in the price of oil, diamonds and other commodity exports. It is not clear whether or not these countries can sustain the current increase in savings, especially if there is a decline in the world prices of their exports.

Figure 4.1

Distribution of savings



Source: *Computations based on WDI, 2007.*

The State is an important source of domestic savings because of its capacity to mobilize resources through taxation. An increase in public sector savings increases the ability of the government to provide and maintain such public services as education, health, infrastructure, potable water and other social amenities that are vital for the realization of long-term development objectives. Table A4.2 shows that in Africa excluding NA, there has been modest progress in the ratio of government revenue to GDP in both the pre- and post-Monterrey periods. The ratio increased from about 21 per cent in the pre-Monterrey period to 23 per cent in the post-Monterrey period.

At the country level, there has also been modest progress. The number of countries with a revenue to GDP ratio of 30 per cent and above rose from seven in

the pre-Monterrey period to eleven in the post-Monterrey period. Countries that had high revenue ratios in both periods include: Angola, Botswana, Eritrea, Gabon, Lesotho, Namibia, and Seychelles. Despite these improvements, several countries in the region still have very low tax ratios and so the aggregate figure for the region is still low. One of the reasons why there has not been a rapid change in aggregate tax ratios in Africa is that several governments have had difficulties dealing with the problem of tax evasion and avoidance and with increasing efficiency in the use of public resources.

"Existing financial institutions are thinly spread and inefficient in mobilizing domestic resources"

Furthermore, several countries in the region have embarked on trade reforms and this has led to a reduction in domestic revenue from trade taxes. In principle, the loss in tariff revenue resulting from trade reform could be off-set by a switch to non-trade taxes. However, experience has shown that low-income countries have difficulties recovering lost tariff revenue through a switch to non-trade taxes.

Historically, private savings also play a crucial role in Africa. However, the long-term trend of private savings has not been encouraging. Low levels of per capita income, high dependency ratios, and a high degree of dependence on foreign aid have so far led to lower rates of private savings (Elbadawi and Mwenga, 2000). In addition, existing financial institutions are thinly spread and inefficient in mobilizing domestic resources. Capital markets can play an important role in the mobilization of domestic resources.

Presently, the financial sector in African countries is still dominated by commercial banks, which focus on short-term lending. This needs to change, as commercial banks do not cater to the long-term needs of both individual and institutional investors. Therefore, to the extent that capital markets offer different kind of financial services than the banking system, they provide an extra impetus to economic activity.

Empirical evidence shows that stock market development indicators are robustly correlated with current and future rates of economic growth. Well-developed capital markets in other developing countries have played an important role in mobilizing resources and providing the much needed impetus for growth and development in these regions. However, to play an effective role in economic development, capital market development must be underpinned by an efficient and robust regulatory framework.

By protecting investors, ensuring fair, efficient and transparent markets and reducing systemic risk, efficient capital market regulation increases operators' confidence and attracts investors. The development and expansion of capital markets in Africa is constrained by factors such as limited market size and capacity, lack of trained human capital, market fragmentation, shortage of equity capital, information inefficiency, inefficient regulatory regimes and lack of investor confidence in stock exchanges.

Micro-finance institutions also have a role to play in the mobilization and allocation of domestic resources. The emergence of micro-finance institutions in a number of African countries in the last decade has created opportunities for smallholder farmers in rural areas and small businesses and households in urban areas to access credit for business development and employment generation. Strengthening the capacity and operational outreach of such institutions could accelerate the pace of financial sector development as well as poverty reduction by reducing the number of credit-constrained individuals and entrepreneurs.

> *The emergence of micro-finance institutions has created opportunities for access to credit for smallholder farmers and small businesses*

However, only a few African countries have an appropriate legal provision and regulatory framework that enable micro-finance institutions to function smoothly. Thus, experience sharing and dissemination of good practices on micro-finance within the continent could significantly improve the mobilization of savings and its transmission into investment.

The Monterrey Consensus recognizes the role of good economic and political governance in the mobilization of domestic resources. Figure 4.2 shows that, for a sample of African countries for which data are available, domestic savings decline as the quality of institutions deteriorate.[2] The correlation coefficient between these variables is 33 per cent. It should be noted that the quality of institutions can affect domestic savings through a variety of channels. The first is through the direct effect that weak institutions may have on long-term economic growth, as has been documented extensively in recent studies. This in turn can lead to lower savings.[3] The second possible channel is that a weak institution can increase the incidence of corruption thereby reducing public and domestic savings.

While it is generally accepted that Africa needs to increase its savings ratio in order to enhance prospects for meeting the MDGs, it is important to stress that the availability of savings does not guarantee translation into productive investment. The government has to create an investment environment conducive for the private sector to have incentives to access existing domestic savings for investment. At the moment, most countries in Africa excluding NA rank at the bottom in business friendliness.

In addition, it takes twice as much effort and more complicated procedures to start business in Africa excluding NA compared to Asia.[4] Therefore, African governments need to make more efforts to improve the investment environment. In this regard, the recent establishment of the Investment Climate Facility to assist in building a business-friendly environment is welcome.

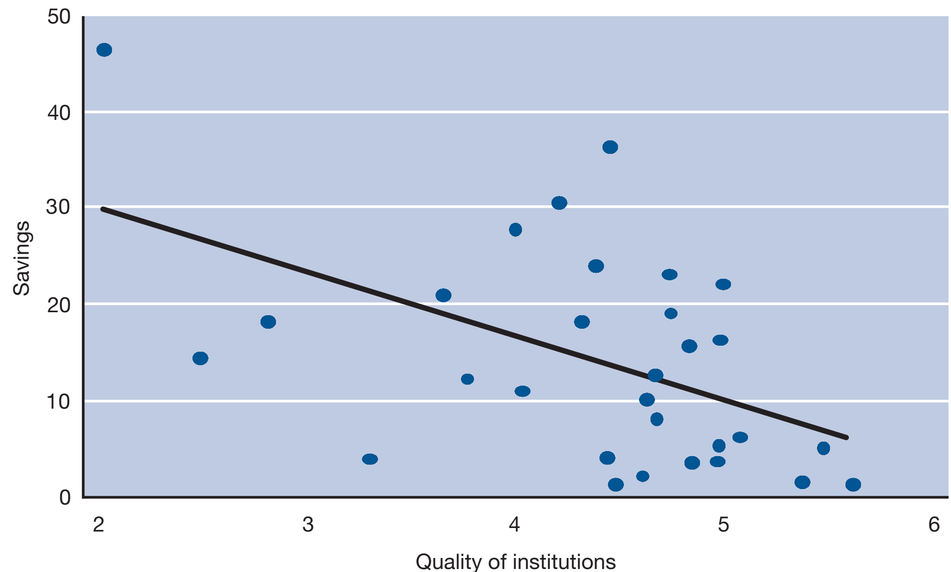
2 The data on the quality of institutions are based on the International Country Risk Guide data set, which provides an index on 12 indicators of political instability in a given country.

3 See, for example, Ndulu and O'Connel (1999); Collier and O'Connel (2005).

4 World Bank (2007). The *Doing Business Report* indicated that among the 30 or so countries surveyed, only Namibia, Botswana and South Africa performed well as being business friendly.

Figure 4.2

Institutions and domestic savings in Africa (average 1984-2004)



Source: *Computations based on data from World Development Indicators (WDI) and Investment Country Risk Guide (ICRG).*

Note: *Higher figures on the index of institutional quality indicate a worsening situation.*

4.2 Mobilizing international resources for development

International financial resources, particularly FDI, are important complements to domestic resources and have the potential to facilitate economic development. They enhance transfer of new knowledge and technology, contribute to employment creation, improve competitiveness, and boost exports. Yet, African countries have difficulties attracting significant FDI flows and this is reflected in the low shares in global inward FDI flows.

Since the Monterrey Consensus, Africa has made progress in attracting FDI inflows. Recent data suggest that in 2006 Africa attracted $39 billion in gross FDI inflows, thereby increasing its share of global inflows to 3 per cent, compared with the less than 2 per cent average recorded for most of the 1990s (UNCTAD 2007). Net FDI inflows rose from an average of $12 billion over the period 1998-2001 to $18 billion in the period 2002-2005 (table 4.3). For Africa excluding NA, net FDI inflows rose from $9.7 billion to $13.4 billion over the same period. This surge in FDI inflows, however, is not distributed evenly across countries or sectors. Most of the increased

FDI inflows in the post-Monterrey period are accounted for by a few countries: Algeria, Botswana, Chad, Egypt, Equatorial Guinea, Morocco, Nigeria, and Sudan. Angola and South Africa are also still major recipients of FDI inflows in Africa. However, they experienced a decline in inflows in the post-Monterrey period. The extractive sector continues to dominate other sectors in terms of FDI inflows and this explains the impressive performance of countries such as Nigeria, Chad, Algeria, Equatorial Guinea and Sudan. The boom in oil and mineral prices is largely responsible for the surge in FDI in these countries.

