



Mo Ibrahim
FOUNDATION



2013 Ibrahim Forum Facts & Figures

Africa Ahead:
The Next 50 Years

Addis Ababa, November 2013



68% of Twitter users in Africa rely on this platform as a primary source of information on national news.

In 2050, **1/2** of Africa's population will be under 24 years old.

Out of the **120** executive elections held over the continent since 2000, **1/3** have led to a transfer of power.

By 2100, almost **1/2** of the world's youth will be African.

The share of urban population living in slums in sub-Saharan Africa is the highest in the world, and almost **twice** the average share of developing regions.

Almost **11 million** children are out of school in Nigeria, equivalent to the entire population of Tunisia.

26% of sub-Saharan African university students graduate in 'Education, Humanity & Arts', compared with **2%** in 'Agriculture'.

More than **1/2** the continent's total population lives in only 7 countries.

In 2012, GDP growth rate has been **-0.2%** for EU-27 area and **+4.8%** for sub-Saharan Africa.

Between 2011 and 2012, bilateral aid to sub-Saharan Africa fell by **8%** in real terms.

Only around **1/4** of the population in sub-Saharan Africa has access to electricity.

Almost **90%** of Nigerian oil is exported to non-African countries.

South Africa, Namibia and Niger together account for **18%** of the world's estimated uranium resources.

Africa holds around **60%** of the world's uncultivated arable land.

While around **40%** of the EU budget is for the Common Agricultural Policy, public expenditure allocated to agriculture in Africa is on average **less than 5%**.

FDI inflows in Africa are now almost equivalent to aid flows (around **\$50 billion** in 2012).

In DRC, the rebasing of GDP led the figures to increase by **66%**.

Malaysia's FDI stock in Africa is **\$19 billion**.

Remittances sent to Africa, of over **\$60 billion** in 2012, are higher than the ODA received.

Only **5%** of Africa's total hydropower potential is exploited.

By 2035 Africa will have a **larger** working age population than China.

By 2025, Ouagadougou, the **fastest growing** city in the world, will need to accommodate the equivalent of Namibia's population.

Introduction

Held annually since 2010, the Ibrahim Forum aims to tackle specific issues that are of critical importance to Africa, and require both committed leadership and governance.

Bringing together a diverse range of high-level African stakeholders belonging to various public and private constituencies, as well as selected non-African partners, the Forum is an open and frank discussion. It aims to go beyond stating issues and renewing commitments by defining pragmatic strategies, operational action points and shared responsibilities.

In order to facilitate this and to focus energies on a constructive debate, the Foundation publishes a 'Facts and Figures' document for each Forum. The document compiles the best and most recent data and analysis relevant to the issues to be addressed.

Since this year sees the celebration of the 50th Anniversary of African unity, the focus of the 2013 Ibrahim Forum is on the major opportunities and challenges the continent will have to tackle over the next 50 years.

To launch the debate, this 'Facts and Figures' provides highlights on Africa's potential assets and challenging hurdles, and outlines some key policy priorities that will require exceptional leadership and governance.

Front cover: Created using data for population change (% , 2010-2050) & youth population (millions) for every African country in alphabetical order, starting with Algeria and moving clockwise.

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The 'Facts & Figures' is based on the latest possible updates & data from various sources.

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01

Potential Assets & Hurdles Demographic Resources

The population of a country is a leader's fundamental unit of responsibility. For the African continent, the potential benefits of present demographic trends can be huge, especially given the changing global context. However, in order to realise this potential, major challenges still need to be overcome. Today's policy decisions will have a critical impact on the younger generation, who will become the bulk of African electorates and of the world's labour force.

A growing population | POTENTIAL ASSET

- Africa's population: +800 million in the last 50 years, +1800 million in the next 50 years
- By 2050 ¼ of the world's population will be African
- By 2050 37 African countries will double their population

Towards a youth majority | POTENTIAL ASSET

- Africa is the only continent where the youth population will significantly expand
- Between 2010 & 2100 the African youth population will almost triple
- By 2100 almost ½ of the world's youth will be African

An expanding working age population | POTENTIAL ASSET

- By 2050 ¼ of the world's working age population will be African
- By 2035 Africa will have a larger working age population than India or China
- Between 2010 & 2050 Africa's working age population will more than double

Managing space: population distribution | HURDLE

- More than ½ of Africa's population live in only 7 countries
- Africa has the highest urban population growth rate in the world
- African cities: growing bigger but getting poorer?

Securing food & nutrition, keeping diseases at bay | HURDLE

- An under- & mal-nourished continent
- Communicable diseases: more than just HIV
- The growth of non-communicable diseases

Matching education with labour markets | HURDLE

- Almost ⅓ of sub-Saharan African youth lack basic skills
- Sub-Saharan Africa has the lowest secondary & tertiary school enrolment
- Skills do not meet the needs of the 21st century labour market
- 'Jobless' growth?

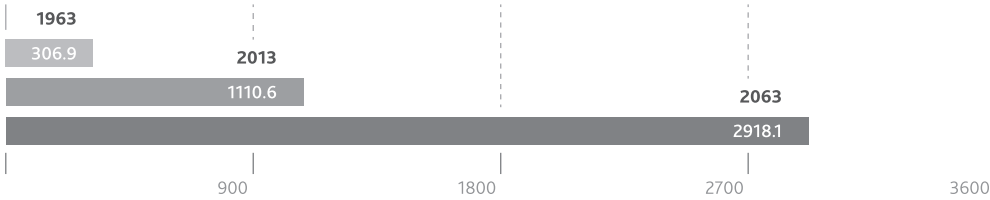
Human Development: 2013 IIAG Category Spotlight

Demographic Resources

POTENTIAL ASSET A GROWING POPULATION

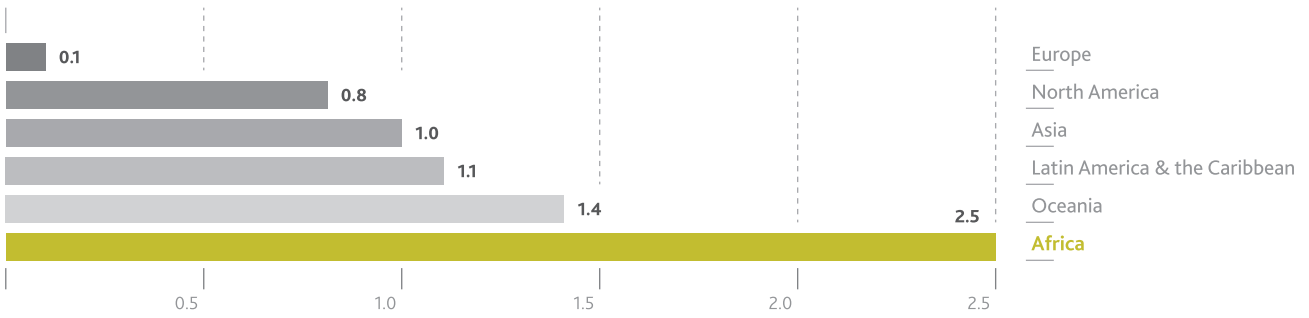
AFRICA'S POPULATION: +800 MILLION IN THE LAST 50 YEARS, +1800 MILLION IN THE NEXT 50 YEARS

Total population (millions) 1963-2063



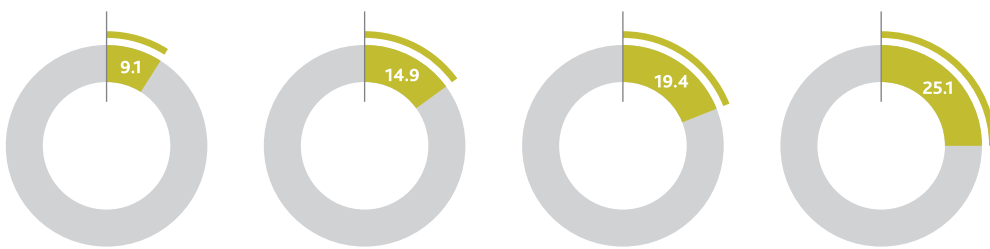
AFRICA HAS THE HIGHEST POPULATION GROWTH IN THE WORLD

Population growth rate (%) 2010-2015



BY 2050 ¼ OF THE WORLD'S POPULATION WILL BE AFRICAN

Share of world's population (%) 1950-2050

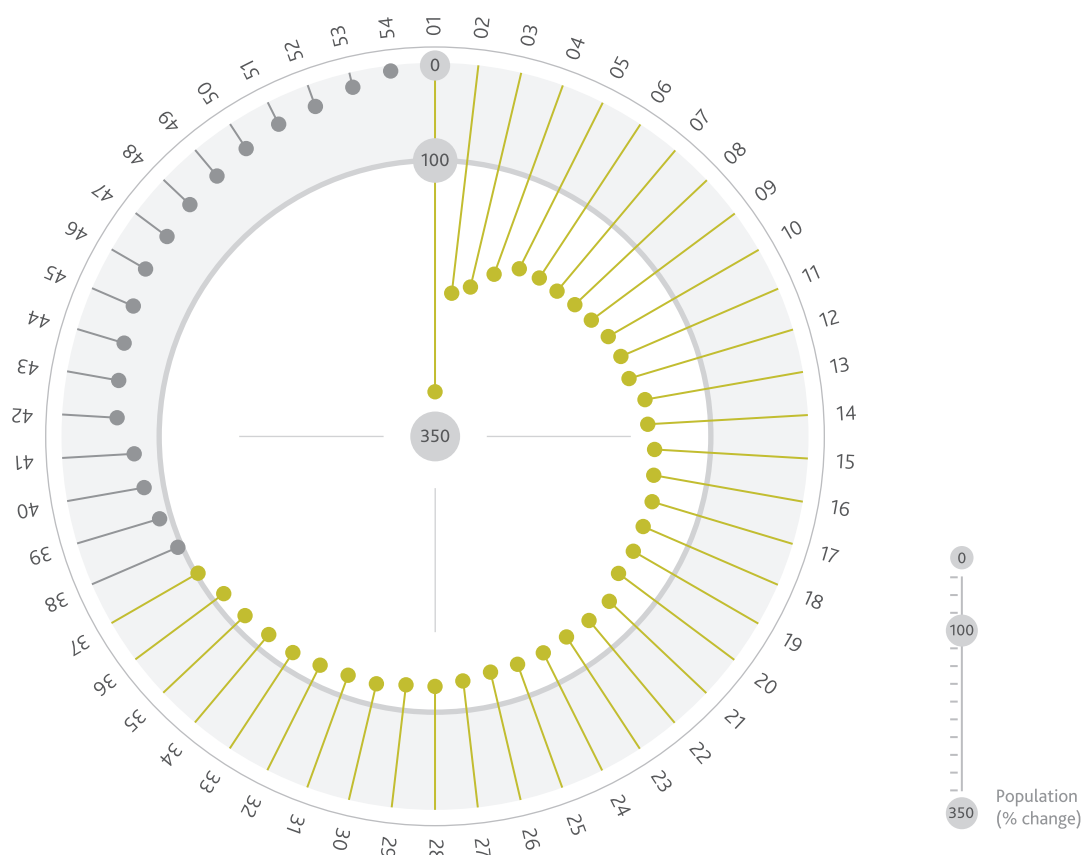


Total population (millions)

| Year | Africa (millions) | World (millions) |
|------|-------------------|------------------|
| 1950 | 229 | 2,526 |
| 2010 | 1,031 | 6,916 |
| 2030 | 1,634 | 8,425 |
| 2050 | 2,393 | 9,551 |

BY 2050 37 AFRICAN COUNTRIES WILL DOUBLE THEIR POPULATION

Total population (% change) 2010-2050



| | Change (%) 2010-2050 | Population (m) 2050 | | Change (%) 2010-2050 | Population (m) 2050 | | Change (%) 2010-2050 | Population (m) 2050 |
|-----------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| 01 Niger | 337 | 69 | 19 Eritrea | 149 | 14 | 37 Zimbabwe | 101 | 26 |
| 02 Zambia | 234 | 44 | 20 South Sudan | 149 | 25 | 38 Central African Rep. | 95 | 8 |
| 03 Mali | 223 | 45 | 21 Kenya | 138 | 97 | 39 Ghana | 88 | 46 |
| 04 Uganda | 206 | 104 | 22 Liberia | 137 | 9 | 40 Sierra Leone | 79 | 10 |
| 05 Gambia | 190 | 5 | 23 Cameroon | 136 | 49 | 41 Namibia | 72 | 4 |
| 06 Burundi | 189 | 27 | 24 Rwanda | 134 | 25 | 42 Egypt | 56 | 122 |
| 07 Tanzania | 188 | 129 | 25 Equatorial Guinea | 133 | 2 | 43 Swaziland | 52 | 2 |
| 08 Chad | 186 | 34 | 26 Benin | 133 | 22 | 44 Djibouti | 49 | 1 |
| 09 Somalia | 181 | 27 | 27 Togo | 130 | 15 | 45 Algeria | 47 | 55 |
| 10 Angola | 178 | 54 | 28 Guinea | 125 | 24 | 46 Botswana | 41 | 3 |
| 11 Nigeria | 176 | 440 | 29 Côte d'Ivoire | 123 | 42 | 47 Lesotho | 40 | 3 |
| 12 Malawi | 174 | 41 | 30 Guinea-Bissau | 121 | 4 | 48 Libya | 38 | 8 |
| 13 Burkina Faso | 163 | 41 | 31 Comoros | 121 | 2 | 49 Morocco | 36 | 43 |
| 14 Madagascar | 163 | 55 | 32 Mauritania | 119 | 8 | 50 Cape Verde | 30 | 1 |
| 15 Congo | 157 | 11 | 33 São Tomé & Príncipe | 118 | 0 | 51 Tunisia | 24 | 13 |
| 16 Senegal | 154 | 33 | 34 Sudan | 116 | 77 | 52 South Africa | 23 | 63 |
| 17 Mozambique | 150 | 60 | 35 Ethiopia | 115 | 188 | 53 Seychelles | 9 | <1 |
| 18 DRC | 150 | 155 | 36 Gabon | 112 | 3 | 54 Mauritius | <1 | 1 |

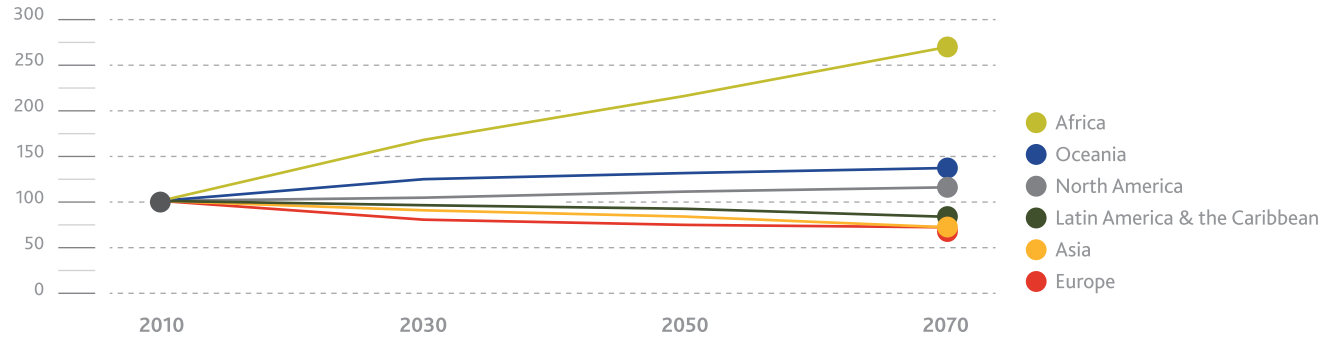
Source: UNDESA, 2012

Demographic Resources

POTENTIAL ASSET TOWARDS A YOUTH MAJORITY

AFRICA IS THE ONLY CONTINENT WHERE THE YOUTH POPULATION¹ WILL SIGNIFICANTLY EXPAND

Youth population (2010=100) 2010-2070



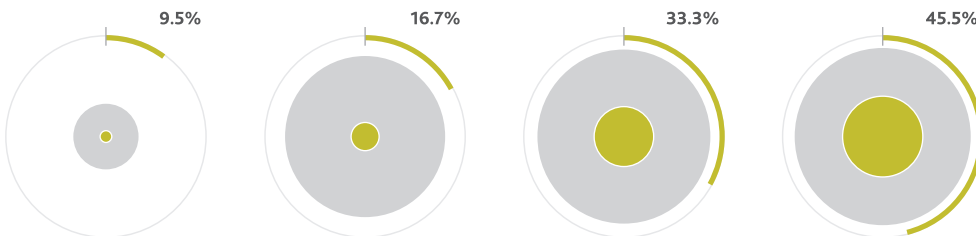
BETWEEN 2010 & 2100 THE AFRICAN YOUTH POPULATION WILL ALMOST TRIPLE

Youth population (millions) 2010-2100

| | 2010 | 2030 | 2050 | 2100 | change 2010-2100 | % change 2010-2100 |
|-------------------------------|------|------|------|------|------------------|--------------------|
| Africa | 205 | 321 | 437 | 603 | +398 | +195 |
| North America | 49 | 50 | 55 | 57 | +9 | +18 |
| Oceania | 6 | 7 | 8 | 8 | +2 | +40 |
| Europe | 95 | 82 | 73 | 68 | -27 | -29 |
| Latin America & the Caribbean | 107 | 106 | 97 | 75 | -32 | -30 |
| Asia | 762 | 711 | 642 | 514 | -248 | -32 |

BY 2100 ALMOST ½ OF THE WORLD'S YOUTH WILL BE AFRICAN

Share of world's youth (%) 1950-2100



Youth population (millions)

| Year | Youth population (millions) |
|------|-----------------------------|
| 1950 | Africa: 44, World: 461 |
| 2010 | Africa: 205, World: 1,223 |
| 2050 | Africa: 437, World: 1,312 |
| 2100 | Africa: 603, World: 1,325 |

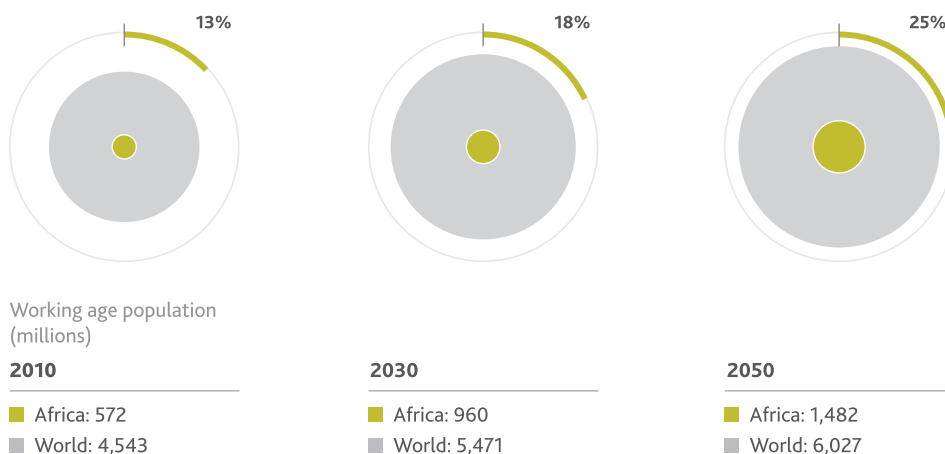
¹Youth population refers to the population aged between 15-24. Source: UNDESA, 2012

POTENTIAL ASSET AN EXPANDING WORKING AGE¹ POPULATION

BY 2050 ¼ OF THE WORLD'S WORKING AGE POPULATION WILL BE AFRICAN

Africa will continue to increase its share of the global working age population from 2010 to 2050, while Europe, Asia and North America will see their shares decline.

Share of world's working age population (%) 2010-2050

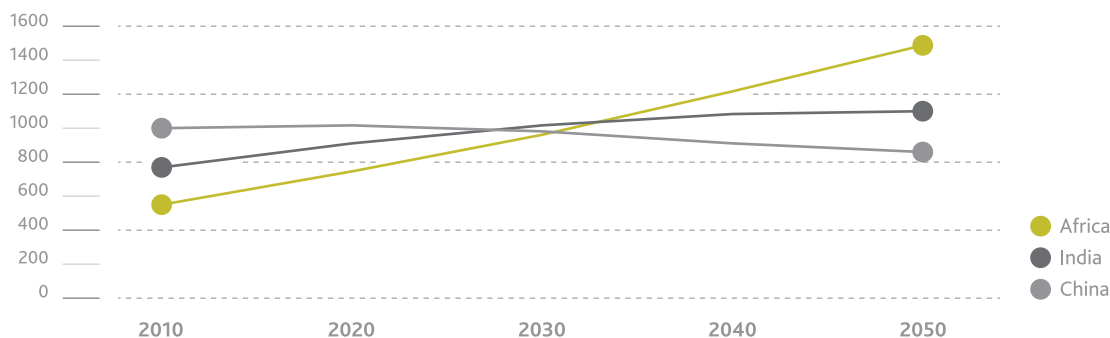


Africa's dependency ratio² will fall from the world's highest in 2010 at **80%** to the lowest, **56%**, by 2100.

Source: UNDESA, 2012

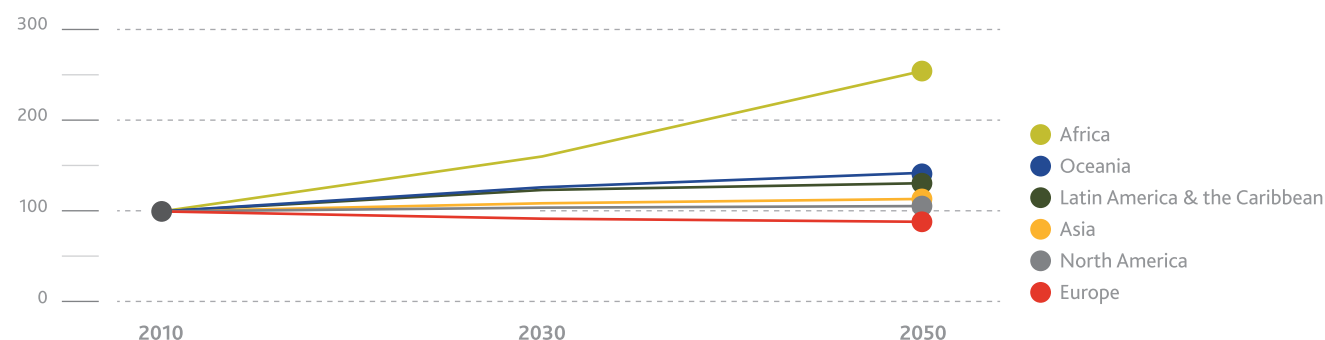
BY 2035 AFRICA WILL HAVE A LARGER WORKING AGE POPULATION THAN INDIA OR CHINA

Working age population (millions) 2010-2050



BETWEEN 2010 & 2050 AFRICA'S WORKING AGE POPULATION WILL MORE THAN DOUBLE

Working age population (2010=100) 2010-2050



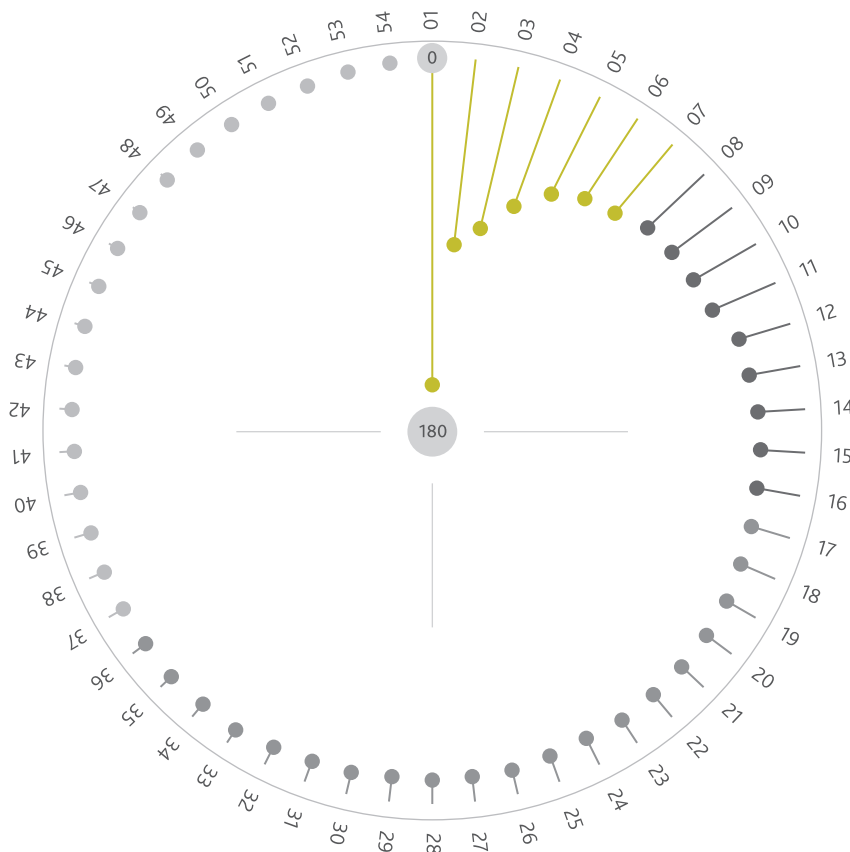
Source: UNDESA, 2012

¹ Working age population refers to population aged between 15-64 years. ²Dependency ratio is the ratio of the sum of the populations aged 0-14 & aged 65+ to the working age population (15-64).

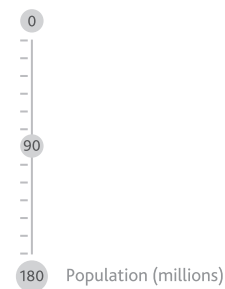
Demographic Resources

HURDLE MANAGING SPACE: POPULATION DISTRIBUTION

MORE THAN 1/2 OF AFRICA'S POPULATION LIVE IN ONLY 7 COUNTRIES



- 7 countries, with populations between 40-170 million, comprise more than 50% of Africa's total population.
- 9 countries, with populations between 20-40 million, make up 24% of Africa's population.
- 18 countries have populations of less than 5 million and of those, 6 have populations of less than 1 million.



Population (millions) 2012

| | | | | | | | | |
|------------------|-------|---|-----------------|------|---|-------------------------|-----|---|
| 01 Nigeria | 168.8 | ● | 19 Burkina Faso | 16.5 | ● | 37 Central African Rep. | 4.5 | ● |
| 02 Ethiopia | 91.7 | ● | 20 Malawi | 15.9 | ● | 38 Congo | 4.3 | ● |
| 03 Egypt | 80.7 | ● | 21 Mali | 14.9 | ● | 39 Liberia | 4.2 | ● |
| 04 DRC | 65.7 | ● | 22 Zambia | 14.1 | ● | 40 Mauritania | 3.8 | ● |
| 05 South Africa | 52.4 | ● | 23 Senegal | 13.7 | ● | 41 Namibia | 2.3 | ● |
| 06 Tanzania | 47.8 | ● | 24 Zimbabwe | 13.7 | ● | 42 Lesotho | 2.1 | ● |
| 07 Kenya | 43.2 | ● | 25 Chad | 12.4 | ● | 43 Botswana | 2.0 | ● |
| 08 Algeria | 38.5 | ● | 26 Rwanda | 11.5 | ● | 44 Gambia | 1.8 | ● |
| 09 Sudan | 37.2 | ● | 27 Guinea | 11.5 | ● | 45 Guinea-Bissau | 1.7 | ● |
| 10 Uganda | 36.3 | ● | 28 Tunisia | 10.9 | ● | 46 Gabon | 1.6 | ● |
| 11 Morocco | 32.5 | ● | 29 South Sudan | 10.8 | ● | 47 Mauritius | 1.2 | ● |
| 12 Ghana | 25.4 | ● | 30 Somalia | 10.2 | ● | 48 Swaziland | 1.2 | ● |
| 13 Mozambique | 25.2 | ● | 31 Benin | 10.1 | ● | 49 Djibouti | <1 | ● |
| 14 Madagascar | 22.3 | ● | 32 Burundi | 9.8 | ● | 50 Equatorial Guinea | <1 | ● |
| 15 Cameroon | 21.7 | ● | 33 Togo | 6.6 | ● | 51 Comoros | <1 | ● |
| 16 Angola | 20.8 | ● | 34 Libya | 6.2 | ● | 52 Cape Verde | <1 | ● |
| 17 Côte d'Ivoire | 19.8 | ● | 35 Eritrea | 6.1 | ● | 53 São Tomé & Príncipe | <1 | ● |
| 18 Niger | 17.2 | ● | 36 Sierra Leone | 6.0 | ● | 54 Seychelles | <1 | ● |

Source: UNDESA, 2012

16 African countries rank in the 50 least densely populated countries in the world



| Least dense African countries, 2012 | Persons/km ² |
|-------------------------------------|-------------------------|
| 01 Namibia | 2.7 |
| 02 Botswana | 3.4 |
| 03 Libya | 3.5 |
| 04 Mauritania | 3.7 |
| 05 Gabon | 6.1 |
| 06 Central African Rep. | 7.3 |
| 07 Chad | 9.7 |
| 08 Mali | 12.0 |
| 09 Congo | 12.7 |
| 10 Niger | 13.5 |
| 11 Sudan | 14.8 |
| 12 Somalia | 16.0 |
| 13 Algeria | 16.2 |
| 14 Angola | 16.7 |
| 15 South Sudan | 16.8 |
| 16 Zambia | 18.7 |

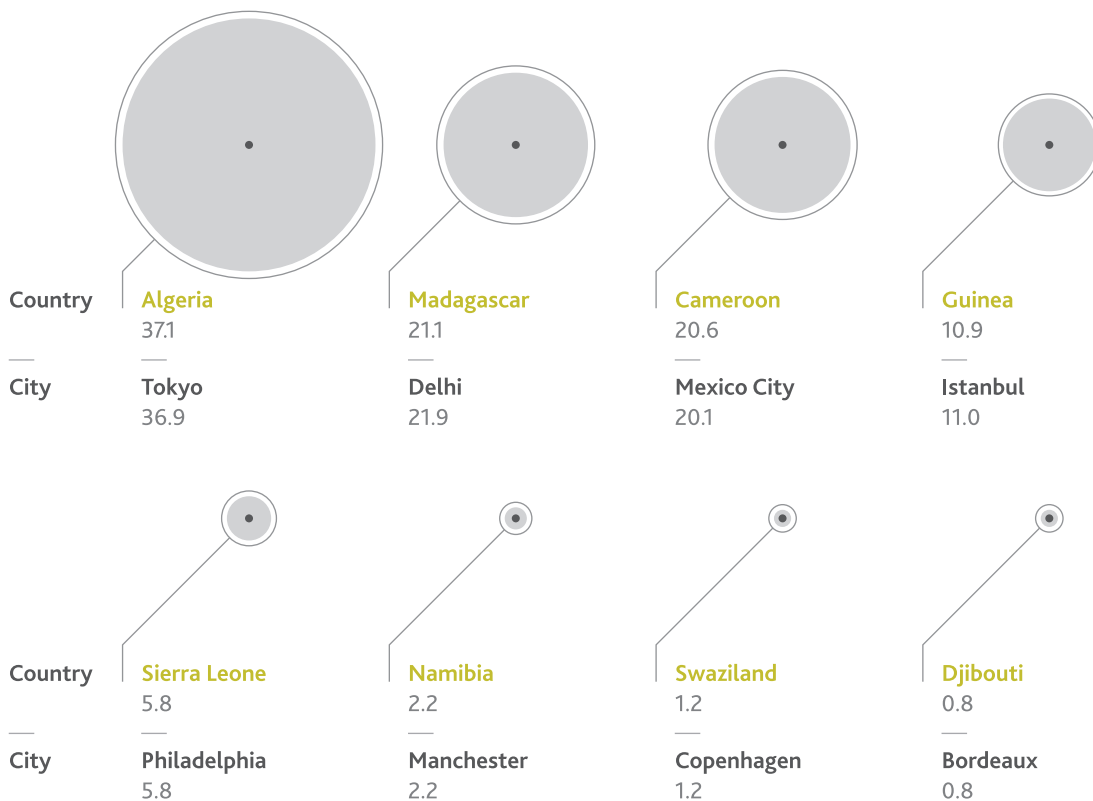
The 5 most densely populated countries in Africa are

Mauritius, Rwanda, Comoros, Burundi, Seychelles.

Source: UNDESA, 2012

Some African countries have populations which are similar in size to some of the world's cities

Population (millions) 2010

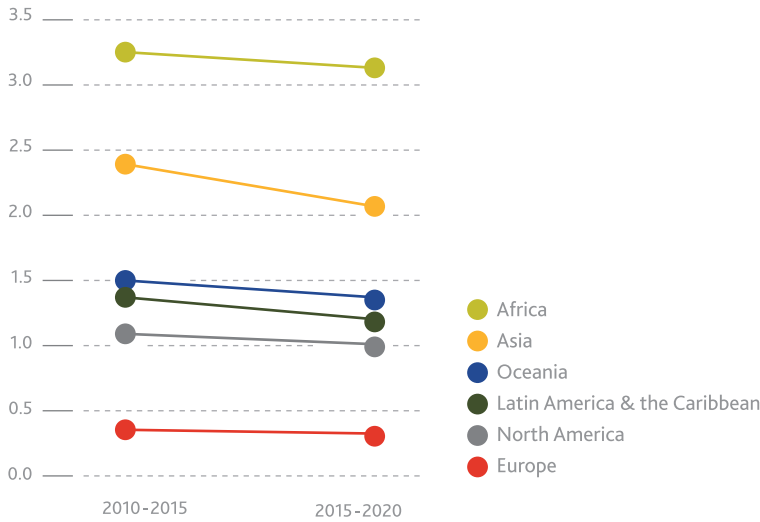


Source: UNDESA, 2011; UNDESA, 2012

Demographic Resources

AFRICA HAS THE HIGHEST URBAN POPULATION GROWTH RATE IN THE WORLD

Rate of change of urban population (%) 2010-2020



Source: UNDESA, 2011

African Development Bank (AfDB): Urban Development Strategy (2011)

Strategy to transform African cities and towns into engines of economic growth and social development.

It is based on 3 pillars: infrastructure delivery, governance and private sector development.

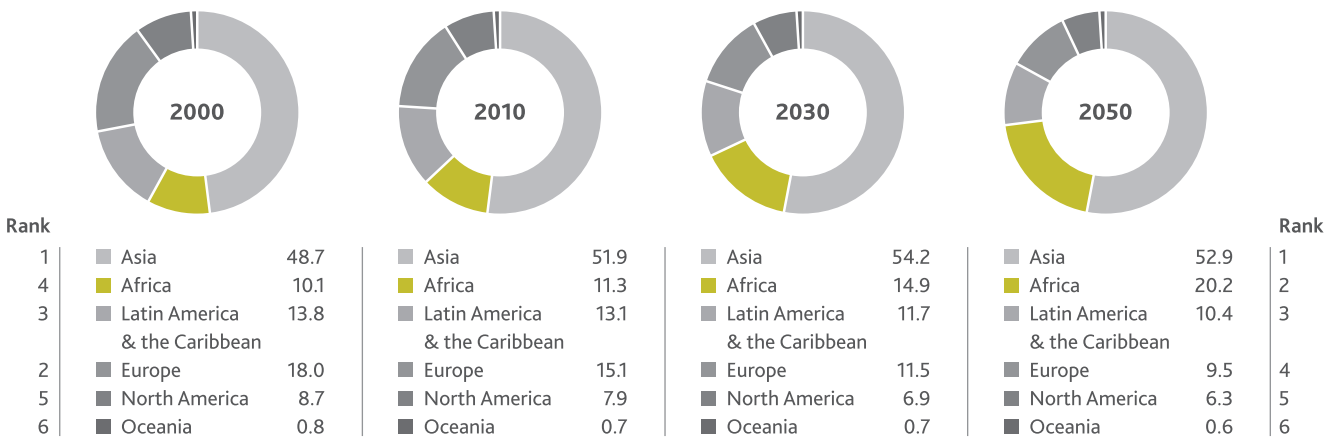
It also supports issues including regional integration, environmental protection, adaptation and resilience to climate change and gender equality, as well as strengthening urban-rural linkages.

Since the 1960s the Bank Group has allocated some 15-20% of its total cumulative operations financing directly or indirectly to urban development.

Source: AfDB, 2011

By 2030 Africa's share of the world's urban population will be the 2nd largest after Asia

Share of world's urban population (%) 2000-2050



Source: UNDESA, 2011

By 2030 African countries will still not be among the most urbanised in the world

5 most urbanised countries in the world¹

| 2010 | | 2030 | |
|-------------|---------|-------------|---------|
| Country | % Urban | Country | % Urban |
| Puerto Rico | 98.9 | Qatar | 99.7 |
| Qatar | 98.7 | Puerto Rico | 99.5 |
| Guadeloupe | 98.4 | Guadeloupe | 98.7 |
| Kuwait | 98.2 | Kuwait | 98.5 |
| Belgium | 97.5 | Belgium | 97.9 |

5 most urbanised African countries¹

| 2010 | | 2030 | |
|----------|---------|------------|---------|
| Country | % Urban | Country | % Urban |
| Gabon | 85.8 | Gabon | 90.2 |
| Libya | 77.6 | Algeria | 83.3 |
| Djibouti | 77.0 | Libya | 81.5 |
| Algeria | 72.0 | Djibouti | 79.8 |
| Tunisia | 66.1 | Cape Verde | 73.4 |

Source: UNDESA, 2011

¹ Does not include countries with 100% urbanisation.

AFRICAN CITIES: GROWING BIGGER BUT GETTING POORER?

- 15 of the 20 fastest growing cities in the world between 2015-2020 will be in Africa, including the fastest growing city in the world, Ouagadougou.
- Lack of urbanisation policies in Africa has resulted in the concentration of significant proportions of the national urban population in only 1 or a very small number of cities.
- Currently there are 2 'megacities', of 10 million+, in Africa – Lagos and Cairo. By 2025 there will be 3 'megacities' with the addition of Kinshasa, and a considerable rise in the number of cities larger than 5 million people.
- By 2025, over 10% of the world's cities with populations over 1 million will be located in Africa.

Sources: UNDESA, 2011; UN-HABITAT, 2012

Top 20 global cities with largest change in population 2010-2025

| City | Country | % change | Population (millions) | |
|---------------|---------------|----------|-----------------------|------|
| | | | 2010 | 2025 |
| Ouagadougou | Burkina Faso | 150.9 | 1.9 | 4.8 |
| Niamey | Niger | 139.3 | 1.2 | 2.9 |
| Mogadishu | Somalia | 132.1 | 1.4 | 3.3 |
| Can Tho | Vietnam | 124.9 | 0.9 | 2.0 |
| Samut Prakan | Thailand | 123.7 | 1.1 | 2.4 |
| Kampala | Uganda | 122.1 | 1.6 | 3.5 |
| Yamoussoukro | Côte d'Ivoire | 121.4 | 0.9 | 2.0 |
| Dar es Salaam | Tanzania | 113.1 | 3.4 | 7.3 |
| Aden | Yemen | 111.8 | 0.7 | 1.6 |
| Sana'a | Yemen | 108.9 | 2.3 | 4.8 |
| Lilongwe | Malawi | 108.3 | 0.7 | 1.5 |
| Antananarivo | Madagascar | 105.1 | 1.9 | 3.9 |
| Lusaka | Zambia | 103.4 | 1.7 | 3.5 |
| Abuja | Nigeria | 99.0 | 2.0 | 4.0 |
| Abu Dhabi | UAE | 98.4 | 0.9 | 1.7 |
| Vientiane | Lao PDR | 94.4 | 0.8 | 1.5 |
| Huambo | Angola | 92.3 | 1.0 | 2.0 |
| Batam | Indonesia | 92.1 | 1.0 | 1.8 |
| Kigali | Rwanda | 90.9 | 1.0 | 1.8 |
| Dubai | UAE | 89.9 | 1.8 | 3.5 |

Source: UNDESA, 2011

Unequal distribution: the majority of the most populous cities in Africa are located in sparsely populated countries

| City | Country | City population, 2010 (millions) | Population density of country, 2010 (people/km ²) | Rank in population density (1=most dense in Africa, 54=least dense) |
|---------------|---------------|----------------------------------|---|---|
| Cairo | Egypt | 11.0 | 78.0 | 17 |
| Lagos | Nigeria | 10.8 | 172.9 | 7 |
| Kinshasa | DRC | 8.4 | 26.5 | 37 |
| Luanda | Angola | 4.8 | 15.7 | 41 |
| Khartoum | Sudan | 4.5 | 19.2 | 39 |
| Alexandria | Egypt | 4.4 | 78.0 | 17 |
| Abidjan | Côte d'Ivoire | 4.2 | 58.8 | 24 |
| Johannesburg | South Africa | 3.8 | 42.1 | 31 |
| Cape Town | South Africa | 3.5 | 42.1 | 31 |
| Dar es Salaam | Tanzania | 3.4 | 47.6 | 27 |

Source: UNDESA, 2011

In 2009, dissatisfaction with population distribution was highest in Africa.

75%

of countries¹ wished to make major changes in spatial distribution.

Source: UNDESA, 2011

More developed, better distributed?

| | Population (millions) | GDP per capita (\$) | LPI rank ² (rank/155) | Number of cities with populations of: | |
|--------------|-----------------------|---------------------|----------------------------------|---------------------------------------|--------------|
| | | | | 0.75-2 million | 2-10 million |
| South Africa | 50 | 7,266 | 28 | 3 | 4 |
| Tanzania | 45 | 525 | 95 | 0 | 1 |
| Germany | 82 | 40,164 | 1 | 3 | 1 |
| Ethiopia | 83 | 341 | 123 | 0 | 1 |

¹Government responses. ²Logistics Performance Index (LPI) is based on a worldwide survey of operators on the ground providing feedback on the logistics "friendliness" of the countries in which they operate & those with which they trade. Sources: Data are for 2010. UNDESA, 2011; WB, 2012; WB, 2013

Demographic Resources

Growing urban poverty

- Urbanisation in Africa has failed to bring about inclusive growth which, in turn, has resulted in the proliferation of slums, urban poverty and rising inequality.
- Financial inequality in African cities remains the 2nd highest in the world with an average Gini coefficient of about 0.6, above the world average of 0.4.

Negative impacts of urbanisation

- Pressure on housing and accommodation
- Pressure on natural resources & ecosystems
- Social tensions
- Rising congestion, overcrowding
- Physical squalor & epidemics
- Spread of crime

Potential causes & impacts of urban poverty

- Poor governance & weak institutions
- Corruption
- Lack of appropriate infrastructure
- High incidence of slums
- High costs of doing business
- Low levels of human capital
- High crime rates

Sources: AfDB, 2012; UN-HABITAT, 2012; UN-HABITAT, 2013

Slums are still spreading out in some countries

| Share of urban population living in slums (%) | 2000 | 2009 |
|---|------|------|
| Central African Rep. | 91.9 | 95.9 |
| Côte d'Ivoire | 55.3 | 57.0 |
| Malawi | 66.4 | 68.9 |
| Mozambique | 78.2 | 80.5 |
| Zambia | 57.2 | 57.3 |
| Zimbabwe | 3.3 | 24.1 |

Source: UN, 2013

- Sub-Saharan Africa has the highest proportion of its urban population living in slums.
- Slum population as a % of urban population has increased between 2000 and 2009 in 6 African countries: Central African Republic, Côte d'Ivoire, Malawi, Mozambique, Zambia and Zimbabwe.
- Promoting secondary cities without simultaneously boosting their economic development can result in a transfer of poverty to smaller cities.

| Share of urban population living in slums (%) | 2000 | 2007 | 2012 |
|---|------|------|------|
| Sub-Saharan Africa | 65.0 | 62.4 | 61.7 |
| South Asia | 45.8 | 38.0 | 35.0 |
| South-East Asia | 39.6 | 31.9 | 31.0 |
| Developing Regions | 39.4 | 34.3 | 32.7 |
| East Asia | 37.4 | 31.1 | 28.2 |
| West Asia | 20.6 | 25.2 | 24.6 |
| Latin America & the Caribbean | 29.2 | 24.7 | 23.5 |
| North Africa | 20.3 | 13.4 | 13.3 |

Source: UN-HABITAT, 2012

The bottom **10** cities for prosperity, as measured by the City Prosperity Index (CPI), are all African.

