WHAT ARE THE EFFECTS OF THE CURRENT GLOBAL ECONOMIC AND FINANCIAL CRISIS ON SUB-SAHARAN AFRICA - IMPACT ON DEVELOPMENT AND GROWTH, POVERTY AND HEALTHCARE?
“I dream of the realization of the unity of Africa, whereby its leaders combine in their efforts to solve the problems of this continent. I dream of our vast deserts, of our forests, of all our great wildernesses.”

Nelson Mandela
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To my family and friends, especially to Stella Ilel, for their support and faith.
Abstract

The purpose of this work is to identify the effects of the current global economic and financial crisis on Sub-Saharan Africa. This thesis will include information about the effects on the whole economy and development, but it will focus, also, on the effects on growth, poverty and healthcare, specifically HIV/AIDS.

This is a relatively new topic and there are not yet complete answers to this question. By using academic papers, reports and articles from different international organizations and researchers¹ an evaluation will be made – **what are the effects of the crisis on Sub-Saharan Africa and what are the possible reactions?**

It will include how vulnerable Africa² is to the global crisis and what are going to be the potential implications on its economy, growth, poverty level; also it will cover the fiscal balances and political stability of the region. In addition, there will be mention the Millennium Development Goals (MDGs) and what is the current position of Sub-Saharan Africa in achieving them. It will describe which are going to be the most damaged sectors of the economy and will provide a discussion about several international institutions involved in Africa’s recovery. Even with the current situation Africa should try to benefit from it, to change and to meet the misfortune with energy and strength for a better and wealthier future.

In the following parts can be found information and possible solutions about the decrease of remittances, international help for HIV/AIDS and increasing rates of poverty, as a consequence of the slowing down of the whole world economy since 2007, when the crisis started.

**Key words: Global Crisis, Development, Growth, Poverty, Healthcare, HIV/AIDS**

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¹ Academic Papers and reports from The World Bank, International Monetary Fund, The African Development Bank, UNICEFF, the United Nations, etc.

² Occasionally is used the term “Africa”, but is meant “Sub-Saharan Africa”
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<td>AfDB</td>
<td>the African Development Bank</td>
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<tr>
<td>AIDS</td>
<td>Acquired immune deficiency syndrome</td>
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<td>ARO</td>
<td>African Regional Outlook</td>
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<td>ARVs</td>
<td>Antiretroviral Drugs</td>
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<td>CPI</td>
<td>Consumer Price Index</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign direct investments</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GMR</td>
<td>Global Monitoring Report</td>
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<td>HIV</td>
<td>Human immunodeficiency virus</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>MDGs</td>
<td>the Millennium Development Goals</td>
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<tr>
<td>MSF</td>
<td>MédecinsSansFrontières</td>
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<td>NGOs</td>
<td>Non Government Organizations</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of Petroleum-Exporting Countries</td>
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<tr>
<td>PPP</td>
<td>Purchasing power parity</td>
</tr>
<tr>
<td>PERFAR</td>
<td>the U.S. President's Emergency Plan for AIDS Relief</td>
</tr>
<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>TAC</td>
<td>the Treatment Action Campaign</td>
</tr>
<tr>
<td>TB</td>
<td>Tuberculosis</td>
</tr>
<tr>
<td>UAC</td>
<td>Uganda AIDS Commission</td>
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<tr>
<td>UN</td>
<td>The United Nations</td>
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<tr>
<td>UNAIDS</td>
<td>Joint United Nations Programme on HIV/AIDS</td>
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<tr>
<td>UNDP</td>
<td>United National Development Program</td>
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<tr>
<td>UNESCO</td>
<td>the United Nations Educational, Scientific and Cultural Organization</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<td>WHO</td>
<td>The World Healthcare Organization</td>
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Motivation

The first time I decided that one day I want to go to Africa was when I read the book, based on a true story, written by Kuki Gallmann - “I dreamed of Africa”\textsuperscript{3}. This book describes Africa as a “marvelous and beautiful place, but also a challenging and dangerous, with its own character”.

With time this dream of mine, only got stronger, however, now I see that not everything is as in a fairytale. Today, being older than the time I read the book for first time, I understand the world in a quite different way. I am not only focused on the nature, culture and traditions of Africa, but now I see also the other things, the poverty and the destitution people live in, the conflicts in the regions.

Africa is completely different from what I am used to, from what I have ever seen or felt, both physical and emotional. And I think maybe this is one of the reasons why I am so strongly fascinated by it, and why I want to go there – to experience a complete different way of life, to explore their immense natural resorts, to understand their traditions, art and way of thinking better. Someday, I know that I will be able to go there, to see the place I have dreamed of for so long, and to do the things that came after reading many books about Africa.

While I was reading different materials about Africa, I found an article about the financial crisis and the countries from the developing world, especially Sub-Saharan Africa. That moment I started to look for more materials, academic papers and interviews about Africa and their current economic situation in the world. Soon after I could not help but ask the question: “What will be the consequences for Africa because of the global crisis? Why do innocent people have to suffer because of the greed of others? Can we help further develop their world? Can the World Organizations reach the targets of the MDGs? And maybe the most important one – what can we do to lessen the impact of the current economic crisis on the regular people?”

1 Introduction

Today, we live in a hectic world; each of us is busy thinking about our own problems, our busy schedule, our own determinations and dreams. Often, we do not have time to look around, to see the beautiful things surrounding us, to think more deeply about people outside our closest circle of friends and relatives. When something bad happens, we all condole with the suffering people, but sometimes it is out of our hands to do more than that.

Sub-Saharan Africa\textsuperscript{4}! The first association that most people get when they think about this part of the world is that this is the poorest region in the world with many problems and issues. And, unfortunately, this is true. However, we cannot and should not only look at the bad side of things. Africa is rich, may not in monetary terms, but in culture and folklore, traditions and arts, environment and nature. The region Sub-Saharan Africa has one of the highest numbers of varied languages, numbering more than 200 different languages; traditional cuisine and drinks.

Now, people in the developed world live a modern and comfortable life, in big and crowded cities, surrounded by sky-scrapers, cars and everything else that makes their busy everyday life much easier and faster. As people say, “time is money” – and now we are trying to do everything quicker in order to win more time.

Sub-Saharan Africa on other hand still has the beauty of their nature, of their culture and religions. This part of the world has its own charm, own way of life, traditions and rituals. Of course, the new way of living is also there – in the big cities the modern style could be noticed; however there are still places that this modern life has not reached, yet, and they look as if time has stopped.

Based on my understandings and beliefs, all people should be equal and we all deserve to have the same opportunities and rights, to be able to live a normal life, full of joy, light and happiness. Children deserve a joyful childhood; proper education and opportunities for bright future; and everyone deserves to receive normal health care.