The extractive sector continues to dominate other sectors in terms of FDI inflows

Table 4.3
Net FDI inflows to Africa

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Net FDI flow (current billions of dollars)		
Africa	11.9	18.1
Africa excluding NA	9.7	13.4
North Africa	2.2	4.7
Net FDI flow (as % of GDP)		
Africa	2.1	2.4
Africa excluding NA	2.9	2.8
North Africa	1.0	1.7

Source: *Computations based on WDI, 2007.*

There has also been progress, albeit modest, among non-oil producing countries in Africa. Several countries that recovered from protracted conflict in the last decade made modest progress in attracting FDI. Ethiopia, Sierra Leone and Uganda, are cases in point. Other countries with stable political environments that have made some progress in attracting FDI are Mali, Tanzania, and Tunisia. In general, the dividend from peace, law and order, stability, and sound macroeconomic policy coupled with favourable international prices for the extractive industry explain a large part of the improvement in the flow of FDI to Africa in the post-Monterrey period.

Despite the recent improvement in the flow of FDI, its share in African GDP remains small. In the pre-Monterrey period it was 2.1 per cent and rose to 2.4 per cent in the post-Monterrey period. For Africa excluding NA the share was the same in both periods. At the country level, the share of FDI in GDP is also small. For example, in the post-Monterrey period, only four African countries, namely, Chad, Equatorial Guinea, Gambia, and Liberia, had an FDI to GDP ratio above 10 per cent. Most African countries (more than 70 per cent) had an FDI ratio of less than 5 per cent during the period, which is quite low given the resource requirements of the continent (figure 4.3). Therefore, one of the challenges facing African countries

is how to increase their attractiveness to foreign investors so that they can increase their share of global FDI inflows.

Globalization of the world economy has increased the competition for FDI and countries such as China and India have become major players in this market. Consequently, African countries will have to make concerted efforts to be able to withstand competition in the global market for FDI. This requires measures to improve the state of infrastructure, reduce political risk, enhance macroeconomic stability, diversify the export base, and use regional integration as an effective vehicle for promoting trade and investment.

> *"The dividend from peace, law and order, stability, and sound macroeconomic policy coupled with favourable international prices for the extractive industry explain a large part of the improvement in the flow of FDI to Africa in the post-Monterrey period"*

African countries should also pay more attention to boosting intra-African FDI flows and creating an incentive for firms and individuals to invest their wealth in the continent rather than engaging in capital flight. So far, Southern Africa is the region that has most exploited the potential for intra-African FDI flows.

Initiatives such as the Big Table on Managing Natural Resources (box 4.1) can help in increasing both external resource inflows and growth and poverty reduction gains. The Big Table is an ECA-designed initiative, to promote frank, interactive, policy-oriented dialogue between senior African policymakers and their OECD counterparts. Past Big Tables addressed issues such as: the MDGs and related PRSP processes (November 2000); African ownership and responsibility for assuring good governance practices (October 2001); Mutual accountability (January 2003); The Fund, the Bank, and financing needs (October 2003); and Stimulating private investment in Africa (October 2004).

Box 4.1

The 2007 Big Table on Managing Natural Resources

The 2007 Big Table on "Managing Africa's Natural Resources for Growth and Poverty Reduction" was co-organized by ECA and AfDB on 1 February 2007, in Addis Ababa, Ethiopia. The objectives were to engage in frank discussions on effective management of Africa's natural resources for growth and poverty reduction and to frame an agenda for future action. Presided over by the Executive Secretary of ECA and the President of AfDB, the event was attended by 52 participants including ministers and senior officials from 11 African countries, high-level representatives from OECD-DAC countries, AUC and other regional organizations, IMF, World Bank, research centres, private sector, civil society, and the Extractive Industries Transparency Initiative (EITI).

The issues discussed included: natural resources governance; ownership, participation and inter-generational equity; bargaining power, value and the role of emerging global actors; environmental stewardship; and capacity, partnerships and regional integration.

Despite the broad spectrum of views, there was consensus that Africa's natural resources are important assets for the continent and for the world and should be properly managed. It was agreed that for this to happen:

- Africa must own its development process;
- Governance systems and institutional capacity (including for contract negotiations) must be strengthened;
- Local content must be developed; and
- Natural resources wealth must be invested efficiently in the creation of knowledge for economic innovation, and into social and physical capital, including infrastructure development.

The 2007 Big Table also recommended that the APRM should be expanded to include governance of the natural resources sector and that EITI can help advance natural resources governance in Africa, although African countries should develop their own codes. The Kimberley Process (Diamond) Certification Scheme was considered a useful tool that should be expanded to other minerals such as gold and columbo-tantalite, etc.

Other key recommendations were that natural resources governance should be mainstreamed into PRSPs, national parliaments and independent committees be involved in oversight of the sector, and Africa's mining regimes reviewed, to provide more options and benefits for member States from extraction of their mineral resources.

ECA has established an international study group to review mining regimes and build Africa's capacity to negotiate more advantageous natural resources contracts. AfDB was asked to consider the establishment of a grant facility to help Africa's emerging oil and other natural resources producers in contract negotiations. For knowledge management, ECA was asked to establish a Peer Learning Group on natural resources management. The work streams of this group would include seminars/workshops, compendia of best practices, policy briefs, and e-discussion groups, among other activities.

Geological mapping and a natural resources inventory should be given priority for these tools strengthen Africa's bargaining positions when negotiating better terms from external partners and clients. The meeting also called for more local value addition to Africa's natural resources and higher use of local inputs. There was strong support to resource-based industrialization and for the use of natural resources to expand Africa's infrastructure through the NEPAD Spatial Development Programme (SDP), among others. The potential of tools such as the Black Economic Empowerment (BEE) programme to facilitate participation was recognized. To help in this effort, AfDB was asked to initiate establishment of African Junior Resource Companies.

The meeting recognized the growing importance of emerging global players such as China and India in the commodities market. It noted that they constituted an alternative source of capital that could be explored to Africa's benefit.

The outcomes of the Big Table were tabled at the AU Summit of Heads of State and Government held in Accra, Ghana in July 2007. They also informed discussions during the African Union Conference of Ministers of Industry (CAMI) held in Midrand, South Africa in September 2007. Some of the recommendations, such as the review of Africa's mining regimes might have a lasting impact on the natural resources sector in Africa and beyond.

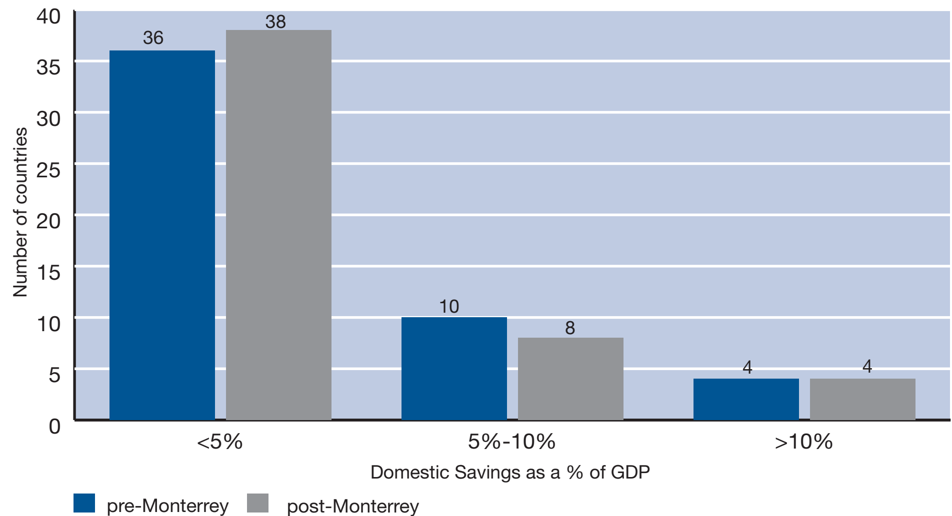
While Africa needs sustained FDI flows, it is important to stress that countries should be cautious and selective in the type of investments they seek to attract. They should encourage FDI in sectors that have linkages to the rest of the economy and ensure that it leads to the transfer of knowledge and local capacity building. They should also give preference to sectors that have high-value added and significant

potential for employment creation. The environmental impact of FDI flows should also be taken more seriously into consideration by African governments.

> *Although FDI is an important source of private capital flows to Africa, there is need to enhance efforts to attract more remittances*

Figure 4.3

Distribution of Net FDI inflows to Africa



Source: *Computations based on WDI, 2007.*

In general, there has been a significant increase in net private capital flows to Africa excluding NA since the Monterrey Consensus was adopted. Average annual net private capital flows increased from $13.4 billion in the pre-Monterrey period to $19 billion in the post-Monterrey period. The estimate for 2006 is roughly $41.6 billion. Most of the increase in private capital flows to the region has been in the form of equity with FDI accounting for a significant proportion of the equity flows. There has also been an increase in net debt flows, but these still account for a relatively small percentage of net private capital inflows (table 4.4).