The CPI measures the current status of cities vis-à-vis the 5 dimensions of prosperity, as conceptualised by United Nations Human Settlement Programme (UN-HABITAT). These include: productivity, infrastructure, quality of life, equity and environmental sustainability. It also measures government actions and policies in the pursuit of prosperity, and the outcomes of these policies.

Source: UN-HABITAT, 2012

More than **60%** of the urban population in sub-Saharan Africa live in slums.

Source: UN-HABITAT, 2012

UN-HABITAT defines a slum household as a group of individuals living under the same roof in an urban area who lack 1 or more of the following: durable housing of a permanent nature that protects against extreme climate conditions; sufficient living space, which means not more than 3 people sharing the same room; easy access to safe water in sufficient amounts at an affordable price; access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people; and security of tenure that prevents forced evictions.

Source: UN-HABITAT, 2012

HURDLE SECURING FOOD & NUTRITION, KEEPING DISEASES AT BAY

AN UNDER- AND MAL-NOURISHED CONTINENT



- Africa has the highest prevalence of undernourishment in the world at 23%.
- Africa's share of the world's undernourished population has increased.
- Despite progress made in sub-Saharan Africa between 2002-2005, hunger rates have risen by 2% per year since 2007.

- In 2 countries, Burundi and Eritrea, more than ½ the population is undernourished.
- The 'nutrition transition' is starting to impact the developing world. About 30% of men and 41% of women will be overweight by 2015.
- Malnutrition impacts individual productivity and also increases the healthcare costs of a nation.

Sources: AfDB, 2013; FAO/IFAD/WFP, 2012

Between 2010-2012 an estimated

239 million people were undernourished in Africa, with the majority living in sub-Saharan Africa.

Source: FAO/IFAD/WFP, 2012

Child stunting prevalence is at least 40% in 15 African countries

Children under age 5 moderately or severely stunted (%)¹

| Country | Year | % |
|----------------------|---------|----|
| Timor-Leste | 2009-10 | 58 |
| Burundi | 2010 | 58 |
| Niger | 2011 | 51 |
| Madagascar | 2008-09 | 50 |
| India | 2005-06 | 48 |
| Guatemala | 2008-09 | 48 |
| Malawi | 2010 | 47 |
| Zambia | 2007 | 45 |
| Ethiopia | 2011 | 44 |
| Sierra Leone | 2010 | 44 |
| Rwanda | 2010 | 44 |
| Pakistan | 2011 | 44 |
| DRC | 2010 | 43 |
| Mozambique | 2011 | 43 |
| Tanzania | 2010 | 42 |
| Liberia | 2010 | 42 |
| Bangladesh | 2011 | 41 |
| Central African Rep. | 2010 | 41 |
| Nigeria | 2008 | 41 |
| Nepal | 2011 | 41 |
| Guinea | 2008 | 40 |

Source: UNICEF, 2013

- On average, in sub-Saharan Africa, 40% of children under 5 years of age are stunted.
- Stunting afflicts more boys (42%) than girls (36%).
- 80% of the world's stunted children live in 14 countries, of which 8 are African: DRC, Ethiopia, Egypt, Kenya, Nigeria, Sudan, Tanzania and Uganda.
- Nearly 1 in 10 children under the age of 5 in sub-Saharan Africa were 'wasted'² in 2011.
- Because of population growth, Africa is now home to 1/3 more 'wasted' children than it was in 1990.

Less than

1/2

of households in sub-Saharan Africa have adequately iodised salt.

- Iodine deficiency is the most common cause of preventable mental impairment.
- Iodine deficiency can easily and cheaply be prevented by adding iodine to salt.

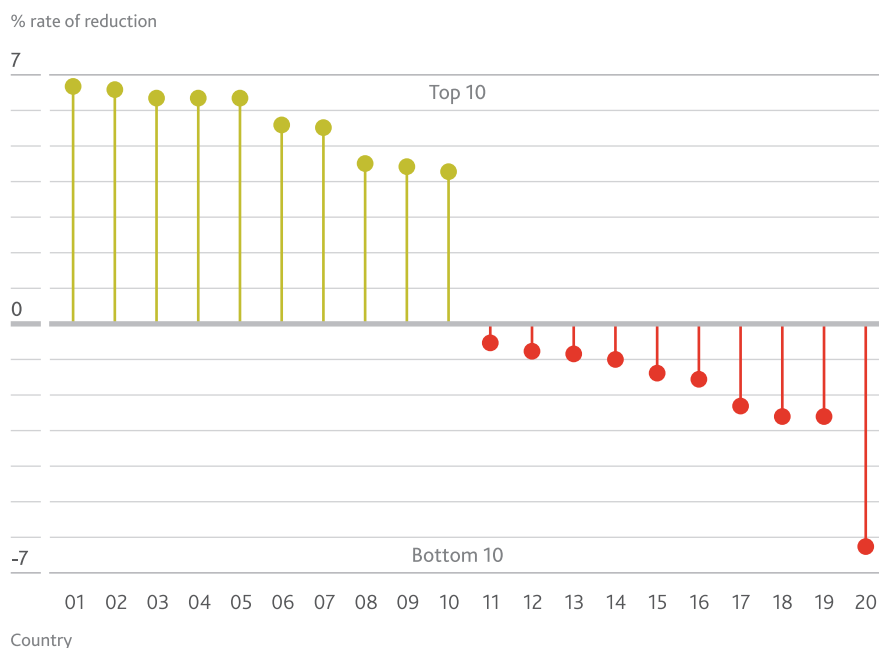
Source: UNICEF, 2013

¹Data are derived from the UNICEF, Global Nutrition Database, 2012 & based on MICS, DHS & other national surveys, 2007-2011. ²'Wasted': Children 0-59 months who are below -2 (moderate and severe) standard deviations from median weight for height of the WHO Child Growth Standards.

Demographic Resources

8 African countries are making the slowest progress in reducing stunting in the world

Average annual rate of reduction in child stunting (%) 1990-2010



| Country | % of children under-5 stunted | | Rate of reduction | | Income grouping |
|-------------------------|-------------------------------|---------|-------------------|------|---------------------|
| | Baseline | Endline | Years | % | |
| 01 Uzbekistan | 39 | 20 | 1996-06 | 6.7 | Lower-middle income |
| 02 Angola | 62 | 29 | 1996-07 | 6.6 | Upper-middle income |
| 03 China | 32 | 9 | 1990-10 | 6.3 | Upper-middle income |
| 04 Kyrgyzstan | 33 | 18 | 1997-06 | 6.3 | Low income |
| 05 Turkmenistan | 28 | 19 | 2000-06 | 6.3 | Upper-middle income |
| 06 DPR Korea | 64 | 32 | 1998-09 | 5.6 | Low income |
| 07 Brazil | 19 | 7 | 1989-07 | 5.5 | Upper-middle income |
| 08 Mauritania | 55 | 23 | 1990-10 | 4.6 | Lower-middle income |
| 09 Eritrea | 70 | 44 | 1993-02 | 4.4 | Low income |
| 10 Vietnam | 61 | 23 | 1989-10 | 4.3 | Lower-middle income |
| 11 Zimbabwe | 31 | 32 | 1988-11 | -0.5 | Low income |
| 12 Guinea | 35 | 40 | 1995-08 | -0.8 | Low income |
| 13 Mali | 33 | 39 | 1987-06 | -0.9 | Low income |
| 14 Yemen | 52 | 58 | 1992-03 | -1.0 | Lower-middle income |
| 15 Central African Rep. | 40 | 43 | 1995-06 | -1.4 | Low income |
| 16 Afghanistan | 53 | 59 | 1997-04 | -1.6 | Low income |
| 17 Comoros | 39 | 47 | 1992-00 | -2.3 | Low income |
| 18 Benin | 35 | 45 | 1996-06 | -2.6 | Low income |
| 19 Côte d'Ivoire | 23 | 39 | 1986-07 | -2.6 | Lower-middle income |
| 20 Somalia | 29 | 42 | 2000-06 | -6.3 | Low income |

- Angola has made the fastest progress in reducing child malnutrition in Africa.
- An analysis of stunting and Gross Domestic Product (GDP) shows that whilst Nigeria and Ghana have similar GDP per capita (around \$1,500 in 2011), Nigeria's child stunting rate (41%) is approximately 10% higher than Ghana's (29%).
- African countries that perform better than their national wealth might suggest are Senegal and Tunisia with child stunting rates of 29% (2011) and 9% (2006) respectively. African countries that perform worse than their GDP would suggest are Botswana (31%, 2007), Equatorial Guinea (35%, 2004) and South Africa (24%, 2008).
- Economic growth is not enough to fight malnutrition. Political commitment, effective policies and strategies are key.

Sources: Table adapted from Save the Children, 2012; WB, 2013

Source: Save the Children, 2012

COMMUNICABLE DISEASES: MORE THAN JUST HIV

Countries where less than 20% of HIV expenditure is from national sources

| Country | % |
|----------------------|----|
| Somalia | 0 |
| Niger | 1 |
| Liberia | 1 |
| Mozambique | 3 |
| DRC | 3 |
| Sierra Leone | 3 |
| Tunisia | 4 |
| Burundi | 4 |
| Guinea | 4 |
| Gambia | 4 |
| Côte d'Ivoire | 7 |
| Eritrea | 9 |
| Rwanda | 10 |
| Central African Rep. | 12 |
| Guinea-Bissau | 12 |
| Uganda | 13 |
| São Tomé & Príncipe | 13 |
| Djibouti | 14 |
| Zimbabwe | 14 |
| Ghana | 14 |
| Cape Verde | 15 |
| Mali | 18 |
| Kenya | 19 |

- In 23 countries domestic support accounts for less than 20% of AIDS response investments.
- In 2011 there were 23.5 million people living with HIV in sub-Saharan Africa — of which 5.6 million were in South Africa.
- 7.1 million people have access to antiretroviral therapy (ART) across Africa.
- In 2011 there were 33% fewer new HIV infections than in 2001 and 32% fewer AIDS-related deaths than in 2005.
- Swaziland has the highest rate of HIV in the world (over ¼ of adults) — but by 2011 84% of people in need of ART had access to it.
- In Ethiopia, by the end of 2012 nearly 290,000 Ethiopians were receiving free ART, compared to only 10,000 in 2005.

Source: UNAIDS, 2013

Pregnant women living with HIV who received ART to prevent transmission to their child, (%) 2012

| ≥ 75% | 50% - 74% | 0% - 49% |
|---------------------|---------------|----------------------|
| Botswana | Algeria | Angola |
| Ghana | Burundi | Benin |
| Gambia | Cameroon | Burkina Faso |
| Gabon | Cape Verde | Central African Rep. |
| Mauritius | Côte d'Ivoire | Chad |
| Mozambique | Kenya | Congo |
| Namibia | Lesotho | DRC |
| Rwanda | Liberia | Djibouti |
| São Tomé & Príncipe | Malawi | Egypt |
| Seychelles | Togo | Equatorial Guinea |
| Sierra Leone | Uganda | Eritrea |
| South Africa | | Ethiopia |
| Swaziland | | Guinea-Bissau |
| Tanzania | | Guinea |
| Zambia | | Madagascar |
| Zimbabwe | | Mali |
| | | Mauritania |
| | | Morocco |
| | | Nigeria |
| | | Niger |
| | | Senegal |
| | | Somalia |
| | | South Sudan |
| | | Sudan |
| | | Tunisia |

Source: Table adapted from UNAIDS, 2013

African Union (AU) Abuja Declaration (2001)

Commits countries to allocate 15% of national budgets to public health by 2015 and includes a promise to remove taxes, tariffs and other economic barriers that hinder the AIDS response.

6

countries have achieved the Abuja target.

Spending in Africa needs to increase by

\$31 billion

to meet the Abuja target.

Source: AU/UNAIDS, 2013

92%

of the world's pregnant women with HIV live in sub-Saharan Africa.

Botswana is the first country in Africa to provide free ART and services to prevent mother-to-child transmission.

Source: UNAIDS, 2013

Demographic Resources

Tuberculosis (TB) cases



26% of the world's notified TB cases are found in Africa. In 2011, sub-Saharan Africa carried the greatest proportion of new cases per population, with over 255 cases per 100,000 people.

Sources: AfDB, 2013; AU/UNAIDS, 2013; WHO, 2013b

Malaria cases



80% of all malaria cases are in sub-Saharan Africa. In 2010 there were 174 million estimated cases of malaria which resulted in around 600,000 deaths.

Africa only has

2 physicians per 10,000 people.

This is the lowest physician-to-population ratio in the world. The world average is 14.

There is a shortage of **1.5 million** skilled health workers in Africa.

Of 57 countries with 'critical shortages', 36 are in Africa.

THE GROWTH OF NON-COMMUNICABLE DISEASES (NCDs)

- Changing environmental factors – increased urbanisation, growing middle-class with changing lifestyles – are likely causes of the rise in lifestyle disorders, such as cardiovascular diseases, diabetes, hypertension, obesity, cancer and respiratory diseases.
- Projections indicate that by 2020, the largest increase in deaths from NCDs in the world will occur in Africa.
- In the next decade NCDs are projected to account for 46% of deaths in Africa.
- Deaths from NCDs are projected to exceed the combined deaths of communicable and nutritional diseases, and maternal and perinatal deaths, as the most common cause of death by 2030.
- By 2030 it is estimated that there will be 1.6 million new cancer cases in Africa per year.
- The number of diabetes patients is expected to rise from 12.1 million to 24.0 million by 2030.
- Mental and neurological conditions are a challenge, with about 80% of cases estimated to not receive any treatment. Alzheimer's and other forms of dementia are likely to increase as people live longer.
- A large proportion of donor funding has been focused on infectious diseases, to the detriment of NCDs.

In sub-Saharan Africa, only **38%**

of pharmaceutical drugs are available in public facilities.

Most countries rely on imported medicines & the total size of Africa's pharmaceutical industry is less than 1% of global share.

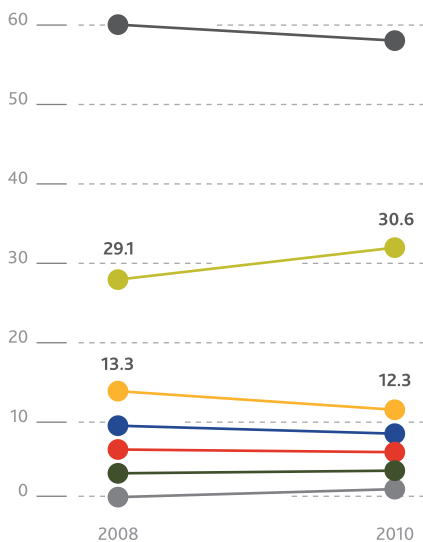
Source: AfDB, 2013

Sources: AfDB, 2013; WHO, 2013a

HURDLE MATCHING EDUCATION WITH LABOUR MARKETS

ALMOST 1/3 OF SUB-SAHARAN AFRICAN YOUTH LACK BASIC SKILLS

Out-of-school primary school age children, millions



- In 23 of 30 sub-Saharan African countries, at least 1/2 of 15-19 year olds lack foundation skills.
- Between 2008 and 2010, the number of out-of-school primary school age children in sub-Saharan Africa increased by 1.6 million, while declining by 1 million in South and West Asia.
- Globally, 1/2 of children out of school now live in sub-Saharan Africa.
- Nigeria has the largest number with 10.5 million out-of-school primary school age children.
- 42% of African school children will drop out before the end of primary school — the highest drop-out rate in the world.

● World ● Sub-Saharan Africa ● South & West Asia ● East Asia & Pacific ● Arab States ● Latin America & the Caribbean ● North America & West Europe

Source: UNESCO, 2012a & 2013

SUB-SAHARAN AFRICA HAS THE LOWEST SECONDARY & TERTIARY SCHOOL ENROLMENT

Secondary & tertiary enrolment ratio, 2011



- The likelihood of being wage employed declines strongly without secondary school education.

01 Europe & Central Asia
 02 North America
 03 Latin America & the Caribbean
 04 East Asia & Pacific
 05 Middle East & North Africa
 06 World
 07 South Asia
 08 Sub-Saharan Africa (SSA)

Source: WB, 2013

UNESCO Education for All (EFA) Development Index (EDI)

▲ No African country ranked with High EDI (>0.95)

— 1/3 of countries with Medium EDI are African (0.80 - 0.94)

▼ 4/5 countries with Low EDI are African (<0.80)

Measures overall progress of national education systems towards EFA Components: Universal Primary Education; Adult Literacy; Gender Parity and Equality; and Quality of Education. Between 0 and 1, where 1 = full achievement of the EFA across 4 goals.

Source: UNESCO, 2012

Demographic Resources

SKILLS DO NOT MEET THE NEEDS OF THE 21st CENTURY LABOUR MARKET

- The 'mismatch' of skills in Africa has been identified as crucially relevant.
- According to an African Economic Outlook (AEO) survey, the most difficult sectors for recruiters to find candidates are those that need specific technical qualifications, such as the extractive industries, logistics, the chemical and pharmaceutical industries, manufacturing in general and agri-business.
- With tertiary education focusing on public sector employment rather than private sector labour demands, universities do not educate for all African needs.

Source: AfDB/OECD/UNDP/UNECA, 2012

How to measure skills development?¹

Stock of human capital

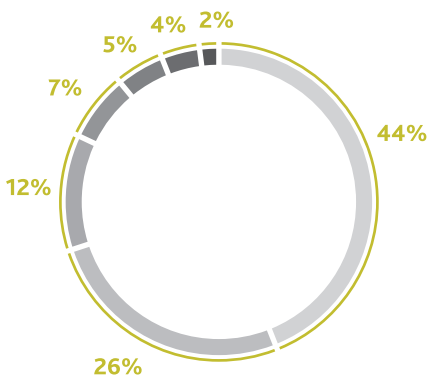
- Educational attainment of adult population.
- Literacy of youth and adult population.
- Cognitive skills (literacy/numeracy) of youth and adults.

Skills formation

- Primary school enrolment ratio.
- Primary school completion rate.
- Secondary school enrolment ratio.
- Tertiary level enrolment ratio.
- Share of tertiary graduates/students in science and technology.
- Participation of youth in apprenticeships.
- Participation of adults in education and training.

Source: UNESCO, 2012

The need for technical & vocational skills



University graduation rates (%) 2008-2010

- 44 Social Sciences, Business & Law
- 26 Education, Humanities & Arts
- 12 Science
- 7 Other
- 5 Health & Welfare
- 4 Engineering, Manufacturing & Construction
- 2 Agriculture

- Social science or humanities graduates have more difficulty finding employment than those from engineering and information technology backgrounds.
- However, in sub-Saharan Africa, the social science and humanities have much higher enrolment and graduation numbers.
- Technical and vocational skills development through institutional or on-the-job training could help to fill the gap between education and employment.
- Traditional apprenticeships predominate in the informal sector in Africa.
- In Senegal around 400,000 young people are in apprenticeships every year, compared to some 7,000 graduates from the formal vocational training centres.
- The informal sector has the highest returns to vocational training, showing how crucial practical skills are for the sector.

Source: AfDB/OECD/UNDP/UNECA, 2012

¹ From the G20 Multi-year Action Plan.

African Paradoxes

Engineers have better employment opportunities & resource economies need skilled engineers.



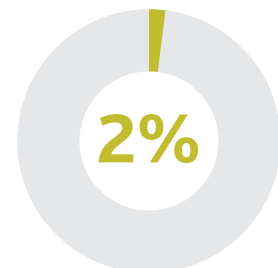
Sub-Saharan Africa has the

lowest

share of engineering graduates in the world.

Agriculture contributes on average 25% of Africa's GDP, ranging from 5%-70% across different countries on the continent.

Less than

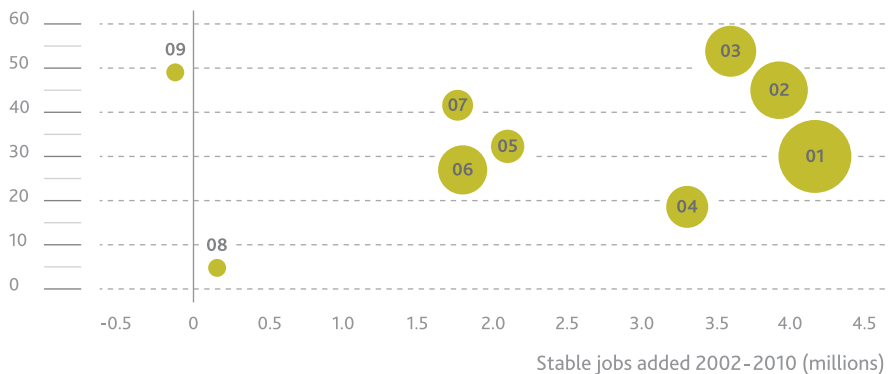


of youth in Africa are studying agriculture.

Sources: AfDB/OECD/UNDP/UNECA, 2012 & 2013

'JOBLESS' GROWTH?

GDP growth (billions)



- 01 Government & social services
- 02 Agriculture
- 03 Retail & hospitality
- 04 Construction
- 05 Transport & communication
- 06 Manufacturing
- 07 Finance & business services
- 08 Utilities
- 09 Natural resources
- Number of stable jobs, 2010

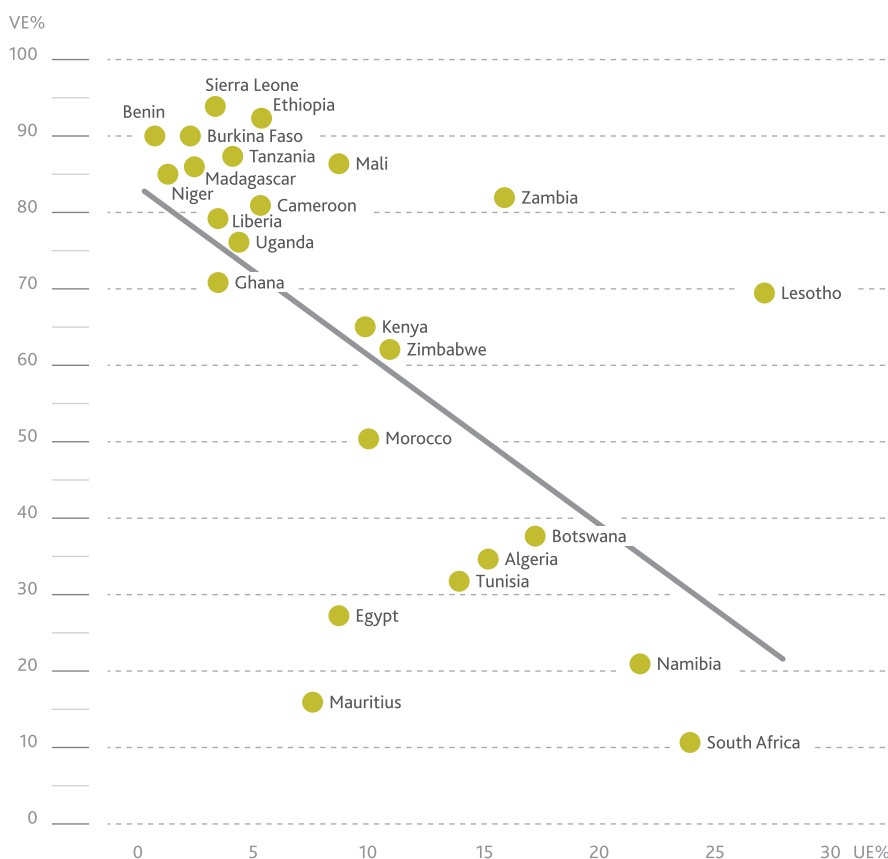
Source: Adapted from McKinsey Global Institute, 2012

- Currently, capital intensive sectors such as the resource industries that are driving the high levels of African economic growth are not creating the most jobs.
- Natural resource sectors (mining, oil and gas) employ less than 1% of Africa's workforce.
- The capital intensive nature of the resource sector can help create jobs when revenues are invested in labour intensive high value-added production.

Sources: AfDB/OECD/UNDP/UNECA, 2013; McKinsey Global Institute, 2012

Sustainability of informal opportunities?

Vulnerable employment rates (VE) vs. unemployment rates (UE)



Source: AfDB/OECD/UNDP/UNECA, 2012

- The informal sector contributes about 55% of sub-Saharan Africa's GDP and employs 80% of the labour force.
- 9 out of 10 rural and urban workers have informal jobs in Africa and most of these people are women and youth.
- In sub-Saharan Africa, non-wage employment represents more than 80% of total employment for women and more than 60% for men.
- The largest employers in Africa (agriculture, retail and hospitality) are also the most insecure – almost 90% of jobs provided by the agricultural sector are vulnerable.
- As the existing private and public employment capacity is too small, the rural and informal sector can be seen as an opportunity if the challenges of low productivity and wages are overcome.
- The rural and non-farm economies are linked. Higher agricultural productivity leads to more non-farm activities. Non-farm income increases demand for agricultural goods.

Sources: AfDB, 2013; AfDB/OECD/UNDP/UNECA, 2012

Demographic Resources

HUMAN DEVELOPMENT: 2013 IIAG CATEGORY SPOTLIGHT

SCORES & RANKS

| Rank/52 | Score/100 | Change since 2000 | |
|---------|----------------------|-------------------|-------|
| 1 | Seychelles | 92.2 | +8.9 |
| 2 | Mauritius | 88.5 | +11.1 |
| 3 | Tunisia | 83.3 | +5.5 |
| 4 | Botswana | 81.3 | +14.2 |
| 5 | Cape Verde | 80.7 | +10.1 |
| 6 | South Africa | 77.4 | +4.4 |
| 7 | Algeria | 76.3 | +11.8 |
| 8 | Ghana | 74.0 | +16.7 |
| 9 | Libya | 73.2 | +3.1 |
| 10 | Egypt | 71.5 | +2.2 |
| 11 | Morocco | 70.5 | +9.2 |
| 12 | Rwanda | 67.8 | +21.4 |
| 13 | Namibia | 67.5 | +5.3 |
| 14 | São Tomé & Príncipe | 66.8 | +12.9 |
| 15 | Gambia | 66.5 | +12.4 |
| 16 | Swaziland | 64.3 | +8.1 |
| 17 | Kenya | 63.9 | +10.0 |
| 18 | Gabon | 63.9 | +5.0 |
| 19 | Senegal | 62.3 | +16.0 |
| 20 | Uganda | 61.5 | +12.2 |
| 21 | Zambia | 59.6 | +11.9 |
| 22 | Djibouti | 58.8 | +12.5 |
| 23 | Lesotho | 58.4 | +8.0 |
| 24 | Tanzania | 58.2 | +13.5 |
| 25 | Benin | 57.2 | +12.2 |
| 26 | Cameroon | 57.1 | +11.6 |
| 27 | Equatorial Guinea | 56.4 | +14.2 |
| 28 | Malawi | 56.2 | +12.1 |
| 29 | Comoros | 55.9 | +9.1 |
| 30 | Zimbabwe | 55.1 | +10.4 |
| 31 | Togo | 53.7 | +12.1 |
| 32 | Ethiopia | 53.7 | +17.7 |
| 33 | Nigeria | 52.7 | +8.0 |
| 34 | Liberia | 50.7 | +16.5 |
| 35 | Mali | 50.6 | +13.0 |
| 36 | Mozambique | 50.5 | +12.4 |
| 37 | Congo | 50.2 | +8.8 |
| 38 | Madagascar | 50.0 | +2.0 |
| 39 | Côte d'Ivoire | 48.8 | +8.1 |
| 40 | Angola | 48.5 | +18.3 |
| 41 | Burkina Faso | 47.8 | +8.7 |
| 42 | Burundi | 47.8 | +12.1 |
| 43 | Mauritania | 47.7 | +2.6 |
| 44 | Niger | 47.0 | +17.9 |
| 45 | Guinea-Bissau | 46.7 | +11.2 |
| 46 | Guinea | 46.7 | +9.9 |
| 47 | Eritrea | 45.5 | +2.5 |
| 48 | Sierra Leone | 42.0 | +9.8 |
| 49 | DRC | 40.2 | +5.9 |
| 50 | Central African Rep. | 36.3 | +9.5 |
| 51 | Chad | 33.7 | +6.7 |
| 52 | Somalia | 13.1 | +1.4 |

Observations

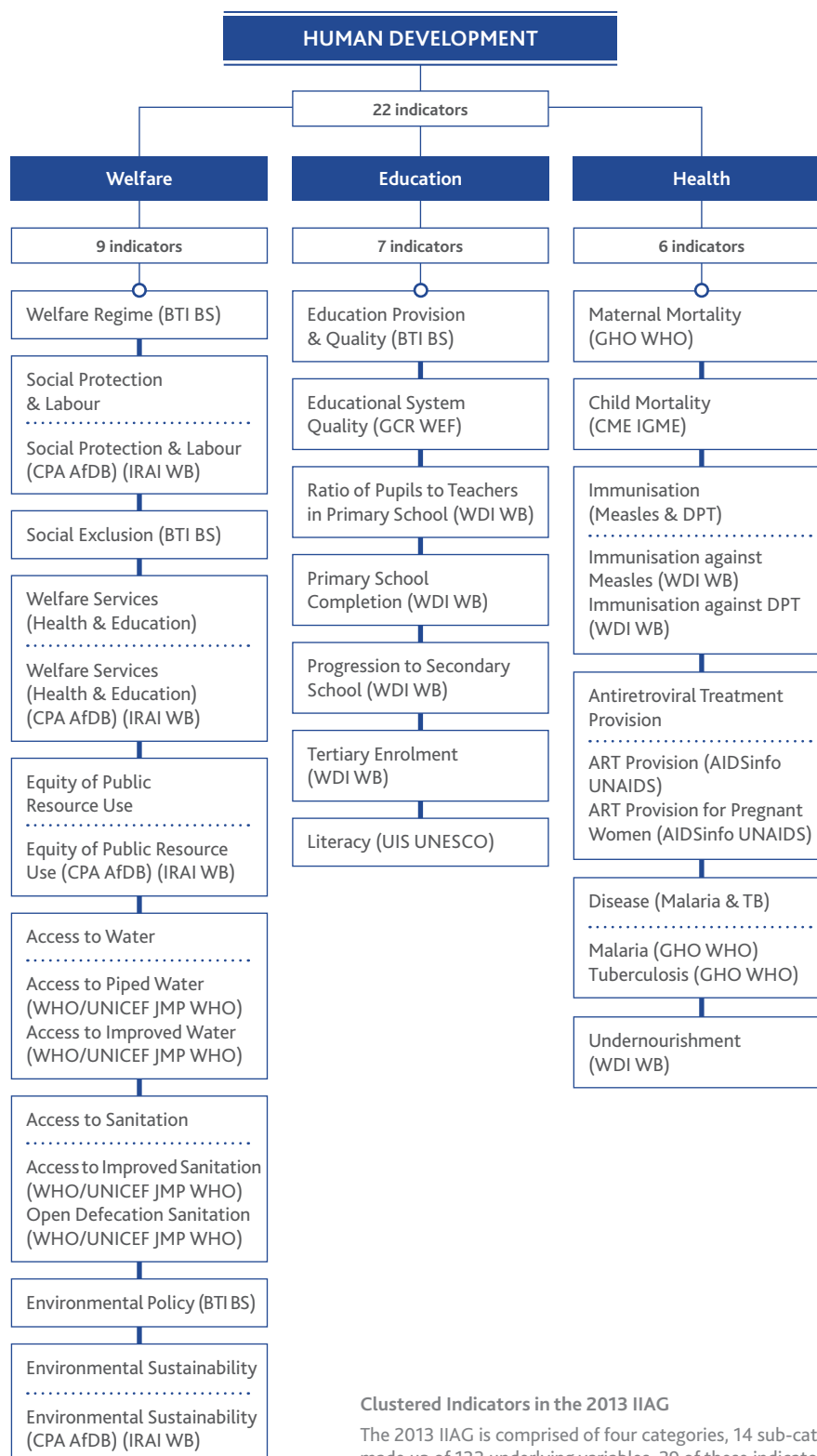
- *Human Development* achieves the highest average score of all the categories within the IIAG. It has also shown the largest improvement in score, of any category, since 2000 (+10.2).
- All countries (52) show an improvement in this category since 2000.
- *Human Development* shows a difference of 79.0 points between the highest and lowest scores within the category in 2012.
- The 2012 scores of all sub-categories within this category show improvements of the continental average since 2000: *Welfare*, *Education* and *Health*. The improvement in *Health* is the largest at the sub-category level across the IIAG (+17.5).
- The 3 most improved indicators, since 2000, in the *Human Development* category are *Antiretroviral Treatment Provision*, *Immunisation (Measles & DPT)* and *Primary School Completion*.
- In the same time period, only 2 indicators displayed any deterioration: *Social Exclusion* and *Environmental Policy*.

Group Trends

- North Africa is the best performing region in the *Human Development* category, and has been since 2000, scoring 70.4 on average in 2012. The worst performing region within this category is Central Africa, scoring 48.3 in 2012; again, a trend that has been visible since 2000.
- All regions show improvement since 2000 in the *Human Development* category. West Africa shows the largest improvement (+12.2) and North Africa shows the least improvement (+5.7).
- AMU is the best performing REC in the *Human Development* category (70.2), while IGAD is the worst performing (49.4).
- All RECs have shown improvement in this category since 2000, with EAC showing the largest improvement over time (+13.8) and AMU showing the least (+6.5).

| Human Development | 2000 | 2012 | Change over time |
|------------------------------|------|------|------------------|
| Africa | 48.1 | 58.3 | +10.2 |
| Central Africa | 39.5 | 48.3 | +8.8 |
| East Africa | 45.2 | 56.2 | +11.0 |
| North Africa | 64.7 | 70.4 | +5.7 |
| Southern Africa | 53.2 | 63.1 | +9.9 |
| West Africa | 43.7 | 55.9 | +12.2 |
| Sub-Saharan Africa | 45.9 | 56.7 | +10.8 |
| RECs averages | | | |
| AMU | 63.8 | 70.2 | +6.5 |
| CEN-SAD | 44.7 | 54.3 | +9.6 |
| COMESA | 51.8 | 61.4 | +9.6 |
| EAC | 46.0 | 59.8 | +13.8 |
| ECCAS | 39.6 | 50.1 | +10.5 |
| ECOWAS | 43.0 | 55.2 | +12.2 |
| IGAD | 40.0 | 49.4 | +9.4 |
| SADC | 53.4 | 63.2 | +9.8 |
| Geographical averages | | | |
| Island | 63.3 | 72.3 | +9.0 |
| Landlocked | 42.5 | 54.7 | +12.3 |
| Coastal | 47.8 | 57.3 | +9.4 |

Source: MIF, 2013



Clustered Indicators in the 2013 IIAG

The 2013 IIAG is comprised of four categories, 14 sub-categories and 94 indicators, made up of 133 underlying variables. 29 of these indicators are clustered indicators.

Source: MIF, 2013

O2

Potential Assets & Hurdles

Natural Resources

Though unevenly distributed, Africa's natural endowment is considerable, and remains mostly untapped. Leadership is crucial in taking forward the resource governance agenda. There has been increased emphasis on improving the accountability and transparency of the sector. However, governance remains a critical stumbling block for many countries. Both the public and private sectors have a shared responsibility to ensure that African natural resources benefit first the continent and its citizens. They must also guarantee the process is sustainable for future generations.

Energy & mineral abundance | POTENTIAL ASSET

- Africa's energy production: 11% of the world's oil, 6% of the world's natural gas, 4% of the world's coal
- A range of unexploited renewable energy resources
- The potential for nuclear energy
- Africa's minerals: over 50% of the world's production of platinum, cobalt, tantalum & diamonds

Vital resources: land, water & agriculture | POTENTIAL ASSET

- Land: an emerging commodity
- Water: a critical resource, mostly untapped, unevenly distributed
- Agricultural commodities: from meeting needs to creating wealth
- A regional opportunity: the 13 major transboundary water basins

Overlooked potential? Biodiversity & landscapes | POTENTIAL ASSET

- The impact of tourism
- Africa's biodiversity endowment
- Africa's world heritage wealth

2013 African Economic Outlook: adding value | HURDLE

- "Putting in place the right conditions for structural transformation based on natural resources"
- "Managing natural resources"
- "Promoting linkages"
- "Boosting the productivity of agriculture"

Strengthening governance | HURDLE

- Poor governance in many African resource-rich countries
- Multiple initiatives: the drive for transparency & accountability

Ensuring efficient & equitable ownership | HURDLE

- Avoiding 'Dutch Disease'
- Preventing revenue losses for the country
- Sharing national wealth with all citizens

The information presented in 'Potential Assets & Hurdles – Natural Resources' has largely been informed by the work of the African Economic Outlook as well as the Africa Progress Panel & Revenue Watch Institute.

Natural Resources

POTENTIAL ASSET ENERGY & MINERAL ABUNDANCE

AFRICA'S ENERGY PRODUCTION: 11% OF THE WORLD'S OIL, 6% OF THE WORLD'S NATURAL GAS, 4% OF THE WORLD'S COAL

- At the end of 2012, Africa's proven oil reserves totalled 130.3 thousand million barrels, which is 7.8% of the world's reserves.
- Nigeria was Africa's largest oil producer in 2012, with output at 2,417 thousand barrels daily, ahead of Brazil (2,149 thousand barrels) and Qatar (1,966 thousand barrels).
- Algeria, Angola and Nigeria made up 62% of oil production in Africa in 2012, and together with Libya and Egypt, over 80%.
- Algeria, Egypt, Libya, and Nigeria are home to over 90% of the continent's known natural gas reserves.
- South Africa accounts for just over 95% of Africa's known coal reserves.

Leading African Producers

| Fossil Fuel | Country | Combined % of world production | % of world reserves |
|-------------|--------------|--------------------------------|---------------------|
| Oil | Libya | 9 | 7 |
| | Nigeria | | |
| | Algeria | | |
| | Angola | | |
| Natural Gas | Nigeria | 6 | 6 |
| | Algeria | | |
| | Egypt | | |
| Coal | South Africa | 4 | 4 |
| | Zimbabwe | | |

Source: British Petroleum, 2013



MAJOR EXISTING PRODUCERS

Oil

- | | |
|-------------------|-------------|
| Algeria | Gabon |
| Angola | Libya |
| Chad | Nigeria |
| Congo | South Sudan |
| Egypt | Sudan |
| Equatorial Guinea | Tunisia |

Natural Gas

- | | |
|-------------------|--------------|
| Algeria | Botswana |
| Angola | Egypt |
| Côte d'Ivoire | Malawi |
| Egypt | Mozambique |
| Equatorial Guinea | Niger |
| Libya | South Africa |
| Mozambique | Swaziland |
| Nigeria | Tanzania |
| South Africa | Zambia |
| Tunisia | Zimbabwe |

- | |
|-------------|
| Gabon |
| Libya |
| Nigeria |
| South Sudan |
| Sudan |
| Tunisia |

Coal

- | |
|--------------|
| Botswana |
| Egypt |
| Malawi |
| Mozambique |
| Niger |
| South Africa |
| Swaziland |
| Tanzania |
| Zambia |
| Zimbabwe |

NEWCOMERS

Oil

- Côte d'Ivoire
- Ethiopia
- Ghana
- Kenya

Natural Gas

- Mozambique
- Tanzania

Sources: British Petroleum, 2013; Ernst & Young, 2012; USGS, 2013a

A RANGE OF UNEXPLOITED RENEWABLE ENERGY RESOURCES

- Africa has a range of renewable energy resources, from solar and wind, to geothermal and hydroelectric.
- Wind speeds in Africa are best around the coastal regions and the eastern highlands. Cape Verde, Chad, Kenya, Madagascar, Mauritania and Sudan have great potential. Sudan's wind speeds are equivalent to 90% of its annual energy needs.
- The Great Rift Valley (East Africa) is an area with high geothermal activity. It is estimated that around 9,000 MW could be generated from geothermal energy in this area.

Sources: UNEP Finance Initiative, 2012; World Water Assessment Programme, 2012
¹Research reactors are non power reactors.

- Yet the installed capacity in Kenya and Ethiopia — the 2 main exploiters of this region — is far less, with 167 MW and 7.3 MW respectively.
- Hydroelectricity offers a largely untapped source of energy in the middle of the continent, with only 5% of Africa's total hydropower potential exploited. Angola, Cameroon, DRC, Ethiopia, Guinea, Mozambique, Nigeria and Sudan all have significant hydroelectric potential.
- Many parts of sub-Saharan Africa feature daily solar radiation of between 4 kWh and 6 kWh per square metre indicating strong solar potential.

THE POTENTIAL FOR NUCLEAR ENERGY?

- South Africa, Namibia and Niger together account for around 18% of the world's recoverable uranium resources.
- South Africa's 1st nuclear power reactor began operating in 1984. Currently it has 2 nuclear reactors generating 5% of its electricity. Eskom, the country's state electricity utility, has said the country needs 40 GW of new generation by 2025, about ½ of which should be nuclear.
- There are 7 operational research nuclear reactors¹ on the continent: Algeria (2), Egypt, Ghana, Morocco, Nigeria and South Africa.

Sources: IAEA, 2013; World Nuclear Association, 2013

AFRICA'S MINERALS: OVER 50% OF THE WORLD'S PRODUCTION OF PLATINUM, COBALT, TANTALUM & DIAMONDS

- South Africa and Zimbabwe produce almost 80% of the world's platinum.
- Africa spends less than 1/10 of the amount that major mineral producers such as Australia and Canada spend on exploration on a per km² basis.
- As it stands now, Africa's share of the world's mineral reserves is substantial.
- Africa accounts for more than 3/4 of all of the world's reserves of Platinum-Group Metal (PGM) and phosphate rock.
- DRC accounts for just under 50% of the world's cobalt reserves.
- South Africa accounts for just over 40% of the world's chromium reserves.
- Morocco accounts for around 75% of the world's phosphate rock reserves.
- Botswana, DRC and South Africa combined have just under 60% of the world's reserves of diamonds.

The US Geological Survey (USGS) estimates that Africa will expand its metal & mineral production of 15 important metals by

78% between 2010 & 2017.

This is compared to only 30% in the Americas & Asia.