\textsuperscript{4}For more information about Sub-Saharan Africa – Appendix 1
We live in a world where there are no impossible things; every minute the world is changing, for good or bad; technology is updating and upgrading; there is no such thing as a constant, anymore. People progress quickly, we want different things, we have various desires and dreams, and our opinion can change for several minutes, with every single minute we want more and more. But what about these people in the developed regions, which need to have normal and healthier life? Can we be in help? Is it possible to live in a world without poverty and HIV/AIDS? Can every child in the world receive primary education? Is it possible for every person in the world to have access to the basic human needs, like clean water, shelter, sanitation and healthcare?

“If we all believe, we can make it reality; change the world and make it better place.”
Unknown Author

1.1 Statement of the Problem

Today the entire world is feeling the impact of the global economic and financial crisis. However Sub-Saharan Africa and its markets are the place where the crisis will be differently felt - exports have fallen, the commodity price has declined and the remittance flows are getting weaker. One of the consequences of the global crisis is that because of the tightening of the credits and the investment risk, the portfolio flows have reversed, holding back the foreign direct investment (FDI). Also because of the recession the economy is slowing down, causing credit risk to increase, which affects the general stability of the corporations (International Monetary Fund, 2009).

Today it can be seen that the global economic and financial crisis has caused growth crisis in Africa (United Nations Development Program - Africa). The World witnesses that the growth rates are going down and in some of the African countries the economy is shrinking. The global economic and financial crash hit strongly the most important sectors of the African economy – trade flows, capital flows, agricultural exports and especially natural resources, like oil and minerals. The African Development Bank (AfDB) has concluded that 2009 has seen the biggest decrease of the income per capita since 1994. Furthermore this shows that a development crisis has already arrived (African Development Bank, 2009). Based on this there is growing concern of increasing poverty rate and unemployment in the region, all of the MDGs would be strongly affected and the good progress will be slow down. Additionally healthcare will suffer many reductions.
The countries should rather focus on the short-term crisis strategies and measures, than on the long-term, in order to avoid deepening the impact of the crisis on its economy. Taking such measures could be helpful in avoiding a prolonged recession and long and painful recovery.

1.2 Organization of the thesis

This thesis is going to be organized in the following way: In the Introduction chapter will be included a brief introduction of the topic, including statement of the problem and the organization of the chapters; then follows Methodology and Limitations; after that each of the three main parts (1-Economic situations, Growth and Development; 2-Poverty; 3-Healthcare) will include their own literature survey, their own methodology, research, analysis and conclusion of the topic on which the chapter was focusing in the end of each section. At the end of the thesis a complete conclusion will be presented.

Section 2 – Methodology and Limitations – will provide a brief discussion about the used information sources; internet site; academic papers. In addition, the limitations of the paper will be explained.

Section 3 - The Global Economic and Financial Crisis – In this section will be found, a brief review of the facts of the global economic and financial crisis, the current world situation and what most of the economies around the world are doing in order to decrease the impact of the turmoil on their economies. However the focus will not be on a global scale.

Section 4 - Economic situation, Growth and Development – this section will review the economic and financial situation in Africa. It will cover the background of Sub-Saharan Africa – before the start of the crisis and the challenges in the development sectors. After that it will cover the impact of the global financial crisis in the region, which will include the recent changes in the world economy which are affecting Africa, then it will deeper a little bit in the inside development and policy responses up to nowadays. In this section will be covered the inflation, monetary and fiscal policy, terms of trade and exchange rates, balance of payments, what are the transmission channels and the global environment. After this the impacts of the crisis on the financial markets and institutions will be covered. Regional Economic Outlook – Apr09, issued by the International Monetary Fund is used as the major source in this section.
Section 5 – The Millennium Development Goals – this section will serve as a “bridge” from financially and economically related parts to the next parts, Poverty and Heath Care, two of the Goals of the Millennium. Here will be a brief discussion of all the goals, the situation in Africa before the crisis, and expectations for future in achieving of the goals.

Section 6 – Poverty – This section will cover the topic about poverty, employment and children. First there will be a discussion on the theoretical views of poverty, what it means to be poor, and how poverty is defined. After that, the section will cover how the financial crisis affects poverty, what is the poverty line, working poverty and unemployment. Also this section will mention the food crisis. In addition it will provide some information about problems with school enrollment, malnutrition and early aged death of children.

Section 7 - HIV/AIDS – this section will cover the healthcare in Sub-Saharan Africa, mainly as related to HIV/AIDS. The focus will be on how HIV/AIDS is affected by the crisis and how to move forward. Information will be included about the impact on developing countries and the current response of their health programs and donors. The sub-section about HIV/AIDS will include basic information about the current situation in Africa with HIV epidemic, how the different countries are affected by it, also what are the major impacts of HIV on Africa as a region, then preventing strategies, mother to child responses, donors and international support, domestic commitment the problems with discrimination. In addition information from the international organizations about funding, support and future plans will be previewed.

Section 8 – Conclusion - provides conclusions, final explanation of the economic situation at the moment and suggestions for the future.
2 Methodology and Limitations

This thesis can be seen as an entirely theoretical one, in virtue of survey and examination of different academic works, where the main source of information and data is used from various academic papers, journals and reports. Because of the nature of the topic, the best and most reliable source of information and data can be found in the researches of the international organizations, such as The United Nations, the International Monetary Fund, UNICEFF, the World Healthcare Organization, the World Bank, the African Development Bank, Economic Commission for Africa, etc; however, academic papers, internet sites and interviews are also used. Using secondary researched data method from these sources, as well as others, analysis and evaluation of the crisis’ impact on Africa will be reviewed. The used data is mainly from the past several years up to the end of 2010, in time of the writing of the thesis. In the three main parts of the thesis (Economic Situation, Development and Growth; Poverty; Healthcare), certain academic papers are mostly used, based on their purpose, contents, problem statement and researched type. In the 4th section - Economic Situation, Development and Growth – the most used literature is from the International Monetary Fund, African Development Bank and the World Bank. These sources include the most trustful information about the current economic situation. There could be found many more, however, papers from these sources include variety of researches, analysis, forecast and references. For the other two main sections (Poverty and Healthcare), key papers are used from the United Nations, UNICEFF and the World Health Organizations. The UN has enormous database, many publications, researches and reports on topics connected with poverty, healthcare, unemployment, MDGs, which are used. Every year, each of these organizations publish variety of reports on the main topics connected with this thesis, such as Economic Outlook: Sub-Saharan Africa (the IMF); Economic Report of Africa (the Economic Commission for Africa and African Union); The Millennium Development Goals (the UN), Child protection and rights, education and nutrition (UNICEFF), etc. In addition to that there are many academic papers which are also related to the topic – mainly in the field of developing economics, healthcare, poverty and inequality. During the peak moment of the financial crisis (2008-2010) many organizations published different reports about the current economic situation and developing countries, such as “Africa and the Global Economic Crisis: strategies for preserving the foundations of Long-term growth” by African Development Bank; “The Global Economic Crisis: impact,
The situation today is non-constant, which means that information; data, predications and forecast are changing all the time. Due to this fact the data in this thesis could be already altered and some of the forecast data could be outdated. Different researches and organizations are using various methods, data and information. All this can cause the thesis to be biased, and in some aspects with old information. Furthermore, the available literature on the topic is constantly increasing and developing, causing following it to be hard. Limitations could be found in the literature review; the used academic papers and journals. In some aspects was very inflexible to find information especially and only for Sub-Saharan Africa. Many of the international reports or academic journals and papers discuss all the developing regions as one, showing data and information for the whole world, not specifically for exact country or region. Moreover, many of the researches and international organizations have different opinion on some of the problems which the thesis is reviewing. Due to the type of topic of the thesis and the limited abilities and access to data of the author, own research was not possible to be done. This is why the author has chosen to rely on the listed academic papers and reports from the international organization. The main purpose of the thesis is to show that everything one does might influence on other people creating a “snow-ball effect” and spreading across the globe. There cannot be actions without consequences and vice versa. The topic of the thesis is broad, including three different sub-parts, which are in correlation with each other. Due to the limited amount of time, sources and length of the paper it was not possible a complete research on each of the topics to be done. The thesis is aiming to highlight the most important aspects of the topic.