Remittances are beginning to play an important role in financing development in Africa excluding NA. They increased in amount from $4.5 billion in the pre-Monterrey period to $6.8 billion in the post-Monterrey period. In 2006, the figure was $8.7 billion. Although FDI is an important source of private capital flows to Africa, there is need to enhance efforts to attract more remittances.

Table 4.4
Net capital flows to Africa excluding NA ($billions)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)	2006 (estimate)
Net Private Flows (debt + equity)	13.4	19	41.6
Net Equity Flows	14.9	17.1	31
FDI inflows	9.7	13.4	18.5
Portfolio equity inflows	5.2	3.6	12.5
Net Debt Flows (private + official)	-1.1	3.2	8.8
Debt flows (private creditors)	-1.5	1.9	10.6
Workers' Remittances	4.5	6.8	8.7

Source: *Computations based on data from Global Development Finance (2007).*

4.3 Promoting international trade

International trade is an important engine for growth and will play a major role in any meaningful effort aimed at accelerating the pace of development in Africa. By providing access to foreign exchange, expanding markets, increasing FDI, facilitating the transfer of technology, and boosting domestic productivity, employment can be created and domestic incomes increased. It is well known that Africa accounts for a very low share of world trade - about 2 per cent. Reversing this trend and integrating the continent into the global economy has been a key objective of African countries and their development partners. The Monterrey Consensus also emphasized the importance of trade in promoting economic development and integrating developing countries into the multilateral trading system.

Growth of real exports of goods and services in Africa increased from an average rate of 3.7 per cent in the pre-Monterrey period to 5 per cent in the post-Monterrey period. In Africa excluding NA, it rose from 3.7 per cent to 4.1 percent in pre and post-Monterrey periods respectively (table 4.5). There was also an increase in North Africa from 3.8 per cent to 5.7 per cent over the same periods. The recent export growth observed in the region can be seen in a heterogeneous group of countries, ranging from oil-exporting (Algeria) to non-oil-exporting and low-income economies (Gambia). Eight African countries had an average growth rate above 10 per cent in the post-Monterrey period. These are Cape Verde, Chad, Egypt, Ethiopia, Gambia, Mozambique, Sudan, and Zambia. Overall, several countries in Africa registered an expansion in exports in the post-Monterrey period. The exceptions are Comoros, Eritrea, Mauritania, and Zimbabwe, which had negative growth in real exports in the period (table A4.6).

In terms of the share of exports in GDP, another indicator of export performance, table 4.5 shows that this increased in Africa by 4 percentage points, from 29 per cent in the pre-Monterrey period to 33 per cent in the post-Monterrey period. This reflects the fact that African economies are becoming relatively more open to international trade. It should be noted also that the change in the ratio of exports to GDP was larger in North Africa than in other regions even though the latter has a higher ratio. In general, relative to the pre-Monterrey period, twenty-eight countries had an increase in the share of exports to GDP in the post-Monterrey period. Nineteen countries had a decrease in export ratios. Furthermore, five countries had an increase in export ratios above 10 percentage points. These are Gabon, Lesotho, Libya, Mozambique, and Seychelles.

"Despite the recent increase in the growth of exports in Africa, its share in global trade is still relatively small and it is increasingly facing more competition in global markets for its exports"

Table 4.5
Africa's export performance

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Growth in real exports (%)		
Africa	3.7	4.9
Africa excluding NA	3.7	4.1
North Africa	3.8	5.7
Share of exports in GDP (%)		
Africa	29	33
Africa excluding NA	31	34
North Africa	26	31

Source: *Computations based on WDI, 2007.*

Despite the recent increase in the growth of exports in Africa, its share in global trade is still relatively small and it is increasingly facing more competition in global markets for its exports, which is likely to increase its marginalization in the global economy. In addition, most African countries still face serious internal and external barriers to trade and export market expansion and so have not been able to obtain their fair share of the benefits from the multilateral trading system (Osakwe, 2007). The Doha Development Agenda was supposed to address this issue.

However, progress in the Doha Round has been at best limited. Negotiations were suspended in July 2006 because of the inability of WTO members to arrive at an agreement on key issues in the agricultural and non-agricultural aspects of the negotiations. The talks resumed in February 2007 but the key players have not been able to resolve their differences. Consequently, it is not clear whether or not the Round will be completed by December 2007.

Countries in the region continue to rely on the export of primary commodities which have very low income elasticity of demand and hence less opportunity for rapid export market expansion (table 4.6).

Table 4.6
Sectoral composition of exports from Africa excluding NA (%)

	2000	2005
Food and beverage	12.5	9.1
Raw materials	10.2	7.9
Fuels	46.9	54.9
Manufacturing and chemicals	29.6	26.4

Source: *IMF, 2007.*

African countries have to move into the export of new and dynamic products in world trade if they are to increase the region's share in global exports. Diversification of the production and export structure is necessary to achieve this objective. It is also a good way to protect countries from vulnerability to external shocks resulting from terms of trade instability.

The need to diversify and improve productive capacities has been acknowledged by African countries and several of them are making conscious efforts to achieve the objective. Clearly, to stimulate productive capacities, they need to maintain stable macroeconomic conditions, create a legal and regulatory environment conducive to export promotion, support the private sector, promote the adoption of information and communication technologies, and develop adequate institutional, physical and social infrastructure. However, diversification is not a costless activity. It requires human and financial resources and these are severely limited in African countries. Therefore development partners have an important role to play in assisting countries in the region to achieve their diversification objectives. There are at least three ways in which Africa's development partners could play a role in this area.

First, there is the urgent need for more meaningful market access opportunities for the region. Developed countries should offer duty and quota free market access for African exports into their markets. This will create an incentive for African countries to diversify their export structure in order to take advantage of improved market access and fast-track their integration into the multilateral trading system. In this regard, there is the need to incorporate this in any agreements that are reached under the Doha trade talks to provide an opportunity for African countries to use the vast potential of international trade as a mechanism for poverty reduction.

Second, developed countries can contribute to Africa's diversification efforts by increasing financial support for the development of infrastructure, which is a major constraint to rapid export market promotion. In this regard, there is the need for development partners to provide more support for regional infrastructure development projects to reduce transport costs and make Africa more competitive in the trading system.

> *The impact of donor support will be maximized if African countries make more efforts to mainstream trade effectively into their national development strategies*

Finally, there is the need for more technical assistance and capacity-building support in the area of trade and export development. Such support will help to bridge the gap between resource needs and resource availability and also put them in a better position to compete on the international market. The recent Aid-for-Trade (AfT) initiative of the WTO has an important role to play and is welcome. However, it is taking too long to become operational. There is an urgent need for all parties involved in the initiative to fast-track its implementation so that valuable time is not lost in increasing the capacity of African countries to take advantage of existing opportunities in the multilateral trading system. The AfT initiative must avoid the traditional problems associated with previous trade capacity-building programmes. These include the lack of ownership of these programmes by recipient countries, the tendency to focus more on donor priorities than on those of recipients, and lack of sufficient and predictable funding.

Donor support can promote trade and export market development in Africa. However, the impact of such support will be maximized if African countries make more efforts to mainstream trade effectively into their national development strategies. This requires involving all relevant stakeholders in the design and implementation of trade policies, and making sure that trade and other macroeconomic and social policies complement each other, market access impediments are removed, and trade capacity is strengthened. (Dupasquier and Osakwe, 2007).

4.4 Increasing international financial and technical cooperation

Success and progress in international financial and technical cooperation, to a large extent, determine whether or not African countries will be able to meet the MDGs by the 2015 deadline. The Monterrey Consensus recognizes the role of ODA as a complement to other sources of financing in poor countries. It also stresses the fact that a substantial increase in ODA will be needed by developing countries if they are to achieve the internationally agreed development goals, including the MDGs. Since the Consensus was adopted, several promises have been made to the continent on

scaling-up aid quantity and improving aid effectiveness.[5] The outcomes of the 2005 G-8 Gleneagles Summit and the Paris Declaration, both of which re-affirmed the commitments made in the Monterrey Consensus, contain some of the most recent pledges made by development partners on aid quantity and quality.

Aid quantity

On aid quantity, some progress has been made since the Monterrey Consensus was adopted. Net ODA flows to Africa increased from an average of $16 billion in the pre-Monterrey period to $28 billion in the post-Monterrey period. In addition, Africa's share in total ODA flows increased from 32 per cent in the pre-Monterrey period to 40 per cent in the post-Monterrey period, reflecting the increasing attention given to Africa countries by G-8 countries (table 4.7).