Sources: AfDB/OECD/UNDP/UNECA, 2013

| Minerals | Leading African Producers | % of World Reserves | Production as % of Reserves | Combined % of World Production | Minerals | Leading African Producers | % of World Reserves | Production as % of Reserves | Combined % of World Production |
|-----------------------|--|----------------------|-----------------------------|--------------------------------|----------|------------------------------------|---------------------|-----------------------------|--------------------------------|
| Platinum | South Africa Zimbabwe | 95 ¹ - | <1 ¹ - | 80% | Uranium | Niger Namibia Malawi | 8 5 - | 1 1 - | 16% |
| Cobalt | DRC Zambia Morocco | 45 4 <1 | 2 2 11 | 62% | Gold | South Africa Ghana | 12 3 | 3 5 | 10% |
| Tantalum | Mozambique DRC Rwanda | - - - | - - - | 58% | Bauxite | Guinea Sierra Leone | 26 <1 | <1 <1 | 7% |
| Diamonds ² | Botswana DRC South Africa | 22 25 12 | 18 11 6 | 56% | Copper | Zambia DRC | 3 3 | 3 3 | 7% |
| Chromium | South Africa Zimbabwe Madagascar | 43 - - | 5 - - | 38% | Lead | South Africa Morocco | <1 - | 18 - | 2% |
| Manganese | South Africa Gabon | 24 4 | 2 7 | 33% | Zinc | Namibia Morocco South Africa | - - - | - - - | 1% |
| Phosphate Rock | Morocco Tunisia Egypt | 75 <1 <1 | <1 5 4 | 18% | | | | | |

Note: The calculations in this table (except uranium) are derived from USGS data. Users are advised to take caution when interpreting reserve values, due to the dynamic nature of the data. For full information please refer to Appendix C of the 2013 USGS Mineral Commodities Summary. Reserve data for tantalum are not available. For example, it appears now that the DRC does not contain a substantial share of the world's reserves. (less than 10%). All data for 2011. ¹PGM. ²Industrial Diamonds.
Sources: Economica, 2013; USGS, 2013a & 2013b; World Nuclear Association, 2013

Natural Resources

POTENTIAL ASSET VITAL RESOURCES: LAND, WATER & AGRICULTURE

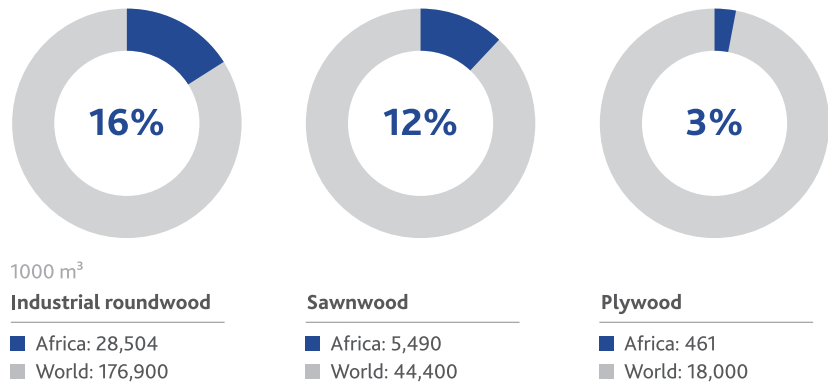
LAND: AN EMERGING COMMODITY

- Africa’s land covers over 20% of the world, making it the 2nd largest region in the world, after Asia.
- Forest area covers around 22% of Africa’s land and makes up around 15% of global forest land.
- Africa has around 16% of the world’s arable land.
- For 9 countries, arable land makes up over 30% of total land area: Burundi, Comoros, Gambia, Malawi, Mauritius, Nigeria, Rwanda, Togo and Uganda.
- Africa holds 60% of the world’s uncultivated arable land.

Sources: FAO, 2013a; Good Governance Africa, 2012

Tropical Timber Production¹

Share of world production (%) 2012



Source: International Tropical Timber Organisation, 2012

“Land investment is a water investment”²

- There is growing international recognition of the impact that land deals have on Africa’s water situation.
- Many investors from the Middle East and Asia are under severe water stress and are seeking land and water abroad.
- Water is often presumed to be included without explicit mention in land lease agreements.

Source: Jägerskog et al, 2012

4 countries of the Nile Basin – Egypt, Ethiopia, South Sudan, Sudan – have leased out

8.6 million ha.

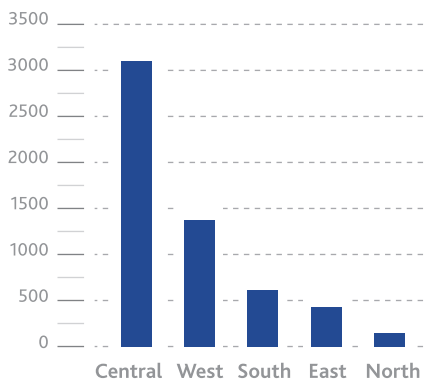
Irrigating these lands would require more water than is available to all 10 countries in the basin.

Source: GRAIN, 2012

WATER: A CRITICAL RESOURCE, MOSTLY UNTAPPED, UNEVENLY DISTRIBUTED

- Renewable water resources are unevenly distributed among Africa’s regions.

Total renewable water resources (actual) (billion m³/year) 2012



Source: FAO, 2013b

Total renewable water resource per capita (actual) (m³ per capita/year) 2012

Top 5 countries

| | |
|----------------------|---------|
| Congo | 200,966 |
| Gabon | 106,910 |
| Liberia | 56,188 |
| Equatorial Guinea | 36,111 |
| Central African Rep. | 32,182 |

Bottom 5 countries

| | |
|------------|-----|
| Libya | 109 |
| Algeria | 324 |
| Djibouti | 331 |
| Tunisia | 434 |
| Cape Verde | 599 |

Egypt, Mauritania, Niger & Botswana all have a high water dependency ratio³ of over

80%

Source: FAO, 2013b

¹All wood is non-coniferous tropical. ²Title taken from Jägerskog et al, 2012. ³Water dependency ratio expresses the part of the total renewable water resources originating outside the country, showing the dependence of a country to its neighbours’ water resources.

AGRICULTURAL COMMODITIES: FROM MEETING NEEDS TO CREATING WEALTH

- Africa produces around 72% of the world's cocoa and around 13% of the world's tea and coffee.
- 3 African countries, Côte d'Ivoire, Ghana and Nigeria, dominate the world's cocoa market, accounting for 64% of world production.

| | Leading African producers | Combined % of world production | Africa % of world production | Africa production (thousand tonnes) (Leading global producer) |
|-------------------------|--------------------------------------|--------------------------------|------------------------------|---|
| Gum arabic ¹ | Sudan Chad Nigeria | 95 | 95 | From 2009 to 2011, gum arabic exports from Sudan increased by 120%. |
| Cocoa | Côte d'Ivoire Ghana Nigeria | 64 | 72 | 2,918 (Côte d'Ivoire = 1,486) |
| Tea | Kenya Malawi Uganda | 10 | 13 | 595 (China = 1,623) |
| Coffee ² | Ethiopia Uganda Côte d'Ivoire | 9 | 12 | 17,782 (Brazil = 50,826) |
| Palm Oil | Nigeria Côte d'Ivoire Cameroon | 3 | 5 | 2,300 (Indonesia = 21,449) |
| Cotton (lint & seed) | Egypt Mali Burkina Faso | 2 | 5 | 3,904 (China = 19,767) |
| Rice (paddy) | Egypt Nigeria Madagascar | 2 | 4 | 26,062 (China = 201,001) |
| Wheat | Egypt Morocco Ethiopia | 2 | 4 | 25,012 (China = 117,410) |

Sources: FAO, 2013a; International Cocoa Organisation, 2013; International Coffee Organisation, 2013; UNCTAD, 2013

The potential impact of a policy focus

"For decades, global agriculture was characterised by policy induced production surpluses in industrialised countries & stagnating growth in developing countries." OECD/FAO³, 2013

- On average, public expenditure in African countries allocated to agriculture accounted for 4.7% in 2007⁴.
- The Maputo Commitment, made by the African Union (AU) in 2003, requiring countries to allocate at least 10% of

public investment in agriculture, has only been met by 10 countries. Burkina Faso, Ethiopia, Ghana, Guinea, Malawi, Mali, Niger and Senegal have exceeded the target.

The European Union (EU) Common Agricultural Policy (CAP) amounts to around **40%** of the total EU budget.

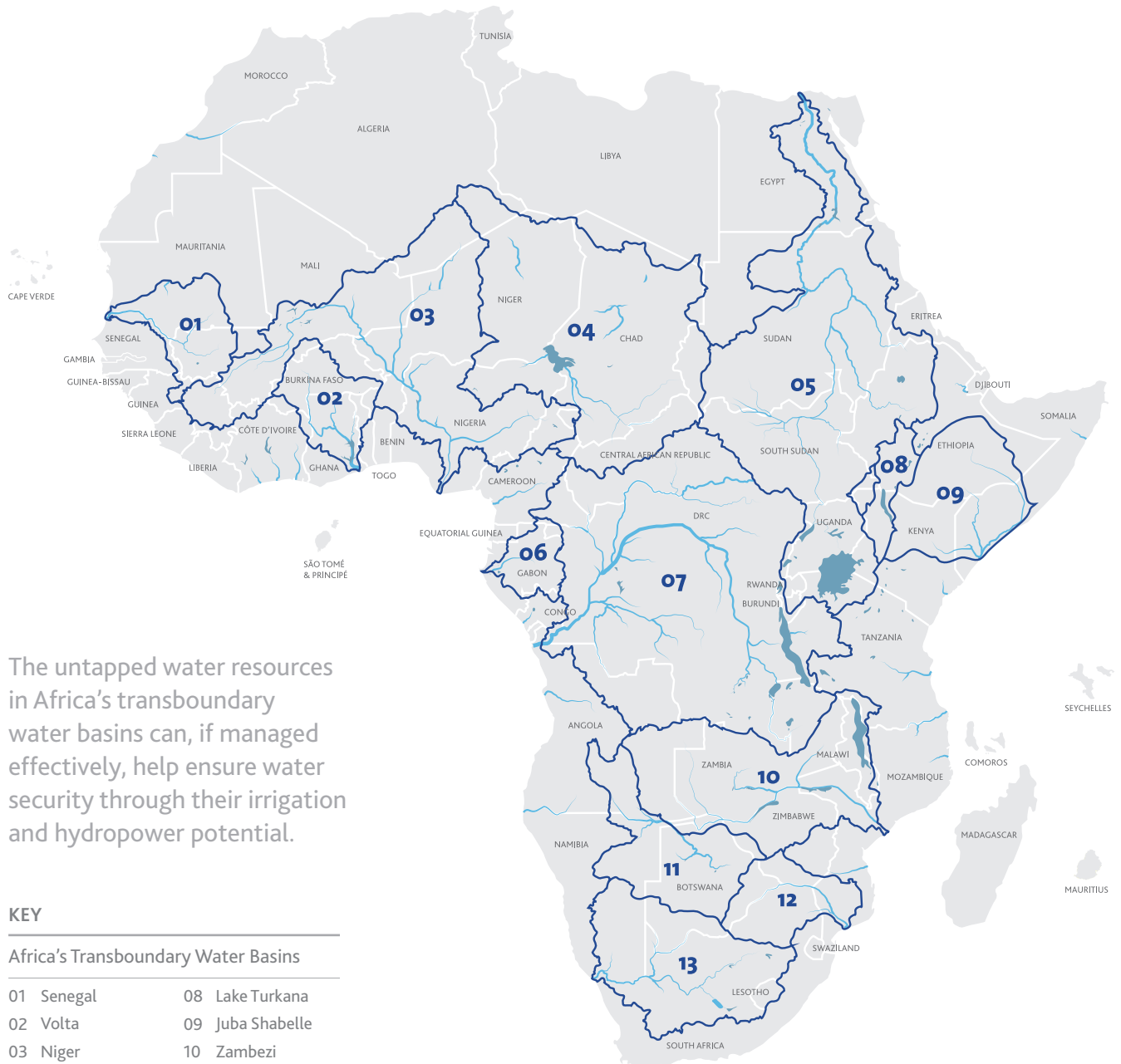
Source: EC, 2013

Sources: FAO, 2013a; International Food Policy Research Institute, 2010

¹Production data for gum arabic are limited & unreliable. ²Coffee measured in 000 bags. ³OECD-FAO: Organisation for Economic Cooperation & Development-Food & Agriculture Organisation. ⁴Based on an average of 15 countries: Botswana, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Morocco, Nigeria, Swaziland, Tunisia, Uganda, Zambia & Zimbabwe.

Natural Resources

A REGIONAL OPPORTUNITY: THE 13 MAJOR TRANSBOUNDARY WATER BASINS



The untapped water resources in Africa’s transboundary water basins can, if managed effectively, help ensure water security through their irrigation and hydropower potential.

KEY

Africa’s Transboundary Water Basins

- | | |
|--------------|-------------------|
| 01 Senegal | 08 Lake Turkana |
| 02 Volta | 09 Juba Shabelle |
| 03 Niger | 10 Zambezi |
| 04 Lake Chad | 11 Okavango Delta |
| 05 Nile | 12 Limpopo |
| 06 Ogooué | 13 Orange |
| 07 Congo | |

Transboundary Water Basin



Selected transboundary water basins

01 Senegal River Basin

Riparian Countries (4): Guinea, Mali, Mauritania, Senegal

Regional Body: Organisation for the Development of the Senegal River Basin (OMVS) - All riparian countries except Guinea

Share of Africa's surface area: <1.6%
Population: Approx. 7 million

04 Lake Chad Basin

Riparian Countries (8): Algeria, Central African Republic, Cameroon, Chad, Libya, Niger, Nigeria, Sudan

Regional Body: Lake Chad Basin Commission (1964) - All riparian countries except Algeria

Share of Africa's surface area: <8%
Population: Approx. 46 million

05 Nile River Basin

Riparian Countries (11): Burundi, DRC, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, Uganda

Regional Body: Nile Basin Initiative (NBI) (1999) - All riparian countries

Share of Africa's surface area: Approx. 10%
Population: Approx. 224 million

07 Congo River Basin

Riparian Countries (11): Angola, Burundi, Cameroon, Central African Rep., Congo, DRC, Gabon, Malawi, Rwanda, Tanzania, Zambia

Regional Body: The International Commission of the Congo-Ubanji-Sangha Basin (CICOS) (1999) - All riparian countries except Burundi, Rwanda, Tanzania, Zambia

Share of Africa's surface area: <12%
Population: Approx. 100 million

10 Zambezi River Basin

Riparian Countries (8): Angola, Botswana, Malawi, Mozambique, Namibia, Tanzania, Zambia, Zimbabwe

Regional Body: Zambezi Watercourse Commission (ZAMCOM) (2004) - All riparian countries

Share of Africa's surface area: 4.5%
Population: Approx. 40 million

11 Okavango Delta Basin

Riparian Countries (3): Angola, Botswana, Namibia

Regional Body: The Permanent Okavango River Basin Water Commission (OKACOM) (1994) - All riparian countries

Share of Africa's surface area: Approx. 1%
Population: Approx. 1.5 million

13 Orange River Basin

Riparian Countries (4): Botswana, Lesotho, Namibia, South Africa

Regional Body: Orange - Senqu River Commission (ORASECOM) (2000) - All riparian countries

Share of Africa's surface area: Approx. 3%
Population: Approx. 15.7 million

Sources: Respective regional body websites; UNEP 2010

Irrigation Potential

- 97% of Africa's croplands depend on rain-fed agriculture.
- In all but 4 countries on the continent, less than 5% of the cultivated area is irrigated.
- 1.4 million ha of irrigation could be secured based on current or planned dams associated with hydropower development. An additional 5.4 million ha would be viable for small-scale irrigation.

Sources: AfDB, 2013; World Water Assessment Programme, 2012

Hydropower Potential

- While Africa has enough hydropower potential to meet the entire continent's electricity needs, only 5% of total hydropower potential has been exploited.
- The DRC has only developed 2.4GW of its estimated potential of 100GW – making it the country with the largest unexploited hydropower potential in Africa.
- Cameroon follows with 23GW of unexploited hydropower – only 3% has been harnessed.

Sources: International Hydropower Association, 2013; World Water Assessment Programme, 2012

The Inga Dam in the DRC

- Inga 1 and 2 are almost exclusively used to provide energy for mining companies in the DRC's copper belt, and they perform below capacity.
- Construction of the 1st phase of Inga 3 should begin in October 2015, at a cost of \$12 billion.
- Production capacity on completion of Grand Inga is projected as 40,000MW, twice as much as the Three Gorges Dam in China.
- It could provide 500 million people with renewable energy.
- The entire project is estimated to cost \$80 billion.

Source: CNN Marketplace, 2013

Natural Resources

POTENTIAL ASSET OVERLOOKED POTENTIAL? BIODIVERSITY & LANDSCAPES

THE IMPACT OF TOURISM

- In 2012, there were just over 52 million tourist arrivals in Africa. It is estimated that the figure will rise by 62% by 2020 to 85 million arrivals, and by a further 58% by 2030 to 134 million tourist arrivals.
- The direct contribution of 'travel and tourism'¹ to Africa's overall Gross Domestic Product (GDP) in 2012 was \$72.8 billion.
- 'Travel and tourism' generated 8,249,500 jobs directly in 2012 (3% of total employment).
- In order to maximise the potential benefits of tourism, issues such as the need for sufficient infrastructure (in both quantity and quality), security, environmental sustainability and animal protection need to be tackled.

Sources: World Travel & Tourism Council, 2013; UNWTO, 2013.

Vulnerability to shocks

- Tourism and travel are particularly vulnerable to changes in the stability and safety of a country.
- The impact of social and political unrest in North Africa over the last couple of years has proven this, with tourism in Egypt and Tunisia falling by more than 30% in 2011.
- The terrorist attack on Westgate in Nairobi may cost Kenya's economy \$200 to \$250 million in lost tourism revenue.
- Natural disasters also have an impact. In 2012, South Africa's tourism industry suffered a loss of over \$60 million due to floods, hail storms and fires.

Sources: Bloomberg L.P., 2012; Santam, 2013; TIME, 2013

AFRICA'S BIODIVERSITY ENDOWMENT

- Africa is home to nearly ¼ of the world's mammal species (1,230), more than ½ of the world's bird species (2,000), around 950 amphibian species and more than 2,000 freshwater fish species — the largest in the world.
 - It is also home to between 40,000 and 60,000 plant species, of which at least 35,000 are unique to the continent.
 - To date, Africa has lost less of its biodiversity in terms of species extinctions than other continents have. Sustainable use and conservation of biodiversity is essential for poverty reduction and sustainable development.
- #### Peace Parks Foundation (1997)
- The Foundation facilitates the establishment of Peace Parks (also known as Transfrontier Conservation Areas – TFCAs) and develops human resources aiming at supporting sustainable economic development; jobs for youth; the conservation of biodiversity; and regional peace and stability.
 - Of the 18 TFCAs in Southern Africa, 6 have been established and 7 are in the process of establishment. In addition there are 5 conceptual TFCAs. Peace Parks is directly involved with 10 of these parks.

Source: WB, 2012

Source: Peace Parks Foundation, 2013

The direct contribution of 'travel & tourism' to GDP is expected to grow by

5% annually
to \$123.3 billion by 2023.

By 2023, 'travel & tourism' will directly account for around 10.6 million jobs, an increase of 2.3% annually over the next 10 years, creating potentially more than

2.3 million
new jobs in 10 years.

Source: World Travel & Tourism Council, 2013

The Kavango Zambezi Transfrontier Conservation Area is potentially the world's largest, spanning

5 Southern African countries:

Angola, Botswana, Namibia, Zambia & Zimbabwe.

Source: SADC, 2013

¹'Travel and tourism', as defined by the World Travel & Tourism Council, relates to economic activity generated by industries such as hotels, travel agents, airlines & other passenger transportation services (excluding commuter services). Also includes activities of the restaurant and leisure industries directly supported by tourists.

Natural Resources

HURDLE ADDING VALUE: 2013 AFRICAN ECONOMIC OUTLOOK

SPECIAL THEME: "STRUCTURAL TRANSFORMATION & NATURAL RESOURCES"

A 4-layer policy approach

01

Pushing structural transformation

- Focusing on agricultural productivity.
- Promoting viable linkages.
- Building capabilities.

03

Natural resource specific environment

- Rules for exploration and exploitation.
- Ownership and land management.
- Availability of inputs (supplies like fertiliser and engineering services).
- Resource-specific skills.
- Resource-specific infrastructure.

02

Natural resource management

- Optimising taxes from resources.
- Managing expectations.
- Managing revenues and volatility.
- Managing the impact on the environment and communities.

04

Fundamentals

- Public services (infrastructure, education).
- Regulations and transparency.
- Government capacity and commitment.
- Access to finance and markets.



Building on a strong primary sector is the basis for structural transformation.

In Africa, the bulk of capabilities related to trade and employment is within, or closely related to, the primary sector.

- 1st, new activities and capabilities can be fostered through linkages and diversification in other natural resources activities.
- 2nd, the primary sector, especially agriculture, holds the key to broad-based structural transformation as the largest employer of low-skilled labour.
- 3rd, the primary sector, particularly extractive industries, can create important revenues for the state to invest in structural transformation.
- 4th, a strong natural resource sector can attract foreign investment, which brings otherwise scarce capital and know-how. ”

PUTTING IN PLACE THE RIGHT CONDITIONS FOR STRUCTURAL TRANSFORMATION BASED ON NATURAL RESOURCES



- Infrastructure is crucial for resource and non-resource sectors and a particular challenge for land-abundant Africa.
- Energy provision remains the most important infrastructure obstacle, especially for industries based on natural resources.
- Providing infrastructure for resource industries offers opportunities for the wider economy.
- The supply of skilled labour has been a crucial element of resource-based structural transformation.
- African countries must provide the right skills mix for their resource endowments. This requires anticipating skill needs and making the most of foreign investment.
- Applied research in natural resources has been fundamental to structural transformation elsewhere and has so far been Africa's Achilles heel.
- The exploration and exploitation of extractive natural resources need good conditions and regulations that create the right incentives. Investing in geological knowledge has proved important.
- Competitive politics and broad-based tax systems are important elements of transparent, accountable institutions that share power between constituencies.
- Access to markets is fundamental. Regional integration as well as better access to the markets of large partners could open new opportunities for all.
- Increasing effective market size includes the harmonisation of standards across countries. This is of particular concern for agriculture. ”

Source: Extracted from AfDB/OECD/UNDP/ UNECA, 2013



MANAGING NATURAL RESOURCES

- *The experience with state ownership in resource sectors is mixed and does not demonstrate that it is necessarily superior to private operations.*
- *The objective of exerting more control through nationalisation has not generally been achieved.*
- *The objective of retaining a larger share of the rents from resource sectors has only partly been fulfilled.*
- *Optimising the taxation of the extractive industry consists of striking the right balance between several, sometimes conflicting, policy objectives.*
- *If the political economy of a country is such that periods of high commodity prices will result in severe political pressure to raise tax rates in the extractive industry, investors are better off having this political fact recognised and addressed up front.*
- *A sustainable approach to revenue management that balances necessary investment with savings seems more appropriate than the conventional advice that only the interest generated from revenues stored in an external sovereign wealth fund should be consumed.*
- *The main targets of investments for resource revenues should be the bottlenecks in the general and resource-specific environment and the generation of additional private investment.*
- *Investing resource revenues presents several challenges: efficient investment opportunities suitable for the economy's absorptive capacity need to be identified. Further, the maintenance costs associated with public investments must be accounted for.*
- *Transparency and accountability are crucial in constraining profligate government expenditures and ensuring truly counter-cyclical revenue management.*

- *Where governments lack the capacity to implement fiscal regimes to optimise revenues and spend them efficiently, barter contracts might offer a possibility of acquiring desired public goods in exchange for extracting rights.*
- *When deciding about how to spend resource revenues optimally, expectation management is crucial. Subsidies as an instant way of letting the public share in the wealth of natural resources often leads to enormous disruptions of market mechanisms as illustrated by the problems in Egypt.*

PROMOTING LINKAGES

- *The biggest hurdles are those of catching up on technologies, competitiveness and skills. Diversification through backward linkages might be easier to realise for developing countries.*
- *In terms of jobs, backward linkages into the supply chains of resource producers offer significant potential for employment creation.*
- *Backward linkages are one channel for technological spillovers from leading commodity firms.*
- *A focus on indigenisation has led to weak backward linkages in Angola, Tanzania, and Zambia.*
- *A specific focus on local-value addition has rendered Nigeria's efforts more successful.*
- *Government plays a major role in shaping framework conditions for upstream linkages by eliminating common market failures.*
- *Local content provisions can be an effective policy tool to foster backward linkages.*
- *Local suppliers can be promoted through preferential treatment regulations.*

- *Promoting the introduction of common standards reduces transaction costs and benefits the upstream industry. Harmonisation is crucial to prevent adverse effects on trade.*
- *Infrastructure development integrating the needs of leading firms and suppliers could particularly promote cross-linkages between mining and agriculture.*

BOOSTING THE PRODUCTIVITY OF AGRICULTURE

- *Agriculture is still the backbone of many African economies.*
- *Large, formal firms seem to be less affected by the constraints on raising agricultural productivity, and linking them to smallholders could catalyse productivity increases.*
- *Where production is reliable and of high quality, agricultural commodities offer potential for increased value-addition through processing.* ”

Natural Resources

HURDLE STRENGTHENING RESOURCE GOVERNANCE

POOR GOVERNANCE IN MANY AFRICAN RESOURCE-RICH¹ COUNTRIES

Resource governance assessments in resource-rich countries

| African Resource-Rich Countries | Extractive Industries Transparency Initiative (EITI): Compliance Status | Resource Governance Index (RGI) | | | | | Open Budget Index (OBI) (score/100) |
|---------------------------------|---|---------------------------------|-------------------------------|---------------------|-------------------------------|----------------------|-------------------------------------|
| | | RGI (score/100) | Institutional & Legal Setting | Reporting Practices | Safeguards & Quality Controls | Enabling Environment | |
| Algeria | | 38 | 57 | 41 | 28 | 26 | 13 |
| Angola | | 42 | 58 | 43 | 52 | 15 | 28 |
| Botswana | | 47 | 55 | 28 | 53 | 69 | 50 |
| Cameroon | Compliant | 34 | 63 | 33 | 25 | 17 | 10 |
| Chad | Candidate | | | | | | 3 |
| Congo | Compliant | | | | | | |
| DRC | Suspended | 39 | 56 | 45 | 42 | 6 | 18 |
| Equatorial Guinea | Lost | 13 | 27 | 14 | 4 | 4 | 0 |
| Gabon | Lost | 46 | 60 | 51 | 39 | 28 | |
| Guinea | Candidate | 46 | 86 | 45 | 43 | 11 | |
| Libya | | 19 | 11 | 29 | 15 | 10 | |
| Mali | Compliant | | | | | | 43 |
| Mauritania | Compliant | | | | | | |
| Nigeria | Compliant | 42 | 66 | 38 | 53 | 18 | 16 |
| Sudan | | | | | | | |
| Zambia | Compliant | 61 | 71 | 62 | 72 | 37 | 4 |

Sources: EITI, 2013; International Budget Partnership, 2013; IMF, 2012; Revenue Watch Institute, 2013b

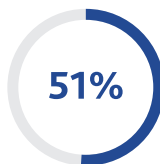


- In the 2013 RGI, 76% of African countries assessed were categorised with 'Weak' or 'Failing' resource governance, with no African country assessed scoring as 'Satisfactory' at the overall level.
- In the 2012 OBI, resource-rich African countries registered similarly weak performances with Equatorial Guinea being 1 of 3 countries in the world to score 0 out of 100.

In 2008, the Government of Guinea removed



2 years later, BSGR are reported to have sold



The implicit profit on BSGR's sale was equivalent to

2.4 times

Guinea's entire national budget for 2011.

of Rio Tinto's rights to the iron ore rich Simandou mine. BSGR² acquired it, investing **\$160 million.**

of its stake for **\$2.5 billion** to the world's largest iron ore producer Brazilian company Vale.

Sources: Africa Progress Panel, 2013; Global Witness, 2013b

¹ Countries that have natural resource revenue or exports which are at least 20% of total fiscal revenue & exports, respectively, over 2006-2010. Côte d'Ivoire, Liberia & Niger have not been included due to incomplete data availability as noted by the IMF, 2012. ²Beny Steinmetz Group Resources.

MULTIPLE INITIATIVES: THE DRIVE FOR TRANSPARENCY & ACCOUNTABILITY

"In the absence of a 'silver bullet' mechanism to address governance weaknesses, so wide a range of international initiatives, public and private, binding and voluntary, may help alter the domestic political economy context and reform the dynamics of resource rich countries."

African Economic Outlook, 2013

AFRICAN INITIATIVES

AU — Africa Mining Vision (2009)

Places emphasis on home-grown African driven initiatives to ensure the transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.

ECOWAS — Directive on the Harmonisation of Guiding Principles & Policies in the Mining Sector (2009)

Preludes the implementation of a 2nd document, the Common Mining Code, which itself seeks to ensure a consistency in the approach by member states in harmonising their national mining legislations. The Common Mining Code is in its stages of finalisation.

AfDB — African Legal Support Facility (ALSF) (2008)

Established by the AfDB to assist African countries in the negotiation of contracts and complex commercial transactions related to natural resources.

SADC — Protocol on Mining (2000)

Objective is to create a thriving mining sector that can contribute to economic development, alleviate poverty and improve the standard and quality of life in the region.

AU — Africa Peer Review Mechanism (APRM) (2003)

Specific role to scrutinise and advance better governance in the extractive sector.

INTERNATIONAL INITIATIVES

Canada — Mandatory reporting of payments (tabled legislation) (2013)

Aimed at promoting increased transparency by Canadian companies operating in the oil, gas and mining sectors overseas. It requires Canadian extractive companies to disclose all taxes, royalties and other types of payments they make to foreign governments on an annual basis.

European Union (EU) — Transparency & Accounting Directives (2013)

Binding legislation that requires all EU-listed and large privately owned oil, gas, mining and logging companies to publish all payments over €100,000 to governments wherever they operate.

US — Section 1504, Dodd-Frank Act: 'Cardin-Lugar Amendment' (2010)

This provision requires companies to report detailed information on payments made by companies to US or foreign governments. The US Security and Exchange Commission's (SEC) original implementing rule has been set aside by a US District court after the American Petroleum Institute filed a legal challenge against the law. The SEC has been asked to re-issue the rule with a stronger justification for denying country exemptions.

Extractive Industries Transparency Initiative (EITI) (2002)

Global standard that promotes revenue transparency and accountability in the extractive sector, with a methodology for monitoring and reconciling company payments and government revenues from oil, gas and mining at the country level. Each implementing country creates its own EITI process adapted to the specific needs of the country.

Revenue Watch Institute (RWI) (2002)

An organisation that promotes effective, transparent and accountable management of oil, gas and mineral resources for the public good. RWI produce a bi-annual Index, which assesses governance in the oil, gas and mining sectors in 58 hydrocarbon and/or mineral producing countries in the world, including 21 African countries.

Publish What You Pay (2002)

A global network of civil society organisations advocating for an open and accountable extractive sector, to ensure that oil, gas and mining revenue can improve the lives of citizens in resource-rich countries. The network focuses on 3 main activities: Publish Why You Pay and How You Extract; Publish What You Pay; and Publish What You Earn and How You Spend.

Natural Resources

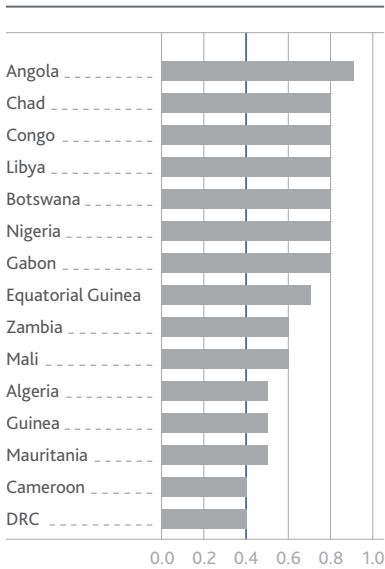
HURDLE ENSURING EFFICIENT & EQUITABLE OWNERSHIP

AVOIDING 'DUTCH DISEASE'

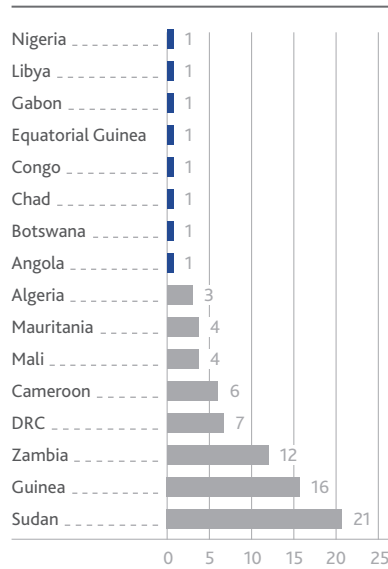
- African economies are still mainly dependent on primary (raw, unprocessed) commodity exports.
- All resource-rich countries (as classified by the International Monetary Fund, IMF) except the DRC (and Sudan for which there are no data) have high export concentration index values (above 0.4).

- Africa's export concentration has increased since 1995 – from 0.25 to 0.44.
- The 5 least dependent economies in 2012 were Morocco (0.16), Tunisia (0.16), South Africa (0.16), Egypt (0.16) and Uganda (0.17).

Export Concentration Index¹, 2012



Number of products accounting for >75% of exports, 2011



Sources: AfDB/OECD/UNDP/UNECA, 2013; IMF, 2012; UNCTAD, 2013

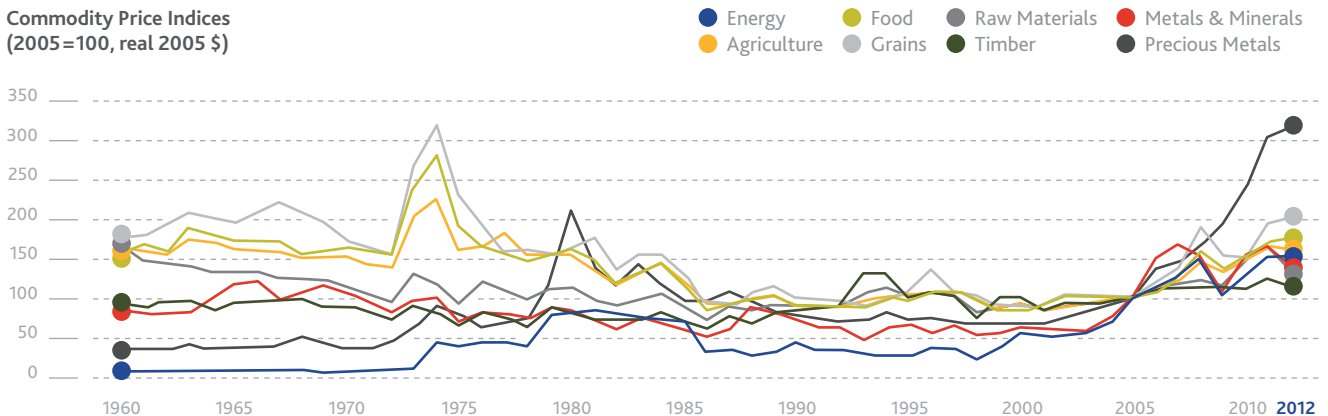
'Dutch Disease'

- The term was coined in 1977 by The Economist.
- It refers to the relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector (or in agriculture).
- An increase in revenues from natural resources (or other capital inflows such as aid or Foreign Direct Investment, FDI) will make a given nation's currency stronger compared to that of another nation's, making the country's exports less competitive and those sectors shrink in consequence.
- With Dutch Disease a country's resources, i.e. capital and labour, are shifted into the booming sector and away from other traditional sectors, e.g. manufacturing. This is known as the 'resource movement' effect.
- The threat of Dutch Disease can be reduced by slowing the appreciation of the real exchange rate, through building foreign exchange reserves or boosting the traditional sectors.
- 'Sterilisation' of part of the boom revenues, by not bringing in all the revenues into the country at once (mainly through sovereign wealth funds) has short and long term benefits.

Source: IMF, 2003

- The high level of commodity dependence makes Africa vulnerable to the volatility of commodity prices.

Commodity Price Indices (2005=100, real 2005 \$)



Source: WB, 2013a

¹Index is a measure of the degree of market concentration. An index value close to 1 indicates a very concentrated market.

PREVENTING REVENUE LOSSES FOR THE COUNTRY

Reducing commodity dependence

- At the national level, the best long-term solution to cope with commodity dependence is economic diversification. Prior to that, countries need to stabilise their revenues. Commonly used tools to achieve this are supply management and national revenue management.
- Supply management strategies may take different forms. An important one for developing countries is to prepare buffer stock systems in which a central body is created to buy up a specific product when prices are low and release stocks when prices are high, and minimum purchase price systems in which a government sets the minimum purchase price of a commodity and acts as buyer of last resort.
- National revenue management strategies aim to smooth national spending and insulate a nation's economy from the harm of volatile revenues. Funds thus created are commonly known as 'stabilisation funds'.
- National revenue management systems do not stabilise commodity prices. Instead, they try to sever the link between volatile commodity revenues and government expenditures by stabilising the amount of money a government is legally allowed to use. This helps government avoid the temptation to treat booming commodity revenues as if they were permanent and subsidises government spending when prices are low.
- Botswana has made successful use of such funds and avoided Dutch Disease effects since the discovery of its large diamond deposits in the 1970s.
- Often, such funds hold investments outside of the country to protect against exchange rate appreciation and the overreliance on revenues from a single sector of the economy.

Source: UNDP, 2011

¹Term taken from NYT, 2013.

US\$ versus commodity prices

- Cheap dollar cycles often coincide with those of expensive commodities, adding additional volatility to prices. Basic products are priced in dollars and subsequently become expensive once the dollar depreciates.
- The US is the world's biggest investor and the possible tapering of the quantitative easing policy fuels volatility in emerging markets. Capital has somewhat abandoned commodity markets and, in combination with the deceleration of the Chinese economy, this causes further commodity price falls.
- It has been argued that the era of cheap money also caused an appreciation of many of the emerging markets' local currencies, causing their export sectors to lose competitiveness, which in some African countries was, and still is, heavily based in primary commodities.

Is legislation driving up/down commodity prices?

- The era of the entwining of banking and commodity activities that has resulted in increasing prices might be coming to an end, and this will impact African commodity exporters.
- Since the enactment of the Gramm-Leach-Bliley Act (GLBA) in 1999 — legislation that allowed some commercial banks to engage in commercial activities on a broader scale — global commodities markets have been experiencing a sharp and sustained rise in prices. This has come to be known as the 'commodity boom' and according to the World Bank (WB), between 2003 and 2008 average commodity prices doubled in US dollar terms.
- By the autumn of 2013, the Board of Governors of the Federal Reserve System are meant to have decided whether these companies can continue their commodity and energy merchant businesses.

Sources: Omarova, 2013; El Pais, 2013a & 2013b

Post-crisis era: the "warehousing dance"¹

- Major corporations such as Coca-Cola and MillerCoors have stated that the practices of large financial institutions such as Goldman Sachs have driven up the price of aluminium.
- Goldman Sachs is said to be storing the metal in a complex of warehouses outside Detroit. Since the bank entered this business, the time it takes buyers to get the metal from those warehouses has increased from 6 weeks to more than 16 months. Those delays have bolstered the bank's profits, because the bank earns more rent the longer metal stays in its warehouses.
- Market manoeuvring is happening in other markets, such as oil, wheat, cotton and coffee, some of which are crucial for African primary commodity exporters.
- Recently, copper has been the subject of interest for JPMorgan. In 2010 the bank bought \$1.5 billion in copper and as a result copper prices spiked.
- Such large-scale operations contribute to commodity price volatility, and destabilise an important source of revenue for several African countries.

Sources: NYT, 2013a & 2013b

Nigeria Sovereign Investment Authority

In 2011, Nigeria's National Economic Council replaced its Excess Crude Account with 3 Sovereign Wealth Funds. The Nigeria Sovereign Investment Authority (NSIA) will manage: The Future Generations Fund (\$325 million); the Nigerian Infrastructure Fund (\$325 million); and the Stabilisation Fund (\$200 million).

Source: Sovereign Wealth Fund Institute, 2013

Natural Resources

Weak taxation framework

- Africa’s resource taxes rely heavily on volatile international commodity prices. Between 2002 and 2008 resource taxes increased from \$45 billion to \$230 billion, driven by the commodity price boom. In contrast, in 2009, the year the global economic crisis hit, resource taxes fell back to \$129 billion.
- Under-taxation is frequent in Africa.
- Sierra Leone has provided very generous concessions to foreign investors (including royalty rates as low as 0.5%) on mining exports.
- Zambia entered the copper boom with one of the lowest royalty rates in the mining sector under an agreement negotiated with 2 mining companies in the late 1990s. The 2013 budget moderated tax concessions for the copper industry in the light of buoyant world prices.
- The Zambian government estimates that it loses \$2 billion a year (15% of GDP) to tax avoidance by corporations operating copper mines within the country.
- Offshore companies, high levels of intra-company trade and commercial secrecy help facilitate tax planning and evasion.
- Lack of government capacity and market intelligence compounds this problem and hinders progress in securing tax compliance and assessing tax liabilities.

Sources: AfDB/OECD/UNDP/UNECA, 2013; Africa Progress Panel, 2013

International evidence suggests that governments should be able to collect

40% to 60%

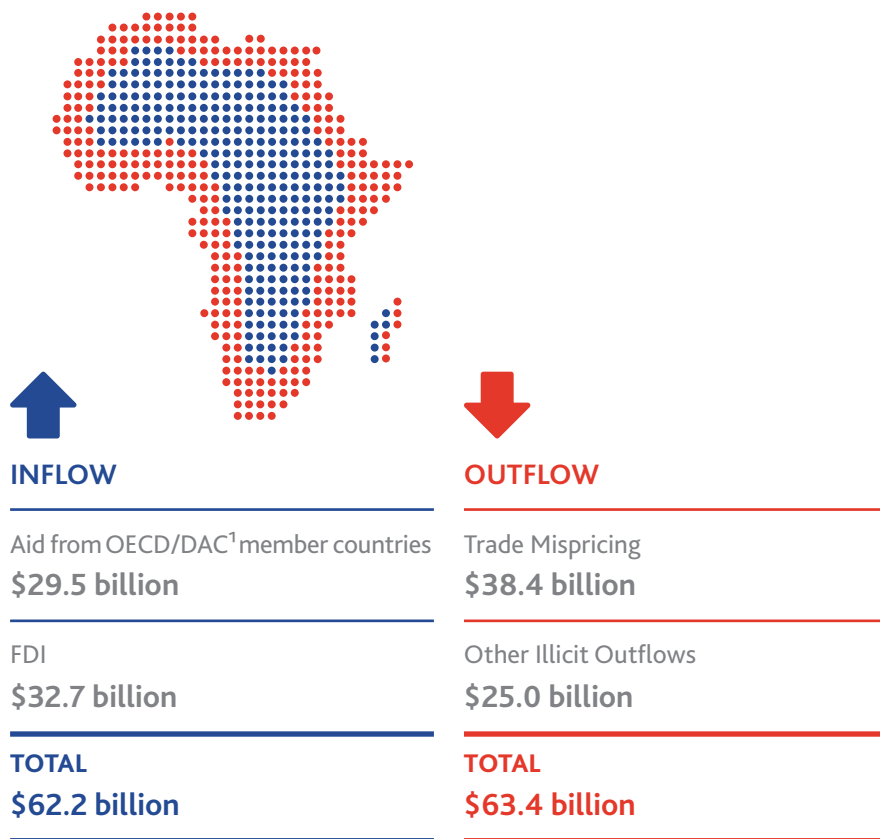
of resource rents for mining &

65% to 85%

for petroleum.

Source: AfDB/OECD/UNDP/UNECA, 2013

Trade mispricing & illicit outflows outweigh aid & FDI in sub-Saharan Africa (2008-2010)



Source: Africa Progress Panel, 2013

¹OECD/DAC: Organisation for Economic Co-operation & Development/Development Assistance Committee.

Global Financial Integrity (GFI) estimates the average annual loss to sub-Saharan Africa associated with mispricing between 2008 & 2010 at

\$38.4 billion.