Finally, it could be taken in account the personal interest of the author in the thesis topic; however, many times it was hard to distance the emotions from the real judgment, which was mainly caused by writer’s thinking, beliefs and understandings. The author is well aware that every single person has various way of processing, which can lead to different perception of the thesis with different meaning for everybody.

“I think, therefore I am”

René Descartes
3 The Global Economic and Financial Crisis

Today, the World is facing one of the biggest challenges in the past decades. It is known that this crisis is the most severe one since the 1930s. The reasons for the crisis are a result from unstable growth weaknesses in the global economy and a financial bubble, the peak of which has been seen in USA in 2006, and it has collapsed shortly after. The crash of the US sub-primes mortgage market and the turn in the housing boom in most of the industrialized economies had a major effect across the world. Some of the other weak points of the world economy and financial system have started to be seen, as international trade is declining, growth rates in the developing countries are slowing down, and in many of the industrialized countries there is recession. There is seen to be a danger of deflationary traps in the whole world economy, and there is not seen how to evade these traps from the economies. (Global Issues, 2010)

At the beginning it was only seen as a credit crisis. Soon after that this has changed – into the second biggest bank crisis after the one from the Great Depression. Most of the results were felt mainly in the USA, but all around the world there were issues with the banking and insurance systems. Some of them have collapsed and many governments were forced to think about recue plans (Global Issues, 2010).

Some of the causes of the crisis are the weak control of the banking sector, by which many banks have given loans, without securing them. Furthermore the US Federal Reserve has lowered the interest rates, which made borrowing of money easier. On one hand many people have bought real estate with loans given from banks, and on the other hand companies have sold real estate to people who cannot repay their loans. Sectors like consumers, constructors, investment companies showed increase thanks to high demand. Soon, the interest rates increased, and people could not serve their loans. In that case, when a loan has not been served regularly or at all, banks have the rights to take the real estate. When that started happening quite often and with many loans and houses, banks were left with no money to lend and much real estate which could not be sold for the price it was bought. At some time, there were not many people who were able to buy these estates and stocks, because of the extremely high prices. Prices of houses in the US have increase by 124% in the last several
years (Economist, 2007). In an effort of banks to minimize the bad credits, they have started
passing or distributing them to other banks, which affected the trust between them and the
customers. After that the bubble burst. Soon the crisis was in its peak, no one knew where
these “toxic” assets came from, or who the original owner was. At this time governments
started helping the suffering institutions and began to think about rescue plans. Some of the
institutions declared bankruptcy (Lehman Brothers), but others were saved by their
governments (American International Group - AIG) (SORKIN, 2008). One possibility to
renew lending was the decrease in interest rates from Central Banks. Nevertheless this was
dangerous because at some point even the government’s money were finished, and they
started to borrow money from other economies and international organizations.

Today the world acts as a “being”, where each country can be seen as system and all of these
systems are highly involved in each other’s economy, politics and general well fare. In case a
system is not working properly, this might lead to difficulties in the others. For example,
when the crisis has spread this created problems not only in the USA, but in the whole wide
world. In consequences to the global turmoil there was inflation growth, oil-pricing and
general commodities increase, which caused difficulties for many economies.
4 Economic situation, Growth and Development

Overview of the impact on African economy

During the first few months of the global financial crisis, world economists predicted that the impact on Africa will not be very strong, because of the low integration of Africa’s economy into the global one, in which are included small inter-bank markets, restrictions of the new financial products and new market entry. However, soon effects of the crisis started to be seen in the region. There was a reduction of the economic growth, which in 2009 fell to 1.6%, compared to 4.9% in 2008 (Economic Report on Africa, 2010). Because of the variety of nations in Africa, the crisis would affect some more than others. Based on research from the UN and African Organizations can be seen that the growth rate in Angola, Botswana, South Africa, Equatorial Guinea and Sudan will decline with more than 4%. Compared to other countries where can be measured smaller decline - 2 to 3% for 2009 (Kenya, Cape Verde, Nigeria, Ethiopia, Namibia, Mozambique, Sierra Leone, Lesotho, Ghana and the Democratic Republic of the Congo) (United Nations Economic and Social Council, Economic Commission for Africa, 2-5 June 2009). Despite the economic situation, government policy, large or small economies, exporting or non-exporting countries, all of them are affected by the crisis.

An interesting fact, however, is that up until now there are not many bank failures in the African region (United Nations Economic and Social Council, Economic Commission for Africa, 2-5 June 2009). The reason for this is that African banks are not so much involved in the global economy. However, many of the banks in the region have foreign attendance and receive assets of foreign countries which make them more exposed to the global crisis. The most vulnerable countries of this situation of high foreign ownership are Botswana, Cape Verde, Central African Republic, Chad, Côte d’Ivoire, Equatorial Guinea, Lesotho and Zambia (United Nations Economic and Social Council, Economic Commission for Africa, 2-5 June 2009). The markets in Africa feel increasing pressure since the global crisis have arisen. Most of the currencies in Africa have depreciated against the United States Dollar. Examples are the Ghanaian cedi that depreciated by 14%, the Nigerian naira by 10%, the Zambian kwacha by 13%. The average depreciation is going to be around 25%, but in Zambia and Comoros it is expected to be more than 40%. In Seychelles the depreciation is expected to be

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5 More information about the country grouping and list of economies could be found in Appendix 2 and Appendix 3
around 84% (United Nations Economic and Social Council, Economic Commission for Africa, 2-5 June 2009). The fact that many of the countries in Africa have high rates of foreign debt, the depreciation of their currencies against the US dollar will lead to serious consequences for the debt service budgets in the region. This in its turn lead to related problems with the cost of the imported goods, decrease of the production, output and high unemployment. One of the vulnerable groups in Africa is people who rely on food aid. This is because most of the countries import food, and food is one of the components that formulate the consumer price index\(^6\).