Table 4.7
Trends in global ODA flows

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)	2006
Total ODA flow (in billions of USD)	50	76	
Total ODA from DAC countries (in billions of $US)	36	57	
Total ODA from multilateral organizations (in billions of $US)	14	19	
Africa's share of total ODA flow	0.32	0.40	
ODI (as a % of GNI of donor countries)			
DAC countries	0.25	0.27	0.27
DAC-EU countries	0.36	0.38	0.37

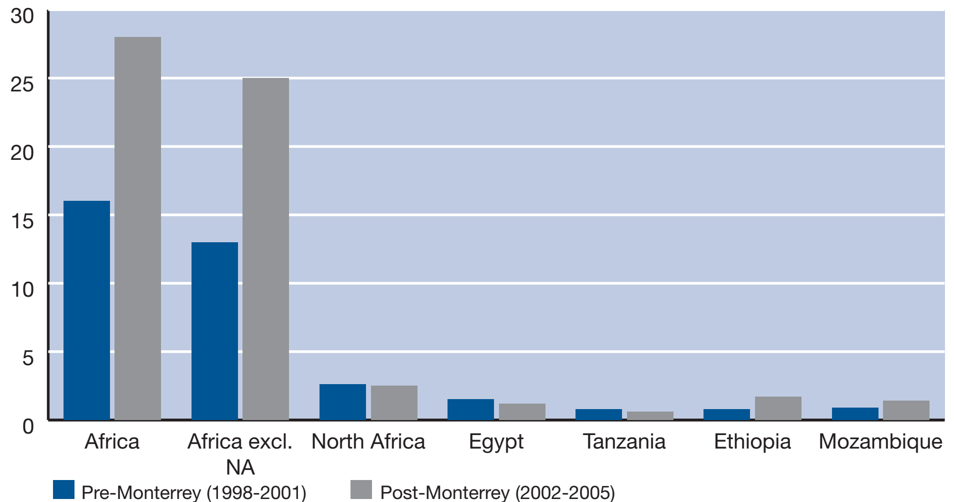
Source: *Computations based on OECD, 2007a.*

Historically, North Africa does not depend heavily on ODA for financing development. Unlike other regions, it received very little ODA flows in both the pre- and post-Monterrey periods (about $2.5 billion). Within North Africa, Egypt accounts for a large share of the ODA flows to the region. It received over $US1 billion ODA flows in both the pre- and post-Monterrey periods. In other regions, net ODA increased from $13.7 billion in the pre-Monterrey period to $25.6 billion in the post-Monterrey period. A large part of this aid in the post-Monterrey period went to countries such as Democratic Republic of Congo, Ethiopia, Ghana, Mozambique, Nigeria, Tanzania and Uganda (figure 4.4). Nigeria is among the main recipients of aid in the post-Monterrey period because of the huge debt relief it obtained

5 For the debate on aid, see Paul Collier, Jeffrey Sachs and William Easterly.

in 2005. Overall, forty-three African countries had an increase in ODA flows in the post-Monterrey period while nine countries had a decrease.

Figure 4.4
ODA flow to Africa and selected countries (billions of dollars)



Source: *Computations based on OECD, 2007a.*

"Developed countries are yet to make any significant progress in meeting the internationally agreed ODA target of 0.7 percent of GNI"

Regarding the internationally agreed ODA target of 0.7 per cent of Gross National Income (GNI), developed countries are yet to make any significant progress in this regard. The trend in ODA flows from the Development Assistance Committee (DAC) in the pre and post-Monterrey periods has been mixed. As shown in table 4.7, the share of ODA in DAC countries GNI rose slightly from 0.25 per cent in the pre-Monterrey period to 0.27 per cent in the post-Monterrey period, which amounts to a 0.02 percentage point increase in ODA. EU members of DAC seem to have higher ratios of ODA to GNI compared to other DAC members. This is a consequence of the fact that countries such as Denmark, Luxembourg, Netherlands, Norway, and Sweden have very high ratios.

A key concern for African countries is that most of the recent increases in aid are due to debt relief and humanitarian assistance and so do not reflect additional resources available to finance development programmes. When these two components of aid are removed, it is clear that there has not been any significant change in real aid flows since 2004. In this regard, it is widely acknowledged that if donors are to meet their pledge to double aid flows to Africa by 2010, there has to be a significant scaling up of aid in 2008 and 2009. In addition, when the composition of total aid flows into Africa is broken into its intended use, there is a marked shift over the years away from productive sectors to emergency and social infrastructure development, which

has undermined the effectiveness of ODA to finance development projects (table 4.8).

Table 4.8
ODA utilization in Africa: 1973-2005

Aid use	1973-1983	1984-1993	1994-2005
Social infrastructure and services	23	49	34
Economic infrastructure and services	10.4	7.7	11.5
Production sectors	25.5	16	9.6
Multi-sectoral (cross-cutting)	5.6	5.5	9.9
Emergency assistance	17.5	15	13.5
Unallocated/unspecified	4.2	5.1	2.9

Source: *OECD, 2007a.*

"Most of the recent increases in aid are due to debt relief and humanitarian assistance and do not reflect additional resources available to finance development programmes"

Aid effectiveness

The Monterrey Consensus also called for development partners to make aid more effective. Clearly, the quality of aid affects its effectiveness and ability to make a positive contribution to development in recipient countries. The 2005 Paris Declaration on Aid Effectiveness was the first comprehensive attempt made by developing and developed countries to take concrete steps to enhance aid effectiveness. It provides a framework to improve the quality of aid, anchored on five pillars: ownership; alignment; harmonization; managing for results; and mutual accountability.

Some attempts have been made to monitor progress in improving aid effectiveness as emphasized in the Monterrey Consensus and made more concrete in the Paris Declaration. The OECD survey conducted in 2006 led to the following conclusions:

- The Paris Declaration has increased awareness and promoted dialogue at the country level on the need to improve the delivery and management of aid;
- The pace of progress in changing donor attitudes and practices on aid management has been extremely slow and the transactions costs of delivering and managing aid are still very high;
- There is need to strengthen national development strategies, improve the alignment of donor support to domestic priorities, increase the credibility of the budget as a tool for governing and allocating resources, and increase the degree of accuracy in budget estimates of aid flows;
- Changing the way in which aid is delivered and managed involves new costs and this should be taken into account by donors and partners;

- Countries and donors should use performance assessment frameworks and more cost-effective, results-oriented reporting. In this regard, there is need for donors to contribute to capacity building and make more use of country reporting systems; and
- More credible monitoring systems need to be developed to ensure mutual accountability.

Civil society organizations (CSOs) have also been active in assessing the degree of progress and implementation of the international commitments on aid effectiveness. The African Forum and Network on Debt and Development (AFRODAD) recently commissioned studies on four African countries.[6] The results show that some progress has been made in Africa in implementing the international aid effectiveness agenda. Perhaps, the most important contribution of the Paris Declaration has been stimulating debate on aid effectiveness in both the donor and recipient countries. It has also strengthened accountability, not only between government and citizens, but also, very importantly, between donors and aid recipients. However, a number of challenges remain in the implementation of the Paris Declaration.

With respect to *ownership***,** the studies show that African countries have taken actions to strengthen leadership and ownership of their development policies. Most countries have developed or are in the process of developing comprehensive national development framework with clear strategic priorities linked to their Medium Term Expenditure Frameworks (MTEFs) and national budgets. Some countries have already operationalized their development framework as in the case of Ghana, Kenya and Mozambique, while Malawi is finalizing its Growth and Development Strategy (MGDS). In some countries, the Poverty Reduction Strategies (PRS) continue to serve as an operational policy framework for donor support to partner countries. Although all the countries have made efforts to consult other stakeholders in the elaboration of national development strategies, there is concern in a number of countries, including Ghana, Kenya and Mozambique, that such consultations tended to be *ad hoc*. Thus, there is a need for instituting mechanisms for broader engagement of other stakeholders, including NGOs, private sector, trade unions, etc.

Some countries such as Kenya have taken effective leadership for coordinating aid and introducing more harmonized and aligned system at national or sector levels, while others such as Malawi have not exercised effective leadership in guiding donors and encouraging harmonization. The Kenyan Government has set up a formal structure for harmonization and dialogue in the form of the Harmonization, Coordination and Alignment Group (HAC), which brings 18 donor countries and the Gov-

6 AFRODAD commissioned studies in four countries, namely, Ghana, Kenya, Malawi and Mozambique to assess the implementation of the Paris Declaration on aid management and donor harmonization.

ernment together.[7] The Group is responsible for monitoring donor coordination, alignment and harmonization, and for formulating and implementing partnership documents and joint country assistance strategies. A key conclusion emerging from the four case studies is that government ownership and leadership of development policies leaves much to be desired.

In the area of *alignment*, the studies show that although some progress has been made in aligning donor support to the partner country's national development framework, progress in aligning donor support to partner country institutions and processes remain lacklustre. Almost all the countries reported that most donors continue to channel most of their support to government outside the budget systems.

"The high concentration of donor support in project finance limits government flexibility in the use of funds and perverts development priorities"

In the case of Malawi, the study shows that only 22 per cent of donor aid was disbursed in programme form, with the lion's share provided in project form. However, a number of donor agencies and countries such as the UK Department for International Development (DfID), the United States Agency for International Development (USAID) and Sweden have increased the share of budget support in their total aid allocation. Some 95 per cent of DfID support to Malawi for the financial year 2002/2003 went to the Government. However, most of the French and German support is channelled outside the government budget. The high concentration of donor support in project finance limits government flexibility in the use of funds and perverts development priorities.