This figure is higher than the flow of development assistance to the region over the same period (\$29.5 billion).

In the DRC around

\$1.4 billion

was lost in revenues between 2010 & 2012, from the underpricing of mining assets that were sold to offshore companies.

Each citizen lost the equivalent of 7% of average income from the underpricing of concession assets.

Source: Africa Progress Panel, 2013

SHARING NATIONAL WEALTH WITH ALL CITIZENS

- For 9 of the African resource-rich countries, Human Development Index (HDI) rankings fell between 2007-2012 despite strong GDP growth.
- 10 of the African resource-rich countries are classified as either 'Low' or 'Lower-middle' income countries.
- All of the bottom 10 countries in the 2012 HDI are African. 4 of these countries are resource-rich, notably DRC which ranks joint last with Niger.

| African Resource-Rich Countries ¹ | Average GDP Growth (2004-2012) | Change in HDI Rank (2007-2012) | HDI (rank/187) (2012) | Gini (/100) | Year | Share of Consumption (population: % GDP) | GNI per capita (\$, PPP, 2012) |
|--|--------------------------------|--------------------------------|-----------------------|-------------|------|--|--------------------------------|
| Angola | 11.6 | ↑ 1 | 148 | 59 | 2000 | Lowest 10% : 0.6 Highest 10% : 44.7 | 5,490 |
| Equatorial Guinea | 10.6 | ↓ 2 | 136 | - | | Lowest 10% : - Highest 10% : - | 18,880 |
| Chad | 9.3 | ↓ 2 | 184 | 40 | 2003 | Lowest 10% : 2.6 Highest 10% : 30.8 | 1,320 |
| Libya | 7.8 | ↓ 5 | 64 | - | | Lowest 10% : - Highest 10% : - | 17,560 |
| Nigeria | 7.2 | ↑ 1 | 153 | 49 | 2010 | Lowest 10% : 1.8 Highest 10% : 38.2 | 2,420 |
| DRC | 6.3 | - 0 | 186 | 44 | 2006 | Lowest 10% : 2.3 Highest 10% : 34.7 | 370 |
| Zambia | 6.3 | ↑ 3 | 163 | 55 | 2006 | Lowest 10% : 1.5 Highest 10% : 43.1 | 1,620 |
| Congo | 5.1 | ↓ 1 | 142 | 47 | 2005 | Lowest 10% : 2.1 Highest 10% : 37.1 | 3,510 |
| Sudan | 5.1 | ↓ 3 | 171 | 35 | 2009 | Lowest 10% : 2.7 Highest 10% : 26.7 | 2,030 |
| Botswana | 4.7 | ↓ 1 | 119 | 61 | 1994 | Lowest 10% : 1.3 Highest 10% : 51.2 | 16,520 |
| Mauritania | 4.5 | ↓ 3 | 155 | 40 | 2008 | Lowest 10% : 2.4 Highest 10% : 31.6 | 2,520 |
| Mali | 3.8 | ↓ 2 | 182 | 33 | 2010 | Lowest 10% : 3.5 Highest 10% : 25.8 | 1,160 |
| Gabon | 3.6 | - 0 | 106 | 41 | 2005 | Lowest 10% : 2.6 Highest 10% : 33 | 14,290 |
| Cameroon | 3.3 | ↑ 1 | 150 | 39 | 2007 | Lowest 10% : 2.9 Highest 10% : 30.4 | 2,320 |
| Algeria | 3.1 | ↑ 5 | 93 | 35 | 1995 | Lowest 10% : 2.9 Highest 10% : 26.9 | 7,550 |
| Guinea | 2.7 | ↓ 2 | 178 | 39 | 2007 | Lowest 10% : 2.7 Highest 10% : 30.3 | 980 |

Sources: Table adapted from Africa Progress Panel, 2013. Data from AfDB/OECD/UNDP/UNECA, 2013; UNDP, 2012; WB, 2013b.

¹ Countries that have natural resource revenue or exports which are at least 20% of total fiscal revenue & exports, respectively, over 2006-2010. Côte d'Ivoire, Liberia & Niger have not been included due to incomplete data availability as noted by the IMF, 2012.

03

Key Priority

Statistical Capacity: A Governance Tool, a Measure of Autonomy

Governance requires relevant data, just as driving requires a dashboard. Data are an essential policy tool for leaders to make informed choices and define strategies. Owning a robust statistical system is also crucial to achieving absolute independence for any country. Moreover, specific attention should be given to the measurement of the following key priorities for African governments: poverty, inequality, and employment.

African statistics lag behind

- Statistical capacities: room for improvement

Crucial missing data

- High missingness within MDG data
- The 'poverty' of poverty data
- Employment & inequality data

The data debate

- The critical GDP rebasing issue
- Varying sources produce varying results

Statistical Capacity

AFRICAN STATISTICS LAG BEHIND

STATISTICAL CAPACITIES: ROOM FOR IMPROVEMENT

- National statistical systems in African countries often lack the capacity to collect, compile and disseminate even the minimum data needed to help guide policy decision-making and ensure accountability.
- Only 4 countries – Cape Verde, Egypt,

Mauritius and Seychelles – have vital registration system coverage of at least 90%.

- Sub-Saharan Africa is the worst performing region in terms of the World Bank's Statistical Capacity Indicator, scoring 59, compared to

Europe and Central Asia which score the highest with 81.

- ½ of the bottom 10 countries measured in the World Bank's Statistical Capacity Indicator are African: Eritrea, Equatorial Guinea, Gabon, Libya and Somalia.

Source: WB, 2013

| Country | Statistical Capacity Indicator | Vital registration system coverage ¹ | Periodicity of population census | Periodicity of agricultural census | Periodicity of income/expenditure surveys | Periodicity of health related surveys |
|----------------------|--------------------------------|---|----------------------------------|------------------------------------|---|---------------------------------------|
| | | | ≤ 10 years | ≤ 10 years | ≤ 3 years | ≤ 3 years |
| Egypt | 87 | Yes | Egypt | Egypt | Egypt | Egypt |
| Mauritius | 83 | Yes | Mauritius | Mozambique | Mozambique | Mauritius |
| Mozambique | 77 | No | Mozambique | Rwanda | Rwanda | Mozambique |
| Rwanda | 77 | No | Rwanda | Nigeria | Nigeria | Rwanda |
| Nigeria | 76 | No | Nigeria | Malawi | Malawi | Nigeria |
| Malawi | 74 | No | Malawi | Burkina Faso | Burkina Faso | Malawi |
| Burkina Faso | 72 | No | Burkina Faso | Tunisia | South Africa | Burkina Faso |
| South Africa | 71 | No | South Africa | Uganda | Uganda | South Africa |
| Tunisia | 71 | No | Tunisia | Lesotho | Niger | Tunisia |
| Morocco | 70 | No | Morocco | Niger | Mali | Morocco |
| Uganda | 70 | No | Uganda | Tanzania | Madagascar | Uganda |
| Lesotho | 69 | No | Lesotho | Gambia | Botswana | Lesotho |
| Niger | 69 | No | Niger | Niger | Zambia | Niger |
| Tanzania | 69 | No | Tanzania | Swaziland | Chad | Tanzania |
| Gambia | 68 | No | Gambia | Cape Verde | Central African Rep. | Gambia |
| Mali | 68 | No | Mali | Madagascar | Sierra Leone | Mali |
| Swaziland | 67 | No | Swaziland | Botswana | Zimbabwe | Swaziland |
| Cape Verde | 66 | Yes | Cape Verde | Côte d'Ivoire | 3-5 years | Madagascar |
| Madagascar | 66 | No | Botswana | Ethiopia | Mauritius | Côte d'Ivoire |
| Botswana | 63 | No | Ethiopia | Algeria | Morocco | Ethiopia |
| Côte d'Ivoire | 63 | No | Senegal | Seychelles | Tanzania | Senegal |
| Ethiopia | 63 | No | Zambia | Guinea | Gambia | Zambia |
| Senegal | 63 | No | Algeria | Comoros | Cameroon | Cameroon |
| Zambia | 62 | No | Cameroon | Seychelles | Swaziland | Ghana |
| Algeria | 60 | No | Seychelles | Ghana | Cape Verde | Chad |
| Cameroon | 60 | No | Chad | Chad | Côte d'Ivoire | Guinea |
| Seychelles | 60 | Yes | Kenya | >10 years | Ethiopia | Kenya |
| Ghana | 59 | No | Central African Rep. | Mauritius | Senegal | Mauritania |
| Chad | 58 | No | Namibia | South Africa | Cameroon | Central African Rep. |
| Guinea | 58 | No | Togo | Morocco | Guinea | Namibia |
| Kenya | 58 | No | Benin | Senegal | Kenya | Togo |
| Mauritania | 58 | No | Burundi | Zambia | Mauritania | Benin |
| Central African Rep. | 57 | No | Sierra Leone | Cameroon | Namibia | Sierra Leone |
| Namibia | 57 | No | São Tomé & Príncipe | Ghana | Togo | Zimbabwe |
| Togo | 57 | No | Zimbabwe | Chad | Benin | Guinea-Bissau |
| Benin | 54 | No | Guinea-Bissau | Chad | São Tomé & Príncipe | DRC |
| Burundi | 54 | No | Congo | Kenya | Guinea-Bissau | Somalia |
| Sierra Leone | 54 | No | Djibouti | Mauritania | Angola | 3-5 years |
| São Tomé & Príncipe | 53 | No | Comoros | Central African Rep. | Congo | Cape Verde |
| Zimbabwe | 53 | No | Sudan | Namibia | DRC | Burundi |
| Guinea-Bissau | 51 | No | Liberia | Togo | Liberia | São Tomé & Príncipe |
| Angola | 50 | No | Gabon | Benin | > 5 years | Angola |
| Congo | 50 | No | Libya | Burundi | Tunisia | Congo |
| Djibouti | 46 | No | Equatorial Guinea | Sierra Leone | Lesotho | Comoros |
| Comoros | 44 | No | >10 years | São Tomé & Príncipe | Algeria | Sudan |
| Sudan | 44 | No | Madagascar | Zimbabwe | Seychelles | Liberia |
| DRC | 43 | No | Côte d'Ivoire | Guinea-Bissau | Ghana | > 5 years |
| Liberia | 43 | No | Mauritania | Angola | Burundi | Botswana |
| Gabon | 37 | No | Angola | Congo | Djibouti | Algeria |
| Libya | 37 | No | DRC | Djibouti | Sudan | Seychelles |
| Equatorial Guinea | 32 | No | Mauritania | Liberia | Gabon | Djibouti |
| Eritrea | 32 | No | Angola | Gabon | Libya | Gabon |
| Somalia | 27 | No | DRC | Equatorial Guinea | Equatorial Guinea | Libya |
| | | | Eritrea | Eritrea | Eritrea | Equatorial Guinea |
| | | | Somalia | Somalia | Somalia | Eritrea |

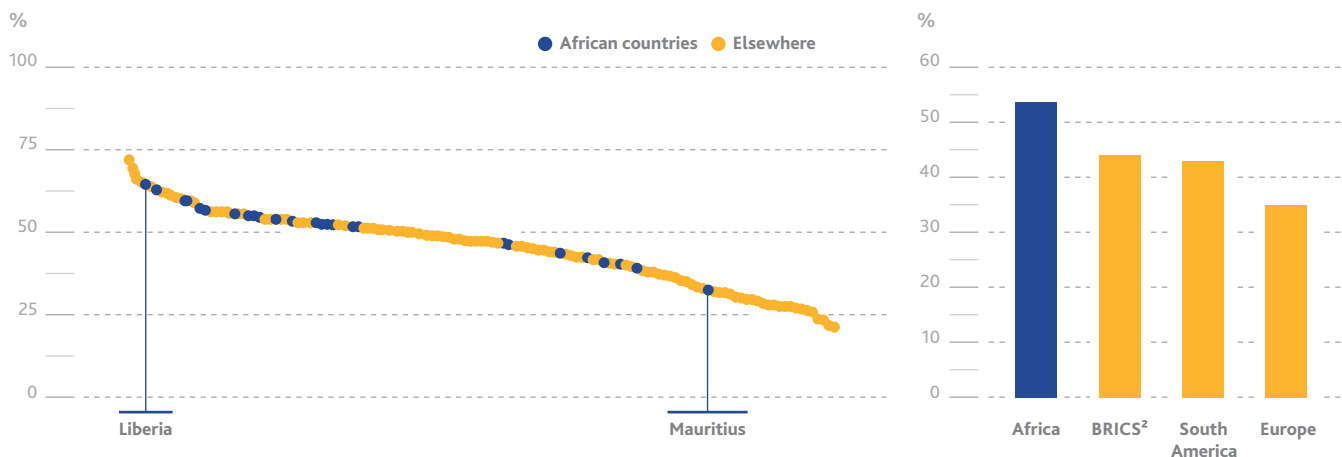
¹Vital registration system coverage of at least 90%. Source: WB, 2013

CRUCIAL MISSING DATA

HIGH MISSINGNESS WITHIN MILLENNIUM DEVELOPMENT GOAL (MDG) DATA

- Africa has the highest proportion of missing data (>50%) in the Millennium Development Goal (MDG) database.

Missingness in MDG data¹



5 African countries with lowest MDG data coverage

| Country | % of data missing |
|---------------------|-------------------|
| Liberia | 64.6 |
| DRC | 63.0 |
| Sierra Leone | 60.1 |
| Congo | 60.0 |
| São Tomé & Príncipe | 57.4 |

Source: MIF calculations based on UN, 2013 data

5 African countries with highest MDG data coverage

| Country | % of data missing |
|------------|-------------------|
| Mauritius | 33.6 |
| Seychelles | 40.9 |
| Morocco | 41.3 |
| Tunisia | 41.4 |
| Egypt | 42.6 |

Over 40

developing countries lack sufficient data to track performance against MDG1 ('Eradicate extreme poverty & hunger').

Source: High Level Panel on Post-2015 Development Agenda, 2013

GOAL 1 - Indicator 1.1
Population below \$1 (PPP) per day

Only 62%

of countries in sub-Saharan Africa have at least 2 data points³.

GOAL 1 - Indicator 1.4
Growth rate of GDP per person employed, %

Only 14%

of sub-Saharan African countries have any data.

GOAL 5 - Indicator 5.1
Maternal mortality ratio per 100,000 live births

Only 2%

of sub-Saharan African countries & no North African countries have at least 2 data points³.

GOAL 6 - Indicator 6.6
Notified cases of Malaria per 100,000 population

No sub-Saharan African country

has at least 2 data points³.

GOAL 8 - Indicator 8.16
Internet users per 100 inhabitants

No African country

has at least 2 data points³.

¹The missingness proportion in this graph is computed per MDG variable. This means that if a dataset does not contain a country, then that country will not be assigned a missingness proportion for that variable. ²Excluding South Africa. ³Excluding modelled data by agency. Source: UN, 2013

Statistical Capacity

THE 'POVERTY' OF POVERTY DATA

- There are crucial issues with both the frequency and comparability of poverty data in Africa.
- The standard poverty level applied by international organisations is the 'Poverty Gap at \$1.25 a day (PPP (%))'. Since 1990 there are no data available for this indicator for 6 African countries: Equatorial Guinea, Eritrea, Libya, Mauritius, Somalia and Zimbabwe.
- For each African country there are, on average, only 2.9 poverty data points per country for the 13 year period 2000-2012.
- In 2012, for 51% of African countries, the last 2 poverty figures for 'Poverty headcount ratio at national poverty line (% of population)' were not comparable.
- The proximate causes of the problem with African poverty statistics are: weak capacity in countries to collect, manage and disseminate data; lack of political focus on this issue; inadequate funding; diffuse responsibilities; and fragmentation, with many disparate data collection efforts.
- A way to bypass these limitations is to collect information on both current (short reference period) and usual employment situation, as is done in India and Tanzania.
- Local stigmas also have to be taken into account. Parts of rural Africa have stigmatised casual wage employment, which is then underreported.
- In Swahili, 'Kibarua', is a derogatory term that is used for most forms of casual manual agricultural wage employment.

Sources: AfDB, 2012; ILO, 2013; Oya, 2010

Post-2015 Development Agenda: the 'Data Revolution'

- The High Level Panel on the Post-2015 Development Agenda has called for a 'data revolution', since experience from the MDGs has confirmed the need for a reliable, timely and comparable framework for the Post-2015 Agenda.
- **Using mobile technologies:** Bringing together the traditional statistical community with innovative initiatives such as using mobile technology and other advances to enable real-time monitoring of development results.
- **Disaggregated indicators:** Monitoring targets using data broken down by income, geographical location (i.e. rural or urban), gender, age, people living with disabilities, and relevant social group.
- **Establishing a Global Partnership on Development Data:** Bringing together diverse but interested stakeholders – offices of national statistics, international organisations, civil society organisations, foundations and the private sector — to expand data availability and accessibility.

Source: High Level Panel on Post-2015 Development Agenda, 2013

Only 16 countries in Africa have undertaken a poverty survey since 2007.

Source: WB, 2010

'Data philanthropy'

- 'Data philanthropy' occurs when the private sector shares data to support more timely and targeted policy action, considering data as a public good. Data collected by companies could be used to track diseases, avert economic crisis and aid development.
- Currently the private sector already uses real time data to understand the changing needs of their customers, and it is a useful tool in helping boost revenues.
- There is a huge opportunity for the public sector to use this resource to understand the changing needs of citizens and thus better measure the real time impact of their programmes and policies.

Source: Kirkpatrick, 2011

In 2011, only **9%** of African countries had Gini estimates in the WB dataset.

Data availability for Gini is the highest for Côte d'Ivoire, which has **9 years of data.** Equatorial Guinea, Eritrea, Libya & Somalia **have no data at all.**

Source: AfDB/OECD/UNDP/UNECA, 2013; WB, 2013

Source: WB, 2013a

EMPLOYMENT DATA

- Youth unemployment is a major concern in Africa. Despite this, the frequency of Labour Force Surveys (LFS) in sub-Saharan Africa is low — partly because of the relatively high costs of LFS.
- Some of the most recent LFS date back to the 1970s.
- Only Mauritius and South Africa currently conduct quarterly LFS.
- Employment modules have too often relied on problematic notions of the main job-holding. This is particularly inadequate in situations of seasonality or occupation multiplicity.

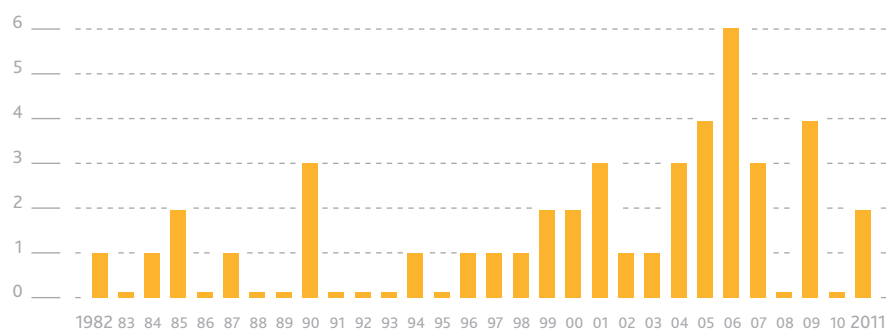
THE DATA DEBATE

THE CRITICAL GDP REBASING ISSUE

- In order not to miss vast amounts of economic activity, the International Monetary Fund (IMF) recommends updating GDP base years every 5 years.
- In 2013, the AfDB carried out a survey to better gauge the reliability of GDP estimates in its 54 member countries. 10 countries did not reply to the questionnaire: Angola, Burundi, Eritrea, Gabon, Gambia, Liberia, Libya, Sierra Leone, Somalia and South Sudan.
- Of a selection of 34 countries, 8 countries have been identified as having base years more than 20 years old: Benin, Central African Republic, Comoros, Congo, Madagascar, Mali, Nigeria and Sudan.
- 19 countries have base years between 10 and 20 years old. Only 9 countries meet the 5 year criteria: Cape Verde, Egypt, Ethiopia, Djibouti, Guinea, Malawi, São Tomé & Príncipe, Togo and Zimbabwe.
- Such revisions would have to be accepted by the World Bank (WB) and/or the IMF. The WB refused the GDP rebasing in Gambia and Burundi.

Sources: AfDB, 2013; Jerven, 2013

Base year for GDP estimates at constant prices as of 2013



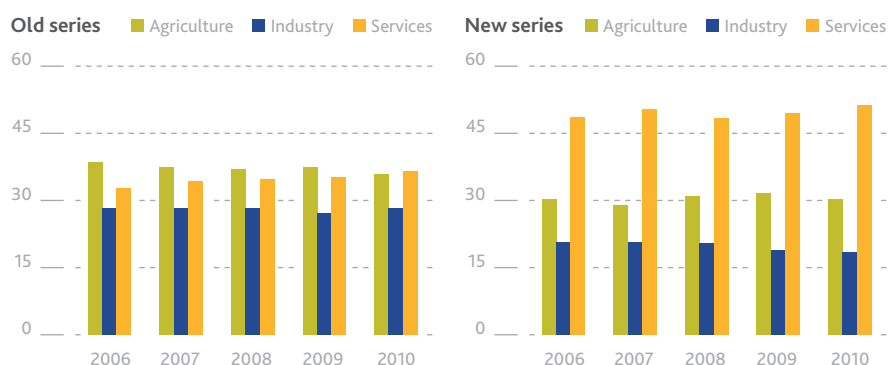
Source: AfDB, 2013

Botswana's GDP rebasing from 1993 to 2006 caused the GDP to shrink by **10%.**

Source: Kiregyera, 2013

DRC's rebasing from 2000 to 2005, caused the GDP to increase by **66%.**

Ghana % share of GDP (at basic prices) by sector



Source: Jerven, 2013

Impact of GDP rebasing

Upward revisions of GDP statistics have collateral effects since they impact all country statistics expressed in terms of domestic production. Tax ratios look less impressive, while debt levels are suddenly reduced. A higher GDP might reduce access to concessional finance, but multinational companies and commercial banks welcome these numbers.

Source: Jerven, 2013

The Nigeria example

- In autumn 2011 Nigeria announced a forthcoming revision of its GDP, expected in autumn 2013.
- Nigeria's \$263 billion economy could jump by 60%, closing the gap with the continental economic powerhouse South Africa, which currently stands at around \$400 billion.

Source: Jerven, 2013; WB, 2013

The Ghana example

- In 2010, the Ghana Statistical Services revised its GDP estimates upwards by over 60%, a \$13 billion increase.
- It promoted Ghana automatically to the lower-middle-income status, which excluded it from concessional aid, but improved its debt ratio and market size.
- 72% of Ghana's GDP increase originated in services. Ghana, previously an agricultural economy, became a service economy.

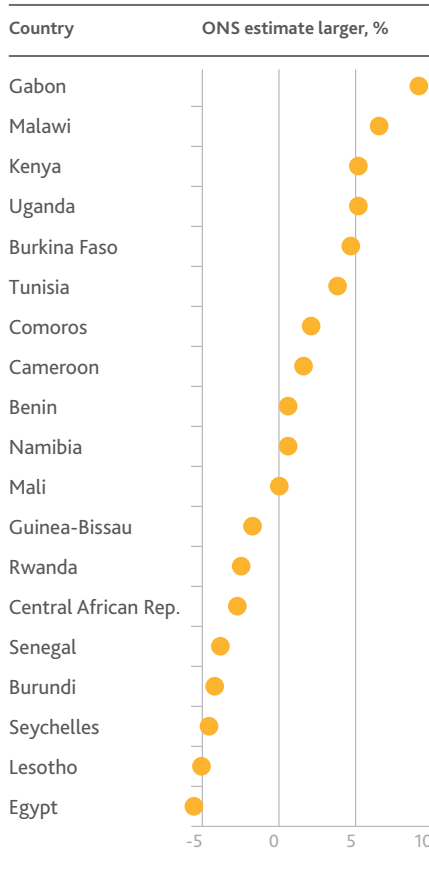
Source: Jerven, 2013

Statistical Capacity

VARYING SOURCES PRODUCE VARYING RESULTS

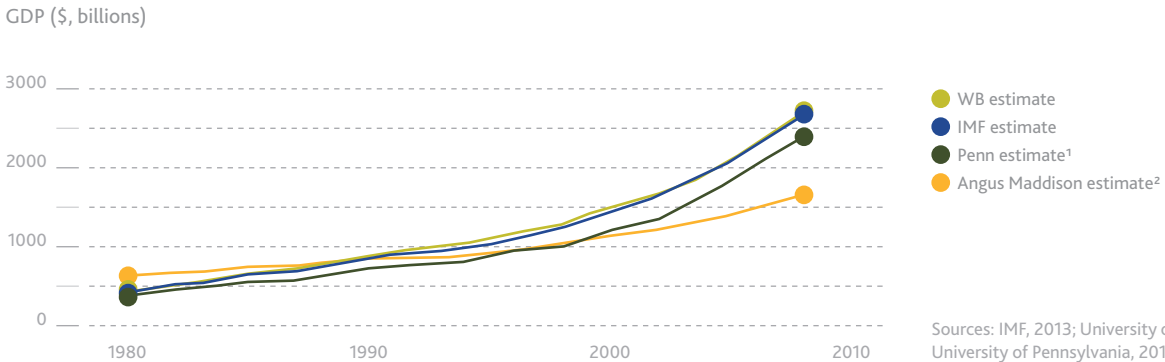
- Though ultimately GDP statistics come from Offices of National Statistics (ONS), they are processed and disseminated by various organisations.
- Sometimes this leads to divergences between crucial figures. For example, while the GDP data published by Mali's ONS matches the corresponding data published by the WB, a number of countries show discrepancies between ONS and WB estimates.
- In some cases, for example for Cape Verde and Ethiopia, there are differences between ONS and WB estimates of +/-70%.
- In 8 countries, Djibouti, Eritrea, Gambia, Liberia, São Tomé and Príncipe, Sierra Leone, Swaziland and Zambia, GDP statistics cannot be obtained from their ONS websites.
- Even between international organisations, the final GDP estimates can also vary widely, with the Angus Maddison database estimating the African GDP (PPP, 2008) to be about \$1 trillion less than the estimates from the WB, the Penn World Tables, and the IMF's World Economic Outlook.

Difference of -5 to +10% between most recent GDP estimate from ONS and WB



Sources: MIF calculations based on WB, 2013 & Offices of National Statistics

Total African GDP (PPP converted GDP, at current prices)



Sources: IMF, 2013; University of Groningen, 2013; University of Pennsylvania, 2013; WB, 2013

¹The Penn World Table is a database maintained by the University of Pennsylvania which provides independent purchasing power parity & national income accounts converted to international prices for 189 countries. ²The Angus Maddison datasets are maintained by the Groningen Growth & Development Centre at the University of Groningen. They provide independent data on population and GDP.

Strengthening African data: selected initiatives

Open Data for Africa, AfDB (2011)

- The Open Data Platform achieved continental coverage in 2013, and is part of AfDB's 'Africa Information Highway' which aims at improving data collection, management, and dissemination in Africa.
- It allows users to extract data, create and share customised reports, and visualise data across themes, sectors and countries through tables, charts and maps. Through the Platform, users are able to access a wide range of development data on African countries, consolidated from multiple international and national official sources.

African Governance Assessment Platform (AfriGAP) (2011)

- AfriGAP showcases and promotes the production of governance data in Africa, by Africans, and for African consumption, by bringing data producers and data users together.
- The platform features tools for assessing areas of governance, details of on-going initiatives and a database of indicators. It is supported by a number of international partners: African Union, African Governance Institute, Global Integrity, Mo Ibrahim Foundation, Open Knowledge Foundation, Open Society Initiative for West Africa, State of the Union and TrustAfrica.

Kenya Open Data (2011)

- Key government data are freely available to the public through a single online platform. This includes national census data, government expenditure, parliamentary proceedings and public service locations.
- As of November 2011, there are over 390 datasets including the complete 2009 census.

- Kenya was the 1st government in sub-Saharan Africa to develop such a portal, and the 2nd on the continent after Morocco.
- Application Programming Interface (API) access to metadata and row-level data in every dataset allows users to access and analyse large amounts of data quickly and efficiently.

Strategy for the Harmonization of Statistics in Africa (SHaSA), AU/AfDB/UNECA (2010)

- SHaSA supports the African integration agenda and enhanced coordination and collaboration with Offices of National Statistics (ONSs), regional and continental statistical organisations as well as development partners.
- It aims to produce quality statistics for Africa; coordinate the production of quality statistics for Africa; build sustainable institutional capacity in the African statistical system; and promote a culture of quality decision-making.

African Charter on Statistics, AU (2009)

- The Charter's key principles are scientific independence; quality; mandate for data collection and resources; dissemination; protection of individual data, information sources and respondents; and coordination and cooperation.
- Out of 54 countries, there are 28 signatories, 6 ratifications, and 6 deposits of instruments of ratification.
- The Charter falls within the mandate of the Statistics Division, within the Department of Economic Affairs at the AU.

Africa Centre for Statistics, UNECA (2006)

- The Centre's long term goal is to serve as a regional service centre for data on economic, social, demographic and environmental conditions in African countries.
- Activities include supporting governments and regional institutions in the production and use of quality statistics; promoting the harmonisation of statistics across the continent; supporting governments to undertake census surveys; and to develop sufficient statistical infrastructure.

PARIS21, EU/OECD/IMF/WB/UN (1999)

- It aims to promote the better use and production of statistics throughout the developing world; facilitate statistical capacity development; advocate for the integration of reliable data in decision making; and co-ordinate donor support to statistics.
- It has national and international level strategies, including National Strategy for the Development of Statistics (NSDS), which is expected to provide a country with a strategy for developing statistical capacity across the entire national statistical system (NSS).

General Data Dissemination System, IMF (1997)

- Established for member countries with less developed statistical systems as a framework for evaluating their needs for data improvement and setting priorities.
- 45 out of 108 participating countries are from Africa.
- The African countries that do not take part are Egypt, Equatorial Guinea, Eritrea, Mauritius, Morocco, Somalia, South Africa and Tunisia.

04

Key Priority

Economy: Achieving Autonomy & Integration

Recent decades have registered major shifts in global economic trends and balances. Africa is now leading on economic growth. Traditional donors' aid is giving way to emerging countries' direct investment. Some African countries are becoming creditors. Some are even beginning to buy debt off European countries and welcome their jobless youth. However, there are still major hurdles to overcome. Africa cannot afford to expatriate trillions of dollars through illicit financial outflows. In order to effectively become a competitive stakeholder in the global economy, autonomy is crucial. The continent must achieve regional economic integration, and upgrade its fragmented infrastructure network.

Taking stock of the shifts in economic trends

- GDP growth since 2000: Africa now in the lead
- The gap between domestic production & citizen well-being
- Declining donors, emerging partners: from aid to investment

Building the path to financial autonomy

- Growing remittances
- Widening & strengthening the tax base
- Reduced debt levels
- Accessing international sovereign bond markets
- Emerging local currency bond markets & sovereign wealth funds
- From FDI to 'African Direct Investment': investing at home

Integrating through infrastructure

- Fragmented infrastructure: the major hurdle
- Energy: Africa in the shadows
- Transport: Africa bypassed

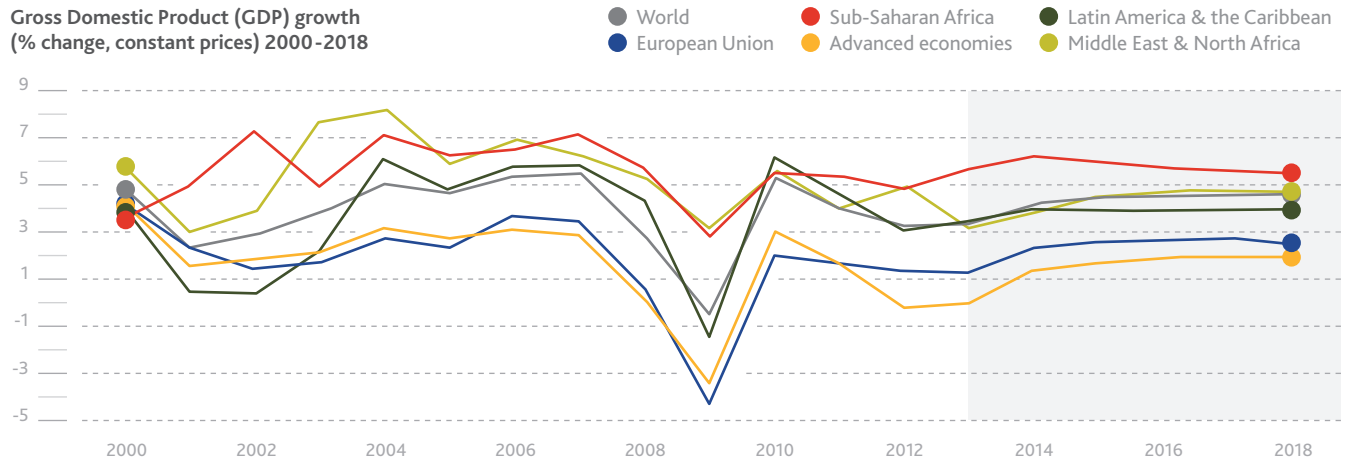
Sustainable Economic Opportunity: 2013 IAG Category Spotlight

Economy

TAKING STOCK OF THE SHIFTS IN ECONOMIC TRENDS

GDP GROWTH SINCE 2000: AFRICA NOW IN THE LEAD

Gross Domestic Product (GDP) growth (% change, constant prices) 2000-2018



Source: IMF, 2013

- Africa's annual GDP growth rate over the period 2004-2012 has averaged at 5.4%. This amounts to almost 4 times the European Union (EU) average estimated at 1.4% for the same period.
- In 2012, 3 African countries had a 2-digit growth rate, while 16 reached a growth rate of between 5% and 10%.
- 9 African countries ranked in the top 20 countries in the world with the largest growth rate in 2012.

Sources: AfDB/OECD/UNDP/UNECA, 2013; EC, 2013

| Countries with largest GDP growth rates | GDP growth (% constant prices) |
|---|--------------------------------|
| Libya | 104.5 |
| Sierra Leone | 19.8 |
| Mongolia | 12.3 |
| Niger | 11.2 |
| Turkmenistan | 11.0 |
| Panama | 10.7 |
| Afghanistan | 10.2 |
| Timor-Leste | 10.0 |
| Côte d'Ivoire | 9.8 |
| Bhutan | 9.7 |
| Papua New Guinea | 9.1 |
| Iraq | 8.4 |
| Angola | 8.4 |
| Liberia | 8.3 |
| Lao P.D.R. | 8.3 |
| Burkina Faso | 8.0 |
| Uzbekistan | 8.0 |
| China | 7.8 |
| Rwanda | 7.7 |
| Mozambique | 7.5 |

Source: IMF, 2013

THE GAP BETWEEN DOMESTIC PRODUCTION & CITIZEN WELL-BEING

- In 2010 the United Nations (UN) adopted Gross National Income (GNI) per capita as a primary measure of economic well-being — replacing GDP per capita.
- Increased differences between the income of a country's residents and its domestic production motivated this change. Residents' income is sent abroad, international remittances are sent home and some countries receive sizeable aid flows. Multinational companies' profit repatriation also has an important effect.
- While developed nations' GNI/GDP ratio tends to oscillate around 1 over the years, less developed countries find it more difficult to retain the total value that is generated within their borders.

Sources: Hirschman, 2012

Equatorial Guinea has a GNI that is, on average, **49%** of its GDP. Lesotho's GNI exceeds its GDP by an average of **30%** since 2000.

Source: MIF calculations based on WB, 2013 data

DECLINING DONORS, EMERGING PARTNERS: FROM AID TO INVESTMENT

- Traditional donors have felt the impact of the economic slow-down and financial crisis.
- In 2012, development aid fell by 4% in real terms, following a 2% fall in 2011.
- Bilateral aid to sub-Saharan Africa was \$26.2 billion, representing a fall of -7.9% in real terms from 2011.
- The slight increase forecasted in aid to Africa is mainly driven by increased funding to North Africa, Kenya and Nigeria.

Sources: AfDB/OECD/UNDP/UNECA, 2013; OECD 2013

In 2011, Malaysia had an FDI stock of **\$19 billion** in Africa, larger than both South Africa & China.

Source: UNCTAD, 2013

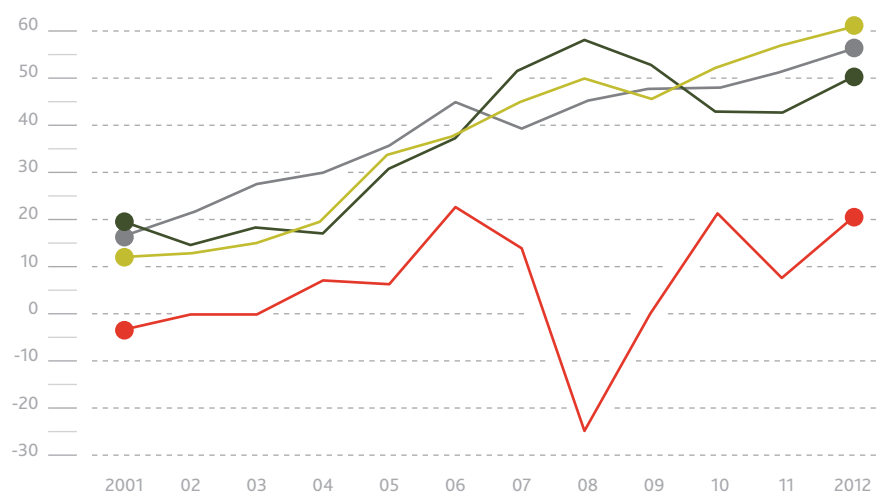
The steady growth of Foreign Direct Investment (FDI) & private equity from emerging partners

- In 2012, Africa experienced a 5% increase in FDI inflows (\$50 billion) whilst other regions experienced a decline.
- FDI outflows from Africa almost tripled to \$14 billion in 2012.
- Angola had the world's highest inward FDI rate of return in 2011 at 87%.
- South Africa is the largest recipient of private equity on the continent — accounting for 53% of total investments in 2011.
- South Africa hosted 7 of the 10 largest FDI deals by private equity firms between 1996-2012.
- In terms of flows of capital to Africa from emerging markets in 2011, Malaysia ranked 1st with the largest FDI stock, followed by China with \$16 billion. India's FDI stock of \$14 billion is mostly concentrated in Mauritius.
- BRICS¹ countries are amongst the top investing countries in Africa. In 2010, the share of BRICS in FDI inward stock to Africa reached 14% and their share of inflows reached 25%.

Source: UNCTAD, 2013

External financial flows in Africa

(current \$, billions)



'Lock-in effects'²: The Angola model

Chinese partnerships

- Chinese development financial flows do not easily align with the Organisation for Cooperation and Development's Development Assistance Committee (OECD-DAC) definitions of Official Development Assistance (ODA), Other Official Flows (OOF) and Private Flows.
- China is active in most sectors, particularly government and civil society, where they play a notable role in terms of number of projects.
- When looking at ODA-like activities only, China is lagging behind but Chinese activities as a financier of development activities are increasing over time, and are currently comparable to that of the United States.
- Media based statistics have identified 1,469 official finance projects between 2000-2011 amounting to financial commitments of \$72.1 billion. ODA-like commitments are estimated to be \$13.7 billion with 70% of projects having been completed.

Sources: AidData, 2013; Strange et al, 2013; ONE Campaign, 2013

- In 2004, Angola agreed on a set of financing packages for public investment projects with China's Exim Bank. These were based on oil-backed concessional loans from Chinese banks, for the financing of infrastructure in different sectors, e.g. energy, health, etc.
- Known as the 'Angola model', this is now the framework of most Chinese State Owned Enterprise (SOE) activity in sub-Saharan Africa. The model interlinks trade, FDI and aid.
- Chinese aid flows are not subject to donors' conditionalities and provide recipient countries with more fiscal space and choice in their local policies.
- However the model has potential 'lock-in' effects. In closely linking trade, investment and aid, they entail the risk of maintaining an export structure in its commodity-based pattern, as well as reducing the room for manoeuvre of contracting governments.
- China increasingly dominates the higher value added activities of South-South trade, which potentially locks sub-Saharan African countries into lower value added activities.

Source: Sindzingre/Robinson, 2012

| Financial flows | \$, billions |
|-----------------------------|--------------|
| Remittances | 60.4 |
| ODA (net total, all donors) | 56.1 |
| Inward FDI | 49.7 |
| Portfolio investments | 20.1 |

Source: AfDB/OECD/UNDP/UNECA, 2013

¹BRICS countries are Brazil, Russia, India, China & South Africa. ²In economics such effects refer to a customer's dependence on a vendor for products & services & a certain path dependency that makes it difficult to switch this pattern.

Economy

BUILDING THE PATH TO FINANCIAL AUTONOMY

GROWING REMITTANCES

- Remittances to Africa grew from 8% of global remittances in 2001, to 11% in 2012 (not including unrecorded and informal flows).
- In 2012, North and West Africa received 89% of total remittances to Africa.

Top 15 African countries by average share of remittances to GDP

| Country | Average (%) 2005 - 2011 |
|---------------|-------------------------|
| Lesotho | 35.4 |
| Nigeria | 10.4 |
| Senegal | 10.4 |
| Cape Verde | 10.4 |
| Togo | 10.3 |
| Gambia | 9.0 |
| Liberia | 7.9 |
| Morocco | 7.7 |
| Egypt | 5.3 |
| Guinea Bissau | 5.1 |
| Tunisia | 4.4 |
| Mali | 4.4 |
| Uganda | 4.3 |
| Benin | 3.6 |
| Sudan | 3.6 |

- Intra-Africa remittances increased from \$3 billion in 2000 to \$5.7 billion in 2011.
- However as a share of total remittances to Africa they decreased from 25% in 2000 to 10% in 2011.
- South Africa represents one of the most important destinations for African migrants and provides the largest share of intra-African remittances totalling \$1.4 billion in 2011.

Source: AfDB/OECD/UNDP/UNECA, 2013

In 2012 remittances became the largest external source of finance to Africa ahead of FDI & ODA, at

\$60.4 billion

Source: AfDB/OECD/UNDP/UNECA, 2013

The costs of sending money to Africa

- Sub-Saharan Africa is the most expensive region to send money to, with average remittance costs reaching 12.4% in 2012.
- The average cost of sending money to Africa is almost 12% compared to a global average of 9%, and almost double the cost of sending money to South Asia (6%).
- Bringing remittance prices down to 5% from the current average cost could put \$4 billion back in the pockets of Africa's migrants and their families.
- Overall, South Africa, Tanzania and Ghana are the most expensive countries to send from, with prices averaging 21%, 21%, and 20%.

GLOBAL: 5 most costly corridors (\$) sending \$200

| | | |
|--------------|-----------|--------|
| South Africa | ➔ Malawi | \$23.6 |
| Ghana | ➔ Nigeria | \$21.4 |
| Tanzania | ➔ Uganda | \$20.8 |
| Tanzania | ➔ Rwanda | \$20.8 |
| South Africa | ➔ Zambia | \$19.8 |

Source: WB, 2013

GLOBAL: 5 most costly corridors (\$) sending \$500

| | | |
|--------------|--------------|--------|
| South Africa | ➔ Malawi | \$17.6 |
| UK | ➔ Gambia | \$17.3 |
| South Africa | ➔ Zambia | \$12.4 |
| South Africa | ➔ Mozambique | \$12.1 |
| UK | ➔ Brazil | \$11.8 |

WIDENING & STRENGTHENING THE TAX BASE

- In sub-Saharan Africa, fiscal revenues are mostly dependent on the taxation of external trade, notably so in commodity-based economies. This dependency increases vulnerability to terms-of-trade shocks and commodity price volatility.
- Recently this structure has proved beneficial given high commodity prices and a high demand from China. However, it reinforces sub-optimal trade patterns.
- Trade taxes have traditionally been easy to mobilise. However, it has been argued that this has acted as a disincentive to develop a broader fiscal architecture, in turn reducing governments' accountability, generally demanded in return for personal and company taxation.
- Analysis has shown that poor countries seem to rely more on trade taxes than richer countries do.
- The main hurdles to widening the tax base include administrative capacity and data on potential fiscal bases, e.g. census, revenue earnings and land rights.