### 4.1 Background of the African Economies

As it can be seen in Figure 1 - Africa had strong economic growth in the past decade. This was driven mainly by the enormous demand for primary commodities, oil and minerals (figure 2, p.11 shows the fluctuation of the commodity prices between 2003 and 2009) (Alexis Arieff, 2009).

![Figure 1 - Economic growth in Sub-Saharan Africa](image)


\(^6\)Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. Source: [http://www.investopedia.com/terms/c/consumerpriceindex.asp#axzz1QOO16ESL](http://www.investopedia.com/terms/c/consumerpriceindex.asp#axzz1QOO16ESL)
Some of the demand was seen to be influenced by the boom in the industrialized countries and the high growth in their economies (China and India). During the same period many of the net flows in which are included “FDI, remittances, portfolio flows, have quadrupled” (Alexis Arieff, 2009). For a four-year period, up to 2008, there was an over 5% increase in the oil exports and importers (Alexis Arieff, 2009). In addition, it can be noticed that there is a raise in the non-traditional sectors. As a result we can see growth in some of them (mobile phone services). Positive relation can be marked between African’s performance and reforms in the banking system, which decreased the inflation, increased private investments and improve the economic stability (Alexis Arieff, 2009)

Despite the increases in the economic growth, they are still not enough for achieving significant progress in the antipoverty programs and in meeting the Millennium Development Goals (MDGs) (Further information about the MDGs can be found in Section 4 – MDGs, p.21) (Go, Delfín S.; Harmsen, Richard, 2010). Available information from the World Bank shows that in the African region, the progress in meeting these Goals is the slowest. The percentage of people living with less than 1.25 US dollars per day is around 50%, and there is not significant change in this data since 1981 (Tuck, 2009). However, people living in absolute poverty have drastically increased (The United Nations, 2009). Many of the countries relay on foreign aid to satisfy their basic needs and to normalize the budgets. The political instability, high levels of corruption, labor exploitation, environmental degradation and internal displacement can often be seen in the region, oppose to democratic transparent regimes, which has an effect on creating growth and increasing foreign investments. In the
recent years there was a period with high resources revenue. Nevertheless Africa was not able
to place higher in the ranking systems in regard to business environment, governance,
logistics and other facilitation indicators (Alexis Arieff, 2009).

In addition to the unfavorable internal environment, the African countries suffer from the food
crisis of 2008. There is a strong correlation between food and oil prices and multiple factors.
The situations in many countries have grown till extreme levels of poverty, hunger and
diseases. Because of this financial disaster the majority households have difficulties with their
budgets and they are more sensible to other economic fluctuation. And in the consequence of
the lack of food and the political instability, the inflation in Africa is rising (Alexis Arieff,
2009).

4.2 The impact of the Global Financial Crisis on the economy of Sub-
Saharan Africa

Now it is sure that the world crisis is affecting Sub-Saharan Africa. There were hopes that the
situation in the advanced economies would not happen in the emerging and developing
markets, but unfortunately the situation there is going to be worse in rather different way than
in the advanced countries.

Up until 2008 the growth rate was estimated to be 3.5%; however in 2009 it was expected to
fluctuate with around 1.5%, with expected recovery rate in 2010 to reach level of 2%
(International Monetary Fund, 2009). A positive outcome for the regeneration of the whole
economy will be helped by the fiscal stimulus, monetary easing, and drastic measures in the
financial sectors. No one can predict how deep the world slowdown is going to be and what
are going to be the major losses in the financial sectors. With all of the available resources
and plans for overcoming the crisis and facilitating the recovery process, it was expected that
productivity and output would decrease with around 3.5% in 2009. (International Monetary
Fund, 2009)

The countries in the African region with more developed financial systems\textsuperscript{7} and markets were
first to feel the global financial and economic crisis and restrictions in the world markets.

\textsuperscript{7}Nigeria (oil export); Botswana, Cape Verde, Mauritius, Namibia, Seychelles and South Africa (oil import);
Ghana, Kenya, Mozambique, Tanzania, Uganda and Zambia (low income oil importers) (International Monetary
Fund, 2009)
Many of the factors are closely related – the low global growth is reducing the demand for African goods that are exported. The decrease of the commodity prices and government revenues affects the flows of remittances from abroad and reduces the domestic consumption. Because of the situation today investors are looking for decreasing the risk, therefore choosing safer assets, which would gain faster revenue, leading to lower interest in FDI (Alexis Arieff, 2009).

Despite of the fact that Africa does not have a direct exposure to the “toxic” assets, like other countries, the continent is still feeling the effects of the crisis. In just one year the growth rate in Sub-Saharan region has decreased significantly (International Monetary Fund, 2009). This can be seen in the real GDP\(^8\) fluctuations (Figure 3 – Real GDP).

*Figure 3 - Real GDP 1*

[Graph showing real GDP growth percentages for different regions from 1990 to 2008.]

Source: IMF, World Economic Outlook; African Development Database; Regional Economic Outlook – Apr09

Thanks to the low integration of African markets, they are a bit better than Europe and the United States. Countries ranked as middle-income ones, as well as exporting oil and other commodities are feeling stronger and faster the outcome of the crisis. Countries like South Africa, which is ranked as one of the most developed in this region, demonstrate a fast decline of private consumptions exports and imports (United Nations Economic and Social Council, Economic Commission for Africa, 2-5 June 2009). The negative effects of the crisis spread

\(^8\) An inflation-adjusted measure that reflects the value of all goods and services produced in a given year, expressed in base-year prices. Often referred to as "constant-price", "inflation-corrected" GDP or "constant dollar GDP". Unlike nominal GDP, real GDP can account for changes in the price level, and provide a more accurate figure. Source: [http://www.investopedia.com/terms/r/realgdp.asp#axzz1QhCDPt6V](http://www.investopedia.com/terms/r/realgdp.asp#axzz1QhCDPt6V)
fast in the neighboring countries (Lesotho, Namibia, and Swaziland). The diamond sector in Botswana, one of the most profitable ones, was hit the hardest by the economic slowdown, affecting the whole economy of the country. The same happened with Zambia, but because of the fluctuating cooper prices. Other countries, like Equatorial Guinea, Nigeria and Gabon, in which the key export resources is oil, have experienced a decline in production, daily fluctuating prices and delays. The low-income countries are considered to be more affected by the crisis despite of the favorable prices of the oil and other commodities. However countries like Kenya, which have experience political crisis in 2008, are vulnerable to the economic shocks (International Monetary Fund, 2009).