Apart from the high proportion of project finance in total donor support, budget planning and implementation of development projects is undermined by high unpredictability of aid flows. Although predictability of aid flows has improved for a number of countries, notably Mozambique, it remains a serious problem for others such as Kenya, Malawi and Ghana. The gap between commitments and actual disbursement is extremely high for Kenya. The main reason for late disbursal is government failure to meet policy-related conditionalities.

Most of the countries, with the exception of Mozambique, indicated that progress in aligning donor support to public financial management and procurement systems is weak. Most donors do not have confidence in the partner country's public financial management (PFM) and procurement system. Although donor confidence in Malawi's PFM and procurement system has improved since 2004, donors considered Kenya's PFM and procurement system as weak, unaccountable and non-transparent. Public sector reforms undertaken in Malawi and Kenya have had limited impact in improving their PFMs.

The study on Mozambique, however, reveals that there has been considerable progress in aligning donor support with the planning, budgetary, reporting and auditing

7 See http//www.hackenya.org

procedures of the Government. Some countries, including Malawi and Ghana, indicated that some donors were reluctant to use national systems as this might raise concern over accountability and corruption.

With respect to *harmonization*, the four case studies show mixed results. In some countries such as Kenya, donors show a strong degree of willingness to pursue harmonization, including joint missions, joint analytical work and joint donor-government assessment of technical capacity building. Progress has also been made towards harmonization at the sector level through sector-wide approaches in the health, water and sanitation. The existence of a formal government structure for harmonization such as HAC in Kenya has proved useful in strengthening harmonization at the country level.

In some countries, donors fear loss of visibility as result of moving toward joint actions and fewer stand-alone projects. This may be hindering efforts at harmonization. In some countries such as Malawi and Mozambique, multiple and overlapping processes, missions, reviews and meetings continue to be the norm rather the exception. The study found, for example, that only 16 per cent of missions and 17 per cent of analytical work in Malawi were jointly implemented.

On *managing for results*, the studies show that capacity constraints, both human and financial, continue to hamper efforts at managing for results. African countries are yet to move towards a full result-oriented culture. The monitoring and evaluation systems are weak and fragmented. Although donor countries have undertaken commitments to support partner countries in strengthening their monitoring and evaluation systems, progress in this area remains limited. Due to weak national monitoring and evaluation systems, donors continue to rely on their own systems. This is having an unintended effect of further undermining the development of robust national monitoring and evaluation systems.

With respect to *mutual accountability*, the studies reveal that although African countries have made substantial progress in strengthening their accountability to donor countries, they have made limited progress in strengthening accountability to their domestic constituencies, including parliaments, the private sector and civil society. This undermines genuine ownership of the development process.

Innovative sources of financing

The Monterrey Consensus recognizes the fact that ODA will not be enough to finance development in poor countries. It therefore urges search for and development of new and innovative sources of financing. This call has been answered by the international community and some progress has been made, especially in the

health sector. The key instruments that have been developed in this area are the International Financing Facility for Immunization (IFFIm) the Aviation Levy and the Advance Market Commitment (AMC).

- ***The IFFIm:*** Launched in 2006, it has the objective of front-loading future aid commitments by borrowing from the international capital markets. It ensures that resources from aid pledges are made available in a timely manner for investment in health prevention and development programmes. It emerged from the suggestion for an international finance facility put forward by the UK Government in the 2005 Report of the Commission for Africa. Currently, the project is supported by France, Italy, Norway, Spain, Sweden, the UK and South Africa. IFFIm provides funds for the Global Alliance for Vaccines and Immunization (GAVI) and has raised $1 billion already. It is expected that the activities funded through the programme will prevent five million child deaths between 2006 and 2015, by raising and targeting $4 billion.
- ***Aviation Levy***: The use of an aviation tax to generate resources for development gathered support after France launched its air ticket levy on 1 July 2006 to raise resources to respond to HIV/AIDS, malaria and tuberculosis. Most of the resources are channelled through the international drugs purchase facility (UNITAID). It is expected that UNITAID will raise about $300 million in 2007. Thirty-four countries, including eighteen in Africa, have either joined or committed to join UNITAID.
- ***Advance Market Commitment (AMC)***: Launched in February 2007, its objective is to create an incentive for pharmaceutical companies to develop vaccines for disease common in developing countries. It requires donors to make advanced commitments to buy vaccines that are to be developed at a predetermined price. The first phase of the project focuses on pneumococcal vaccines and is supported by Italy, Canada and the UK. It is expected that the second AMC will focus on malaria vaccines.

"Addressing Africa's debt problem remains a major challenge for policymakers in the continent as well as the international community"

While these initiatives are welcome, there is urgent need to introduce them in other sectors so as maximize their impact on poverty reduction in Africa. For example, they could cover sectors such as education and infrastructure with very strong links to export capacity and competitiveness and have the potential for contributing to poverty reduction.

4.5 External debt and sustainability

Addressing Africa's debt problem remains a major challenge for policymakers in the continent as well as the international community. High external debt can stifle

growth through its negative impact on investment. When a country has high external debt, private investors expect the government to increase taxes in the future in order to service the debt. Consequently, it reduces the incentives for the private sector to invest, makes it difficult for a country to obtain new loans, and slows growth. Pattillo, Poirson and Ricci (2002) found that external debt has a negative effect on growth after a critical threshold for debt is reached. In particular, they found that external debt stifles growth when the Net Present Value of debt is greater than 160 per cent of exports and 35-40 per cent of GDP.

There are concerns that debt relief has not led to an increase in net transfer of resources because more often than not it has been a substitute for, rather than an addition to, other sources of aid flows

The HIPC initiative of 1996 and the enhanced HIPC initiative of 1999 are two key attempts made by the international community, before the adoption of the Monterrey Consensus, to deal with the problem of high external debt facing developing countries. Currently, in Africa, eight countries are at the pre-decision point, seven are at the decision point and eighteen have reached the completion point (table 4.9).

Table 4.9

Status of HIPC eligible African countries

Pre-decision point (8 countries)	Decision point (7 countries)	Completion point (18 countries)
Central African Republic, Comoros, Cote D'Ivoire, Eritrea, Liberia, Somalia, Sudan, Togo	Burundi, Chad, Democratic Republic of Congo, Republic of Congo, Gambia, Guinea, Guinea-Bissau.	Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Zambia, Sao Tome and Principe

Source: *DATA (Debt, Aid and Trade Africa) Report 2007.*

While the HIPC initiatives were welcomed, African countries have always expressed concerns about their implementation and ability to provide a long-term solution to their external debt problems. This view is also shared by development partners and civil society groups. One of the problems with the HIPC initiatives is that the criteria used to measure debt sustainability and the approaches used to predict debt dynamics do not take appropriate account of country-specific circumstances (World Bank, 2006).

In addition, a key concern of the continent has been the slow progress of several countries towards decision and completion points under the HIPC programme. There are also concerns that debt relief has not led to an increase in net transfer of resources because more often than not it has been a substitute for, rather than an addition to, other sources of aid flows.

As a result of the limitations of the HIPC programme, the G-8 countries at the 2005 Gleneagles Summit made another effort to follow through on their Monterrey Consensus commitments on external debt by introducing the Multilateral Debt Relief Initiative (MDRI) aimed at cancelling all debts owed by HIPC countries to the IMF, IDA, and AfDB. It is still too early to assess the overall and long-term impact of this initiative. However, there are signs that the external debt situation in the continent has improved in recent years.

In the pre-Monterrey, period the total external debt of Africa, on an average annual basis, was $274 billion. In the post-Monterrey period, it increased to $293 billion, falling to $244 billion in 2006 and expected to fall further in 2007. For Africa excluding NA, external debt increased from $217 billion in the pre-Monterrey period to $240 billion in the post-Monterrey period. Since 2006, there has been modest progress. External debt fell to $202 billion in 2006 and is expected to decline to $201 billion in 2007, mainly due to the major debt relief operation effected in the last two years (table 4.8).

In Africa, total debt as a percentage of exports of goods and services, an indicator of debt sustainability, declined from 212 per cent in the pre-Monterrey period to 142 per cent in the post-Monterrey period. In 2006, it declined to a record rate of 69 per cent and is estimated to decline further to 65 per cent in 2007. Based on this indicator, significant progress has also been made in Africa excluding NA. Total debt as a percentage of exports declined from 229 per cent in pre-Monterrey period to 159 per cent in the post-Monterrey period. For 2006, the figure is 79 per cent and is estimated to reach 74 per cent in 2007. Debt in general is considered unsustainable if the ratio of the net present value of debt to exports exceeds 150 per cent (World Bank, 2006)[8].