"Tax reform applicable to a broad group of taxpayers... will ensure greater tax compliance than a proliferation of indirect taxes that are unwieldy to manage, costly to administer, and have large built-in incentives for evasion."

AfDB/Global Financial Integrity, 2013

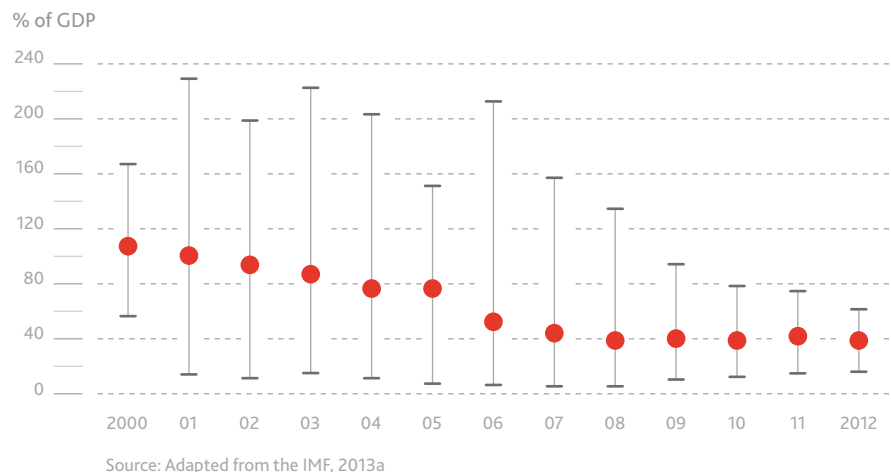
Sources: Grabowski, 2010; Sindzingre/Robinson, 2012

REDUCED DEBT LEVELS

- Since 2000, sub-Saharan African public debt levels have registered a dramatic fall.
- An estimated 87% of African debt has initial maturities of 12 months or less.
- The average maturity of government paper in 15 African countries over the period 1980-2000 was just 231 days compared with 5 ½ years for developed countries.
- The lack of long-term government financing can be explained by reluctance to trade from both sides. Suppliers of capital prefer to reassess the loan arrangements based on evolving conditions, while borrowers, if they were able to access long-term financing, would do so at unfavourable rates.

Sources: Christensen, 2005; IMF, 2013a

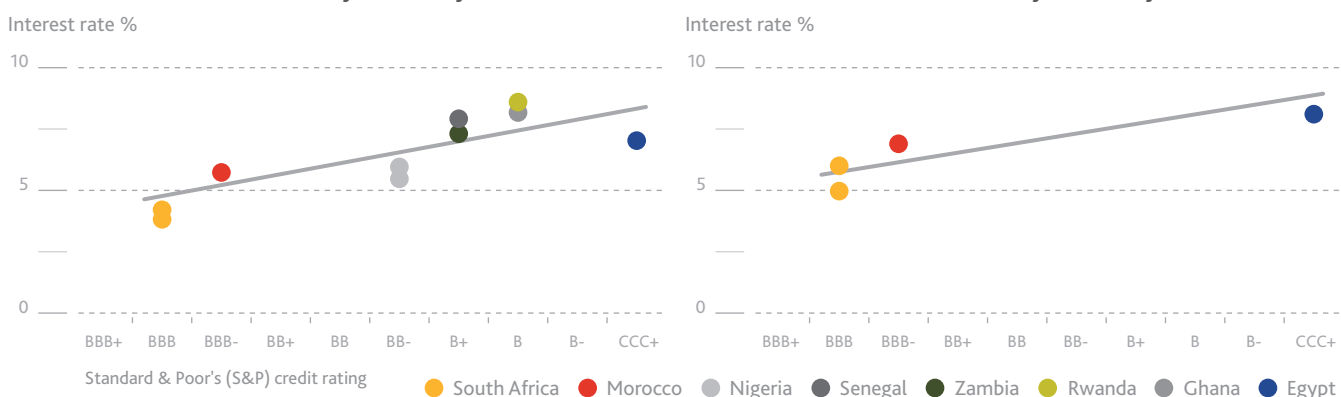
Sub-Saharan Africa: distribution of & median in levels of public sector debt, 2000-2012¹



Africa's gross debt-to-GDP ratios stand at **39%** compared to 84% in the EU-28.

Source: IMF, 2013a

Dollar denominated bonds with 5-10 year maturity²



Source: MIF calculations based on Bloomberg L.P., 2013

- The worse a country's credit rating, the higher the interest on its sovereign bonds.
- A number of African countries pay more than they perhaps should for their debt. For instance, Senegal and Zambia pay a higher interest rate for their dollar denominated sovereign bonds than their B+ rating would indicate.
- Rwanda and Ghana pay more than all other B rated countries except for Venezuela and Ukraine. Conversely, Nigeria, South Africa and Egypt pay a lower interest rate.
- African bond yields are decreasing however, implying better financing conditions.
- The improved profile of African countries' public debt and their better macroeconomic management has increased their access to capital markets. Easy global financial conditions — mostly due to falling interest rates in advanced economies — have also contributed.

Sources: MIF calculations based on IMF, 2013a

¹The range shows the distribution (during a specific year) of debt-to-GDP for 44 countries in sub-Saharan Africa (outliers not shown). Debt-to-GDP ratios pertain to public sector debt as defined in the IMF-WB Debt Sustainability Framework. ²Solid grey line in graph depicts global line of best fit.

Economy

ACCESSING INTERNATIONAL SOVEREIGN BOND MARKETS

Sovereign credit ratings in sub-Saharan Africa

| Country | Moody's | Fitch | S&P |
|--------------|---------|-------|-----|
| South Africa | Baa1 | BBB | BBB |
| Botswana | A2 | | A- |
| Mauritius | Baa1 | | |
| Namibia | Baa3 | BBB- | |
| Angola | Ba3 | BB- | BB- |
| Gabon | | BB- | BB- |
| Nigeria | Ba3 | BB- | BB- |
| Lesotho | | BB- | |
| Senegal | B1 | | B+ |
| Kenya | B1 | B+ | B+ |
| Cape Verde | | B+ | B+ |
| Zambia | B1 | B+ | B+ |
| Ghana | B1 | B+ | B |
| Mozambique | | B | B+ |
| Uganda | | B | B+ |
| Cameroon | | B | B |
| Rwanda | | B | B |
| Seychelles | | B | |
| Burkina Faso | | | B |
| Benin | | | B |

Source: Bloomberg L.P., 2013; IMF, 2013a

- In the past decade 12 sub-Saharan African countries have accessed international sovereign bond markets. Angola, Cameroon, Côte d'Ivoire and Kenya may do so within the next 2 years.
- These 12 countries belong to a group of 20 sub-Saharan African countries with a credit rating, moderate public debt levels and developed institutional capacity in the area of public debt management.
- In a context of easy global financial conditions, issuing sovereign bonds could help finance infrastructure, supplement low domestic saving rates, and lower debt servicing costs by substituting outstanding public external debt instruments contracted at higher interest rates.
- 3 countries issued bonds intended to finance building public infrastructure: Ghana, Senegal and Zambia.
- 4 countries issued bonds in the context of debt restructuring: Congo, Côte d'Ivoire, Gabon and Seychelles.
- In September 2012, Zambia's 10-year bond issuance was oversubscribed more than 15 times and led Zambia to increase the initially planned amount of \$500 million to \$750 million.
- In 2011, Nigeria issued a 10-year US dollar-denominated Eurobond¹ of \$500 million. Its main objectives were to ensure Nigeria's presence in the international market and to provide a benchmark for sovereign, subnational, and corporate issuances. It was oversubscribed by 160%.

Source: Bloomberg L.P., 2013; IMF, 2013a

The risks of bond issuance



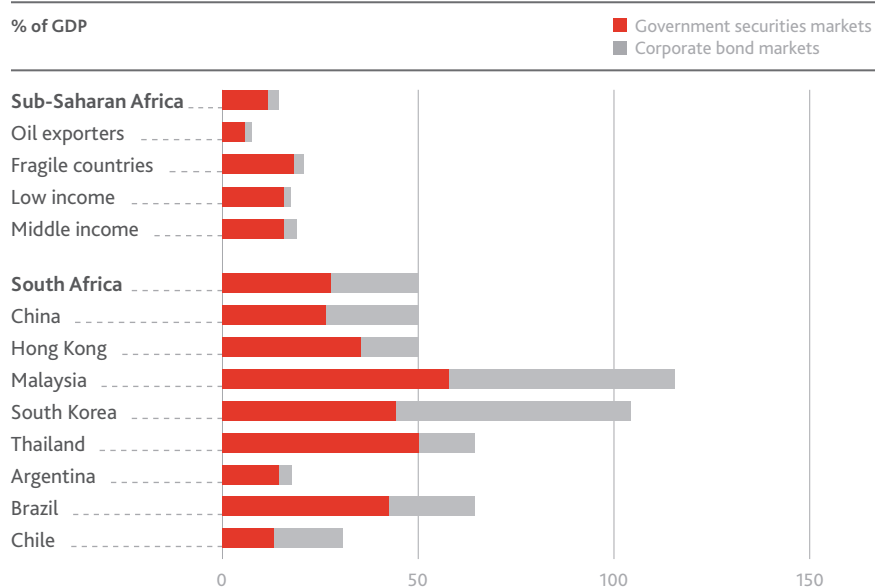
- *The impact of possible time lags between bond issuance and putting the proceeds into actual use...also highlights the issue of fungibility of funds as the proceeds of additional debt may be used for other budgetary purposes... In Ghana, the proceeds (\$750 million) from the 2007 Eurobond were spent largely in 2008. Nevertheless, the recorded increase in public investment falls short of the amount, implying the possibility that the bond proceeds may have been allocated for other budgetary purposes.*
- *Except for the debt restructuring cases, "dollarisation" of public debt increased following the sovereign bond issues, in turn affecting vulnerabilities.*
- *The share of public debt denominated in foreign currencies increased by 5–10 percentage points after bond issuance in most cases — except in cases of debt restructuring and in Nigeria.*
- *In restructuring cases, sovereign bond issues to a large extent have replaced other types of foreign currency-denominated public debt, reducing the share in all but one case. In the past, vulnerabilities stemming from dollarisation of public debt may have contributed to the subsequent debt default and restructuring a few years after.*
- *Tapping international bond markets may also in some cases lead to reduced access to concessional financing.*
- *A shift to larger foreign financing potentially implies appreciation pressure for the domestic currency (depending on the import content of the associated spending). This may harm export competitiveness and if addressed via the issuance of sterilisation bills, may cause an interest burden to the monetary authority or the treasury.* ”

Source: IMF, 2013a

¹Eurobonds are bonds not issued in a country's own currency.

EMERGING LOCAL CURRENCY BOND MARKETS (LCBMs) & SOVEREIGN WEALTH FUNDS (SWFs)

Bond Market Comparisons



Source: IMF, 2013a

- LCBMs allow investors to diversify their portfolios by moving away from classic hard currencies, e.g. the US dollar. Issuing countries avoid the risk of 'dollarising' their debt.
- LCBMs are beginning to emerge in sub-Saharan Africa. The outstanding stock of government securities in the region was 14.8% of GDP in 2010, and only 1.8% for corporate bonds. These figures remain lower than in other emerging and advanced economies.
- Local currency debt is attractive because of higher bond yields and foreign exchange appreciation, but also more vulnerable to any rise in US Treasury yields. After the US Federal Reserve announced that it would start tapering the \$85 billion per month bond buying programme, emerging markets' currencies devalued sharply. The losses against the dollar of the South African, Brazilian and Indian currencies ranged from 3.2% to 4.2%.
- Despite the fact that investors have funnelled \$20.4 billion into emerging markets' local debt in the year-to-date, compared with just \$2.5 billion for hard currency bonds, most sub-Saharan African countries still find it difficult to issue debt instruments denominated in their own currency.

Sources: IMF, 2013a; FT, 2013

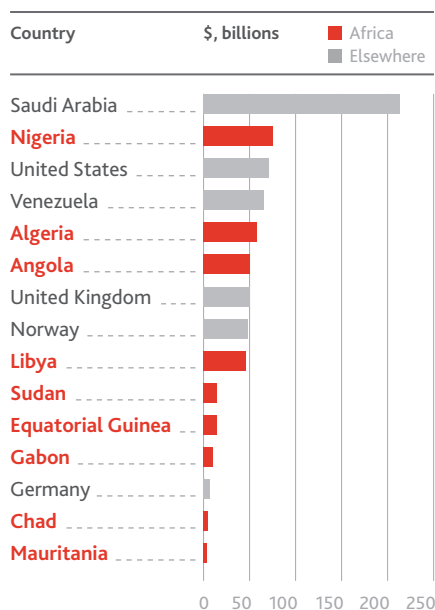
Economy

Emerging Sovereign Wealth Funds (SWFs)

| Country | SWF | Date established | Source of funding | Fund type ¹ | Assets (\$, billions) | Santiago Principles ² signatory |
|---------------------|---|------------------|-------------------|------------------------|-----------------------|--|
| Algeria | Fonds de Régulation des Recettes | 2000 | Oil & gas | ST | 77.2 | No ● |
| Chad | Fonds de Stabilisation des Recettes Budgétaires | 2006 | Oil | ST | <1.0 | No ● |
| Angola | Reserve Fund for Oil | 2004 | Oil | ST | 5.0 | No ● |
| Botswana | Pula Fund | 1994 | Diamonds | DV | 6.9 | Yes ● |
| Congo | Fonds de Stabilisation des Recettes Budgétaires | N/A | Oil | ST | 1.6 | No ● |
| Equatorial Guinea | Fonds de Stabilisation des Recettes Budgétaires | N/A | Oil | ST | 1.4 | No ● |
| Equatorial Guinea | Fonds de Réserves pour Générations Futures | 2002 | Oil | DV | <1.0 | Yes ● |
| Gabon | Fonds Souverain de la République Gabonaise | 1998 | Oil | DV | 0.4 | No ● |
| Ghana | Ghana Petroleum Funds | 2011 | Oil | DV | <1.0 | No ● |
| Libya | Libyan Investment Authority | 2006 | Oil | DV | 65.0 | Yes ● |
| Mauritania | Fonds National des Revenus des Hydrocarbures | 2006 | Oil | ST | <1.0 | No ● |
| Namibia | Minerals Development Fund | 1995 | Minerals | DV | Unknown | No ● |
| Nigeria | Nigerian Sovereign Investment Authority | 2011 | Oil | ST | 1.0 | No ● |
| São Tomé & Príncipe | National Oil Account | 2004 | Oil | DV | <1.0 | No ● |
| Sudan | Oil Revenue Stabilization Fund | 2002 | Oil | ST | <1.0 | No ● |
| Norway | Government Pension Fund | 1990 | Oil | | 785.2 | Yes ● |
| Saudi Arabia | Saudi Arabian Monetary Agency Foreign Holdings | N/A | Oil | | 675.9 | No ● |
| Venezuela | Fondo para la Estabilización Macroeconómica | 1998 | Oil | | <1.0 | No ● |

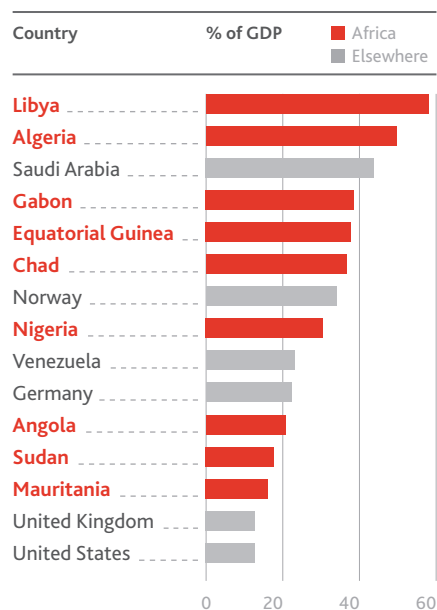
Sources: International Working Group on Sovereign Wealth Funds, 2013; Sovereign Wealth Fund Institute, 2013; Triki/Faye, 2011

Value of oil exports 2010



Source: IMF, 2010

Gross national savings 2010



Libya's SWF is much larger than Nigeria's even though Nigeria is a larger exporter of oil than Libya. There is a corresponding difference in savings rates between the countries.

The total value of African SWFs —

\$159 billion

— is dwarfed by the value of Asian SWFs (\$32.6 trillion) & MENA's SWFs (\$27.0 trillion).

Sources: Preqin, 2010; Sovereign Wealth Fund Institute, 2013

¹ST: Stabilisation funds which aim to smooth out income streams coming from commodities; & DV: development funds which pursue local developmental goals.

²The Santiago Principles are a set of 24 voluntary guidelines that assign 'best practices' for the operations of SWFs.

FROM FDI TO 'AFRICAN DIRECT INVESTMENT': INVESTING AT HOME

- Whilst data on intra-African investment are scarce, one analysis has indicated that only 5% of the total value of all FDI projects in Africa from 2003-2010 originated from intra-African FDI. By contrast, the share of intra-regional FDI inflows in total FDI inflows to the Association of Southeast Asian Nations (ASEAN) averaged 16.7% from 2008-2010.
- Madagascar and Kenya received between 6% and 11% of their FDI flows from other African countries over the period from 2007-2010.
- Mauritius, Malawi, Mozambique, Namibia, Uganda and Tanzania received between 17% and 80% of their FDI flows from the sub-region.
- Between 2008 and 2010, Botswana, Malawi, Nigeria, Uganda and Tanzania had more than 20% of their total FDI inward stock sourced from the rest of Africa.
- With \$18 billion, South Africa was the 5th largest holder of FDI stock in Africa in 2011.

Greenfield investments¹

- Between 2003 and 2011 intra-African FDI in new greenfield projects grew at an annual compound growth rate of 23% (42% since 2007).
- Over the same period, investment into Africa from Kenya and Nigeria grew at a faster rate than from anywhere else in the world at 77.8% and 73.2% respectively. South African investment has grown at a rate of 64.8%.
- African investors represented 7.7% of total announced greenfield projects in Africa in 2012.

Sources: AfDB/OECD/UNDP/UNECA, 2013; Ernst & Young, 2012

For over 30 years, close to **\$1.4 trillion** were drained out of Africa, mainly through illicit financial flows. This is more than 4 times Africa's total external debt.

Source: AfDB/Global Financial Integrity, 2013

Repatriating illicit financial outflows

- Over 1980-2009, Africa was a net creditor to the world, with a net resource transfer to the tune of up to \$1.4 trillion. Illicit financial flows (IFF) were the main driving force behind the net drain of resources, largely driven by North, West and Central Africa, with an annual outflow of \$30.4 million during the period 2000-2009.
- In terms of volume, the top 5 African countries with the largest cumulative IFF (outflows) during the period 2000-2009 were: Algeria, Egypt, Libya, Nigeria and South Africa.
- As a % of their GDP, the 5 countries with the largest cumulative IFF (outflows) between 1980-2009 were: Chad, Congo, Djibouti, Equatorial Guinea and Seychelles.
- The 5 countries with the largest IFF per capita are: Botswana, Equatorial Guinea, Gabon, Libya and Seychelles.
- As a % of their received ODA, the top 5 countries are: Equatorial Guinea, Gabon, Libya, Nigeria and South Africa.
- In resource-rich countries, the natural resource sector is usually the main source of IFF. In resource-poor countries, IFF largely arises from the mispricing of trade by companies of all sizes. This activity is a form of money laundering and tax evasion.
- Policy recommendations to restrict the absorption of IFF include Automatic Exchanges of Tax Information (AEI), and Double Tax Avoidance Agreements (DTAA). Policies to curtail IFF from Africa include customs service reform, anti-money-laundering initiatives and national authorities for the regulation and management of public procurement.

Source: AfDB/Global Financial Integrity, 2013

Intra-regional FDI in Africa

| Country | Period average/ Year | % of FDI from Africa in world total | Total FDI from Africa \$ millions | Total FDI from the world (incl. Africa) \$ millions |
|------------|-------------------------|---|---|---|
| Namibia | 2006-2008 | 80.0 | 522.7 | 653.4 |
| Malawi | 2008-2010 | 42.3 | 31.6 | 74.8 |
| Mozambique | 2009-2011 | 30.4 | 403.4 | 1,325.0 |
| Uganda | 2008-2010 | 27.0 | 189.6 | 701.5 |
| Tanzania | 2006-2008 | 26.3 | 121.6 | 461.6 |
| Nigeria | 2008-2010 | 25.8 | 1,978.5 | 7,665.7 |
| Algeria | 2000-2001 | 22.1 | 183.5 | 831.8 |
| Mauritius | 2009-2011 | 17.6 | 62.2 | 352.5 |
| Kenya | 2007-2008 | 10.5 | 65.2 | 622.7 |
| Ethiopia | 2002-2004 | 8.8 | 37.3 | 421.7 |
| Madagascar | 2008-2010 | 6.2 | 67.7 | 1,094.3 |
| Tunisia | 2008-2010 | 3.6 | 72.3 | 1,986.2 |
| Morocco | 2008-2010 | 1.5 | 55.2 | 3,636.0 |
| Egypt | 2008-2010 | 1.1 | 121.2 | 11,139.5 |
| Cape Verde | 2004-2006 | 0.2 | 0.2 | 84.7 |

Source: Table adapted from UNCTAD, 2013

¹ Greenfield investments are investments in businesses or economic sectors that are new to a given recipient country.

Economy

INTEGRATING THROUGH INFRASTRUCTURE

FRAGMENTED INFRASTRUCTURE: THE MAJOR HURDLE

- Africa's fragmented infrastructure networks isolate smaller and landlocked countries and are a major hurdle to regional economic integration.
- From 1992-2011, the 'Middle East & Africa' region was the 2nd largest investor in infrastructure — but Africa's needs are still huge.
- Africa's vast land area and population distribution present a specific challenge for infrastructure. Africa will need to invest at least twice as much of its current GDP in infrastructure, and operation and maintenance charges will be higher.
- Low-income countries in Central Africa could add 2.2 points to their annual growth rate if they had the same level of infrastructure as India or Pakistan.
- In most African countries, infrastructure is a major constraint to doing business, depressing firm productivity by around 40%.
- As investment in infrastructure is required across the world, not just in Africa, the continent must compete for resources.

Only 1/3

of rural Africans have access to an all-season road & only 1/4 Africans have access to electricity.

Source: AfDB, 2013a

Sources: Ernst & Young, 2013a; IEA, 2011; McKinsey Global Institute, 2013; UNECA-OECD, 2012

Top 10 African countries for international infrastructure projects (up to February 2013)

| Country | Number of projects | Capital invested (\$, billions) | Country | Number of projects | Capital invested (\$, billions) |
|--------------|--------------------|---------------------------------|------------|--------------------|---------------------------------|
| South Africa | 134 | 129.9 | Algeria | 34 | 87.2 |
| Nigeria | 106 | 95.5 | Mozambique | 31 | 32.1 |
| Egypt | 82 | 60.2 | Libya | 29 | 20.7 |
| Uganda | 63 | 17.7 | Tanzania | 29 | 16.2 |
| Kenya | 60 | 32.9 | Cameroon | 25 | 8.5 |

Source: Ernst & Young, 2013b

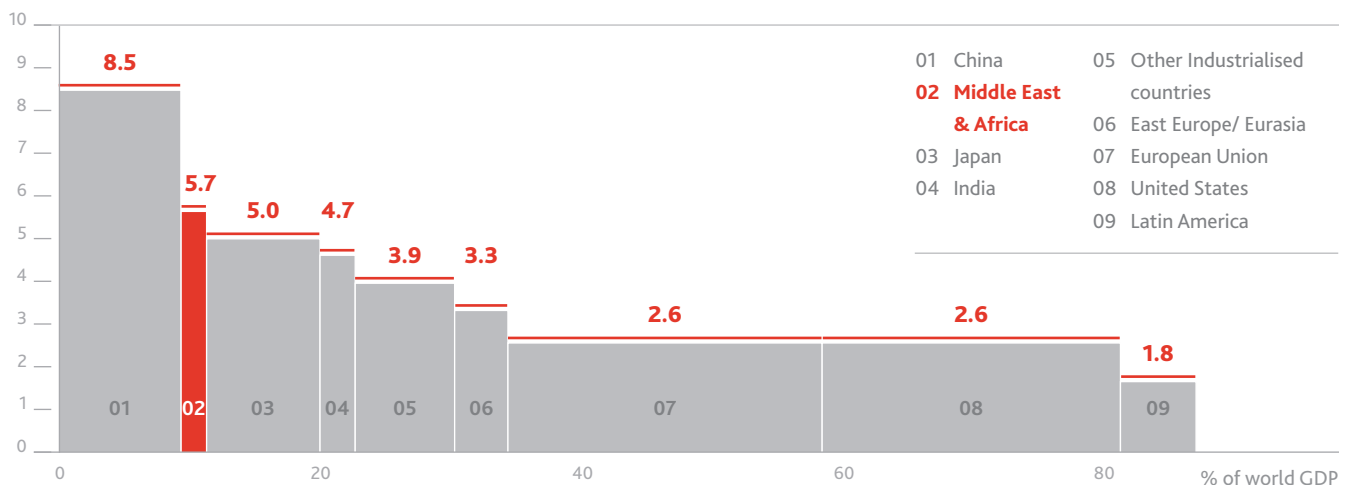
Programme for Infrastructure & Development in Africa (PIDA) (2012)

- PIDA is an African framework for the development of regional and continental infrastructure.
- It is led by the African Union Commission (AUC), NEPAD Secretariat and the AfDB, and aims to: increase energy access and reduce power generation costs; reduce transport costs and boost intra-African trade; ensure food security and access to water; and increase global connectivity.
- PIDA has identified 51 African infrastructure projects with priority investments of \$68 billion up to 2020.

Source: AU/PIDA, 2013

Amount spent on infrastructure, 1992-2011¹

Weighted average % of GDP



Source: Table adapted from McKinsey Global Insitute, 2013.

¹Original graph excludes unusually high port and rail data for Nigeria; including these data as above, brings total weighted average for Middle East & Africa to 5.7%.

ENERGY¹: AFRICA STILL IN THE SHADOWS

Source: Adapted from ONE Campaign, 2013

- According to the World Bank (WB), almost ½ of African countries face an energy crisis.
- 27 out of the 54 African countries have a total generation capacity of less than 1 terrawatt hour (TWh).
- The whole of Africa generated only 629 TWh of energy in 2010 — roughly equal to the generation capacity of Canada or Germany.
- At 124 kilowatt hour (kWh) per capita per year and falling, power consumption is only 10% of that found elsewhere in the developing world, barely enough to power 1 light bulb (100 W) per person for 3 hours a day.
- In 2010, the average effective electricity tariff in Africa was \$0.14/kWh. Compared to \$0.04/kWh in South Asia and \$0.07/kWh in East Asia.
- Some African countries rely heavily on non-renewable energy sources: Oil — Benin (100%), Eritrea (99%); Coal — Botswana (100%), South Africa (94%).
- Only about 25% of the sub-Saharan African population has access to electricity, compared to more than 80% in Latin America and North Africa.
- The household electrification rate in Africa's low-income countries is 30.5%. This drops to 10% in rural areas.
- Less than 2% of the rural populations in Chad, Ethiopia, Malawi, and Niger have access to electricity.
- Load-shedding (intentionally engineered electrical power shutdowns) costs the African economy the equivalent of 2.1% of GDP.
- Operational inefficiencies of power utilities in Africa cost \$3.3 billion a year.
- ½ of the 10 least energy efficient countries in the world (GDP per unit of energy use) are African (DRC, Ethiopia, Mozambique, Togo, and Zambia).
- Demand for electricity should increase 6-fold before 2050, with 80% of demand in urban areas.
- Africa requires more than \$300 billion in investment to achieve universal electricity access by 2030.
- According to the AfDB, if Africa reinvested just 5% of its oil and coal export revenue, it could achieve universal access to energy sources for all by 2030.

New York City has a generation capacity of

13,000 MW

for a population of just over 8 million, compared to Nigeria that has a generation capacity of

4,000 MW

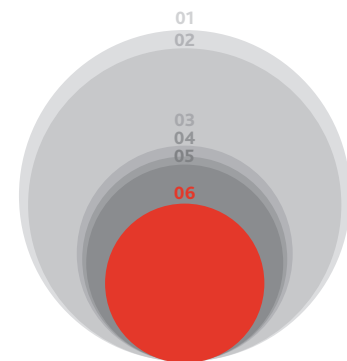
for a population of 169 million.

1 National Football League stadium in the US uses more electricity on match day than the

whole of Liberia

on average for the same duration.

Sources: EcoPower Africa, 2013; Wall Street Journal, 2013



5 countries — US, China, Japan, Russia & India — generated more electricity than the whole of the African continent in 2010.

| | | |
|----|--------|----------|
| 01 | US | 4125 TWh |
| 02 | China | 3904 TWh |
| 03 | Japan | 1052 TWh |
| 04 | Russia | 984 TWh |
| 05 | India | 904 TWh |
| 06 | Africa | 629 TWh |

Source: EIA, 2013

Sources: AfDB, 2013a, 2013b & 2013c; EIA, 2013; EIU, 2013; WB, 2006; WB, 2013b; The White House, 2013

¹ A kilowatt-hour (kWh) is equal to 1000 watt-hours, a megawatt-hour (MWh) is equal to 1000 kWh, a gigawatt-hour is equal to 1000 MWh, and a terrawatt-hour (TWh) is equal to 1000 GWh.

Economy

Knock-on effects of insufficient energy

- 85% of rural Africans continue to burn biomass for fuel, posing health and environmental risks.
- Women and girls spend hours each day collecting fuel, preventing them from working or going to school.
- In sub-Saharan Africa 30% of health facilities do not have electricity (impacting on the storage of vaccines, operation of machines etc.).
- Energy access is a bigger concern than corruption to African businesses.
- Lack of streetlights, phones, etc. increase vulnerability after dark.

Sources: AfDB, 2013b; ONE Campaign, 2013

Most African energy production is not used domestically

- While Africa is home to 6 of the top 30 energy producers, energy availability on the continent is the world's lowest.
- China and the US consume more energy than they produce themselves.
- Back-up generators provide on average 50% of the energy in DRC, Equatorial Guinea and Mauritania — all of which are energy producers.
- With 15% of the world's population, Africa consumes only 3% of the world's commercial energy.
- Africa generates the least electricity, as a continent, in the world. Since 1980, Asia and Oceania have grown their electricity generation to constitute almost 40% of the world total. Africa has never risen above 5%.

Sources: EIA, 2013; EIU, 2013; Foster/Steinbuks, 2009; ICSU Regional Office for Africa, 2007

Domestic consumption: a new business priority

- Nigeria imports about 70% of the processed oil products it needs to meet domestic requirements. The country currently has 4 oil refineries with the total capacity to process about 445,000 barrels/day, but they operate below capacity. Nigeria exports 4 times that volume in crude oil.
- Aliko Dangote aims to build a refinery in the south-west of the country that would be operational in 2016 with the capacity to process 400,000 barrels per day, reducing the need for fuel imports.
- Aliko Dangote has signed a \$3.3 billion loan deal with local and foreign banks to build the refinery, as well as fertiliser and petrochemical plants.
- The entire venture will cost \$9 billion, with \$3 billion in equity from Dangote Industries.

Sources: BBC, 2013; CNN, 2012; Reuters, 2013

30 largest energy producers, (million tonnes of oil equivalent) 2009

| | |
|--------------|------|
| China | 2085 |
| US | 1686 |
| Russia | 1182 |
| Saudi Arabia | 528 |
| India | 502 |
| Canada | 390 |
| Indonesia | 352 |
| Iran | 350 |
| Australia | 311 |
| Brazil | 230 |
| Nigeria | 229 |
| Mexico | 220 |
| Norway | 214 |
| Venezuela | 204 |
| UAE | 169 |
| South Africa | 161 |
| UK | 159 |
| Algeria | 152 |
| Kazakhstan | 146 |
| Qatar | 140 |
| France | 130 |
| Kuwait | 130 |
| Germany | 127 |
| Iraq | 120 |
| Angola | 101 |
| Colombia | 99 |
| Japan | 94 |
| Malaysia | 90 |
| Egypt | 88 |
| Libya | 87 |

30 largest energy consumers, (million tonnes of oil equivalent) 2009

| | |
|--------------|------|
| China | 2257 |
| US | 2163 |
| India | 676 |
| Russia | 647 |
| Japan | 472 |
| Germany | 319 |
| France | 256 |
| Canada | 254 |
| Brazil | 240 |
| South Korea | 229 |
| Iran | 216 |
| Indonesia | 202 |
| UK | 197 |
| Mexico | 175 |
| Italy | 165 |
| Saudi Arabia | 158 |
| South Africa | 144 |
| Australia | 131 |
| Spain | 127 |
| Ukraine | 115 |
| Nigeria | 108 |
| Thailand | 103 |
| Turkey | 98 |
| Poland | 94 |
| Pakistan | 86 |
| Netherlands | 78 |
| Argentina | 74 |
| Egypt | 72 |
| Malaysia | 67 |
| Venezuela | 67 |

Sources: EIA, 2013; EIU, 2013, WB, 2008

- Whilst Algeria, Angola and Libya all ranked in the top 30 energy producers in 2009, their energy consumption for the same year placed them outside of the top 30 consumers.

Regional power trade would save Africa

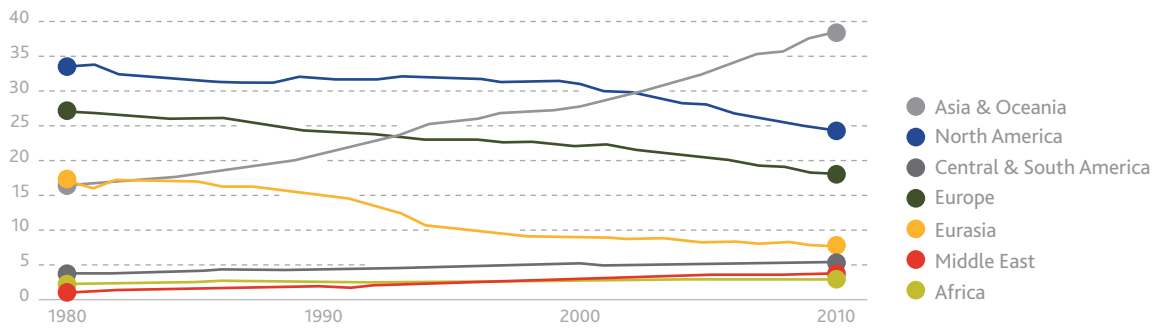
\$2 billion
per year in costs.

Almost **90%**
of Nigerian oil is exported to non-African countries.

Major importers of Nigerian crude oil include the US (33%), Europe (28%), India (12%), Brazil (8%) & Canada (5%).

Sources: AfDB, 2013c; EIA, 2012; WB, 2013a

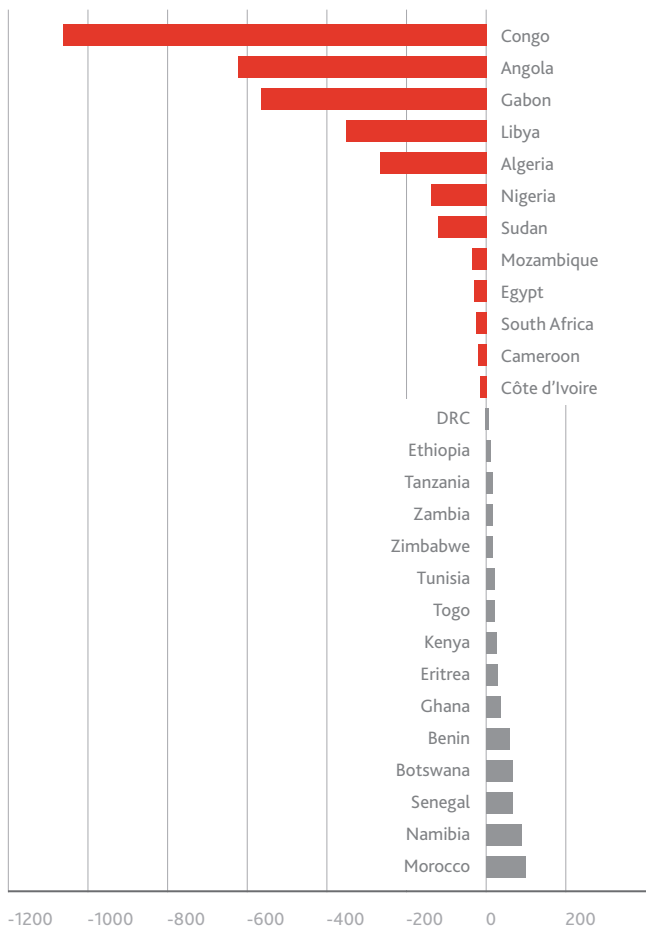
Total electricity net generation (% of world) 1980-2010



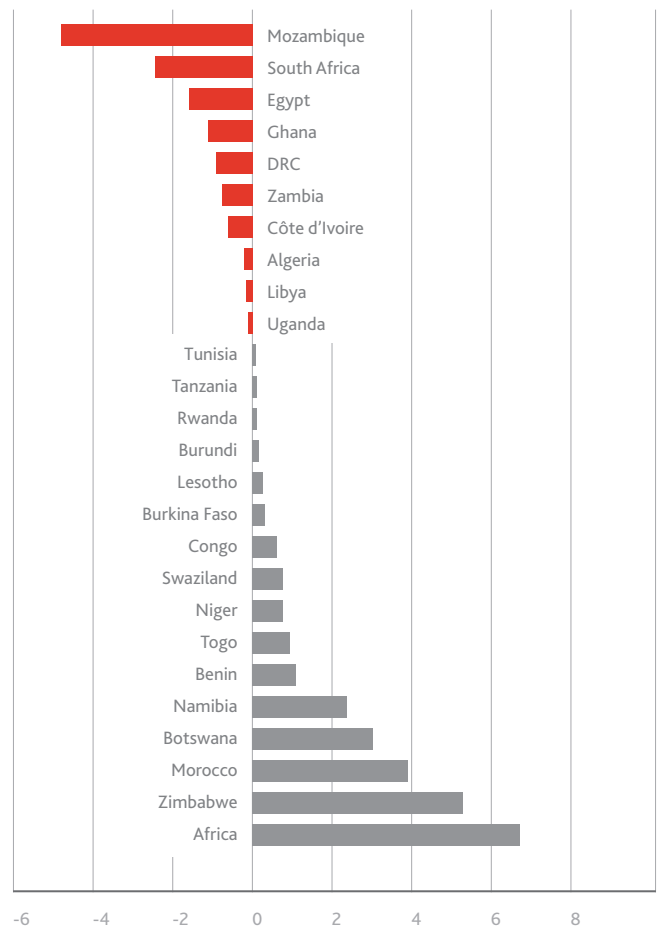
Source: EIA, 2013

Exporters vs. Importers

Imbalances: net energy imports¹ (% of energy use) 2010



Imbalances: net electricity imports¹ (TWh) 2010



Sources: EIA, 2013; WB, 2013c

¹Negative values indicate that the country is a net exporter.

Economy

TRANSPORT: AFRICA BYPASSED

- Africa’s transport system was mainly developed as 'outbound' in order to export African raw commodities.
- While the current external linkages are still not up to international standards, the intra-continental transport is almost non-existent.
- Logistical services are a major hindrance to intra-continent and intra-country trade. Their development is impeded by administrative, regulatory and governance barriers.
- Landlocked countries are most affected.
- The costs of intra-sub-Saharan African trade are so high that the baseline costs of shipping freight to Uganda from sub-Saharan Africa are higher than the costs of shipping to Uganda from the US.

Sources: AfDB, 2013c; Fortin, 2013

Roads

- In Africa, the kilometres (km) of road per 1000 people is less than ½ that of the global average (3.6km/1000 people, compared to the global average of 7.6km/1000 people).
- In 2010, less than ¼ of roads were recorded as being paved in sub-Saharan Africa, compared to the global average of almost ¾.
- If African nations had spent \$12 billion more on road repair in the 1990s, they could have saved \$45 billion in subsequent reconstruction costs.
- Barriers to intra-regional trade include onerous customs procedures, driver and vehicle related regulations, delays at ports, weighbridges and roadblocks.

Sources: AfDB, 2013c; EIU, 2013

Logistics Performance Index (LPI)

- The LPI reflects perceptions of a country’s logistics based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time.
- Overall, in 2012, sub-Saharan Africa performed the least well when compared to the other major global regions. In 2007, sub-Saharan Africa performed better than South Asia.
- Both regions have improved between 2007 and 2012, but South Asia more so.

Source: WB, 2013d

2012 LPI Top 10 African countries

| Country | Rank /155 | Score 1-5 (5 is best) |
|---------------|-----------|-----------------------|
| South Africa | 23 | 3.7 |
| Tunisia | 41 | 3.2 |
| Morocco | 50 | 3.0 |
| Egypt | 57 | 3.0 |
| Benin | 67 | 2.9 |
| Botswana | 68 | 2.8 |
| Mauritius | 72 | 2.8 |
| Malawi | 73 | 2.8 |
| Côte d'Ivoire | 83 | 2.7 |
| Madagascar | 84 | 2.7 |

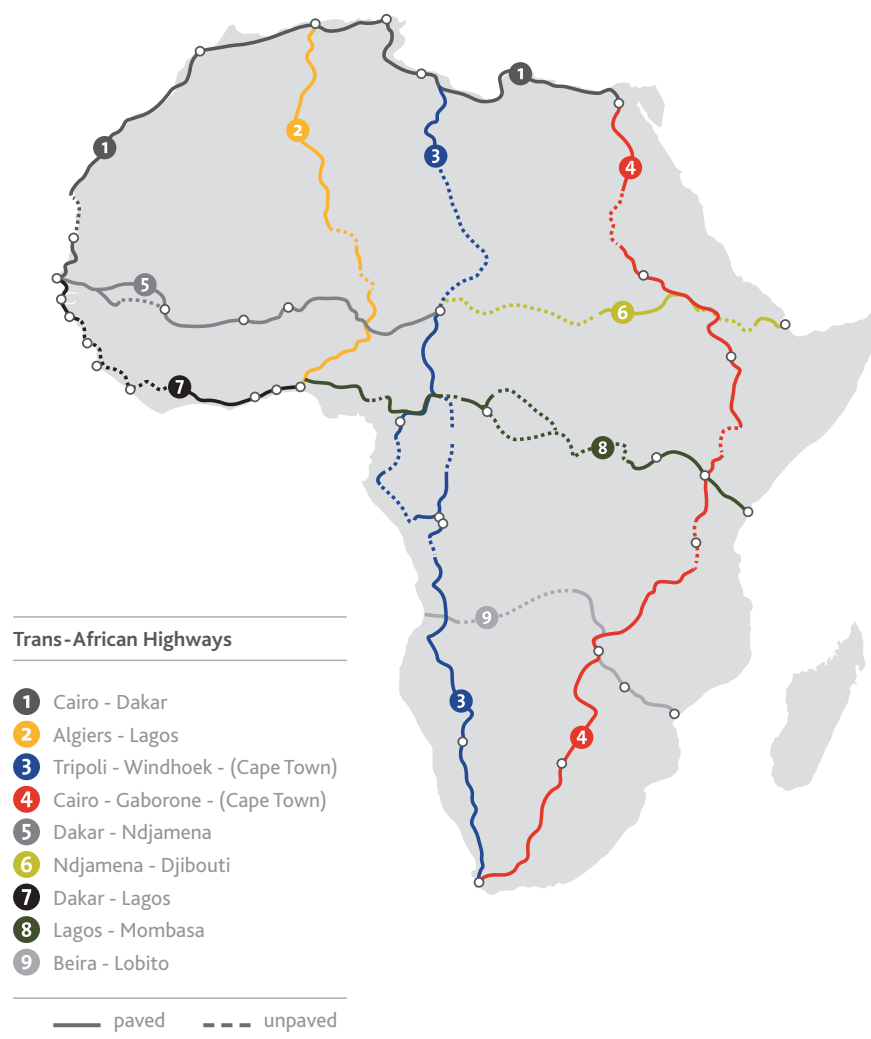
Source: WB, 2013d

Traders/trucks have to negotiate 47 roadblocks & weigh stations between Kigali (Rwanda) & Mombasa (Kenya), & they have to wait about **36 hours** at the South Africa–Zimbabwe border post (Beit-bridge).