According to the report of the International Monetary Fund (IMF) from 2009, the effects of the crisis are divided in two rounds, where the first round shows that the food and fuel will be directly affected by the crisis, and the second round projects the long turn changes. During 2008 the policy targets in Sub-Saharan Africa have to be narrowed, which was influenced by the global increase of the fuel and food prices, nevertheless countries like Malawi and the Democratic Republic of Congo have managed to keep their policies unchanged (International Monetary Fund, 2009).

It is seen that there are a lot of alterations in fiscal policies in the African countries. In the recent years many leaders and economists are trying to create policies which would be better applied in time in food and fuel prices increase. Because of the prices of oil, many countries which are exporting had significant improvement (this is irrelevant for Equatorial Guinea), while the others – the importers – had some pressure in their fiscal policy. Thanks to grants received in the recent years, the Sub-Saharan region has shown slight increase in GDP (International Monetary Fund, 2009).

Also there was seen an extreme increase in the price for a barrel of oil up to 90 US dollars, which introduced fiscal surplus in countries like Chad and The Republic of Congo (International Monetary Fund, 2009).

In 2008 Sub-Saharan Africa went through a significant decline in terms of trade; however oil exports were measured with positive growth (International Monetary Fund, 2009). Additionally deficits of current accounts can be seen in the region in a result of the high food prices. Furthermore the situation became worse because of a collapse of many major sectors...
of the economy, like “nonfuel commodities, falling exports volumes and decrease of the remittances and tourism” (International Monetary Fund, 2009). Some of the examples are the Central African Republic – decline in timber and diamonds; the Democratic Republic of Congo and Zambia – decline in copper and in Gabon – manganese; decrease in the tourism sectors of Cape Verde and Gambia (International Monetary Fund, 2009). An improvement in the current account deficit can be seen in South Africa due to the factor payments decline (International Monetary Fund, 2009). FDI is an important factor of the economies and fluctuations in them can cause instability of African currencies. Due these countries like Angola, Nigeria, Mauritius, and Zambia have experienced losses of their natural resources. The most severe situation due to the portfolio outflow can be found in South Africa and Zambia. (International Monetary Fund, 2009). The expected stabilization of the current account deficit of the oil importing countries is going to be noticed in 2010 at about 9%, due to compensation given to oil-importers (International Monetary Fund, 2009).

In the past several years, the Sub-Saharan region has managed to improve almost every sector of its economy. Nowadays due to recession it will be hard for the region to continue its development, but at least to keep the pre-crisis levels. However Sub-Saharan Africa contains many countries, which have different economic and political conditions, leading to various responses of the crisis. Based on economic structure and response to the crisis, IMF divided the countries into three groups: Highly Impacted, Moderate and Low (figure 4 – Country Separation, p.16) (International Monetary Fund, 2009).

Highly impacted – those countries which a decline in growth projections equal to or exceeding 2.5% and/or a deterioration in reserve coverage equal to or exceeds 2.5 month of imports (International Monetary Fund, 2009).

Moderate impacted – those countries that are not highly impacted for which the decline in growth projections is between 0.5 and 2.5% and/or the deterioration in reserve coverage is between 0.5 and 2.5 month of importers (International Monetary Fund, 2009).

Low impact – those for which both the decline in growth projections and the deterioration in reserve coverage are lower than 0.5% and 0.5 month of imports (International Monetary Fund, 2009).
As financially and economically stronger countries, South Africa and Nigeria have affected the neighboring countries. Due to the close relationships and linkages there would be great danger that the pressure from one country’s economic situation would be transferred to another. Ghana, Kenya, and Tanzania as middle income countries are expected to be influenced by South Africa’s and Nigeria’s situation.

4.3 Financial System, Global Financial Shock and Sub-Saharan Africa

Up to now the financial systems in Sub-Saharan Africa have been more elastic to the world financial crisis than in other countries. Information given by world economists and politicians showed that the emerging recession has major impact on financial sectors around the world; however Africa managed to keep its financial situation relatively stable without acquiring too much financial aid. Despite of Africa’s fairly established position in the world economy, there are still some factors to be considered. Here this could be included “high bank liquidity” (International Monetary Fund, 2009) and “low leverage of financial instaurations” (International Monetary Fund, 2009). Compared to previous crisis one could not estimate the exact time frame of turmoil or recession, and this is causing chaos. The whole world, as well
as Africa now, need experienced managers that will “show the way” through clever actions to positive outcome of the crisis and better knowledge of risk management.

4.3.1 The Global Environment and Transmission Channels

As mentioned in Section 2 – Global Economic and Financial Crisis - the crisis will affect mostly banks and in particular the credit sector. This will lead to major drawbacks to the whole economy, public and private sectors. Soon after governments had to take part, in order to prevent following problems. To increase the credits, banks needed to make the depositing more attractive, therefore to elevate the interest rates. The shortage of financial resources increases the need for borrowing even in the most advance countries. All of the factors above have let to the difficult decisions of many investors from developed countries to decrease or fully stop their subsidiaries for Sub-Saharan region (International Monetary Fund - African Department, 2009).

Africa is a continent with high variety of countries, cultures and languages. This leads to the conclusion that their financial and economic markets would not be measured by equal standards. There might be some similarities in the sectors that would be hit the hardest by the crisis: a declining cooperation with other countries; lack of improvement in the sphere of safety in the financial systems; further expansion of the financial markets and ability of the countries to react to turmoil. Sub-Saharan Africa can be divided into three groups of countries, which are based on their economic and financial background, according to the IMF. South Africa is the only country in Africa that is ranked as emerging market with a developed financial system. The country is strong, with good reserves, on which they could rely, and this will help in overcoming of the crisis. Nevertheless, South Africa cannot be viewed as a separate entity. Its economic stability affects the economic situation in the whole region. Therefore, any difficulties in the country might as well cause troubles in the neighbor countries (International Monetary Fund, 2009).

In the second group there are 12 countries, which are titled to be “frontier markets” with underdeveloped financial systems. These countries could be divided into two sub-groups: middle income countries including Botswana, Cape Verde, Mauritius, Namibia and Seychelles, and low-income countries – Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda and Zambia. In the years prior to the crisis, these countries have begun to increase
their participation into the global markets with the use of more modern financial products. Furthermore it can be said that there was a growth in the interest of foreign investors, however here can be seen a paradox: even though they have quite a small role in economic “scene” of these countries, they still would have some “voice” about money, debt and equity markets (International Monetary Fund, 2009).

The third and last group of African countries is called “financially developing countries” and it consists of the rest of the Sub-Saharan countries. As the name stands, their financial systems are not yet that economically evolved, leading the direct effects of the crisis to be rather smaller compared to the other groups. Nonetheless, the crisis will affect mainly growth and prices of commodities and exports, which both are expecting to plunge significantly (International Monetary Fund, 2009).