With respect to total debt as a percentage of GDP, another measure of debt sustainability, it declined from a rate of 62.4 per cent in the pre-Monterrey period to 48 per cent in the post-Monterrey period. In 2006, it reached 26.2 per cent and is expected to decline further to 23.1 per cent in 2007. The Africa excluding NA trend is similar. Total debt as a percentage of GDP declined from 64 per cent in the pre-Monterrey period to 48 per cent in the post-Monterrey period. In 2006, this figure was 28 per cent and is expected to fall to 24 per cent in 2007. It is interesting to note that Africa's total debt service increased from $26 billion in the pre-Monterrey period to $28 billion in the post-Monterrey. However, as a percentage of GDP, Africa's debt service ratio improved in the post-Monterrey period.

8 For countries that are highly dependent on trade, an alternative measure of debt sustainability is debt as a percentage of total government revenue (excluding grants), which has a cut-off threshold of 200 per cent to be unsustainable.

Similar conclusions emerge from data for Africa excluding NA (table 4.10). Some 36 African countries experienced a reduction in the debt-GDP ratio in post-Monterrey period, of which significant reductions were recorded in countries such as Angola, DRC, Gambia, Guinea-Bissau, Mauritania, Mozambique, Sao Tome and Principe, Sudan, and Zambia. A significant increase in debt ratios was also recorded for countries such as Burundi, Eritrea, Liberia, and Zimbabwe.

Overall, in the post-Monterrey period, African countries made significant progress in reducing the burden of external debt. Most of the recent decline in the external debt of Africa is due to the implementation of the MDRI introduced in 2005. It is also a consequence of the recent dramatic debt relief received by Nigeria and of improvement in the growth performance of several countries in the continent. The recent expansion in the volume of exports and the rise in the price of key commodities exported by Africa also contributed to the recent performance.

Table 4.10

Africa's external debt profile

Africa	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)	2006	2007
Total debt (billions of dollars)	274.3	293.3	244.1	243.2
Total debt (% of total exports)	212	142	69	65
Total debt (% of GDP)	62.425	47.85	26.2	23.1
Total debt service (billions of dollars)	26.175	27.725	37.7	31.3
Total debt service (% of GDP)	5.95	4.375	4.1	3
Total debt service, interest (billions of dollars)	11.45	8.825	9.4	10.1
Total debt service, interest (% of GDP)	2.6	1.425	1	1
Africa excluding NA				
Total debt (billions of dollars)	217.4	240.4	202.1	200.9
Total debt (% of total exports)	229	159	79	74
Total debt (% of GDP)	64.0	48.0	28.1	24.4
Total debt service (billions of dollars)	16.5	17.6	22.9	23.6
Total debt service (% of GDP)	4.925	3.625	3.2	2.9
Total debt service, interest (billions of dollars)	6.375	5.525	5.8	6.8
Total debt service, interest (% of GDP)	1.925	1.15	0.8	0.8

Source: *IMF, 2007a.*

Despite the progress that has been made since the Monterrey Consensus, there are serious concerns to be addressed to ensure that heavily indebted African countries derive more benefits from debt relief initiatives and find long-lasting solutions to their external debt problems. The key objective of debt relief initiatives such as HIPC

and MDRI is attainment of sustainable debt, faster growth and poverty reduction. It is premised on the general belief that excessive debt accumulation hampers long-term economic growth. When debt is accumulated excessively and a country is in a difficult position of repayment, then, debt service tends to off-set returns from previous debt invested in the domestic economy. This chain of events discourages future domestic and foreign investment (see Clements et al, 2005)[9]. Debt relief is therefore essential to reversing the deleterious effects of debt overhang.

"Debt relief alone is not sufficient to ensure long-term debt sustainability in African countries"

African countries are also concerned that debt ratios are beginning to deteriorate in several post-completion point countries. To accelerate progress in the area of external debt, there is need to increase creditor participation in the HIPC programme. In particular, non-OECD countries have to be brought on board. There is also the need to reduce the incidence of lawsuits by non-Paris Club creditors. The rising importance of China and India and other non-Paris Club creditors as sources of concessional loans for poor African countries has increased the risk of further debt accumulation, especially since these new creditors have more flexible loan disbursement criteria.

The trend in the debt management performance of low-income countries has been deteriorating as debt service worsened and debt management capacity deteriorated, even among countries that have reached post-completion-point (World Bank, 2006). Thus, there is need for more efforts to be made to sensitize African countries about the danger of accumulating unsustainable debt.

There is concern in some countries that resources freed through debt relief are spent on public service delivery and social services with very little allocated to the productive sectors of the economy that assist long-term growth and poverty reduction. While investment in the social sectors should be encouraged because of their link to poverty reduction, it should not lead to the neglect of productive sectors of the economy.

Finally, debt relief alone is not sufficient to ensure long-term debt sustainability in African countries. Other policy actions aimed at reducing external shocks, particularly those that affect export performance and repayment capacity should be explored. In addition, debt relief initiatives should not focus only on the problems of existing HIPC countries. Several non-HIPC countries are also facing challenges in dealing with their debt problems and would benefit from increased resource transfers.

9 The effect of debt overhang on long-term growth has been a subject of empirical investigation with inconclusive findings (see Dijkstra and Hermes, 2001 for a review of the literature). Studies based exclusively on low-income countries, however, found some evidence of debt accumulation after a certain threshold dampening long-term growth (e.g. Pattillo, et al 2004; Clements et al, 2005).

4.6 Systemic issues

The Monterrey Consensus emphasized the need for the international monetary, financial and trading systems to complement national development efforts. In this regard, it called for improvement in global economic governance of international institutions and in policy and programme coordination by these institutions. At the national level, it called for more coordination among relevant ministries and institutions to enhance coherence in policy design and formulation and ensure that policies have the desired impact on their economies.

> *"Africa has been so far excluded from, or insufficiently represented in international organizations that make decisions on issues that have serious consequences for its economies"*

One of the key issues for African countries in this area is how to increase their voice in the decision-making processes of international organizations such as IMF, World Bank, Bank for International Settlements, and WTO. Despite its size in terms of population and the number of countries, Africa has been so far excluded from, or insufficiently represented in international organizations that make decisions on issues that have serious consequences for their economies. Addressing this inequity was one of the objectives of the Monterrey Consensus.

Since the Monterrey Consensus was adopted, effort has been made to enhance the participation of African countries in WTO decisions. For example, at the Fifth Ministerial Conference held in Cancun in 2003, and at the Sixth Ministerial Conference held in Hong Kong in 2005, several African Trade Ministers were selected as facilitators in key areas of the negotiations and participated in "Green Room" meetings where critical decisions on trade negotiations are made. This is a new and welcome development and needs to be strengthened. The African WTO Geneva Group has also emerged as an important player in the Doha Round negotiations. This has helped African countries to protect their interests and increase their bargaining power in the negotiations.

With regard to IMF and the World Bank, there has been no significant attempt to increase the voice of African countries in decision-making. At the 2006 IMF Annual Meetings in Singapore, an *ad hoc* quota increase was approved for China, Korea, Mexico and Turkey. This has further reduced the relative share of African countries and hence their voice and influence in decision-making at the Fund. At the moment, voting power in the IMF Executive Board is skewed in favour of rich nations. Africa excluding NA accounts for about 25 per cent of IMF membership but has a voting power of just 4.4 per cent. Clearly, the global governance of international organizations is an area where efforts need to be scaled up if the laudable objectives of the Monterrey Consensus are to be met.

Policy coherence at the national level is also needed. In several African countries, there is often lack of policy coordination among the institutions responsible for

formulating economic and development policies (i.e. Ministry of Finance and Economic Development, the central bank, and national planning bodies). Lack of coordination among these institutions and the ministries dealing with sectoral issues undermines policy effectiveness and reduces the impact of policy on development. Equally important are the policies and practices of donor countries. If their policies are to contribute meaningfully to the attainment of MDGs in developing countries, it is absolutely necessary that these consider a range of areas, including ODA, trade and market access, finance and debt, migration, and agriculture among others, to be consistent with the MDGs and other internationally agreed development goals.

Other systemic issues of interest to African countries include: the management of commodity price risks as well as vulnerability to external shocks; prevention and management of currency and banking crises; and ensuring that countries facing severe economic crises have better access to credit.

4.7 Conclusions

To Africa, the adoption of Monterrey Consensus represented a golden opportunity for mobilizing more international resources to finance economic development. However, progress in implementing the commitments of the Monterrey Consensus has been limited. Of all the chapters of the Monterrey Consensus, progress has been strongest in the area of external debt and sustainability, thanks to implementation of the HIPC initiative and the MDRI. Evidence based on macro data and on the ECA perception survey of African policymakers shows that progress in the area of trade has been the weakest. There is need to scale up progress in the Doha Round of Trade Negotiations and to operationalize the AfT Initiative.

ODA to Africa has increased in recent years. However, this has not been translated into additional injection of funds to finance investment in critical sectors such as infrastructure, education and health. The bulk of ODA has been directed towards debt relief and emergency humanitarian assistance. Without additional ODA, most African countries will not be able to reach the MDGs.