There are at least **52** checkpoints in Tanzania, a country in which 98% of goods are transported by truck.

Sources: AfDB, 2012; Transport World Africa, 2013

Trans-African Highway Network: progress so far



Checkpoints on selected West African highways

| Highways | Distance, km | Number of checkpoints | Checkpoints per 100km |
|-----------------------|--------------|-----------------------|-----------------------|
| Tema - Ouagadougou | 962 | 25 | 2.6 |
| Ouagadougou - Bamako | 910 | 19 | 2.1 |
| Lomé - Ouagadougou | 1036 | 23 | 2.2 |
| Cotonou - Niamey | 1036 | 34 | 3.3 |
| Abidjan - Ouagadougou | 1122 | 37 | 3.3 |
| Niamey - Ouagadougou | 529 | 20 | 3.8 |

Source: UNECA, 2010

Developed by the United Nations Economic Commission for Africa (UNECA), AfDB, African Union (AU) and the Regional Economic Communities (RECs). The roads are currently in various states of completion.

The Trans-African Highway Network, if completed, should be

57,233 km

of transcontinental roads that connect capital cities & main centres of production & consumption.

Source: ECOWAS, 2013

2013 Ibrahim Index of African Governance (IIAG) Roads Indicator

2 constituent variables: Road Network (EIU¹) and Quality of Roads (WEF²)

Top performers

in 2012: Seychelles, Namibia, Botswana, South Africa, Swaziland.

Bottom performers

in 2012: Central African Republic, Comoros, DRC, Guinea-Bissau, Niger, Somalia, Togo.

Most improved

since 2000: Equatorial Guinea, Chad, Sierra Leone, Liberia, Angola, São Tomé & Príncipe.

Most deteriorated

since 2000: Niger, Seychelles, Libya, Côte d'Ivoire, Swaziland, Egypt. Both Seychelles & Swaziland, though in the top 5 performers, are also among the most deteriorated.

Source: MIF, 2013

¹Economist Intelligence Unit; ²World Economic Forum.

Economy

Rail

- Africa's railroads are less economically significant than they used to be, mainly through lack of maintenance.
- \$3 billion would be required as a 1-time rehabilitation cost to restore Africa's rail network.
- Concessional railways (i.e. private sector partnerships) have improved service, but this will not provide enough financing for full rehabilitation.
- In 2010, South Africa ranked 9th in terms of rail freight in the world, carrying 113,342 million-tonnes-km per year.

Sources: AfDB, 2013c; EIU, 2013

Chinese investment in African railways

China Railway Construction Corporation Ltd (market capitalisation \$10.7 billion) has major construction contracts in 7 African countries: Algeria, Djibouti, Ethiopia, Kenya, Nigeria, Tanzania and Zambia.

Kenya

- China has agreed to fund the construction of a rail track from the Indian Ocean to the western border with Uganda.
- The line was operational in the 1950s, but became derelict after the demise of Kenya Railways and due to lack of maintenance. Of the 1,700 miles that were operational, no more than 700 are used today with trains rarely going over 20mph.
- It is a \$5.2 billion deal, to include funding for new hydro-electric dams and expansion of Kenya's ports.

Ethiopia

- The Addis Ababa/Sebeta-Djibouti Railway Project (756km) includes a \$600 million loan agreement signed between China, Djibouti and Ethiopia in May 2013.
- Secured by Exim Bank of China, the loan will finance the construction of Addis Ababa/Sebeta Mieso Railway project, constructed by China Railway Group Ltd, and the Mieso-Dewnle Railway Project, constructed by China Civil Engineering Construction Corporation.

Sources: Allison, 2013; China Railway Construction Corporation Ltd, 2013; Pflanz, 2013

Ports

- In the last 10 years, cargo moving through Africa's ports has tripled.
- Very few African ports are large enough to handle major shipping lines.
- Most do not meet the standards of international best practice.
- International Maritime Bureau lists the following African coastal areas as requiring caution due to piracy threat: Lagos, Cotonou, Lomé, Abidjan, Gulf of Aden/Red Sea, Somalia.
- With about 37,599 km of coastline, no African countries feature in the top 20 list of shipbuilding countries, by deliveries or order books (as % of world total).
- There is growing investor interest in African ports.

Sources: AfDB, 2013c; EIU, 2013



- Dubai Ports World (DPW) operations include:
 - Algeria: Alger and Djen-djen ports.
 - Djibouti: Doraleh Container Terminal and Port of Djibouti.
 - Mozambique: Maputo Container Terminal.
 - Senegal: Dakar Container Terminal (new development).
 - Egypt: Sokhna (new development).

Source: Dubai Ports World, 2013

Average container dwell times in Africa are

6-15 days

whereas the accepted international standard is no more than 7 days.

Source: AfDB, 2013c

Air

- Sub-Saharan Africa lags behind every other region in the world in terms of air freight volume. Measured in metric tons and km travelled, sub-Saharan Africa only hosts 1.5% of the global industry, whereas East Asia and Pacific region hosts 35.7% of the industry.
- Sub-Saharan Africa represents only 1.5% of the global number of passengers carried, in both domestic and international flights, compared to 28.3% in North America.
- The industry is dominated by 3 large airlines (Ethiopian Airlines, Kenya Airways and South African Airlines) with many small, financially vulnerable, and sometimes insecure, national flag carriers.
- Poor safety records are the greatest challenge.
- Although runways and terminal capacity are usually adequate, Air Traffic Control and surveillance are the biggest issue.
- Globally, fuel accounts for about 35% of an airline's operational cost. In Africa this ranges from 45-55%. Fuel prices at some stations in Africa are over twice the world average.
- Passenger taxes are high in comparison to selected airports outside Africa. For example, passenger landing tax is \$137 in Ambouli, Djibouti and \$75 in Accra, Ghana, compared to \$6 in Mumbai, India, and \$14 in Paris, France.

Sources: AfDB, 2013c; EIU, 2013

Air safety

- Africa's air safety record worsened in 2012 to 3.71 Western-built jet hull losses per million flights up from 3.27 in 2011 — the continent continues to have the weakest safety performance in the world.
- Most accidents on the continent take place in 2 countries — DRC and Sudan. In 2011 there were 3 fatal accidents in the DRC out of a total of 5 and in 2012 there were 2 fatal airline accidents in the DRC and 1 in Sudan out of a total 6 in Africa.

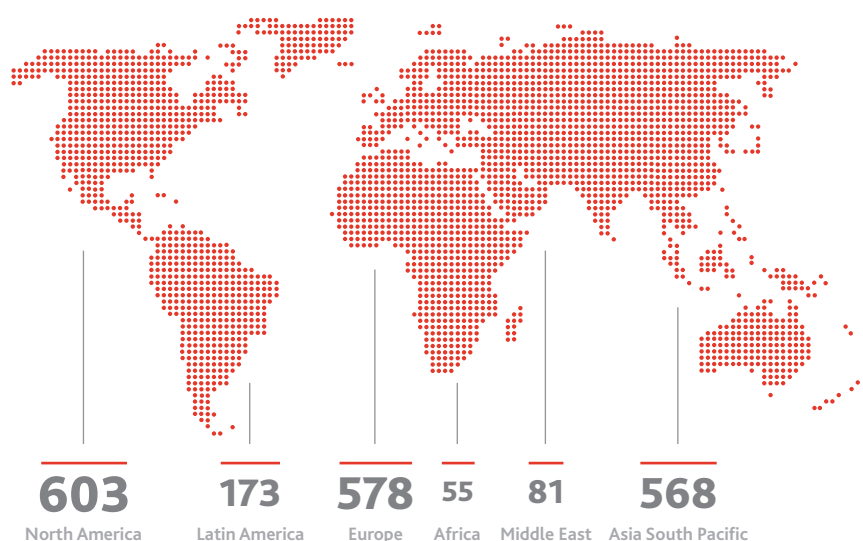
Source: IATA, 2013

Africa Strategic Improvement Action Plan (2013)

This plan will address safety deficiencies and strengthen regulatory oversight in the region, with a goal to have world-class safety performance by the end of 2015. It was endorsed by the AU in January 2013.

Source: IATA, 2013

Total air passengers, millions (year-to-date, May 2013)



Source: Airports Council International, 2013

At least 200

African airlines are currently operating on the continent, of which only

38

meet global safety standards.

Source: IOSA, 2013

Economy

SUSTAINABLE ECONOMIC OPPORTUNITY: 2013 IIAG CATEGORY SPOTLIGHT

SCORES & RANKS

| Rank/52 | Score/100 | Change since 2000 | |
|---------|----------------------|-------------------|-------|
| 1 | Mauritius | 79.7 | +15.3 |
| 2 | Botswana | 67.5 | +4.4 |
| 3 | Seychelles | 67.2 | +11.8 |
| 4 | Tunisia | 65.8 | +1.7 |
| 5 | South Africa | 65.1 | +5.8 |
| 6 | Cape Verde | 64.5 | +10.4 |
| 7 | Morocco | 64.4 | +9.8 |
| 8 | Rwanda | 64.0 | +13.7 |
| 9 | Namibia | 63.6 | +6.4 |
| 10 | Egypt | 60.8 | +4.6 |
| 11 | Gambia | 58.4 | +10.5 |
| 12 | Senegal | 54.8 | +4.8 |
| 13 | Ghana | 54.4 | +4.1 |
| 14 | Burkina Faso | 54.2 | +4.2 |
| 15 | Ethiopia | 53.0 | +2.2 |
| 16 | Zambia | 52.7 | +5.8 |
| 17 | Lesotho | 52.3 | +6.0 |
| 18 | Kenya | 52.0 | +3.2 |
| 19 | Uganda | 51.8 | +1.2 |
| 20 | Djibouti | 51.5 | +5.3 |
| 21 | Mali | 50.6 | +4.7 |
| 22 | Mozambique | 50.6 | +6.0 |
| 23 | Benin | 49.9 | +2.8 |
| 24 | Tanzania | 49.7 | -2.6 |
| 25 | Swaziland | 49.3 | +7.1 |
| 26 | Cameroon | 48.0 | +9.4 |
| 27 | Algeria | 47.9 | -1.3 |
| 28 | Malawi | 46.4 | +5.7 |
| 29 | Madagascar | 46.3 | -0.6 |
| 30 | Mauritania | 46.1 | +4.8 |
| 31 | Niger | 43.1 | +5.2 |
| 32 | Côte d'Ivoire | 43.0 | +1.2 |
| 33 | Gabon | 42.9 | +11.1 |
| 34 | Nigeria | 42.2 | +4.9 |
| 35 | Sierra Leone | 41.8 | +14.4 |
| 36 | Angola | 41.0 | +17.1 |
| 37 | Libya | 40.3 | -8.9 |
| 38 | Liberia | 39.1 | +20.4 |
| 39 | Congo | 38.5 | +6.6 |
| 40 | São Tomé & Príncipe | 38.4 | -2.9 |
| 41 | Burundi | 37.6 | +6.8 |
| 42 | Equatorial Guinea | 36.5 | +10.8 |
| 43 | Togo | 35.4 | +9.9 |
| 44 | Central African Rep. | 34.7 | +11.0 |
| 45 | Guinea | 33.5 | -2.5 |
| 46 | Chad | 33.0 | +3.1 |
| 47 | DRC | 28.3 | +12.4 |
| 48 | Guinea-Bissau | 28.3 | +6.0 |
| 49 | Eritrea | 28.2 | -7.1 |
| 50 | Comoros | 27.4 | +1.1 |
| 51 | Zimbabwe | 25.5 | +1.1 |
| 52 | Somalia | 2.3 | +1.1 |

Observations

- Despite improvement since 2000 (+5.6), *Sustainable Economic Opportunity* achieves the lowest average score of all the categories within the IIAG.
- 45 (out of 52) countries show an improvement in this category since 2000.
- *Sustainable Economic Opportunity* shows a difference of 77.3 points between the highest and lowest scores within the category in 2012.
- The 2012 scores of each of the sub-categories within *Sustainable Economic Opportunity* show improvements since 2000: *Public Management, Business Environment, Infrastructure* and *Rural Sector*.
- The 3 most improved indicators, since 2000, in the *Sustainable Economic Opportunity* category are *Ratio of External Debt Service to Exports, Digital Connectivity* and *Policy & Legal Framework for Rural Organisations*.
- In the same time period, *Soundness of Banks, Electricity* and *Rail Network* displayed the 3 largest deteriorations.

Group Trends

- North Africa is the best performing region in the *Sustainable Economic Opportunity* category, and has been since 2000, scoring 54.2 on average in 2012. The worst performing region within this category is Central Africa, scoring 37.4 in 2012; again, a trend that has been visible since 2000.
- All regions show improvement since 2000 in the *Sustainable Economic Opportunity* category. Central Africa shows the largest improvement (+9.2) and North Africa shows the least improvement (+1.8).
- AMU is the best performing REC in the *Sustainable Economic Opportunity* category (52.9), while ECCAS is the worst performing (37.9).
- All RECs have shown improvement in this category since 2000, with ECCAS showing the largest improvement over time (+8.5) and IGAD showing the least (+1.0).

| Sustainable Economic Opportunity | 2000 | 2012 | Change over time |
|----------------------------------|------|------|------------------|
| Africa | 41.4 | 47.0 | +5.6 |
| Central Africa | 28.2 | 37.4 | +9.2 |
| East Africa | 40.7 | 44.1 | +3.3 |
| North Africa | 52.4 | 54.2 | +1.8 |
| Southern Africa | 46.7 | 53.3 | +6.7 |
| West Africa | 39.6 | 45.7 | +6.1 |
| Sub-Saharan Africa | 40.0 | 46.0 | +6.1 |
| RECs averages | | | |
| AMU | 51.7 | 52.9 | +1.2 |
| CEN-SAD | 39.1 | 43.5 | +4.4 |
| COMESA | 43.4 | 47.9 | +4.5 |
| EAC | 46.6 | 51.0 | +4.5 |
| ECCAS | 29.3 | 37.9 | +8.5 |
| ECOWAS | 39.5 | 46.2 | +6.7 |
| IGAD | 38.8 | 39.8 | +1.0 |
| SADC | 45.6 | 52.3 | +6.8 |
| Geographical averages | | | |
| Island | 48.1 | 53.9 | +5.8 |
| Landlocked | 42.2 | 47.7 | +5.5 |
| Coastal | 39.7 | 45.3 | +5.6 |



05

Key Priority

Security: Tackling New Threats

Major changes are appearing in the nature of security threats, which need to be assessed and tackled. Most of the long-lasting regional conflicts and civil wars of the last century have come to an end. Nevertheless, social unrest and violence are mounting within countries, among a young population devoid of sufficient prospects. At the same time, transnational criminality is spreading across the continent, with probable links to various terrorist groups. These crucial challenges can only be properly addressed with an integrated and regional approach, and require strong governance and committed leadership.

Fewer regional conflicts?

- Most long-lasting conflicts have come to an end
- The continent still hosts ½ of the current UNPKO
- African troops contribute significantly to global UNPKO

The terrorist threat

- Terrorism is spreading across the continent
- Terrorism & transnational criminality

Violence, trafficking, criminality: the "toxic brew"

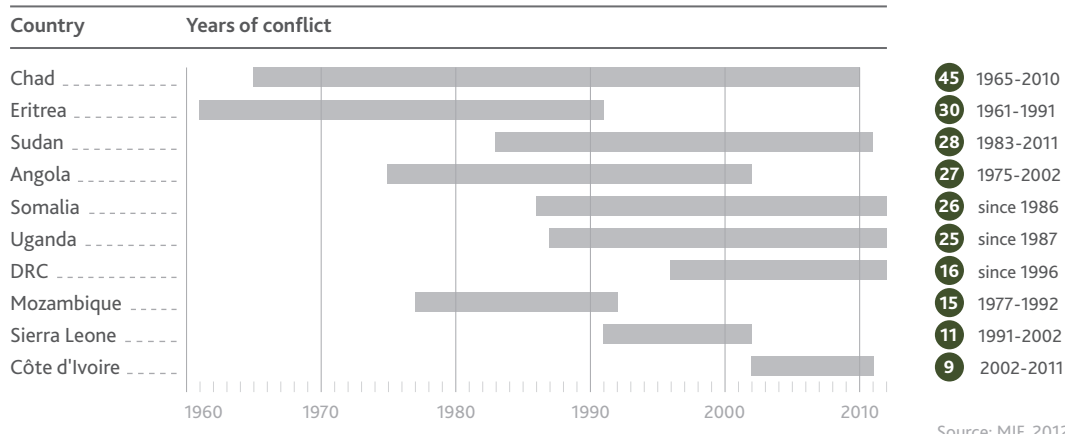
- Mounting violence
- Enlarged criminal networks
- The drug issue

Safety & Rule of Law: 2013 IIAG Category Spotlight

Security

FEWER REGIONAL CONFLICTS?

MOST LONG-LASTING CONFLICTS HAVE COME TO AN END



Natural resources & conflict: what's next?

- Between 1990 and 2009 at least 9 violent conflicts in Africa have been fuelled by the exploitation of natural resources.
- Conflicts associated with natural resources are twice as likely to relapse into conflict in the first 5 years.
- Less than 25% of peace negotiations aiming to resolve conflicts linked to natural resources have addressed resource management mechanisms.
- The Nile waters have the potential to become the next large conflict. The river basin serves 11 countries with a high level of water interdependence.
- The Nile Basin has historically been a subject of tension between its riparian states and a number of treaties have resulted in an inequitable distribution of rights over Nile waters. The 1959 Nile Waters Agreement between Egypt and Sudan gave Egypt the lion's share at 55.5 billion m³ per year while Sudan got only 18.5 billion m³.
- Ethiopia is currently constructing the Grand Ethiopian Renaissance Dam on the Blue Nile (costing \$4.7 billion and generating 6,000MW of hydroelectric power), triggering concern from other countries over reduced access to water.

Sources: BBC, 2013; Global Water Forum, 2013a & 2013b; UNEP, 2009

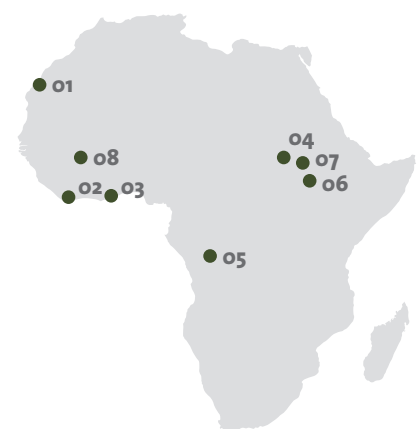
BUT THE CONTINENT STILL HOSTS ½ OF THE CURRENT UNITED NATIONS PEACE KEEPING OPERATIONS (UNPKO)

UNPKO missions in Africa

| Ongoing Mission | Established | UN personnel ¹ | Budget (\$, millions) | |
|-------------------|----------------|---------------------------|-----------------------|---------|
| 01 MINURSO | Western Sahara | 1991 (22 yrs) | 507 | 60.5 |
| 02 UNMIL | Liberia | 2003 (10 yrs) | 8,879 | 476.3 |
| 03 UNOCI | Côte d'Ivoire | 2004 (9 yrs) | 11,366 | 584.5 |
| 04 UNAMID | Darfur | 2007 (6 yrs) | 23,946 | 1,335.2 |
| 05 MONUSCO | DRC | 2010 (3 yrs) | 25,217 | 1,456.4 |
| 06 UNMISS | South Sudan | 2011 (2 yrs) | 10,213 | 924.4 |
| 07 UNISFA | Abyei | 2011 (2 yrs) | 4,074 | 290.6 |
| 08 MINUSMA | Mali | 2013 (<1 yr) | 6,010 | 366.8 |

Total UN personnel 90,212

Total budget \$5,495 million



- 8 out of the 15 on-going UNPKO concern the African continent.
- 4 of them have been installed for over 5 years.
- Only UNAMID, in Darfur, is a joint operation with the AU.
- 90,212 UNPKO personnel are present on the African continent, which amounts to almost 80% of the total UNPKO forces².

¹Uniformed & civilian personnel & UN volunteers; ²2013 figures. Source: UN Peacekeeping Operations, 2013

AFRICAN TROOPS CONTRIBUTE SIGNIFICANTLY TO GLOBAL UNPKO

| Country | UNPKO troops |
|----------------------|--------------|
| Ethiopia | 6,467 |
| Nigeria | 4,880 |
| Rwanda | 4,688 |
| Ghana | 2,979 |
| Senegal | 2,934 |
| Egypt | 2,740 |
| Tanzania | 2,549 |
| South Africa | 2,117 |
| Niger | 1,972 |
| Togo | 1,801 |
| Burkina Faso | 1,788 |
| Morocco | 1,573 |
| Benin | 1,333 |
| Chad | 1,305 |
| Kenya | 878 |
| Gambia | 418 |
| Côte d'Ivoire | 298 |
| Guinea | 218 |
| Malawi | 197 |
| Djibouti | 173 |
| Burundi | 165 |
| Tunisia | 156 |
| Sierra Leone | 150 |
| Zimbabwe | 107 |
| Cameroon | 102 |
| Zambia | 92 |
| Mali | 83 |
| Madagascar | 71 |
| Namibia | 60 |
| Uganda | 51 |
| Liberia | 48 |
| Central African Rep. | 17 |
| DRC | 8 |
| Algeria | 5 |
| Mauritania | 4 |
| Lesotho | 3 |

- 36 out of 54 African countries are currently sending troops to UNPKO.
- With 6,467 troops, Ethiopia is the largest African contributor, and the 4th largest at global level, after Pakistan, Bangladesh and India.

The annual budget of UNPKO in Africa amounts to **\$5.5 billion** representing 73% of the global UNPKO budget. This is equivalent to almost **21%** of the global bilateral aid to sub-Saharan Africa.

The total African troops present in UNPKO amounts to 42,430, which represents **37%** of total UN troops & 131% of the proposed contingent for the African Standby Force.

Source: UN Peacekeeping Operations, 2013

The African Standby Force (ASF): the key to independence?

- Part of the African Peace and Security Architecture (APSA), the ASF, which is included in the AU constitution, was intended to be operational in 2010. As only 2 out of the 5 regional forces are ready, the deadline has now been postponed to 2015. It should comprise 32,500 people, civil and military, from the 5 different regions. The role of the ASF is to provide African peacekeeping forces that are on a high

level of readiness, capable of rapid deployment in response to a request by the UN or the AU or a given region.

- At the Addis Ababa Summit in May 2013, the President of the AU announced the launch of a rapid-deployment emergency force. Contributions have already been committed by Ethiopia, South Africa and Uganda. Contributions will be on a voluntary basis.

"If Africa had done better, quicker, and made a significant effort, a French intervention in Mali wouldn't have been needed. It is a pity that 50 years after independence, our security still heavily relies on a foreign partner."

AU Peace and Security Commissioner
Ramtane Lamamra

Security

THE TERRORIST THREAT

TERRORISM IS SPREADING ACROSS THE CONTINENT

- **Algeria, Mali, Libya and Mauritania:** AQIM – Organisation of Al-Qaeda in the Lands of the Islamic Maghreb;
- **Niger:** Movement for Oneness and Jihad in West Africa (MOJWA);
- **Nigeria and northern Cameroon:** Ansaru and Boko Haram;
- **Somalia and Kenya:** Al-Shabaab.
- Terrorist attacks have increased since 2006 — the September 2013 attack, in Nairobi, for the first time targeted local middle class consumers.
- Recently, MOJWA has explicitly threatened Bamako, Niamey and Ouagadougou.

TERRORISM & TRANSNATIONAL CRIMINALITY

- Hostages, money laundering and various trafficked goods (drugs, cigarettes, fuel, light weapons, illegal migrants) are financing most terrorist groups.
- Terrorist groups, namely AQIM and Boko Haram, have begun to form alliances with high-level drug traffickers and other criminal syndicates, including those from Latin America.

Selected Terror Attacks in Africa (1997-2013)

Apr-2002 Tunisia

21 people were killed and more than 30 injured after a natural gas truck loaded with explosives was driven into the Ghriba synagogue on the Tunisian island of Djerba.

Apr-2007 Algeria

2 near-simultaneous bomb blasts in Algiers, 1 targeting the office of the Prime Minister, Abdelaziz Belkhadem, killed at least 30 people.

May-2003 Morocco

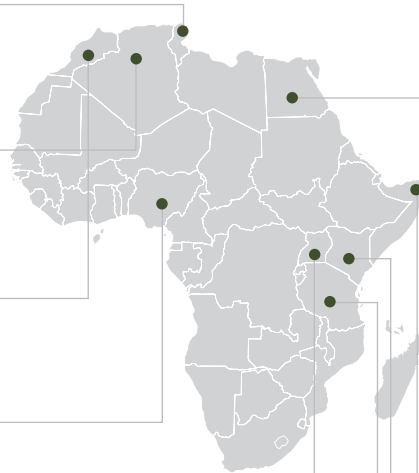
33 people were killed and more than 100 injured by 5 almost simultaneous suicide bomb attacks on "Western and Jewish" targets in Casablanca.

Sep-2013 Nigeria

40 students of Yobe State College of Agriculture, Nigeria, were shot as they slept in their dorms or tried to flee.

Jul-2010 Uganda

Suicide bombings carried out against crowds watching a screening of the 2010 FIFA World Cup Final match during the World Cup at 2 locations in Kampala, killing 74 people and injuring 70.



Apr-2006 Egypt

Bombings at 3 locations in the city of Dahab killed 23 people, injuring more than 80.

Jul-2005 Egypt

63 people were killed and more than 100 were injured by bombings in Sharm el-Sheikh.

Oct-2004 Egypt

3 terror attacks in resorts and hotels in Taba and near Nuweiba in the Sinai Peninsula, killed 34 people and injured 159.

Nov-1997 Egypt

62 people were murdered at an archaeological site across the Nile from Luxor. 6 gunmen posed as security forces before attacking the Hatshepsut temple.

Sep-2006 Somalia

11 people were killed in a failed assassination attempt on Somalia's transitional president, Abdullahi Yusuf Ahmed.

Sep-2013 Kenya

At least 72 people were killed by gunmen who attacked the Westgate shopping mall in Nairobi.

Jan-2012 Kenya

Gunmen fired on New Year revellers in 2 bars in Kenya, killing 5 people and injuring at least 28.

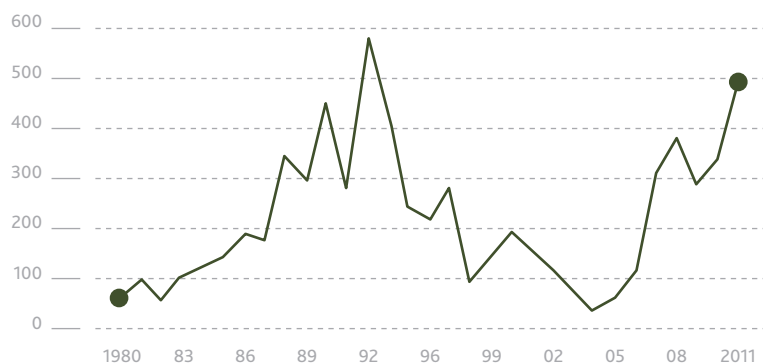
Nov-2002 Kenya

A suicide car bomb exploded at an Israeli-owned hotel in Mombassa, killing 13 people. Minutes earlier, a surface-to-air missile had narrowly missed a plane flying to Tel Aviv from the nearby Moi airport.

Aug-1998 Kenya & Tanzania

2 huge bombs exploded near the US embassies in Nairobi and Dar es Salaam within minutes of each other. The blasts killed 264 people and injured thousands.

Number of terrorist incidents in sub-Saharan Africa, 1980-2011



Sources: Global Terrorism Database, 2013; BBC, 2013; UN, 2013

VIOLENCE, TRAFFICKING, CRIMINALITY: THE "TOXIC BREW"

"Transnational organised crime, drug-trafficking, piracy and terror are on the rise and becoming a 'toxic brew' in the countries of West Africa and the Sahel."

Secretary General of the UN, Ban Ki-Moon, 21 February 2013

MOUNTING VIOLENCE

- Africa is following the global trend, which sees violence growing within nations, and the threats to peace more likely to now be found at home than across borders, as well as within growing transnational criminal networks (terrorism, piracy, trafficking).
- Given the youth component of the continent, this trend is more concerning.
- On the continent, conflicts are becoming increasingly fragmented, fought on a smaller scale on peripheries of states, with more non-state actors involved, and lines between criminal and political violence becoming blurred.
- In the Sahel countries, the aftermath of the Libyan crisis has led to a massive influx of weapons, fuelling violence.
- The arrival of broadband service delivered via undersea cables through SEACOM, Teams Cable, and the East African Submarine Cable System will bring online a large number of cyber-crime vulnerable computers.
- Lack of skills in the computer security sector mean that over 70% of South African businesses are significantly unprepared for cyber liability risks.

THE DRUG ISSUE

- Drug trafficking routes have spilled over from Latin America to Africa.
- West Africa has become a hub for international drug trafficking over the last decade.
- West Africa is now the main logistical transit centre between Latin America, Asia and Europe.
- Organised crime syndicates have developed to manage safe passage through the region.
- The West Africa Commission on Drugs estimates that the combined funds controlled by global drug cartels far exceed the Gross Domestic Product (GDP) of some West African countries.
- Local production of synthetic drugs, such as amphetamines, is developing.
- 'Traditional' drugs are now accompanied by new, more lethal products, as general use, especially among the youth, is spreading.
- The most commonly used drug in Africa continues to be cannabis, followed by Amphetamine-type stimulants (ATS).
- Annual prevalence of cannabis use in Africa, particularly West and Central Africa, is much higher than the global average.

- Morocco is the world's most mentioned country of provenance in individual cannabis seizure cases (South Africa 5th, Ghana 7th, Algeria 11th).
- Khat has been used for centuries as an established part of Somali and Ethiopian culture. It is estimated that \$300 million per year is spent on khat within Somalia.
- New lethal drugs are appearing: 'Nyaope' and 'Whoonga' — low-grade heroin mixed with ingredients such as rat poison or HIV medicine — are developing as popular drugs in South Africa. They are relatively cheap and currently legal because the substance is still going through the legislation process.
- Growing drug trafficking and use are threatening health levels, undermining employability, and fuelling crime and insecurity.
- The main challenge is lack of data and reporting, lack of political commitment, and lack of regional policies
- In 2010, only 7 out of 54 African countries provided information to the United Nations Office on Drugs and Crime (UNODC).

ENLARGED CRIMINAL NETWORKS

- Organised criminality is widening its goals and tools, including cyber criminality, across the continent.
- Arms proliferation, illegal or clandestine immigration, dummy or toxic medical drugs production and traffic, illicit fishing, poaching and the illicit dumping of toxic waste are spreading.
- Piracy, already present along the Eastern coast of the continent, has now reached the Gulf of Guinea.
- The IIAG Human Trafficking indicator has deteriorated in all regions in Africa since 2000. The most deteriorated countries are Algeria, Equatorial Guinea, Libya and Zimbabwe.
- Cyber insecurity is growing alongside internet accessibility.

Security

SAFETY & RULE OF LAW: 2013 IIAG CATEGORY SPOTLIGHT

SCORES & RANKS

| Rank/52 | Score/100 | Change since 2000 | |
|---------|----------------------|-------------------|-------|
| 1 | Botswana | 88.9 | +2.6 |
| 2 | Mauritius | 86.8 | +2.3 |
| 3 | Cape Verde | 80.1 | -6.6 |
| 4 | Namibia | 76.3 | +2.3 |
| 5 | Seychelles | 73.2 | -1.3 |
| 6 | Ghana | 70.8 | -0.1 |
| 7 | South Africa | 69.8 | -3.2 |
| 8 | Lesotho | 67.8 | +2.0 |
| 9 | São Tomé & Príncipe | 67.4 | -3.3 |
| 10 | Zambia | 66.0 | +2.9 |
| 11 | Malawi | 63.8 | -3.6 |
| 12 | Benin | 61.7 | -5.5 |
| 13 | Morocco | 60.7 | -1.9 |
| 14 | Swaziland | 59.5 | -2.4 |
| 15 | Senegal | 59.2 | -0.9 |
| 16 | Tanzania | 58.4 | -2.2 |
| 17 | Tunisia | 58.0 | -8.5 |
| 18 | Comoros | 58.0 | +4.8 |
| 19 | Mozambique | 57.8 | -5.0 |
| 20 | Gabon | 56.8 | +2.7 |
| 21 | Burkina Faso | 56.4 | -10.8 |
| 22 | Liberia | 55.5 | +34.1 |
| 23 | Sierra Leone | 55.0 | +29.5 |
| 24 | Djibouti | 54.8 | -4.2 |
| 25 | Togo | 54.7 | +2.2 |
| 26 | Rwanda | 54.7 | +2.3 |
| 27 | Uganda | 54.5 | +1.4 |
| 28 | Niger | 54.3 | +1.0 |
| 29 | Gambia | 53.6 | -7.1 |
| 30 | Egypt | 50.8 | -12.0 |
| 31 | Mauritania | 48.4 | -11.0 |
| 32 | Mali | 48.2 | -13.1 |
| 33 | Kenya | 47.6 | -5.0 |
| 34 | Ethiopia | 47.3 | +6.9 |
| 35 | Guinea | 46.8 | +3.8 |
| 36 | Cameroon | 46.5 | +1.1 |
| 37 | Angola | 45.6 | +19.5 |
| 38 | Equatorial Guinea | 45.1 | +2.3 |
| 39 | Algeria | 44.7 | -9.9 |
| 40 | Congo | 44.3 | +11.7 |
| 41 | Madagascar | 43.9 | -19.6 |
| 42 | Nigeria | 41.0 | -1.5 |
| 43 | Burundi | 40.2 | -0.3 |
| 44 | Côte d'Ivoire | 38.8 | +0.3 |
| 45 | Libya | 37.3 | -10.2 |
| 46 | Chad | 36.0 | -2.8 |
| 47 | Guinea-Bissau | 34.7 | -10.0 |
| 48 | Eritrea | 32.4 | -7.7 |
| 49 | Zimbabwe | 29.7 | -5.8 |
| 50 | Central African Rep. | 24.9 | -8.8 |
| 51 | DRC | 24.5 | -0.8 |
| 52 | Somalia | 4.9 | -8.4 |

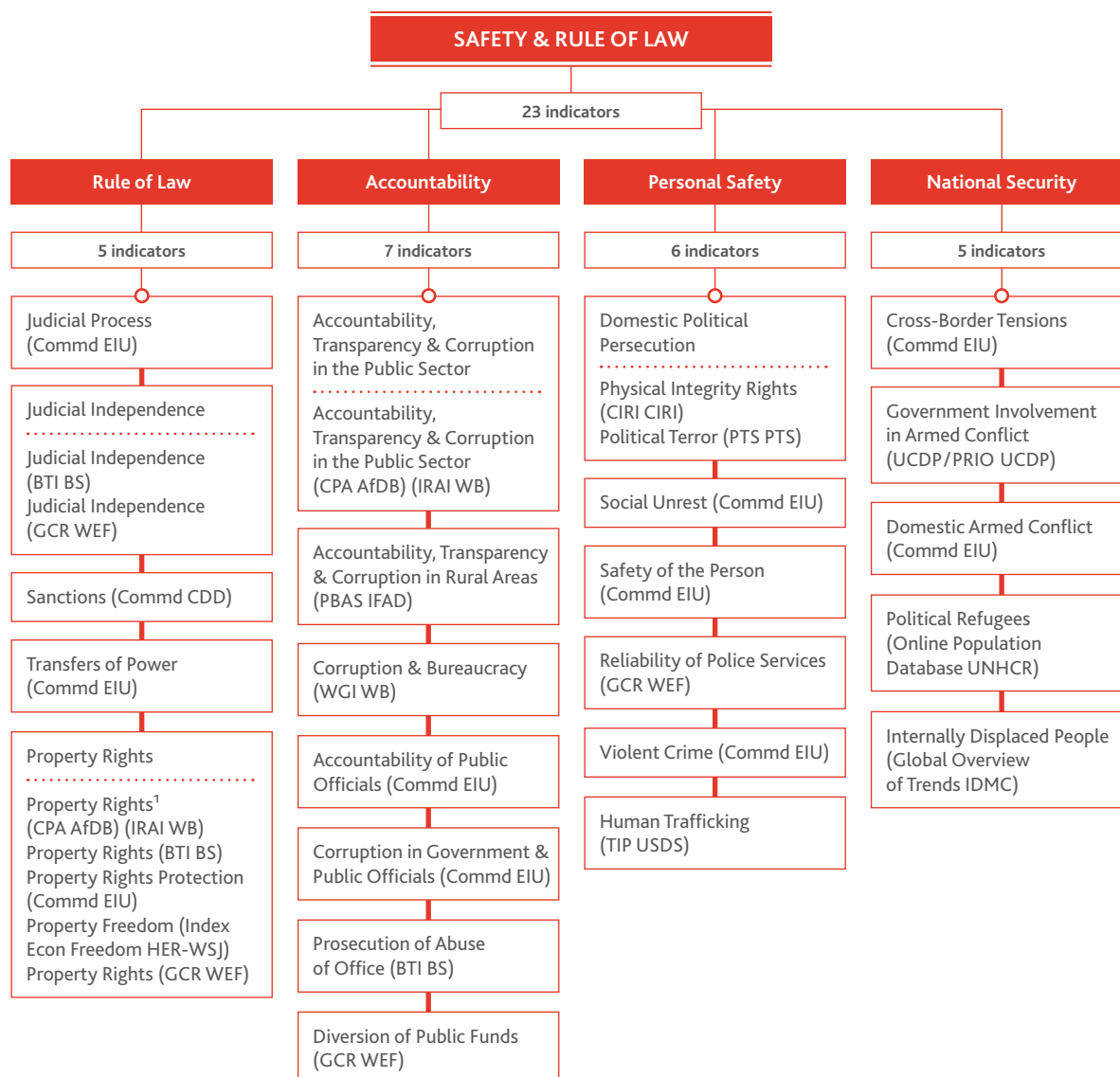
Observations

- *Safety & Rule of Law* is the only category to show deterioration at the continental level since 2000.
- 20 countries (out of 52) show an improvement in this category since 2000.
- In 2012, the highest and lowest scores within the *Safety & Rule of Law* category show a difference of 83.9 points. This is the largest range of scores of any category in 2012.
- The 2012 scores in the *Rule of Law* and *Personal Safety* sub-categories show continental declines since 2000, while *Accountability* and *National Security* show improvements. The decline in *Personal Safety* is the largest at the sub-category level across the IIAG (-8.1).
- The 3 most improved indicators, since 2000, in the *Safety & Rule of Law* category are *Cross-Border Tensions*, *Internally Displaced People* and *Political Refugees*.
- In the same time period, *Safety of the Person*, *Transfers of Power* and *Domestic Armed Conflict* displayed the 3 largest deteriorations.

Group Trends

- Southern Africa is the best performing region in the *Safety & Rule of Law* category, and has been since 2000, scoring 63.0 on average in 2012. The worst performing region within this category is Central Africa, scoring 39.7 in 2012; again, a trend that has been visible since 2000.
- Only 2 regions show any improvement since 2000 in the *Safety & Rule of Law* category; Central Africa and West Africa. All other regions show deteriorations in performance, with North Africa displaying the largest decline (-8.9).
- SADC is the best performing REC in the *Safety & Rule of Law* category (60.8), while IGAD is the worst performing (40.3).
- ECCAS and ECOWAS are the only RECs that have shown any improvement in this category since 2000.

| Safety & Rule of Law | 2000 | 2012 | Change over time |
|------------------------------|------|------|------------------|
| Africa | 53.8 | 52.7 | -1.1 |
| Central Africa | 39.0 | 39.7 | +0.7 |
| East Africa | 49.1 | 47.8 | -1.3 |
| North Africa | 58.9 | 50.0 | -8.9 |
| Southern Africa | 63.6 | 63.0 | -0.7 |
| West Africa | 54.1 | 54.9 | +0.8 |
| Sub-Saharan Africa | 53.1 | 53.0 | -0.1 |
| RECs averages | | | |
| AMU | 58.1 | 49.8 | -8.3 |
| CEN-SAD | 50.7 | 48.6 | -2.1 |
| COMESA | 54.3 | 51.4 | -2.9 |
| EAC | 51.8 | 51.1 | -0.8 |
| ECCAS | 41.0 | 43.1 | +2.1 |
| ECOWAS | 53.0 | 54.1 | +1.0 |
| IGAD | 43.1 | 40.3 | -2.8 |
| SADC | 61.6 | 60.8 | -0.8 |
| Geographical averages | | | |
| Island | 72.2 | 68.2 | -4.0 |
| Landlocked | 54.7 | 52.8 | -1.9 |
| Coastal | 49.7 | 49.6 | -0.2 |



Clustered Indicators in the 2013 IIAG

The 2013 IIAG is comprised of four categories, 14 sub-categories and 94 indicators, made up of 133 underlying variables. 29 of these indicators are clustered indicators.

¹Cluster within a clustered indicator

Sources: MIF, 2013

06

Key Priority

Participation: Ensuring Inclusivity

With the expanding use of technology, modes of participation and democratic tools are moving beyond the ballot box. The expected youth majority presents an opportunity or a threat, depending on how seriously inclusivity and social cohesion are taken in the political decision-making process. Whilst lengthy terms in office may offer an experienced government, this cannot be at the expense of a sound and sustainable democratic system. The ambitions and expectations of the younger generation must be taken into account, in order to ensure a smooth generational transition, and a shared vision of the next 50 years of the continent.

More & better elections?

- 'Freer & fairer' elections
- Fewer transfers of power

Growing mistrust, dissatisfaction & unrest

- Growing disillusion among youth
- Increasing unrest & violence
- Democracy can no longer be defined by elections alone

Participation & Human Rights: 2013 IIAG Category Spotlight

Participation

MORE & BETTER ELECTIONS?