### 4.3.2 Banks and Financial Systems in Africa

Prior to the crisis the major sector in African financial structure were the banks. The reason for this was that they had high profits and investments, as an example Ghana, Kenya, Nigeria, Uganda, and Zambia in their debt and equity markets (International Monetary Fund, 2009). There was time when the interest rates were getting lower and this was helping to decrease the pressure in the currencies in foreign markets, led by the growing liquidity in the money markets.

In the beginning Sub-Saharan Africa did not experience direct effects of the crisis, due to its lack of participation in the foreign banking sector. But soon a lot of investors from abroad started withdrawing themselves from the region. The reason for this was the high risk in the banking sector and inability to cover the liquidity requirements. In consequence of the previous unfavorable condition there were increasing interest rates in the national banks and currency devaluation. An example of a country which was not so much hit by the crisis is South Africa, where money markets managed to keep its stability. In comparison to it, equity markets, and in particulate the equity prices were highly damaged (International Monetary Fund, 2009). The situation with securities in Africa is relatively different compared to one in more advanced countries, because Africa is not so much dependant on international security markets. Sectors like pension and trade finance showed declining rates compared to their pre-
crisis levels. And the countries which are mostly affected by the weakening of the pension funds are Botswana, Kenya, Namibia and South Africa. An example of the decline in the trade finance can be found in Ghana and Nigeria (International Monetary Fund, 2009). Because of the collapse of international companies (for example, Lehman Brother) equity markets all around the world significantly changed. In Sub-Saharan Africa this was felt mainly in Botswana, Kenya, Namibia, Nigeria, South Africa, Uganda and Zambia, where declines in trade were measured. Statistical information for 2008 showed that only Ghana, Malawi and Tanzania managed to close the year with positive return (International Monetary Fund, 2009). For the current situation in Sub-Saharan Africa one could not blame only the recession, but also prior and complex factors. The political situation, fights for domination and authority and uncertainties in Kenya were top news even before the crisis. In countries, like Kenya, Uganda, South Africa and Nigeria, where the financial sectors are more developed, was seen a negative correlation between equities and banks. Whereas in other countries with less developed financial systems this correlation is not so readily visible. The crisis will have higher effects on the emerging and frontier markets such as Ghana, Kenya, Nigeria and South Africa. In these countries it is likely to be seen a raise in costs, stricter standers of lending, less interests in investing and acquiring business, also it could be seen that local subsidiaries cannot rely on their international “parents” and decrease of rates of trade (International Monetary Fund, 2009). A decline in the domestic debt markets in Nigeria, South Africa, Uganda and Zambia was registered due to unfavorable conditions in the world (International Monetary Fund, 2009). Another consequence of the negative world conditions is that Kenya, Uganda and Zambia had to reschedule bond issuing. Despite the claim that South Africa does not need too much foreign subsidiaries, the bond issuing in 2008 was only 1/8 of the value of 2007 (International Monetary Fund, 2009). On one hand countries like Uganda and Zambia managed to fully liberalize their capital accounts, and on the other hand - Nigeria and Ghana still have residual capital control (International Monetary Fund, 2009).

During the crisis US dollar caused instability of many currencies around the world. Almost all of the currencies in Sub-Saharan Region have been depreciating, in particular in Kenya, Mauritius, South Africa, Uganda and Zambia, like more developed economies, are experiencing this effect more than others. The following table (Table1 – Exchange rates, p.20) shows the forecasts of the possible and expected depreciation of some African currencies against the USD in 2009.
Table 1 - Exchange rate changes in Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Currency</th>
<th>Expected depreciation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seychelles</td>
<td>Rupee</td>
<td>84.2</td>
</tr>
<tr>
<td>Comoros</td>
<td>Franc</td>
<td>45.2</td>
</tr>
<tr>
<td>Zambia</td>
<td>Kwacha</td>
<td>43.4</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Naira</td>
<td>27.3</td>
</tr>
<tr>
<td>South Africa</td>
<td>Rand</td>
<td>27.1</td>
</tr>
<tr>
<td>Congo, Democratic Republic</td>
<td>Franc</td>
<td>23.7</td>
</tr>
<tr>
<td>Uganda</td>
<td>Shilling</td>
<td>22.4</td>
</tr>
<tr>
<td>Ghana</td>
<td>Cedi</td>
<td>21.1</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Birr</td>
<td>19.8</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Rupee</td>
<td>19.5</td>
</tr>
<tr>
<td>Madagascar</td>
<td>Ariary</td>
<td>17.9</td>
</tr>
<tr>
<td>Tunisia</td>
<td>Dinar</td>
<td>17.1</td>
</tr>
<tr>
<td>Kenya</td>
<td>Shilling</td>
<td>16.5</td>
</tr>
<tr>
<td>Namibia</td>
<td>Dollar</td>
<td>15.0</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>Leone</td>
<td>14.7</td>
</tr>
<tr>
<td>Mauritania</td>
<td>Ouguiya</td>
<td>14.3</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Escudo</td>
<td>13.8</td>
</tr>
<tr>
<td>Botswana</td>
<td>Pula</td>
<td>13.5</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Shilling</td>
<td>13.3</td>
</tr>
<tr>
<td>Guinea</td>
<td>Franc</td>
<td>13.1</td>
</tr>
<tr>
<td>Lesotho</td>
<td>Loti</td>
<td>12.8</td>
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<tr>
<td>Swaziland</td>
<td>Lilangeni</td>
<td>12.8</td>
</tr>
<tr>
<td>Morocco</td>
<td>Dirham</td>
<td>11.4</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Metical</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Note: Computed using data from the Economist Intelligence Unit (EIU).


One of the biggest consequences of the crisis on Africa’s economic and financial systems is that in addition to decreasing rates of growth, exports and other important for the economy indications, the crisis is not permitting further development of the social services and augmentations of financial aid. There is still no available data for 2009, but the expectations for all economic sectors are not much different from 2008, on contrary, it is expected the unemployment to increase. The world markets are looking forward for a recovery, which also will be felt in Africa. Of course a slightly increase of the economies of Sub-Saharan Africa do not mean that the situations in the continent would be the same as before the crisis. For example, even with economic growth of 4.3% in the region for 2010 (Economic Report on Africa, 2010), the Millennium Goals would not be achieved. Today the situation in the whole world is strained, which means that Africa should try to increase its own resources. This will help not only the domestic companies to increase its productivity, but also Africa to decrease foreign participation and to take their own future in hand.
5 Millennium Development Goals

The current economic and financial crisis is not only affecting the economic and financial sectors, but in addition many countries will sustain side effects. Such side effects will be mostly visible through the Millennium Development Goals. Up to now there is not well formulated answer to the question “How the Millennium Development Goals will be affected by the crisis”, mainly because the data is not reliable and many of the changes “today” will be visible “tomorrow”. The biggest problem is that the side effects will spread fast around the world, particularly in the poor regions, like Sub-Saharan Africa, but the recovery will be very hard and prolonged (The United Nations, 2010).