Similarly, although FDI has increased significantly in the post-Monterrey period, it remains concentrated in a few countries and sectors and has had limited impact on employment. Progress in the area of systemic issues has also been limited. More remains to be done to improve Africa's participation in the institutions of global economic governance, particularly IMF, World Bank and WTO.

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Appendix

Table A4.1

Domestic Savings (% of GDP)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	36	47
Angola	24	25
Benin	6	6
Botswana	47	50
Burkina Faso	8	4
Burundi	-6	-11
Cameroon	20	19
Cape Verde	-16	-16
Central African Republic	9	10
Chad	4	29
Comoros	-4	-7
Congo, Republic of	4	5
Congo,. Democratic Republic	46	50
Cote d Ivoire	20	21
Djibouti	-3	6
Egypt	13	15
Equatorial Guinea	20	..
Eritrea	-34	-45
Ethiopia	10	6
Gabon	38	45
Ghana	11	10
Gambia	7	7
Guinea	17	8
Guinea-Bissau	-10	-4
Kenya	10	12
Lesotho	-23	-13
Liberia	-3	-1
Libya	21	25
Madagascar	9	8
Malawi	4	-10
Mali	11	11
Mauritania	25	23
Mauritius	..	..
Morocco	18	19
Mozambique	11	12
Namibia	14	24
Niger	4	6
Nigeria	29	34
Rwanda	0	1
Sao Tome and Principe	-13	-19
Senegal	11	8
Seychelles	22	17
Sierra Leone	-8	-6
Somalia	..	..
South Africa	19	19
Sudan	10	15
Swaziland	2	16
Tanzania	5	10
Togo	1	4
Tunisia	24	21
Uganda	7	7
Zambia	7	18
Zimbabwe	15	6

Source: *WDI, 2007.*

Table A4.2

Government revenue, excluding grants, in Africa excluding NA (% of GDP)

	Pre-Monterrey (1997-2001)	Post-Monterrey (2002-2005)	2006	2007
Angola	42.6	39.1	46.6	37.3
Benin	15	16.6	16.7	16.9
Botswana	39.5	38.0	39.2	38.1
Burkina Faso	12.3	12.1	12.4	13.1
Burundi	17.2	20.4	19.1	19.7
Cameroon	14.3	16.2	17.6	17.4
Cape Verde	20.3	23.1	27.1	24.3
Central African Republic	14.9	11.9	12.9	15.1
Chad	7.7	8.0	16.2	25.9
Comoros	12.2	15.8	14.2	15.4
Congo, Dem. Rep. of	5.4	9.2	13.2	13.2
Congo. Rep. of	26.9	32.0	49.7	36
Cote d'Ivoire	17.7	17.4	18	19.2
Equatorial Guinea	22.3	31.2	34.2	35.7
Eritrea	32.7	30.3	28.3	28.4
Ethiopia	14.9	16.4	16.9	17.4
Gabon	32.7	30.8	33.6	32.1
Gambia	17.8	18.2	21.6	21.3
Ghana	17.6	21.6	21.6	22.7
Guinea	11.1	11.4	13.9	12.6
Guinea-Bissau	8.5	16.3	19.8	16.5
Kenya	20.3	20.4	20.6	21.7
Lesotho	43.2	46.5	49.9	47.7
Liberia	n.a.	13.5	8.6	7.7
Madagascar	10.6	10.3	11.4	11.4
Malawi	16.9	22.1	24.3	24.1
Mali	13.5	16.9	17.2	16.8
Maurituis	19.6	17.3	19.9	19.3
Mozambique	12	13.0	14.4	14.9
Namibia	32.4	30.7	34.9	36.6
Niger	8.9	10.4	11.3	12
Nigeria	20	24.7	27.7	29
Rwanda	10.4	13.7	15.4	15
Sao Tome and Principe	14.4	44.5	33.7	62.7
Sierra Leone	8.9	12.2	11.8	13.2
Senegal	16.2	18.5	19.7	19.9
South Africa	23.5	24.0	26.5	27.7
Swaziland	28.6	28.7	35.7	35.8
Seychelles	42.5	47.5	50.9	49.7
Tanzania	11.2	11.7	13.3	13.8
Togo	13.9	15.5	16.1	16.6
Uganda	11.3	12.5	13.2	13.6
Zambia	19	17.9	16.9	17.6
Zimbabwe	25	30.1	43.3	40.1

Source: *IMF, 2007a.*

Table A4.3

Foreign Direct Investment, net inflows (in millions of current $US)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	612	916
Angola	1652	1331
Benin	49	49
Botswana	53	373
Burkina Faso	11	19
Burundi	3	0
Cameroon	108	210
Cape Verde	26	26
Central African Republic	4	1
Chad	156	705
Comoros	0	1
Congo, Dem. Rep. of	199	383
Congo, Rep. of	204	342
Cote d’Ivoire	303	232
Djibouti	4	20
Egypt	972	1878
Equatorial Guinea	399	1320
Eritrea	68	11
Ethiopia	204	383
Gabon	-35	204
Gambia	38	43
Ghana	167	110
Guinea	23	77
Guinea-Bissau	2	5
Kenya	35	44
Lesotho	166	104
Liberia	119	194
Libya	..	..
Madagascar	63	16
Malawi	29	3
Mali	54	159
Mauritania	33	113
Mauritius	75	37
Morocco	95	1183
Mozambique	247	259
Namibia	..	..
Niger	8	14
Nigeria	1097	1942
Rwanda	5	6
Sao Tome and Principe	4	2
Senegal	80	65
Seychelles	49	57
Sierra Leone	12	35
Somalia	0	11
South Africa	2573	2119
Sudan	427	1470
Swaziland	93	21
Tanzania	405	475
Togo	45	37
Tunisia	552	663
Uganda	166	217
Zambia	138	188
Zimbabwe	133	35

Source: *WDI, 2007.*

Table A4.4

Net FDI inflow (% of GDP)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	1	1
Angola	22	7
Benin	2	1
Botswana	1	4
Burkina Faso	0	0
Burundi	0	0
Cameroon	1	1
Cape Verde	5	3
Central African Republic	0	0
Chad	10	20
Comoros	0	0
Congo, Dem. Rep. of	4	6
Congo, Rep. of	8	9
Cote d'Ivoire	3	2
Djibouti	1	3
Egypt	1	2
Equatorial Guinea	37	46
Eritrea	10	2
Ethiopia	3	4
Gabon	-1	3
Gambia	9	11
Ghana	3	1
Guinea	1	2
Guinea-Bissau	1	2
Kenya	0	0
Lesotho	19	9
Liberia	25	38
Libya	..	..
Madagascar	2	0
Malawi	2	0
Mali	2	4
Mauritania	3	8
Mauritius	2	1
Morocco	0	3
Mozambique	6	5
Namibia	..	..
Niger	0	0
Nigeria	3	3
Rwanda	0	0
Sao Tome and Principe	8	4
Senegal	2	1
Seychelles	8	8
Sierra Leone	2	3
Somalia	..	..
South Africa	2	1
Sudan	4	7
Swaziland	7	1
Tanzania	5	4
Togo	3	2
Tunisia	3	3
Uganda	3	3
Zambia	4	4
Zimbabwe	2	0

Source: *WDI, 2007.*

Table A4.5

Share of exports (% of GDP)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	32	40
Angola	77	72
Benin	16	14
Botswana	50	48
Burkina Faso	10	9
Burundi	8	8
Cameroon	24	21
Cape Verde	24	32
Central African Republic	13	12
Chad	17	37
Comoros	14	14
Congo, Dem. Rep. of	24	27
Congo, Rep. of	77	81
Cote d'Ivoire	41	49
Djibouti	38	38
Egypt	16	25
Equatorial Guinea	102	..
Eritrea	15	14
Ethiopia	13	15
Gabon	47	60
Gambia	45	44
Ghana	40	40
Guinea	24	23
Guinea-Bissau	25	33
Kenya	21	26
Lesotho	31	52
Liberia	23	30
Libya	27	48
Madagascar	26	24
Malawi	29	26
Mali	28	27
Mauritania	42	32
Mauritius	64	58
Morocco	31	34
Mozambique	19	30
Namibia	46	48
Niger	17	16
Nigeria	42	50
Rwanda	7	9
Sao Tome and Principe	33	38
Senegal	30	29
Seychelles	71	96
Sierra Leone	16	21
Somalia	..	..
South Africa	27	29
Sudan	10	16
Swaziland	81	91
Tanzania	14	18
Togo	30	34
Tunisia	44	46
Uganda	11	13
Zambia	24	20
Zimbabwe	37	30