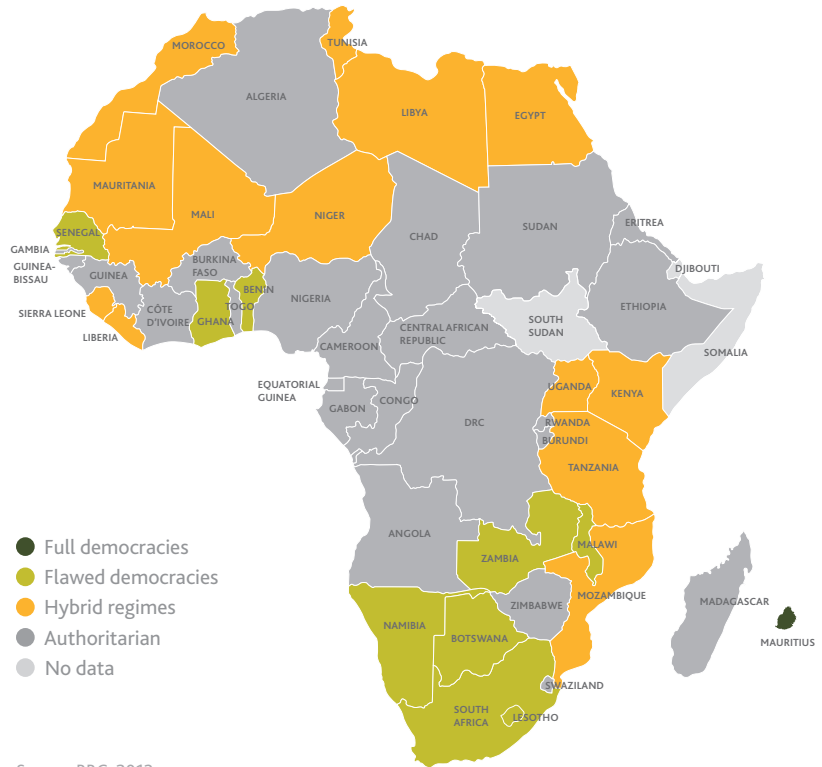
'FREER & FAIRER' ELECTIONS

- Multiparty democracy spread across Africa in the early 1990s, as single-party states and authoritarian leaders succumbed to pressure from both internal and international actors.
- The 2013 Ibrahim Index of African Governance (IIAG) indicator 'Free & Fair Executive Elections'¹ shows improvement across the continent, increasing by +8.1 points since 2000. All regions have improved during that period.
- However, election observers often give conflicting reports on the extent to which an election was 'free and fair'.

FEWER TRANSFERS OF POWER

- The IIAG indicator 'Transfers of Power'² has declined at a continental level by -9.0 points since 2000.
- In 2009 and 2011, there was the highest number of elections that resulted in no transfer of power since 2000.
- Defeat of incumbent presidents by opposition challengers (e.g. Mauritius, Senegal) remains rare in countries where a powerful monolithic party is present (e.g. Mozambique, Rwanda, Zimbabwe).
- Over the next 5 years, over 10 African countries with long-serving presidents (tenure of 10+ years) should hold Presidential elections. These leaders could either attempt to hold on to power through various means or allow a transition.³
- A number of leaders have extended their term length through adaptation of the constitution (e.g. President Biya, Cameroon; President Bouteflika, Algeria).
- However, in a number of countries attempts at unconstitutional term extensions have been curtailed by either popular opposition and elections (e.g. President Wade, Senegal), protests until withdrawal (e.g. President Obasanjo, Nigeria), or coups (e.g. President Tandja, Niger).

2012 Democracy Index (EIU)



Source: BBC, 2013

- This has not prevented current leaders from still attempting to execute constitutional change (e.g. President Guebuza, Mozambique).

African Charter on Democracy, Elections & Governance

| | |
|----|------------------------------------|
| 45 | countries have signed |
| 19 | of those have ratified & deposited |
| 9 | countries have not signed |

¹ This Institute de Recherche Empirique en Economie Politique (IREEP) indicator assesses the freedom & fairness of executive elections, including the extent to which the opposition were able to participate in an election. The pre-election campaign, the voting day, & the monitoring & counting of results are all evaluated. Demonstrations, opposition participation or boycotts, adherence to electoral procedures, freedom of access to information, levels of violence & intimidation, the losing party's acceptance of results & turnover of power are all also taken into consideration.

² This Economist Intelligence Unit (EIU) indicator assesses how clear, established & accepted constitutional mechanisms are for the orderly transfer of power from one government to another.

³ Possible Presidential elections (2014-2018) where incumbents have been in power for more than 10 years: Algeria, Angola, Burkina Faso, Cameroon, Chad, Congo, DRC, Djibouti, Equatorial Guinea, Gambia, Rwanda, Sudan, Uganda.

Transfers of Power during executive election years

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|--|---|---|---|--|--|
| ● Ethiopia ● Sudan ● Tanzania ● Mauritius ● Côte d'Ivoire ● Ghana ● Senegal | ● Benin ● Chad ● Gambia ● Seychelles ● Uganda ● Zambia ● São Tomé & Príncipe ● Cape Verde ● Madagascar | ● Comoros ● Congo ● Equatorial Guinea ● Lesotho ● Sierra Leone ● Zimbabwe ● Kenya ● Mali | ● Guinea ● Mauritania ● Nigeria ● Rwanda ● Togo | ● Algeria ● Botswana ● Cameroon ● Ghana ● Malawi ● Mozambique ● Niger ● South Africa ● Tunisia ● Namibia | ● Burkina Faso ● Djibouti ● Egypt ● Ethiopia ● Gabon ● Burundi ● Tanzania ● Togo ● Central African Rep. ● Guinea-Bissau ● Liberia ● Mauritius | ● Cape Verde ● Chad ● DRC ● Gambia ● Madagascar ● São Tomé & Príncipe ● Uganda ● Zambia ● Seychelles ● Benin ● Comoros |
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| ● Kenya ● Lesotho ● Mali ● Senegal ● Nigeria ● Mauritania ● Sierra Leone | ● Zambia ● Zimbabwe ● Ghana | ● Algeria ● Botswana ● Congo ● Equatorial Guinea ● Gabon ● Guinea-Bissau ● Malawi ● Mauritania ● Mozambique ● Namibia ● South Africa ● Tunisia | ● Burkina Faso ● Burundi ● Ethiopia ● Mauritius ● Rwanda ● Sudan ● Tanzania ● Togo ● Comoros ● Côte d'Ivoire ● Guinea | ● Benin ● Cameroon ● Central African Rep. ● Chad ● DRC ● Djibouti ● Gambia ● Liberia ● Nigeria | ● Seychelles ● Uganda ● Cape Verde ● Niger ● São Tomé & Príncipe ● Tunisia ● Zambia | ● Angola ● Ghana ● Mali ● Somalia ● Sierra Leone ● Libya ● Egypt ● Lesotho ● Senegal |

● No ● New Party or New Person ● New Party and New Person

Opposition activity during election years

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|--|---|---|---|--|--|
| ● Côte d'Ivoire ● Sudan ● Ethiopia ● Ghana ● Mauritius ● Senegal ● Tanzania | ● Benin ● Cape Verde ● Chad ● Gambia ● Madagascar ● São Tomé & Príncipe ● Seychelles ● Uganda ● Zambia | ● Equatorial Guinea ● Comoros ● Congo ● Kenya ● Lesotho ● Mali ● Sierra Leone ● Zimbabwe | ● Guinea ● Rwanda ● Togo ● Mauritania ● Nigeria | ● Tunisia ● Algeria ● Namibia ● Botswana ● Cameroon ● Ghana ● Malawi ● Mozambique ● Niger ● South Africa | ● Djibouti ● Egypt ● Central African Rep. ● Gabon ● Togo ● Burkina Faso ● Burundi ● Ethiopia ● Guinea-Bissau ● Liberia ● Mauritius ● Tanzania | ● Chad ● Benin ● Cape Verde ● Comoros ● DRC ● Gambia ● Madagascar ● São Tomé & Príncipe ● Seychelles ● Uganda ● Zambia |
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| ● Kenya ● Lesotho ● Mali ● Mauritania ● Nigeria ● Senegal ● Sierra Leone | ● Zimbabwe ● Ghana ● Zambia | ● Mauritania ● Tunisia ● Algeria ● Congo ● Equatorial Guinea ● Gabon ● Guinea-Bissau ● Malawi ● Botswana ● Mozambique ● Namibia ● South Africa | ● Burundi ● Rwanda ● Sudan ● Burkina Faso ● Comoros ● Côte d'Ivoire ● Guinea ● Mauritius ● Tanzania ● Togo | ● Djibouti ● Chad ● Tunisia ● Benin ● Cameroon ● Cape Verde ● Central African Rep. ● DRC ● Gambia | ● Liberia ● Niger ● Nigeria ● São Tomé & Príncipe ● Seychelles ● Uganda ● Zambia | ● Mali ● Somalia ● Angola ● Egypt ● Ghana ● Lesotho ● Libya ● Senegal ● Sierra Leone |

● No opposition participation
● Some, but not all, opposing parties could offer candidates
● All opposing parties could offer candidates

Participation

GROWING MISTRUST, DISSATISFACTION & UNREST

GROWING DISILLUSION AMONG YOUTH

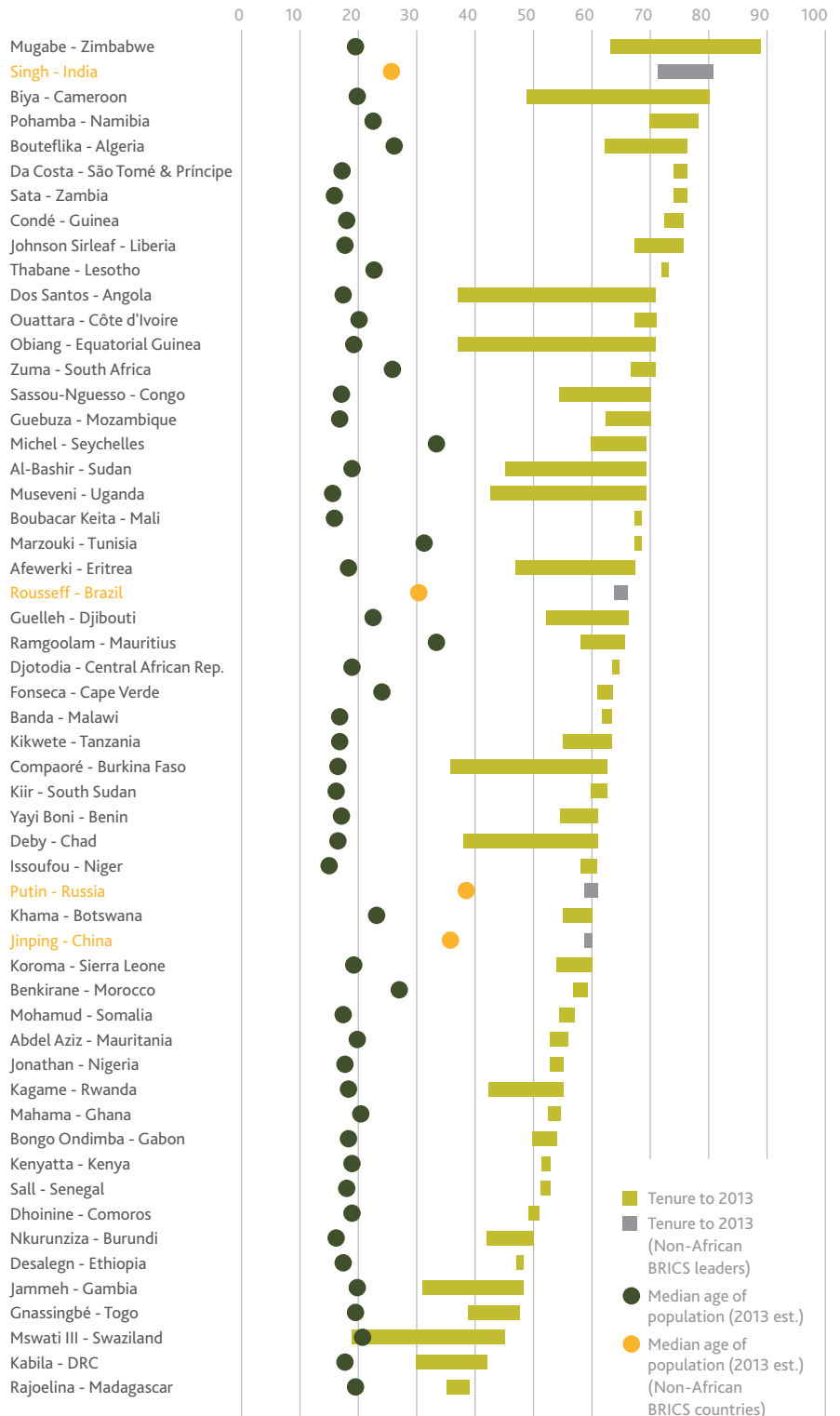
- In 24 countries, less than ½ of youth believe in the value of elections.
- Less than ¼ of African youth think 'their country is a full democracy', and less than ½ are 'satisfied with the way democracy works in their country'.
- Since 2000, youth voter turn-out has declined in all countries surveyed by Afrobarometer, except in Tanzania, Uganda and Malawi.
- The mean age of African leaders is 3 times the median age of the African population.
- In 16 out of 51 African countries, leaders are still in place after more than 10 years of tenure.

Sources: AfDB, 2012; AfDB, 2013; Afrobarometer, Gallup, 2007; MIF calculations

The Arab Spring: yet to deliver?

- In Egypt, the overthrow of the military dictatorship in January 2012 was followed by the military's ousting of President Morsi in July 2013, mostly due to power sharing challenges. The Egyptian Federation of Independent Trade Unions (EFITU) has recently "warned against a third revolution".
- In Tunisia, after the ousting of President Ben Ali, divisions between the moderate Islamist Ennahda party and their secular opponents have widened. The government has agreed to resign and negotiate with secular opponents to form a caretaker government and prepare for elections.
- In Libya, although the first election for 50 years took place last July, a proper state remains to be built, and safety and rule of law is yet to be established, with the central government struggling to curb rival militia influence and an upsurge in violence across the country.

Age & tenure of African leaders & BRIC leaders, compared to age of population¹



Source: MIF calculations based on MIF 2012

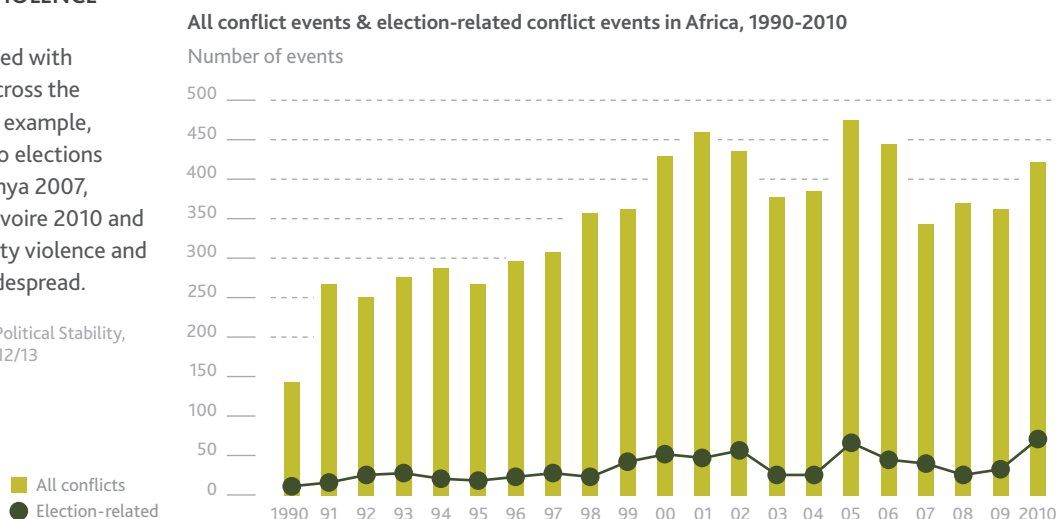
¹Interim leaders in Egypt, Libya & Guinea-Bissau not included.

Source: The Guardian, 2013

INCREASING UNREST & VIOLENCE

- Violence directly associated with elections has increased across the continent since 1990. For example, extreme violence linked to elections has been witnessed in Kenya 2007, Zimbabwe 2008, Côte d'Ivoire 2010 and Nigeria 2011. Low-intensity violence and intimidation are more widespread.

Source: Climate Change & African Political Stability, 2013; Nordiska Afrikainstitutet, 2012/13



Countries in which coups d'état (successful, failed/attempted) have been most prevalent¹, 1960-2012

Timeline of coups d'état

| | | | |
|------|--|------|--|
| 1960 | DRC | 1988 | Uganda |
| 1963 | Benin, DRC | 1989 | Sudan, Comoros |
| 1964 | Ghana, DRC | 1990 | Chad, Nigeria |
| 1965 | Benin (3), DRC, Burundi | 1991 | Chad |
| 1966 | Ghana, Burundi (2), Uganda, Central African Rep., Nigeria (2), Sudan | 1992 | Sierra Leone, Benin, Burundi, Comoros |
| 1967 | Benin, Sierra Leone, Ghana | 1993 | Nigeria, Burundi, Guinea-Bissau |
| 1968 | Sierra Leone | 1994 | Burundi |
| 1969 | Benin, Sudan | 1995 | Sierra Leone, Comoros |
| 1071 | Uganda, Sierra Leone, Uganda, Sudan, Chad | 1996 | Burundi, Sierra Leone, Niger, Sierra Leone, Central African Rep. |
| 1972 | Benin, Ghana, Benin | 1997 | Sierra Leone |
| 1974 | Niger, Uganda (2), Central African Rep. | 1998 | Guinea-Bissau |
| 1975 | Nigeria, Chad, Benin, Sudan | 1999 | Comoros, Niger |
| 1976 | Burundi, Uganda, Central African Rep., Sudan, Nigeria, Niger | 2000 | Sierra Leone, Comoros |
| 1977 | Benin, Uganda, Sudan, Chad | 2001 | DRC, Burundi (2), Central African Rep., Comoros |
| 1978 | Ghana, Mauritania, Comoros, Sudan | 2003 | Central African Rep., Guinea-Bissau, Mauritania |
| 1979 | Ghana, Central African Rep., Ghana, Chad | 2004 | DRC (2), Chad |
| 1980 | Uganda, Mauritania, Guinea-Bissau | 2005 | Mauritania |
| 1981 | Ghana, Central African Rep., Mauritania | 2006 | Chad |
| 1982 | Ghana, Central African Rep., Mauritania | 2008 | Mauritania |
| 1983 | Nigeria, Ghana, Niger | 2010 | Niger, Guinea-Bissau |
| 1984 | Mauritania, Ghana | 2011 | DRC, Niger, Guinea-Bissau |
| 1985 | Uganda, Sudan, Nigeria | 2012 | Guinea-Bissau |
| 1987 | Burundi, Sierra Leone, Comoros | | |

- After a decrease in coups d'état in the 1990s, recent years have seen a renewed use of them as a political tool.
- Since the early 1960s, Africa has experienced about 200 coups d'état, with a 45% 'success rate' (i.e. resulting in a transfer of power). The total number of coups appears to be decreasing with a total of 48 coups in the 1960s decreasing to a total of 30 coups in the 2000s.

Total number of coups d'état

| | | | |
|----------------------|---|---|----|
| Benin | 7 | 4 | 11 |
| Ghana | 5 | 6 | 11 |
| Burundi | 5 | 6 | 11 |
| Sierra Leone | 5 | 5 | 10 |
| Uganda | 4 | 6 | 10 |
| Central African Rep. | 4 | 5 | 9 |
| Sudan | 3 | 6 | 9 |
| Nigeria | 6 | 2 | 8 |
| Mauritania | 5 | 3 | 8 |
| DRC | 3 | 5 | 8 |
| Chad | 3 | 5 | 8 |
| Comoros | 3 | 5 | 8 |
| Niger | 4 | 3 | 7 |
| Guinea-Bissau | 3 | 4 | 7 |

Successful Failed/attempted Total

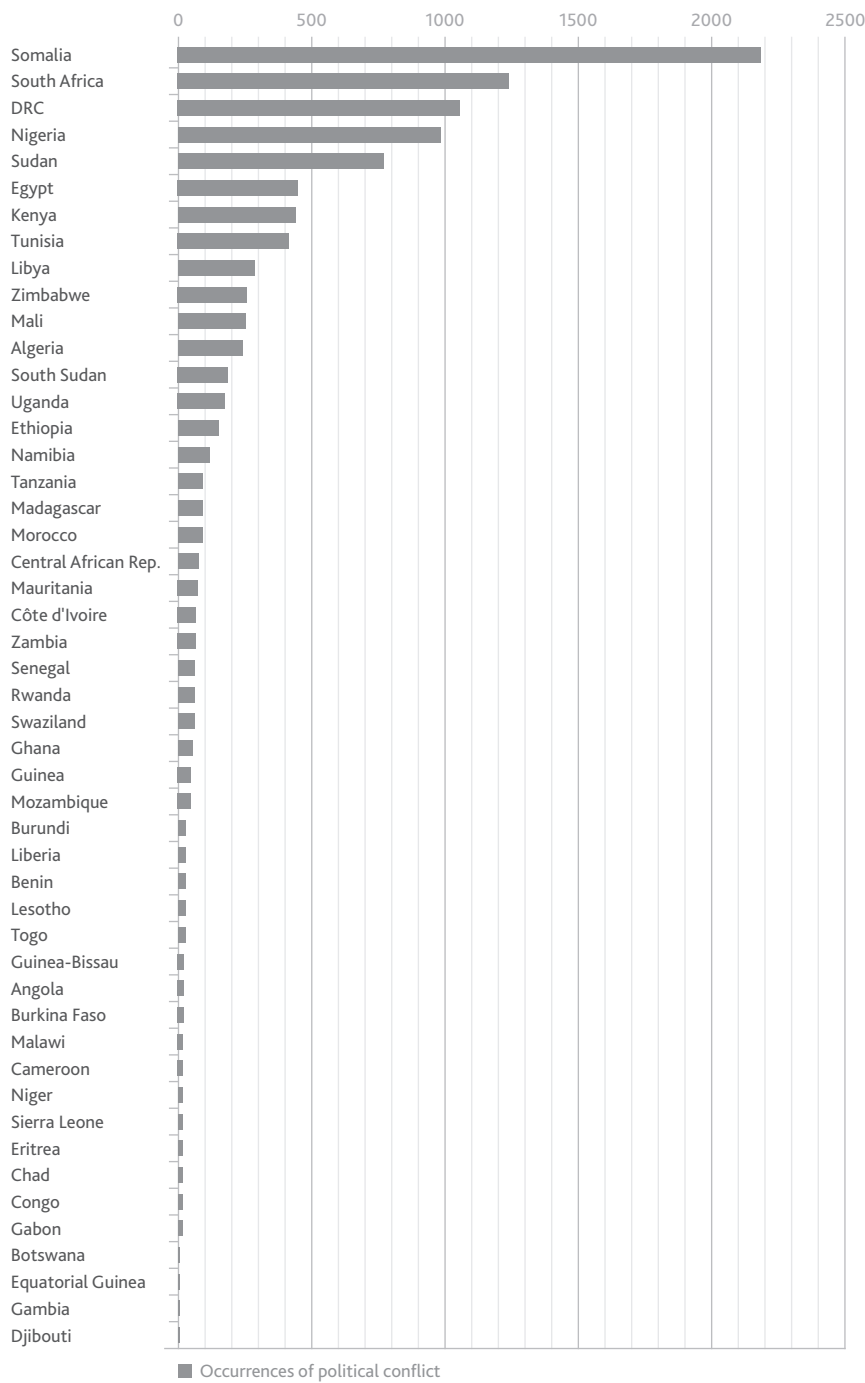
Source: AfDB, 2012

¹Those countries that have experienced 7 or more coups d'état in the period 1960-2012. The AfDB report from which this information is derived, considers 51 African countries.

Participation

Political conflict

Occurrences of political conflict¹, 2012



- The combination of identity-based factors, with frustrations about the inequitable division of resources, has led to an upsurge in intra-state conflict.
- In some states where this has been observed (Central African Republic, Gambia, Mozambique, Niger, Tanzania, Togo) this has been accompanied by increasing tenure of their leaders.

Source: ACLED, 2012

¹'Occurrences of political conflict' records interaction between designated actors, e.g. rebel groups, protesters, governments, civilians etc., as they occur at a specific point location and on a specific day.

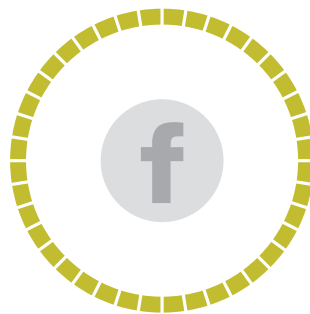
DEMOCRACY CAN NO LONGER BE DEFINED BY ELECTIONS ALONE

The rise of social media...



60%

- The majority of Africa's Tweeters are younger than elsewhere — 60% are 21-29 years old (average worldwide is 39).
- Arabic is the fastest growing language on Twitter.
- 68% of Twitter users in Africa rely on the platform as a primary source of information on national news and 76% rely on it for international news.

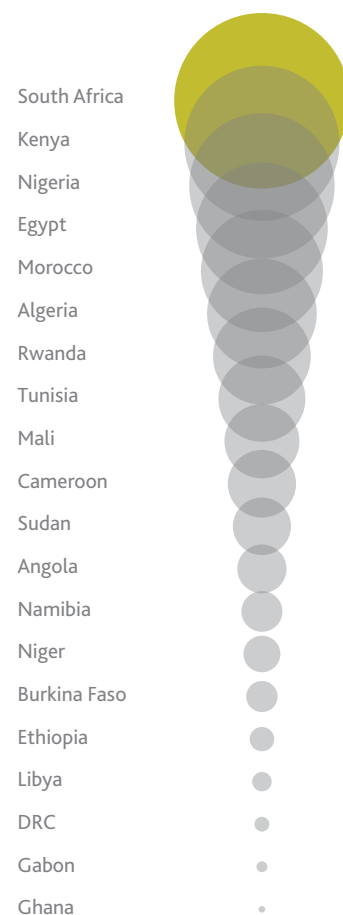


40 million

- There are over 40 million African Facebook users which is around 4% of total users.
- About ⅓ of Facebook users in DRC, Egypt, Nigeria and South Africa are between the age of 18 and 34.
- 94% of Twitter users in Africa also use Facebook.

Sources: Internet World Stats, 2013; MIF, 2012; Portland Communications & Tweetminster, 2012

Top 20 African countries (volume of Tweets)



Source: Portland Communications & Tweetminster, 2012

...as a political tool?

- Social media has changed political messaging: from 'one-to-many' to 'many-to-many' through immediate, interactive, horizontal networks.
- Instantaneous, non-processed transmission enables political messages to be quickly and widely communicated and unrest to spread over borders.
- Further, the low costs attached to mobile phone communication can make it easy to spread hateful messages that contribute to mob violence.
- In Kenya, Ushahidi.com was established after the disputed Kenyan election in 2007, allowing people to report the location and nature of acts of violence as they happened via SMS or email. Following its success, the software was used to track violence in South Africa in 2008.

Sources: CNN, 2012; Governance & Social Development Research Centre, 2013; Ushahidi, 2013

The need for civic education

- Civic education can be broadly defined as 'the provision of information and learning experiences to equip and empower citizens to participate in democratic processes'.
- This can include education on the components of the constitution, anti-corruption, participatory budgeting, but also encouraging engagement on the part of the citizens and adherence to the constitution on the part of government agencies.
- The impact of civic education ranges from helping individuals understand their interests as members of a group, assisting

individuals to develop consistent views, gaining a better understanding of political events, generating more support for democratic values, and gaining more active participants in the political process.

- Some examples of best practice in Africa include Kenya's National Integrated Civic Education ('K-nice'), Street Law Programme ('Democracy for All') South Africa, and 'Africa Good Governance Programme on the Radio Waves' (World Bank programme in Ghana, Kenya, Tanzania, Uganda and Zambia).

Sources: Brahm, 2006; Governance & Social Development Research Centre, 2011

Participation

PARTICIPATION & HUMAN RIGHTS: 2013 IIAG CATEGORY SPOTLIGHT

SCORES & RANKS

| Rank/52 | Score /100 | Change since 2000 | |
|---------|----------------------|-------------------|-------|
| 1 | Cape Verde | 81.7 | +10.0 |
| 2 | Mauritius | 76.7 | +0.7 |
| 3 | South Africa | 73.1 | -4.6 |
| 4 | Botswana | 72.9 | +1.2 |
| 5 | Namibia | 70.8 | -4.6 |
| 6 | Lesotho | 69.1 | +14.7 |
| 7 | Ghana | 68.1 | +0.7 |
| 8 | Seychelles | 67.6 | +2.6 |
| 9 | Senegal | 67.6 | -2.6 |
| 10 | São Tomé & Príncipe | 66.9 | +5.9 |
| 11 | Benin | 65.9 | +0.6 |
| 12 | Tanzania | 61.3 | -2.9 |
| 13 | Malawi | 61.3 | +6.4 |
| 14 | Mozambique | 60.3 | -4.3 |
| 15 | Zambia | 60.1 | +13.9 |
| 16 | Niger | 57.4 | +6.0 |
| 17 | Tunisia | 56.9 | +18.7 |
| 18 | Uganda | 56.3 | +7.1 |
| 19 | Liberia | 56.0 | +28.0 |
| 20 | Mali | 53.4 | -4.8 |
| 21 | Burkina Faso | 53.4 | +2.5 |
| 22 | Sierra Leone | 53.4 | +5.4 |
| 23 | Kenya | 50.7 | -2.2 |
| 24 | Comoros | 50.0 | +12.6 |
| 25 | Burundi | 49.7 | +16.8 |
| 26 | Gabon | 47.8 | +6.9 |
| 27 | Mauritania | 47.0 | +6.5 |
| 28 | Guinea | 45.9 | +13.8 |
| 29 | Rwanda | 44.6 | +6.2 |
| 30 | Angola | 42.8 | +17.4 |
| 31 | Madagascar | 42.8 | -28.7 |
| 32 | Algeria | 41.2 | +4.7 |
| 33 | Togo | 39.4 | +8.7 |
| 34 | Congo | 38.8 | +4.9 |
| 35 | Guinea-Bissau | 38.5 | -14.3 |
| 36 | Nigeria | 37.7 | -8.2 |
| 37 | Egypt | 36.8 | +6.7 |
| 38 | Ethiopia | 36.5 | -6.6 |
| 39 | Cameroon | 36.4 | -1.4 |
| 40 | Morocco | 36.3 | +3.5 |
| 41 | Gambia | 35.7 | +0.0 |
| 42 | Central African Rep. | 35.0 | +3.7 |
| 43 | Côte d'Ivoire | 33.1 | -2.4 |
| 44 | DRC | 32.3 | +11.8 |
| 45 | Zimbabwe | 31.2 | +0.3 |
| 46 | Libya | 30.5 | +14.6 |
| 47 | Swaziland | 30.1 | +4.3 |
| 48 | Chad | 29.1 | -2.0 |
| 49 | Djibouti | 27.9 | -6.9 |
| 50 | Equatorial Guinea | 25.6 | +8.0 |
| 51 | Eritrea | 21.7 | -9.5 |
| 52 | Somalia | 11.5 | -0.8 |

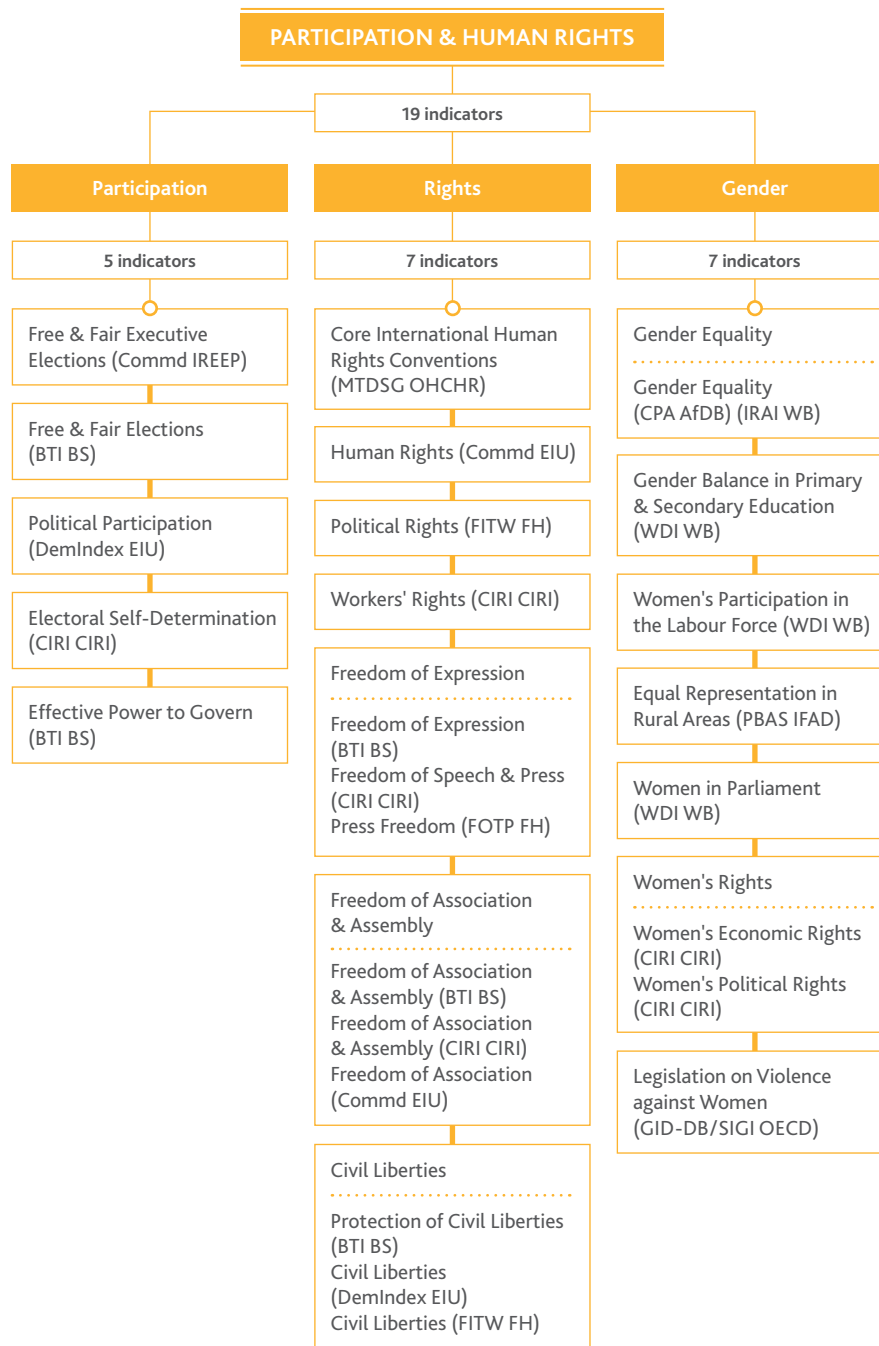
Observations

- *Participation & Human Rights* has shown an improvement of +3.2 at the continental level since 2000.
- 35 (out of 52) countries show an improvement in this category since 2000.
- *Participation & Human Rights* shows the smallest difference between the highest and lowest scores of any category in 2012 (range of 70.2 points).
- *Rights* is the only sub-category within *Participation & Human Rights* to show a decline at the continental level over the period from 2000 to 2012. Both *Participation* and *Gender* show improvements.
- The 3 most improved indicators, since 2000, in the *Participation & Human Rights* category are *Core International Human Rights Conventions*, *Legislation on Violence Against Women* and *Women in Parliament*.
- In the same time period, *Workers' Rights*, *Freedom of Expression* and *Human Rights* displayed the 3 largest deteriorations.

Group Trends

- Southern Africa is the best performing region in the *Participation & Human Rights* category, and has been since 2000, scoring 57.6 on average in 2012. The worst performing region within this category is Central Africa, scoring 35.0 in 2012; again, a trend that has been visible since 2000.
- All regions show improvement since 2000 in the *Participation & Human Rights* category. North Africa shows the largest improvement (+9.1) and Southern Africa shows the least improvement (+1.4).
- SADC is the best performing REC in the *Participation & Human Rights* category (56.8), while IGAD is the worst performing (34.1).
- All RECs, except IGAD have shown improvement in this category since 2000, with AMU showing the largest improvement over time (+9.6).

| Participation & Human Rights | 2000 | 2012 | Change over time |
|------------------------------|------|------|------------------|
| Africa | 45.2 | 48.4 | +3.2 |
| Central Africa | 30.5 | 35.0 | +4.6 |
| East Africa | 41.9 | 43.4 | +1.5 |
| North Africa | 32.4 | 41.5 | +9.1 |
| Southern Africa | 56.2 | 57.6 | +1.4 |
| West Africa | 50.3 | 53.4 | +3.1 |
| Sub-Saharan Africa | 46.8 | 49.3 | +2.5 |
| RECs averages | | | |
| AMU | 32.8 | 42.4 | +9.6 |
| CEN-SAD | 41.5 | 44.7 | +3.1 |
| COMESA | 42.0 | 44.8 | +2.8 |
| EAC | 47.5 | 52.5 | +5.0 |
| ECCAS | 33.2 | 40.4 | +7.2 |
| ECOWAS | 49.6 | 52.5 | +2.9 |
| IGAD | 37.2 | 34.1 | -3.2 |
| SADC | 55.0 | 56.8 | +1.9 |
| Geographical averages | | | |
| Island | 63.8 | 64.3 | +0.5 |
| Landlocked | 44.7 | 49.3 | +4.6 |
| Coastal | 41.8 | 44.9 | +3.1 |



Clustered Indicators in the 2013 IIAG

The 2013 IIAG is comprised of four categories, 14 sub-categories and 94 indicators, made up of 133 underlying variables. 29 of these indicators are clustered indicators.

Source: MIF, 2013

07

ANNEXES

How does Africa compare?

Regional Economic Community (REC) membership

Country classifications

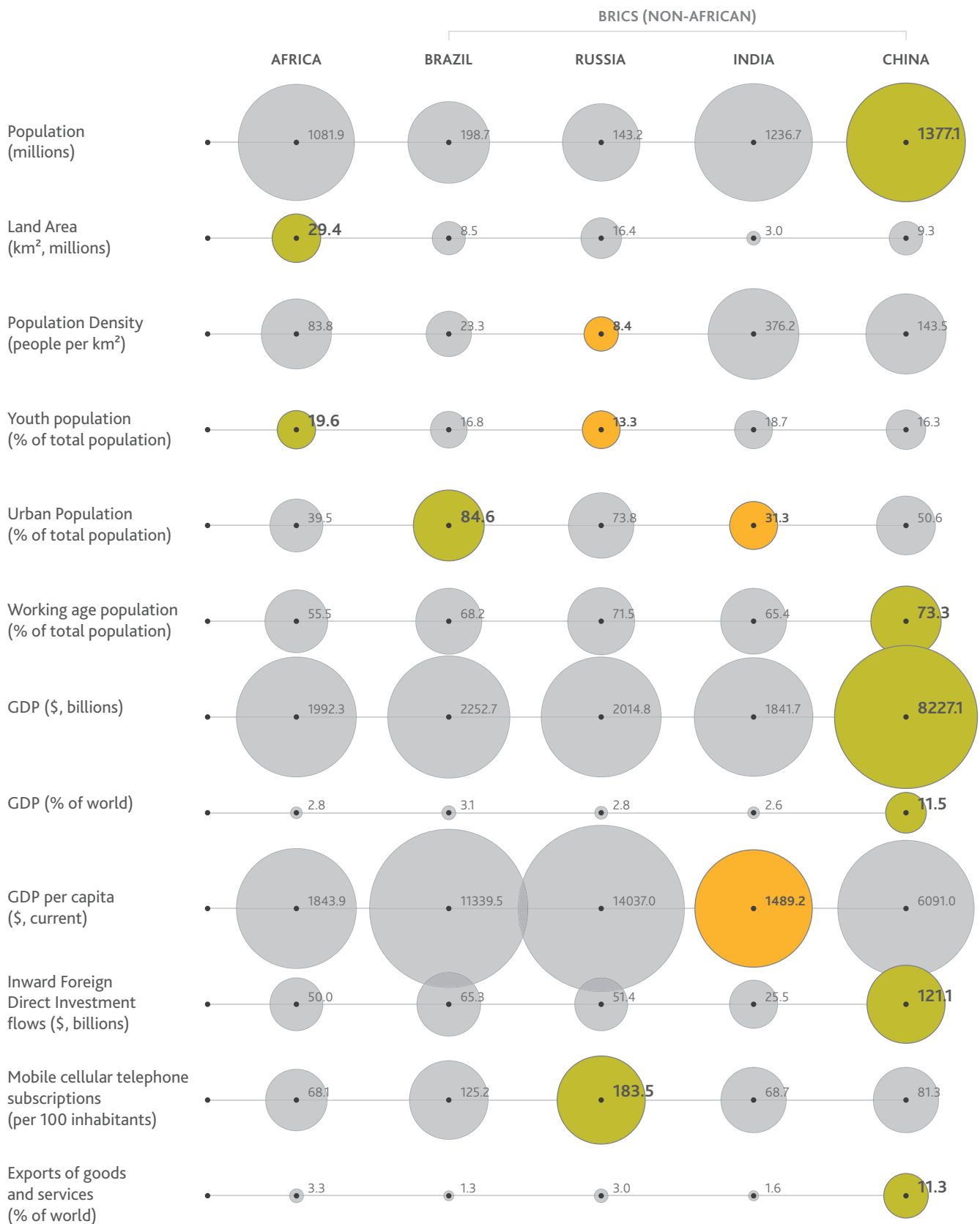
REC Factcards

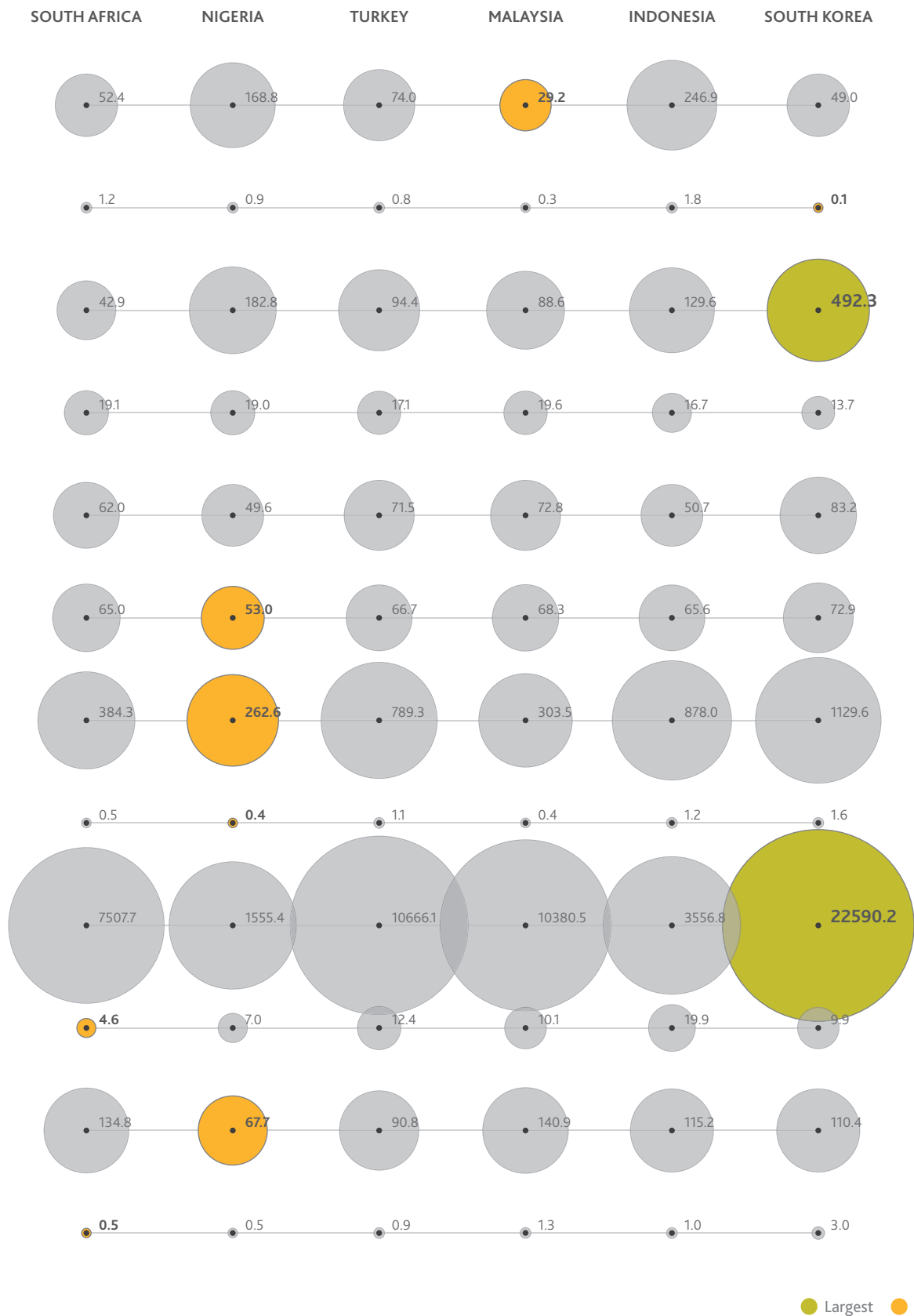
How do the RECs compare?