The Millennium Development Goals (MDGs) were created in September 2000 by United Nations at the Millennium Summit. They are eight goals, which will target to be achieved before 2015. The main purpose of the MDGs is to support the development of the economic and social condition in the poorest countries in the world (Go, Delfin S.; Harmsen, Richard, 2010).

The goals are:

9 Goal 1: Eradicate Extreme Hunger and Poverty
Goal 2: Achieve Universal Primary Education
Goal 3: Promote Gender Equality and Empower Women
Goal 4: Reduce Child Maternal Health
Goal 6: Combat HIV/AIDS, Malaria and other diseases
Goal 7: Ensure Environmental Sustainability
Goal 8: Development a Global Partnership for Development

Each of the Goals is additionally divided into more sub-goals. The main actions, still, are to “decrease by half people living with less than 1.25 US Dollars per day”; “achieve full and productive employment and decent work for all, including women and young people”; “by 2015 all children around the world to be able to complete primary schooling”; “eliminate gender inequality and disparity in all forms of education”; “reduced drastically under five

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9 More information about the whole list of MDGs could be found in Appendix 5
mortality rate and maternal mortality ratio”; “combat HIV/AIDS, malaria and other major diseases spread around the world, achieve access to mediation and treatment to those who need it”. (Go, Delfin S.; Harmsen, Richard, 2010)

Growth is one of the main factors in decreasing poverty, as well as in achieving the other goals. Unfortunately, now the situation is changing everywhere, and Africa would not be able to escape the negative effects of the recession, and growth is going to be one of the first things hit. MDGs are going to experience the crisis to a greater degree, and the expected recovery of the world economy will hardly keep the improvements made before 2007. Before the crisis almost all of the developing regions were on the right path of achieving the goals. East and Central Asia, Latin America and Easter Europe were doing better than other regions and they have the biggest credit for the good outcome of MDGs before the crisis. Improvements of the Goals were seen mainly in poverty reduction (due to the good and stable economic growth in China, extreme poverty rates were decreased), increasing of the access to primary education, decreasing maternal mortality and better access to clean water. Not so good results were seen in the gender parity and empowerment of women, but still they improved. This is also related for the nutrition and sanitations. Goals related to healthcare continue to be a big problem not only for Sub-Saharan Africa, but for every of the developing regions (Go, Delfin S.; Harmsen, Richard, 2010).

Africa is the region which is considered to have the greatest troubles in reaching the target of the goals. This is due to several reasons, and does not mean that Africa is not doing well. On contrary, Sub-Saharan Africa has success and achieved good results (Figure 5 -Progress in Sub-Saharan Africa, p.24). Many think that the Goals are not fair for Africa. In the Summit from 2000, year 1990 is taken as a starting point to compare the results which developing countries have to make. At that time, Sub-Saharan region had very low economic growth; income was not sufficient, poverty rates were higher than in other regions. A closer look at any of the goals will show the same thing – in Sub-Saharan Africa in 1990 the situation was devastating, and these rates to be taken as a starting point are making the achievement of the MDGs harder for the region. These reasons are making the goals to be unfair for Africa, because the data is showing that the region has gain success, and based on the data from 1990 this success if good, may be not good enough, but still Africa was on the right path. In addition, Africa introduced the Millennium Development Goals later than other regions, like South Asia (Easterly, 2009). During the years prior to the crisis, Sub-Saharan countries were
constantly improving their macro economic situation, therefore there was seen an increase in the percentage of fulfillment of the goals. While before the crisis the economic situation was different from today’s, Africa managed to gain significant success, even when the goals were thought to be more “ambitions” for them. (Easterly, 2009).

In the last years, even with small percentage, there were progresses on all eight MDGs (Figure 5 – Progress in Sub-Saharan Africa); however compared to other regions it is not so well visible. Another improvement could be seen in the reliability of the data collection and better monitoring process. This will contribute for better and more sufficient reports about the current position of Sub-Saharan Africa in their way towards achieving the MDGs (Go, Delfin S.; Harmsen, Richard, 2010).

The next two parts will cover the topics of first Millennium Development Goals - Poverty and Healthcare more deeply.

*Figure 5 - Progress in Sub-Saharan Africa*
Source: The MDGs after the crisis 2010 (Go, Delfin S.; Harmsen, Richard, 2010)
6 Poverty

There is direct correlation between the domestic economic and political stability of a given
country and the current global economic and financial crisis. As it was seen above, the turmoil
started in the developed countries, but soon after its impact were transferred and felt all over
the world and it touched the lives of the weakest people, leading them into poverty, death of
thousands children and decreasing rates of aids for healthcare (Oxfam, 2010).

It is difficult to definite the term “poverty” because it relies mostly on theoretical and
academic work. The World Bank defines poverty as “the inability to attain a minimum
standard of living, producing a universal poverty line, based on two elements: the expenditure
necessary to buy a minimum standard of nutrition and other basic necessities and further
amount that varies from country to country, reflecting the cost of participating in everyday life
of society” (Seager & Ganyaza-Twalo, 2005).

A solution comes only after a close research of a given problem, which means that the first
thing to be done is to measure and to identify the factors causing the problems, in this case –
factors causing poverty. Today, the world is hypothetically divided into regions, where the
highest value has the economic development of the countries (One World - Nations Online,
2011). Sub-Saharan Africa falls in the category characterize as countries from the Third
World10. After such a statement, several questions appear – How to define which country in
which group belongs to, what is the correct way to define “developing countries”. Many
consider that the lack of material wealth means that the country is deprived; however it is also
not true that a developed country is economic strong, while most of the population is in
difficult position of surviving. According to international organizations, a developed country
can be called so, when all the people have access to the basic needs, like food, water, shelter,
clothing, health and education; stable political, social and economic environment; free choice
of people to participate in democratic environment and the freedom to choose their own
future. Of course there are a lot of countries, rich and poor, where these rights are not
respected. A country with political instability can hardly be called “developed”. The existence
of political and economic insecurity could be felt as lack of the basic human needs which are
essential for the process of development (The United Nations, 2009).

10“Today the term is often used to describe the developing countries of Africa, Asia, Latin America and Oceania.
Many poorer nations adopted the term to describe themselves” (One World - Nations Online, 2011)
The first and most important goal set by the MDGs is to halve the people suffering from hunger and living in extreme poverty by 2015 (The United Nations, 2010). This section will take a closer look on that.