Source: *WDI, 2007.*

Table A4.6

Real growth in exports of goods and services

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Angola	..	..
Algeria	2.7	5.6
Benin	3.4	2.5
Botswana	4.5	5.3
Burkina Faso	6.3	6.9
Burundi	..	..
Cameroon	4.7	0.8
Cape Verde	13.7	11.6
Central African Republic	..	..
Chad	-1.7	77.4
Comoros	-0.5	-2.2
Congo, Dem. Rep. of	18.0	9.3
Congo, Rep. of	2.0	7.4
Cote d'Ivoire	-0.1	4.7
Djibouti	0.4	2.8
Egypt	3.2	13.5
Equatorial Guinea	19.5	..
Eritrea	-0.2	-10.6
Ethiopia	8.6	15.7
Gabon	-3.5	0.9
Gambia	3.6	10.7
Ghana	5.8	5.4
Guinea	6.7	0.2
Guinea-Bissau	13.9	4.1
Kenya	3.2	7.2
Lesotho	15.8	7.3
Liberia	..	..
Libya	..	..
Madagascar	9.0	1.1
Malawi	2.8	3.7
Mali	10.3	6.3
Mauritania	1.0	-0.8
Mauritius	4.9	1.3
Morocco	6.1	4.9
Mozambique	23.1	14.8
Namibia	0.2	8.4
Niger	3.3	..
Nigeria	1.4	5.5
Rwanda	26.2	3.1
Sao Tome and Principe	22.6	..
Senegal	6.8	2.5
Seychelles	9.3	9.1
Sierra Leone	..	..
Somalia	..	..
South Africa	4.0	2.5
Sudan	49.1	12.3
Swaziland	8.1	0.8
Tanzania	8.7	0.4
Togo	1.5	5.2
Tunisia	6.5	1.8
Uganda	4.6	7.5
Zambia	6.1	10.4
Zimbabwe	7.4	-7.7

Source: *WDI, 2007.*

Table A4.7

Official development assistance (in millions of current $US)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	246	312
Angola	327	623
Benin	232	311
Botswana	57	46
Burkina Faso	381	563
Burundi	93	281
Cameroon	450	685
Cape Verde	109	134
Central African Republic	95	79
Chad	168	294
Comoros	26	27
Congo, Dem. Rep. of	170	2561
Congo, Rep. of	79	423
Cote d'Ivoire	484	400
Djibouti	71	75
Egypt	1529	1151
Equatorial Guinea	19	27
Eritrea	193	291
Ethiopia	773	1662
Gabon	28	39
Gambia	44	62
Ghana	638	1022
Guinea	258	238
Guinea-Bissau	72	90
Kenya	424	586
Lesotho	46	83
Liberia	68	152
Libya	8	13
Madagascar	384	771
Malawi	433	493
Mali	353	567
Mauritania	215	238
Mauritius	31	20
Morocco	536	596
Mozambique	913	1442
Namibia	155	144
Niger	236	453
Nigeria	174	1904
Rwanda	336	438
Sao Tome and Principe	32	32
Senegal	468	659
Seychelles	17	12
Sierra Leone	176	340
Somalia	111	200
South Africa	493	619
Sudan	213	944
Swaziland	27	31
Tanzania	1069	1550
Togo	78	64
Tunisia	250	317
Uganda	711	1020
Zambia	529	825
Zimbabwe	211	235

Source: *WDI, 2007.*

Table A4.8
Net ODA flows (% of GNI)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	1	0
Angola	6	4
Benin	10	8
Botswana	1	1
Burkina Faso	14	13
Burundi	13	43
Cameroon	5	5
Cape Verde	20	16
Central African Republic	9	6
Chad	11	10
Comoros	12	9
Congo, Dem. Rep. of	4	44
Congo, Rep. of	5	11
Cote d'Ivoire	4	3
Djibouti	13	11
Egypt	2	1
Equatorial Guinea	4	..
Eritrea	28	43
Ethiopia	10	19
Gabon	1	1
Gambia	11	16
Ghana	11	12
Guinea	8	7
Guinea-Bissau	37	38
Kenya	3	4
Lesotho	4	6
Liberia	19	37
Libya	..	..
Madagascar	10	17
Malawi	25	26
Mali	14	13
Mauritania	19	16
Mauritius	1	0
Morocco	2	1
Mozambique	25	30
Namibia	5	3
Niger	12	16
Nigeria	0	2
Rwanda	18	24
Sao Tome and Principe	77	55
Senegal	10	10
Seychelles	3	2
Sierra Leone	25	34
Somalia	..	..
South Africa	0	0
Sudan	2	5
Swaziland	2	2
Tanzania	12	14
Togo	5	3
Tunisia	1	1
Uganda	12	15
Zambia	17	17
Zimbabwe	3	5

Source: *WDI, 2007.*

Table A4.9

Total external debt (millions of current $US)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Angola	9731	9628
Benin	1647	1859
Botswana	472	496
Burkina Faso	1491	1844
Burundi	1110	1313
Cameroon	9382	8665
Cape Verde	315	491
Central African Republic	877	1050
Chad	1129	1562
Comoros	240	292
Congo, Dem. Rep. of	12116	10837
Congo, Rep. of	4861	5828
Cote d'Ivoire	12944	11613
Equatorial Guinea	266	284
Eritrea	282	652
Ethiopia	6775	6675
Gabon	3938	3847
Gambia	474	639
Ghana	6297	7085
Guinea	3428	3411
Guinea-Bissau	843	726
Kenya	6241	6531
Lesotho	660	704
Liberia	2094	2547
Madagascar	4493	4180
Malawi	2618	3139
Mali	3073	3058
Mauritania	2391	2292
Mauritius	1787	2205
Mozambique	6934	4993
Namibia	..	..
Niger	1647	1948
Nigeria	30455	31309
Rwanda	1270	1538
Sao Tome and Principe	306	347
Senegal	3808	4018
Seychelles	279	486
Sierra Leone	1282	1613
Somalia	2591	2781
South Africa	24393	27995
Sudan	16478	18382
Swaziland	317	436
Tanzania	7035	7350
Togo	1455	1705
Uganda	3662	4455
Zambia	6130	6584
Zimbabwe	4084	4352
Algeria	26629	21351
Djibouti	272	396
Egypt	30501	31447
Libya	..	..
Morocco	21635	17949
Tunisia	11711	17885

Source: *WDI, 2007.*

Table A4.10

Total external debt (% of GDP)

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	52	29
Angola	133	55
Benin	70	52
Botswana	8	6
Burkina Faso	54	43
Burundi	146	198
Cameroon	99	63
Cape Verde	57	60
Central African Republic	87	86
Chad	72	49
Comoros	112	90
Congo, Dem. Rep. of	246	176
Congo, Rep. of	196	149
Cote d'Ivoire	112	83
Djibouti	50	61
Egypt	33	37
Equatorial Guinea	33	10
Eritrea	42	95
Ethiopia	87	76
Gabon	86	60
Gambia	112	161
Ghana	103	89
Guinea	104	97
Guinea-Bissau	398	294
Kenya	47	43
Lesotho	77	66
Liberia	454	506
Libya	..	..
Madagascar	114	87
Malawi	150	164
Mali	120	70
Mauritania	207	162
Mauritius	41	40
Morocco	62	41
Mozambique	180	96
Namibia	..	..
Niger	84	70
Nigeria	78	50
Rwanda	69	84
Sao Tome and Principe	673	569
Senegal	83	62
Seychelles	45	70
Sierra Leone	186	155
Somalia	..	..
South Africa	19	16
Sudan	139	94
Swaziland	24	22
Tanzania	80	68
Togo	100	92
Tunisia	59	70
Uganda	61	66
Zambia	186	137
Zimbabwe	59	76

Source: *WDI, 2007.*

Table A4.11

Tax revenue as a % of GDP for African countries

	Pre-Monterrey (1998-2001)	Post-Monterrey (2002-2005)
Algeria	30	31
Angola	..	..
Benin	..	15
Botswana	..	..
Burkina Faso	..	12
Burundi	14	..
Cameroon	12	..
Cape Verde	..	..
Central African Republic	..	6
Chad	..	..
Comoros	..	..
Congo, Dem. Rep. of	4	6
Congo, Rep. of	9	8
Cote d'Ivoire	15	15
Djibouti	..	..
Egypt	15	14
Equatorial Guinea	..	..
Eritrea	..	..
Ethiopia	..	11
Gabon	..	..
Gambia	..	..
Ghana	17	20
Guinea	11	..
Guinea-Bissau	..	..
Kenya	16	17
Lesotho	34	38
Liberia	..	..
Libya	..	..
Madagascar	53	48
Malawi	..	..
Mali	..	..
Mauritania	..	..
Mauritius	17	17
Morocco	..	23
Mozambique	..	..
Namibia	30	27
Niger	..	..
Nigeria	..	..
Rwanda	..	..
Sao Tome and Principe	..	..
Senegal	17	..
Seychelles	26	33
Sierra Leone	9	11
Somalia	..	..
South Africa	24	25
Sudan	6	..
Swaziland	..	26
Tanzania	..	..
Togo	..	14
Tunisia	21	21
Uganda	11	12
Zambia	18	..
Zimbabwe	..	..

Source: *WDI, 2007.*