How does the African Union compare?

Selected continental commitments

HOW DOES AFRICA COMPARE?





COUNTRY CLASSIFICATIONS

| | GEOGRAPHY | INCOME LEVEL | HDI | FRAGILE STATES | RESOURCE-RICH |
|----------------------|--------------|----------------|-------------|----------------|-----------------|
| Algeria | Ⓛ Coastal | ■ Upper-middle | ■ High | | ● Resource-rich |
| Angola | Ⓛ Coastal | ■ Upper-middle | ■ Low | | ● Resource-rich |
| Benin | Ⓛ Coastal | ■ Low | ■ Low | | |
| Botswana | □ Landlocked | ■ Upper-middle | ■ Medium | | ● Resource-rich |
| Burkina Faso | □ Landlocked | ■ Low | ■ Low | | |
| Burundi | □ Landlocked | ■ Low | ■ Low | ● Core | |
| Cameroon | Ⓛ Coastal | ■ Lower-middle | ■ Low | | ● Resource-rich |
| Cape Verde | Ⓛ Island | ■ Lower-middle | ■ Medium | | |
| Central African Rep. | □ Landlocked | ■ Low | ■ Low | ● Core | |
| Chad | □ Landlocked | ■ Low | ■ Low | ● Moderated | ● Resource-rich |
| Comoros | Ⓛ Island | ■ Low | ■ Low | ● Core | |
| Congo | Ⓛ Coastal | ■ Lower-middle | ■ Low | ● Moderated | ● Resource-rich |
| Côte d'Ivoire | Ⓛ Coastal | ■ Lower-middle | ■ Low | ● Core | |
| Djibouti | Ⓛ Coastal | ■ Lower-middle | ■ Low | ● Moderated | |
| DRC | Ⓛ Coastal | ■ Low | ■ Low | ● Core | ● Resource-rich |
| Egypt | Ⓛ Coastal | ■ Lower-middle | ■ Medium | | |
| Equatorial Guinea | Ⓛ Coastal | ■ High-income | ■ Medium | | ● Resource-rich |
| Eritrea | Ⓛ Coastal | ■ Low | ■ Low | | |
| Ethiopia | □ Landlocked | ■ Low | ■ Low | | |
| Gabon | Ⓛ Coastal | ■ Upper-middle | ■ Medium | | ● Resource-rich |
| Gambia | Ⓛ Coastal | ■ Low | ■ Low | | |
| Ghana | Ⓛ Coastal | ■ Lower-middle | ■ Medium | | |
| Guinea | Ⓛ Coastal | ■ Low | ■ Low | ● Moderated | ● Resource-rich |
| Guinea-Bissau | Ⓛ Coastal | ■ Low | ■ Low | ● Core | |
| Kenya | Ⓛ Coastal | ■ Low | ■ Low | | |
| Lesotho | □ Landlocked | ■ Lower-middle | ■ Low | | |
| Liberia | Ⓛ Coastal | ■ Low | ■ Low | ● Core | |
| Libya | Ⓛ Coastal | ■ Upper-middle | ■ High | | ● Resource-rich |
| Madagascar | Ⓛ Island | ■ Low | ■ Low | | |
| Malawi | □ Landlocked | ■ Low | ■ Low | | ● Resource-rich |
| Mali | □ Landlocked | ■ Low | ■ Low | | ● Resource-rich |
| Mauritania | Ⓛ Coastal | ■ Lower-middle | ■ Low | | ● Resource-rich |
| Mauritius | Ⓛ Island | ■ Upper-middle | ■ High | | |
| Morocco | Ⓛ Coastal | ■ Lower-middle | ■ Medium | | |
| Mozambique | Ⓛ Coastal | ■ Low | ■ Low | | |
| Namibia | Ⓛ Coastal | ■ Upper-middle | ■ Medium | | |
| Niger | □ Landlocked | ■ Low | ■ Low | | |
| Nigeria | Ⓛ Coastal | ■ Lower-middle | ■ Low | | ● Resource-rich |
| Rwanda | □ Landlocked | ■ Low | ■ Low | | |
| São Tomé & Príncipe | Ⓛ Island | ■ Lower-middle | ■ Low | ● Moderated | |
| Senegal | Ⓛ Coastal | ■ Lower-middle | ■ Low | | |
| Seychelles | Ⓛ Island | ■ Upper-middle | ■ Very High | | |
| Sierra Leone | Ⓛ Coastal | ■ Low | ■ Low | ● Core | |
| Somalia | Ⓛ Coastal | ■ Low | | ● Moderated | |
| South Africa | Ⓛ Coastal | ■ Upper-middle | ■ Medium | | |
| South Sudan | □ Landlocked | ■ Low | | | |
| Sudan | Ⓛ Coastal | ■ Lower-middle | ■ Low | ● Moderated | ● Resource-rich |
| Swaziland | □ Landlocked | ■ Lower-middle | ■ Medium | | |
| Tanzania | Ⓛ Coastal | ■ Low | ■ Low | | |
| Togo | Ⓛ Coastal | ■ Low | ■ Low | ● Core | |
| Tunisia | Ⓛ Coastal | ■ Upper-middle | ■ High | | |
| Uganda | □ Landlocked | ■ Low | ■ Low | | |
| Zambia | □ Landlocked | ■ Lower-middle | ■ Low | | ● Resource-rich |
| Zimbabwe | □ Landlocked | ■ Low | ■ Low | ● Moderated | |

Income level

Economies are divided according to 2012 GNI per capita, calculated using the World Bank Atlas method.

- High-income economies (\$12,476 or more)
- Upper-middle-income economies (\$4,036-\$12,475)
- Lower-middle-income economies (\$1,026-\$4,035)
- Low-income economies (\$1,025 or less)

Source: WB, 2013

Human Development Index (HDI)

A composite index measuring average achievement in 3 basic dimensions of human development—a long and healthy life (life expectancy at birth), knowledge (mean years of schooling & expected years of schooling) & a decent standard of living (GNI per capita, PPP \$).

- Very high: 0.805-0.955
- High: 0.712-0.796
- Medium: 0.536-0.710
- Low: 0.304-0.534

Source: UNDP, 2012

Fragile states

- Core
- Moderated

Source: AfDB, 2013

Resource-rich countries

Countries that have natural resource revenue or exports which are at least 20% of total fiscal revenue & exports, respectively, 2006-2010.

Côte d'Ivoire, Liberia & Niger have not been included due to data availability. Source: IMF, 2012

REC FACTCARDS

REC Summary

| REC | Members | Population (millions) | |
|------------|---------|-----------------------|--|
| AU | 54 | 1049.9 | |
| AMU | 5 | 91.8 | |
| CEN-SAD | 28 | 567.5 | |
| COMESA | 19 | 458.6 | |
| EAC | 5 | 148.6 | |
| ECCAS | 10 | 141.9 | |
| ECOWAS | 15 | 318.5 | |
| IGAD | 8 | 236.5 | |
| SADC | 15 | 286.8 | |
| Tripartite | 26 | 611.1 | |

| REC | GDP (\$, billions) | |
|------------|--------------------|--|
| AU | 1895.5 | |
| AMU | 416.9 | |
| CEN-SAD | 975.6 | |
| COMESA | 572.0 | |
| EAC | 94.9 | |
| ECCAS | 223.0 | |
| ECOWAS | 396.9 | |
| IGAD | 172.7 | |
| SADC | 649.9 | |
| Tripartite | 1143.0 | |

African Union (AU)

All member states

| | |
|--|--------|
| Member states | 54 |
| Population (millions) | 1049.9 |
| Population (% of world) | 14.8 |
| Youth population (% of total population) | 19.6 |
| Urban population (% of total population) | 39.0 |
| Working age population (% of total population) | 55.2 |
| GDP (\$, billions) | 1895.5 |
| GDP per capita (\$, current) | 1808.9 |
| Number of resource rich states | 16 |
| Land area (km ² , millions) | 28.9 |
| Forest area (% of total land area) | 22.4 |
| Agriculture land (% of total land area) | 37.6 |
| Mobile telephone subscriptions (per 100 inhabitants) | 66.5 |
| 2013 IIAG overall score | 51.5 |

Arab Maghreb Union (AMU)

Algeria, Libya, Mauritania, Morocco, Tunisia

| | |
|--|--------|
| Member states | 5 |
| Population (millions) | 91.8 |
| Population (% of Africa) | 8.5 |
| Youth population (% of total population) | 18.9 |
| Urban population (% of total population) | 65.5 |
| Working age population (% of total population) | 67.2 |
| GDP (\$, billions) | 416.9 |
| GDP per capita (\$, current) | 4554.3 |
| Number of resource rich states | 3 |
| Land area (km ² , millions) | 5.8 |
| Forest area (% of total land area) | 1.4 |
| Agriculture land (% of total land area) | 23.7 |
| Mobile telephone subscriptions (per 100 inhabitants) | 114.8 |
| 2013 IIAG overall score | 53.8 |

Community of Sahel-Saharan States (CEN-SAD)

Benin, Burkina Faso, Central African Republic, Chad, Comoros, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, São Tomé & Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Togo, Tunisia

| | |
|--|--------|
| Member states | 28 |
| Population (millions) | 567.5 |
| Population (% of Africa) | 52.5 |
| Youth population (% of total population) | 19.3 |
| Urban population (% of total population) | 43.0 |
| Working age population (% of total population) | 56.1 |
| GDP (\$, billions) | 975.6 |
| GDP per capita (\$, current) | 1719.9 |
| Number of resource rich states | 7 |
| Land area (km ² , millions) | 15.0 |
| Forest area (% of total land area) | 9.9 |
| Agriculture land (% of total land area) | 38.4 |
| Mobile telephone subscriptions (per 100 inhabitants) | 78.4 |
| 2013 IIAG overall score | 47.8 |

Common Market for Eastern & Southern Africa (COMESA)

Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe

| | |
|--|--------|
| Member states | 19 |
| Population (millions) | 458.6 |
| Population (% of Africa) | 42.4 |
| Youth population (% of total population) | 20.0 |
| Urban population (% of total population) | 29.4 |
| Working age population (% of total population) | 55.1 |
| GDP (\$, billions) | 572.0 |
| GDP per capita (\$, current) | 1247.7 |
| Number of resource rich states | 4 |
| Land area (km ² , millions) | 11.2 |
| Forest area (% of total land area) | 29.1 |
| Agriculture land (% of total land area) | 25.5 |
| Mobile telephone subscriptions (per 100 inhabitants) | 57.7 |
| 2013 IIAG overall score | 51.4 |

East African Community (EAC)

Burundi, Kenya, Rwanda, Tanzania, Uganda

| | |
|--|-------|
| Member states | 5 |
| Population (millions) | 148.6 |
| Population (% of Africa) | 13.7 |
| Youth population (% of total population) | 19.9 |
| Urban population (% of total population) | 21.7 |
| Working age population (% of total population) | 52.3 |
| GDP (\$, billions) | 94.9 |
| GDP per capita (\$, current) | 638.8 |
| Number of resource rich states | 0 |
| Land area (km ² , millions) | 1.7 |
| Forest area (% of total land area) | 23.5 |
| Agriculture land (% of total land area) | 48.6 |
| Mobile telephone subscriptions (per 100 inhabitants) | 56.3 |
| 2013 IIAG overall score | 53.6 |

Economic Community of West African States (ECOWAS)

Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo

| | |
|--|--------|
| Member states | 15 |
| Population (millions) | 318.5 |
| Population (% of Africa) | 29.4 |
| Youth population (% of total population) | 19.2 |
| Urban population (% of total population) | 44.9 |
| Working age population (% of total population) | 53.2 |
| GDP (\$, billions) | 396.9 |
| GDP per capita (\$, current) | 1246.1 |
| Number of resource rich states | 3 |
| Land area (km ² , millions) | 5.0 |
| Forest area (% of total land area) | 14.4 |
| Agriculture land (% of total land area) | 49.5 |
| Mobile telephone subscriptions (per 100 inhabitants) | 70.7 |
| 2013 IIAG overall score | 52.0 |

Southern African Development Community (SADC)

Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe

| | |
|--|--------|
| Member states | 15 |
| Population (millions) | 286.8 |
| Population (% of Africa) | 26.5 |
| Youth population (% of total population) | 19.8 |
| Urban population (% of total population) | 38.9 |
| Working age population (% of total population) | 54.7 |
| GDP (\$, billions) | 649.9 |
| GDP per capita (\$, current) | 2275.3 |
| Number of resource rich states | 4 |
| Land area (km ² , millions) | 9.6 |
| Forest area (% of total land area) | 40.7 |
| Agriculture land (% of total land area) | 43.8 |
| Mobile telephone subscriptions (per 100 inhabitants) | 62.2 |
| 2013 IIAG overall score | 58.3 |

Economic Community of Central African States (ECCAS)

Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, DRC, Equatorial Guinea, Gabon, São Tomé & Príncipe

| | |
|--|--------|
| Member states | 10 |
| Population (millions) | 141.9 |
| Population (% of Africa) | 13.1 |
| Youth population (% of total population) | 19.9 |
| Urban population (% of total population) | 39.6 |
| Working age population (% of total population) | 52.0 |
| GDP (\$, billions) | 223.0 |
| GDP per capita (\$, current) | 1570.9 |
| Number of resource rich states | 7 |
| Land area (km ² , millions) | 6.5 |
| Forest area (% of total land area) | 47.9 |
| Agriculture land (% of total land area) | 25.6 |
| Mobile telephone subscriptions (per 100 inhabitants) | 40.6 |
| 2013 IIAG overall score | 42.9 |

Intergovernmental Authority on Development (IGAD)

Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Uganda

| | |
|--|-------|
| Member states | 8 |
| Population (millions) | 236.5 |
| Population (% of Africa) | 21.9 |
| Youth population (% of total population) | 20.3 |
| Urban population (% of total population) | 21.9 |
| Working age population (% of total population) | 53.2 |
| GDP (\$, billions) | 172.7 |
| GDP per capita (\$, current) | 730.3 |
| Number of resource rich states | 1 |
| Land area (km ² , millions) | 4.9 |
| Forest area (% of total land area) | 10.6 |
| Agriculture land (% of total land area) | 51.8 |
| Mobile telephone subscriptions (per 100 inhabitants) | 41.4 |
| 2013 IIAG overall score | 40.9 |

COMESA - EAC - SADC Tripartite

Angola, Botswana, Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

| | |
|--|--------|
| Member states | 26 |
| Population (millions) | 611.1 |
| Population (% of Africa) | 56.5 |
| Youth population (% of total population) | 19.9 |
| Urban population (% of total population) | 33.2 |
| Working age population (% of total population) | 55.4 |
| GDP (\$, billions) | 1143.0 |
| GDP per capita (\$, current) | 1874.6 |
| Number of resource rich states | 5 |
| Land area (km ² , millions) | 16.7 |
| Forest area (% of total land area) | 28.8 |
| Agriculture land (% of total land area) | 37.1 |
| Mobile telephone subscriptions (per 100 inhabitants) | 63.2 |
| 2013 IIAG overall score | 54.5 |

HOW DO THE RECS COMPARE?

IGAD

Population (millions)
236.5
 Indonesia (246.9)

GDP (\$, billions)
172.7
 Toyota Motor (178.0)¹

CEN-SAD

Population (millions)
567.5
 < ½ India (1236.7)

GDP (\$, billions)
975.6
 Netherlands + Portugal (772.2 + 212.5)

COMESA

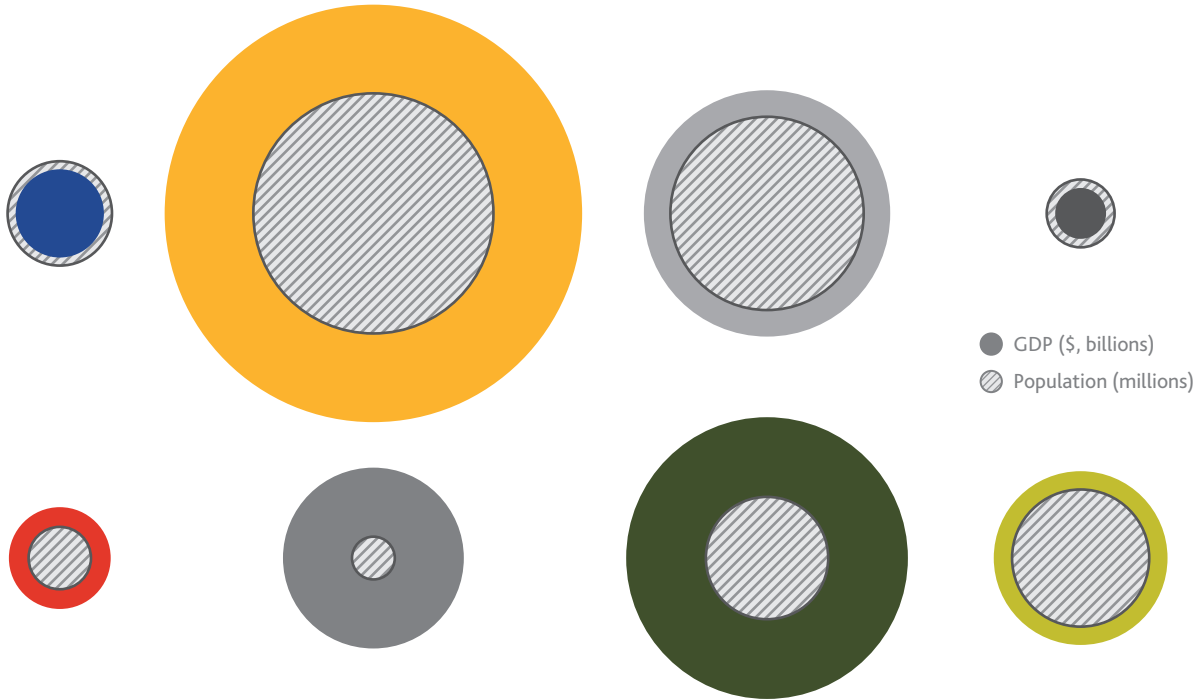
Population (millions)
458.6
 2x Indonesia (247.0)

GDP (\$, billions)
572.0
 Sweden + Slovenia (525.7 + 45.5)

EAC

Population (millions)
148.6
 Germany + France (82.8 + 63.9)

GDP (\$, billions)
94.9
 Siemens (95.0)¹



ECCAS

Population (millions)
141.9
 < Nigeria (168.8)

GDP (\$, billions)
223.0
 Ireland (210.3)

AMU

Population (millions)
91.8
 < ½ Brazil (198.7)

GDP (\$, billions)
416.9
 Apple Inc. (416.0)¹

SADC

Population (millions)
286.8
 < ¼ India (1236.7)

GDP (\$, billions)
649.9
 Finland + Austria (250.0 + 399.6)

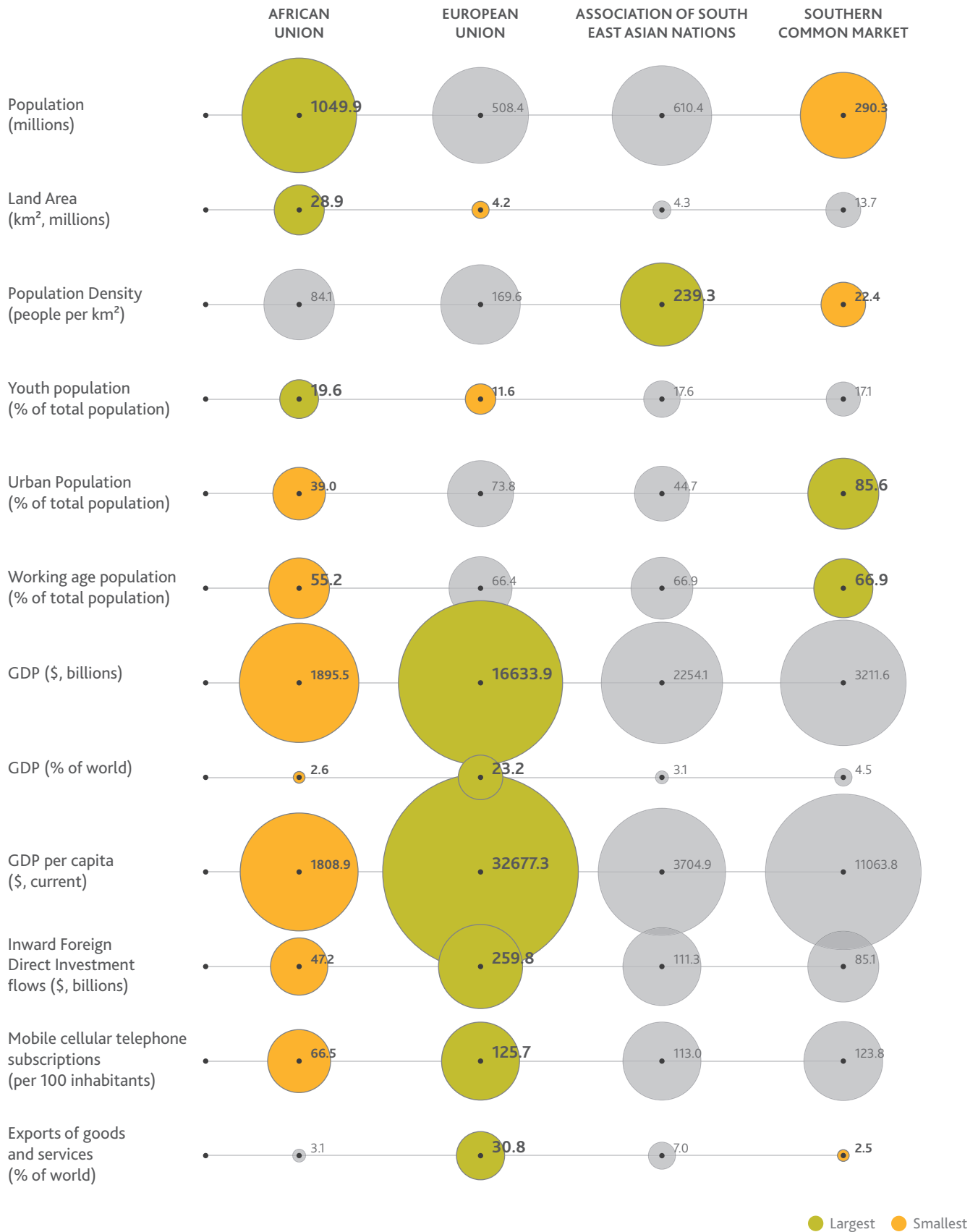
ECOWAS

Population (millions)
318.5
 2x Nigeria (168.8)

GDP (\$, billions)
396.9
 Exxon Mobil (404.0)¹

¹Market capitalisation value

HOW DOES THE AFRICAN UNION COMPARE?



SELECTED CONTINENTAL COMMITMENTS

1963 

May, Addis Ababa

The Organization of African Unity (OAU) Charter

Objective: To establish the OAU with the following purpose: to promote the unity and solidarity of the African States; to coordinate and intensify their cooperation and efforts to achieve a better life for the peoples of Africa; to defend their sovereignty, their territorial integrity and independence; to eradicate all forms of colonialism from Africa and to promote international cooperation, having due regard for the Charter of the United Nations and the Universal Declaration of Human Rights.

1994 

July, Abuja

Treaty of the African Economic Community (AEC)

Objective: To establish the African Economic Community (AEC) which is comprised of 8 Regional Economic Communities (RECs), and are the basis for African integration.

The AEC is envisaged to be ready by 2028 (latest 2034).

Progress (as of 28 March 2013):

- 54 countries have signed the Treaty.
- 49 countries have ratified and deposited the Treaty.

2000 

July, Lomé

Constitutive Act of the African Union (AU)

Objective: To establish the AU.

Progress (as of 13 July 2012):

- 54 states have signed the Act.

2003 

July, Maputo

African Convention on the Conservation of Nature & Natural Resources

Objective: A revised version of the original Algiers Convention adopted in 1968, aiming to enhance environmental protection; foster the conservation and sustainable use of natural resources; harmonise and coordinate policies in these fields with a view to achieving ecologically rational, economically sound and socially acceptable development policies and programmes.

Progress (as of 16 May 2013):

- 41 countries have signed the Convention.
- 9 countries have ratified and deposited the Convention.

2003 

July, Maputo

Protocol to the African Charter on Human & Peoples' Rights on the Rights of Women in Africa.

Objective: To guarantee comprehensive rights for women including the right to take part in the political process; to social and political equality with men; to control their reproductive health; and to end female genital mutilation.

Progress (as of 21 February 2013):

- 48 countries have signed the Protocol to the Charter.
- 36 countries have ratified and deposited the Protocol to the Charter.

2003 

July, Maputo

Comprehensive Africa Agriculture Development Programme (CAADP)

Objective: To eliminate hunger and reduce poverty through agriculture. It requires participating African countries to commit 10% of government expenditure to the agricultural sector under the premise that agriculture can drive growth and serve as the antidote to hunger, poverty, and food insecurity. The programme aims for a minimum of 6% agriculture-led growth in each country.

Progress:

- 8 countries have exceeded the target of allocating at least 10% of public investment to agriculture. Burkina Faso, Ethiopia, Ghana, Guinea, Malawi, Mali, Niger and Senegal.
- 10 countries have exceeded the CAADP target of 6% growth in agricultural production: Angola, Eritrea, Ethiopia, Burkina Faso, Congo, Gambia, Guinea-Bissau, Nigeria, Senegal, and Tanzania.
- 34 countries have signed CAADP compacts.

2006 

July, Banjul

African Youth Charter

Objective: To serve as the political and legal strategic framework for African States, giving direction for youth empowerment and development at continental, regional and national levels. The policy focuses on youth participation in society and politics; youth's role in development; commitments to young people regarding education, health, employment, eradication of poverty, the environment, peace and security, law, and culture. The Charter also addresses specific groups of youth including young women and girls, and disabled young people.

Progress (as of 28 March 2013):

- 41 countries have signed the Charter.
- 33 have ratified and deposited the Charter.

2007 

January, Addis Ababa

African Charter on Democracy, Elections & Governance

Objective: To uphold universal values of democracy, respect for human rights, the rule of law, supremacy of the Constitution and constitutional order in the political arrangements of States.

Progress (as of 28 March 2013):

- 45 countries have signed the Charter.
- 19 countries have ratified and deposited the Charter.

2009 

February, Addis Ababa

African Charter on Statistics

Objective: To serve as a policy framework and an advocacy tool for statistical development in Africa; to ensure improved quality and comparability of statistics; to strengthen the coordination of statistical activities and facilitate the harmonisation of development partners' intervention in order to avoid duplications in the implementation of statistical programmes; to promote adherence to fundamental principles of public statistics in Africa, and a culture of evidence-based policymaking; and to build institutional capacity of statistics authorities ensuring their autonomy in operations, while paying attention to the adequacy of human, material and financial resources.

Progress (as of 16 June 2013):

- 28 countries have signed the Charter.
- 6 have ratified and deposited the Charter.

2009 

July, Sirte

Minimum Integration Programme (MIP)

Objective: To serve as a mechanism for the convergence of the RECs, formulated on the basis of a number of priority areas to be implemented at regional and continental levels, by which the RECs could strengthen their cooperation and benefit from one another's comparative advantages, best practices and experiences in the area of integration. The overall cost of implementing the MIP Action Plan is estimated to be \$11.1 billion.

2010 

July, Kampala

Strategy for the Harmonisation of Statistics in Africa (SHaSA)

Objective: To enable the Africa Statistical System (ASS) to generate timely, reliable, and harmonised statistical information, covering all aspects of political, economic, social, and cultural integration for Africa. It aims to drive forward the continental integration agenda, which is a pivotal goal of African Heads of State and Government.

Progress: AUC, ECA and AfDB have prepared an Action Plan for implementing the SHaSA and some of its sectoral strategies. The Action Plan provides details on the expected outputs, activities, timeframe and responsibilities.

2012 

January, Addis Ababa

Programme for Infrastructure Development in Africa (PIDA)

Objective: To provide strategic long-term planning for infrastructure development in a coherent way for all African stakeholders. The core of PIDA is the Priority Action Plan (PAP), a list of 51 immediately actionable programmes across the 4 main infrastructure sectors, all to be initiated by 2020 and aimed at promoting regional integration. PIDA envisages investments of \$360 billion up to 2040 and priority investments of \$67.9 billion up to the year 2020.

2013 

May, Addis Ababa

The African Union 50th Anniversary Solemn Declaration & 'Agenda 2063'

Objective: To encourage discussion among all stakeholders, 'Agenda 2063' is an approach to how Africa should effectively learn from the lessons of the past, build on the progress now underway and strategically exploit all possible opportunities, so as to ensure positive socioeconomic transformation within the next 50 years.

The main elements of 'Agenda 2063' at the operational level are yet to be outlined. It emphasises the importance of Pan-Africanism, a sense of unity, self-reliance, integration and solidarity.

ACRONYMS

| | | | |
|----------|---|--------------------|--|
| ACLED | Armed Conflict Location & Event Dataset | EFA | UNESCO Education For All |
| AEC | African Economic Community | EFITU | Egyptian Federation of Independent Trade Unions |
| AEI | Automatic Exchanges of Tax Information | EIA | United States Energy Information Administration |
| AEO | African Economic Outlook | EISA | Electoral Institute for Sustainable Democracy in Africa |
| AfDB | African Development Bank | EITI | Extractive Industries Transparency Initiative |
| AfriGAP | African Governance Assessment Platform | EIU | Economist Intelligence Unit |
| AIDSinfo | AIDSinfo Database | EU | European Union |
| ALSF | African Legal Support Facility | FAO | Food & Agriculture Organization of the United Nations |
| AMU | Arab Maghreb Union | FDI | Foreign Direct Investment |
| APP | Africa Progress Panel | FH | Freedom House |
| APRM | Africa Peer Review Mechanism | FIFA | International Federation of Association Football |
| APSA | African Peace & Security Architecture | FITW | Freedom In The World Survey |
| AQIM | Organisation of Al-Qaeda in the Lands of the Islamic Maghreb | FOTF | Freedom Of The Press Index |
| ART | Antiretroviral Therapy | GCR | Global Competitiveness Report |
| ASEAN | Association of South East Asian Nations | GDP | Gross Domestic Product |
| ASF | African Standby Force | GFI | Global Financial Integrity |
| ASS | Africa Statistical System | GGA | Good Governance Africa |
| ASY | African Statistical Yearbook | GHO | Global Health Observatory Database |
| AU | African Union | GID-DB/SIGI | Social Institutions & Gender Index under Gender, Institutions & Development Database |
| AUC | African Union Commission | IDMC | Internal Displacement Monitoring Centre |
| BBSC | Bulletin Board on Statistical Capacity | GNI | Gross National Income |
| BRICS | Brazil, Russia, India, China, South Africa | GSPC | Salafist Group for Preaching & Combat |
| BS | Bertelsmann Stiftung | HDI | Human Development Index |
| BSGR | Beny Steinmetz Group Resources | HER-WSJ | The Heritage Foundation & The Wall Street Journal |
| BTI | Bertelsmann Transformation Index | IAEA | International Atomic Energy Agency |
| CAADP | Comprehensive Africa Agriculture Development Programme | IATA | International Air Transport Association |
| CAP | Common Agricultural Policy | ICC-CCS | International Chamber of Commerce-Commercial Crime Services |
| CAR | Central African Republic | ICCO | International Cocoa Organisation |
| CDD | Ghana Centre for Democratic Development | ICO | International Coffee Organisation |
| CEN-SAD | Community of Sahel-Saharan States | ICSU | International Council For Science |
| CIA | Central Intelligence Agency | ICT Database | World Telecommunications/ICT Indicators Database |
| CICOS | The International Commission of the Congo-Ubanji-Sangha Basin | IDMC | Internal Displacement Monitoring Centre |
| CIRI | The Cingranelli-Richards Human Rights Data Project & Dataset | IFAD | International Fund For Agricultural Development |
| CME | Child Mortality Estimates Info | IFF | Illicit Financial Flows |
| COMESA | Common Market for Eastern & Southern Africa | IGAD | Intergovernmental Authority on Development |
| Commd | Data Commissioned by the Mo Ibrahim Foundation | IGME | Inter-agency Group for Child Mortality Estimation |
| CPA | Country Performance Assessment | IHA | International Hydropower Association |
| CPI | City Prosperity Index | IAG | Ibrahim Index of African Governance |
| DemIndex | Democracy Index | IMF | International Monetary Fund |
| DFID | Department for International Development (UK) | Index Econ Freedom | Index of Economic Freedom |
| DHS | Demographic & Health Survey | IOSA | IATA Operational Safety Audit |
| DPT | Vaccine for Diphtheria, Pertussis & Tetanus | IRAI | IDA Resource Allocation Index |
| DRC | Democratic Republic of Congo | IREEP | Institute for Empirical Research in Political Economy |
| DTAA | Double Tax Avoidance Agreements | ITTO | International Tropical Timber Organisation |
| DV | Development Funds | ITU | International Telecommunication Union |
| EAC | East African Community | km | Kilometre |
| EC | European Community | kWh | Kilowatt Hour |
| ECCAS | Economic Community of Central African States | LCBM | Local Currency Bond Market |
| ECOWAS | Economic Community of West African States | LFS | Labour Force Surveys |
| EDI | UNESCO Education For All Development Index | | |

| | | | |
|----------|--|----------------|---|
| LPI | Logistics Performance Index | TWh | Terawatt Hour |
| MDG | Millennium Development Goal | UCDP | Uppsala University, Department of Peace & Conflict Research – Uppsala Conflict Data Programme |
| MENA | Middle East & North Africa | UIS | UNESCO Institute for Statistics |
| MICS | Multiple Indicator Cluster Survey | UN | United Nations |
| MIF | Mo Ibrahim Foundation | UNAIDS | Joint United Nations Programme on HIV/AIDS |
| MINURSO | United Nations Mission for the Referendum in Western Sahara | UNAMID | African Union-United Nations Mission in Darfur |
| MINUSMA | United Nations Multidimensional Integrated Stabilisation Mission in Mali | UNCHR | United Nations High Commissioner for Refugees |
| MIP | Minimum Integration Programme | UNCTAD | United Nations Conference on Trade & Development |
| MOJWA | Movement for Oneness & Jihad in West Africa | UNDESA | United Nations Department of Economic & Social Affairs |
| MONUSCO | United Nations Organisation Stabilisation Mission in the DRC | UNDP | United Nations Development Programme |
| MTDSG | Multilateral Treaties Deposited with the Secretary General | UNECA | United Nations Economic Commission for Africa |
| NCD | Non-Communicable Disease | UNEP | United Nations Environment Programme |
| NEPAD | New Partnership for Africa's Development | UNESCO | United Nations Educational, Scientific & Cultural Organization |
| NSDS | National Strategy for the Development of Statistics | UNFPA | United Nations Population Fund |
| NSIA | Nigerian Sovereign Investment Authority | UN-HABITAT | United Nations Human Settlements Programme |
| NSS | National Statistical System | UNICEF | United Nations Children's Fund |
| NYT | New York Times | UNISFA | United Nations Interim Security Force for Abyei |
| OAU | Organisation of African Unity | UN-MDGs | United Nations Millennium Development Goals |
| OBI | Open Budget Index | UNMIL | United Nations Mission in Liberia |
| ODA | Official Development Assistance | UNMISS | United Nations Mission in the Republic of South Sudan |
| OECD | Organisation for Economic Cooperation & Development | UNOCI | United Nations Operation in Côte d'Ivoire |
| OECD-DAC | Organisation for Economic Cooperation & Development-Development Assistance Committee | UNODC | United Nations Office on Drugs & Crime |
| OHCHR | Office of the High Commissioner for Human Rights | UNPKO | United Nations Peacekeeping Operations |
| OKACOM | The Permanent Okavango River Basin Water Commission | UNWTO | United Nations World Tourism Organization |
| OMVS | Organisation for the Development of the Senegal River Basin | US | United States |
| ONS | Office of National Statistics | USDS | United States Department of State |
| OOF | Other Official Flows | USGS | United States Geological Survey |
| ORASECOM | Orange-Senqu River Commission | WB | World Bank |
| PAP | Priority Action Plan | WDI | World Development Indicators |
| PBAS | Performance-based Allocation System & Rural Sector Performance Assessment | WEF | World Economic Forum |
| PIDA | Programme for Infrastructure & Development in Africa | WEO | World Economic Outlook |
| PPP | Purchasing Power Parity | WGI | Worldwide Governance Indicators |
| PTS | Political Terror Scale | WHO | World Health Organization |
| REC | Regional Economic Community | WHO/UNICEF JMP | WHO/UNICEF Joint Monitoring Programme for Water Supply & Sanitation Database |
| RGI | Resource Governance Index | WNA | World Nuclear Association |
| RWI | Revenue Watch Institute | WPP | World Population Prospects |
| S&P | Standard & Poor's | WUP | World Urbanisation Prospects |
| SADC | Southern African Development Community | WWAP | World Water Assessment Programme |
| SHaSA | Strategy for the Harmonization of Statistics in Africa | ZAMCOM | Zambezi Watercourse Commission |
| SIGI | Social Institutions & Gender Index | | |
| SOE | State Owned Enterprise | | |
| SPEED | Statistics of Public Expenditure for Economic Development | | |
| SSA | Sub-Saharan Africa | | |
| ST | Stabilisation Fund | | |
| SWF | Sovereign Wealth Fund | | |
| TB | Tuberculosis | | |
| TFCA | Transfrontier Conservation Area | | |
| TIP | Trafficking in Persons Report | | |

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PARTICIPATION: ENSURING INCLUSIVITY

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ANNEXES

Generic data notes

- Dollars are US dollars unless indicated otherwise.
- Composition of regions varies on source of information.
- REC membership correct as of July 2013.
- Memberships of RECs & AU do not identify countries under suspension.
- Data for Morocco may or may not include Western Sahara depending on the source.
- All data have been checked at time of research. In some instances numbers may not add up to the total due to rounding.
- EU member states: Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; and United Kingdom.
- ASEAN member states: Brunei Darussalam; Cambodia; Indonesia; Lao People's Democratic Republic; Malaysia; Myanmar; Philippines; Singapore; Thailand; and Vietnam
- MERCOSUR member states: Argentina; Brazil; Bolivia (Plurinational State of); Paraguay; Uruguay; and Venezuela (Bolivarian Republic of).

How does Africa compare; Regional Economic Community (REC) membership; Country classifications; REC factcards; How do the RECs compare?; How does the African Union compare?; Selected continental commitments

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How does Africa compare; Regional Economic Community (REC) membership; Country classifications; REC factcards; How do the RECs compare?; How does the African Union compare?; Selected continental commitments

- Agricultural land (% of total land area): South Sudan and Sudan were not available. Source: WB, 2011
- Exports of goods and services (% of World): Western Sahara, South Sudan and Sudan were not available. Ethiopia data is for 2011. Lesotho data is for 2011. Source: UNCTAD, 2012.
- Forest area (% of total land area): South Sudan and Sudan were not available. Source: WB, 2011
- GDP (billions US\$): Western Sahara, Somalia and Myanmar were not available. Libya data is for 2009. Djibouti data is for 2011. Source: WB, 2012
- GDP (% of World): Western Sahara, Somalia and Myanmar were not available. Libya data is for 2009. Djibouti data is for 2011. Source: WB, 2012.
- GDP per capita (current US\$): Western Sahara, Somalia and Myanmar were not available. Libya data is for 2009 for both GDP and population figures. Djibouti data is for 2011 for both GDP and population figures. Source: WB, 2012
- 2013 IIAG overall score: Western Sahara, South Sudan and Sudan were not available. Source: MIF, 2013
- Inward foreign direct investment flows (US\$ billions): Western Sahara, Libya and South Sudan were not available. Source: UNCTAD, 2012.
- Land area (millions sq. km.): South Sudan included in Sudan. Source: WB, 2011
- Mobile-cellular telephone subscriptions per 100 inhabitants: Western Sahara was not available. Source: ITU, 2012
- Number of resource rich countries: IMF, 2012
- Population (millions): UNDESA, 2012
- Population (% of Africa): UNDESA, 2012
- Population density (persons per sq. km.): UNDESA, 2012.
- Urban population (% of total population): UNDESA, 2011
- Working age population, 15-64 (% of total population): UNDESA, 2012
- Youth population, 15-24 (% of total population): UNDESA, 2012

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2010 | Regional Economic Integration

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Sub-Saharan Africa has the **lowest share** of engineering graduates in the world.

With almost **43,000** troops currently serving as Blue Helmets, African countries contribute **37%** of total UNPKO troops.

80% of the labour force in sub-Saharan Africa is employed in the informal sector.

Africa accounts for more than **¾** of the world's estimated reserves of Platinum-Group Metals and phosphate rock.

The Nile River is shared between **11** different countries.

Côte d'Ivoire, Ghana & Nigeria together produce **64%** of the world's cocoa, while the entire African continent accounts for about **3%** of its consumption.

There are **128** World Heritage Sites on the continent.

Between 2008 & 2010, sub-Saharan Africa lost **\$38 billion** to trade mispricing, equivalent to **1.3** times the development aid it received.

The whole of Africa's energy generation capacity in 2010 was **similar** to Germany's.

Between 2003 & 2010 only around **5%** of FDI in Africa was intra-African.

19 African countries have populations smaller than the city of Philadelphia (US).

20 African countries receive a credit-rating from at least 1 of the 3 leading rating agencies.

The total known value of African Sovereign Wealth Funds amount to **\$159 billion**.

Diabetes cases in Africa will double to **24 million** by 2030.

In the next decade, non-communicable diseases are projected to account for **almost ½** of deaths in Africa.

The total share of Africa's pharmaceutical industry is **less than 1%** of the global share.

With a population equivalent to **less than 5%** of Nigeria's, New York's energy generation capacity is more than **3 times** Nigeria's.

At least **200** African airlines are currently operating on the continent, of which only **38** meet global safety standards and almost 150 are featured on the EU blacklist.

The annual budget of UNPKO in Africa is more than **\$5 billion**, equivalent to **⅓** of bilateral aid to sub-Saharan countries.

In **16 out of 51** African countries, executive leaders are still in power after more than **10 years** of tenure.