Yearly decrease in growth is measured in every country on the African continent (Alexis Arieff, 2009). For Africa this means increase of inequality; rise of child and infant mortality rates with 200,000 to 400,000; raise in the numbers of undernourished children; leading to growth of poverty rates. In addition, many fear that the success of the MDGs would be lost, in particular the good results accomplished in the sphere of universal primary education goal (The UN News Center, 2009). For example, Mozambique, Ethiopia, Mali, Senegal and Rwanda are at highest risk of expecting this. A possible solution to lessen the impact of the crisis on MDGs is to increase the international aid, however, the budgets connected with development assistance already started to feel the “waves” of the recession. Some of the promises of the developed countries are still working; nevertheless today the situation is completely different from “yesterday”. The promise of the European countries for 0.56% of the GDP in aid by 2010 does not have the same value as before the crisis, due to the expectation of rapid growth decrease (The UN News Center, 2009).

It is very hard to have a precise number of people living in poverty, to make a difference between extreme poverty and poverty, to know for sure how many people are malnourished. Figure 6 can show more information about the number of hungry people in the world. In 2010 the world population was 6,852,472,823, and the figure below shows that nearly 9,250,000 people are living in poverty, which represents almost 13% of the world population. (2011 World Hunger and Poverty Facts and Statistics, 2011).
A difference should be made between poverty and inequality. Nevertheless, both are equally important. Inequality is often related to income and consumption. It is discussed that inequality is connected with the economic position of people in the society. This means that even in rich countries there are poor people, who may be not as poor as the ones in the developing countries or the countries from the Third World, but still poor according to the countries standards. A result from this could be an increase in crime and violence, worsen health care systems and deteriorating social cohesion. Many of these things are hard to be measured. The Overseas Development Institute finds poverty as a “function between the rate of growth and changes in the income distribution” (Overseas Development Institute, 2010). In few places in the world there could be seen that the rates of growth are increasing. But if we look in a global perspective, there is a negative change in income distribution. In most of the countries the gap between poor and rich is very big - about 0.13% of the world’s population controlled 25% of the world’s assets in 2004. The wealthiest 20% of the world’s population consumes 76.6% of the world’s goods while 80% of humanity gets the remainder. This is visible in the figure below (Figure 7) – World Consumption (Global Issues, 2010).
With the current recession and the world economic slowdown, the absolute and relative poverty\textsuperscript{11} is expected to increase. The projections are relevant for all regions in the world. Because of the negative side effects of the turmoil, many people are expected to fall into poverty and inequality.

### 6.1 Poverty Rates

In the years prior to the financial crisis the economic situation in many of the developing countries across the world was improving. This was caused mainly because of the favorable macro-economic conditions, stronger and constant economic growth in the world. Even the position of Africa was ameliorating: stable growth rates, increase in the remittance flows, positive commodity prices, etc. A positive result was seen in significant reduction of extreme poverty, which can be seen in the figure 8 – Poverty rates in SSA (Go, Delfin S.; Harmsen, Richard, 2010).

\textsuperscript{11}“Absolute poverty refers to a set standard which is the same in all countries and which does not change over time. An income-related example would be living on less than $X per day. Relative poverty refers to a standard which is defined in terms of the society in which an individual lives and which therefore differs between countries and over time. An income-related example would be living on less than X\% of average UK income.”

Economic growth is in the bottom of achieving a better result in the overall human development and decreasing poverty rates (World Resources Institute). A high negative correlation could be seen between them, meaning - if growth decreases, poverty will increase significantly. The economic condition stimulates countries development, which respectively has positive effect on poverty reduction. Even when the population of the developing regions is increasing every day, the number of people worldwide living with less than $1.25 per day was reduced to 1.4 billion in 2005, compared to 1.8 billion in the middle of the previous century. Figure 9 is showing the current position of each of the developing region (The United Nations, 2010).

Source: Millennium Developing Goals after the Crisis, (Go, Delfín S.; Harmsen, Richard, 2010)
Asia has the biggest progress in this: managing to reach a level of 17% poverty line in 2005, from 55% in 1990, while Sub-Saharan Africa reached a level of 51% in 2005 (see Figure 10 - Proportion of people living on less than 1.25 UDS a day) (The United Nations, 2010). However the absolute number of people living in poverty increased to 388 million in 2005 (Go, Delfin S.; Harmsen, Richard, 2010). In addition, in figure 11 (p.30) is visible the current position of Africa compared to other regions in decreasing poverty rates.

**Figure 10 - Proportion of people living on less than 1.25 UDS a day**

![Proportion of people living on less than 1.25 UDS a day](source)


**Figure 11 - Poverty**

![Poverty](source)

Source: The Millennium Development Goals after the Crisis, (Go, Delfin S.; Harmsen, Richard, 2010)

Despite some of the positive outcomes, it will be hard for Africa to halve the people living in poverty by 2015, which is the goal. Many believed that even the hardship the Millennium Goal for Poverty could be reached, but Africa was faced with new obstacles. The food crisis was the first big challenge for Africa, which caused a slowdown in the decrease of poverty rates. In time of an economic crisis, growth is expected to decline, respectively leading to worsen the basic human living standards. In most of the developing regions the macroeconomic shocks could be transferred into large demand for labor, therefore increasing the
poverty rates. Africa already is experiencing many side effects of the current recession, and many of them will be in direct relation to poverty: reduction of the demand for low-skill labor; remittance decline; more tighten borrowing politics especially for the small companies. Economic sectors with high human resource, like tourism and manufacturing, already have been negatively affected. In addition prices of food and fuels are still high, which will lead to an increase of the poverty rate. The situation aggravated, since many of the developed countries could not recover from the food crisis from 2008. Even now the prices of food are at least two time higher that the levels before the food and fuel crisis (Economic Report on Africa, 2010)

6.2 Financial Crisis and Poverty, Employment and Children

The Financial and Economic Crisis damaged most of the economic sectors, however they are not the only ones; social sectors, healthcare and poverty have been affected also. The side effects of the crisis are different between countries and regions. There are many factors which will affect poverty rates, but three are considered as main issues: the income level is rapidly falling; the recent food crisis and an increase of insecurity (Go, Delfin S.; Harmsen, Richard, 2010). The effects hit the ordinary households, their incomes and employment. The fluctuation in the labor markets effected work places and salaries. The consequences of this would be experienced mainly in the field of construction and manufacturing. The reason for this misfortune is that the foreign influences was significant and due to the recent economic shocks foreign investors left the region, in addition to this the demand for African stocks has decline.

6.2.1 Effects on Poverty

In the recent years, Africa managed to gain success in many programs related to poverty and now these accomplishments are in jeopardy. The biggest issue is that the effects of the turmoil on poverty will last longer. For example, by 2015 the world will witness an increase in the poverty rates, but by 2020 the rates will be significantly higher than the ones before the crisis. (Go, Delfin S.; Harmsen, Richard, 2010). There are still gaps in the repots, mainly because the information about many Sub-Saharan countries is not sufficient and reliable.

Because of the Global Crisis more than 46 million people in the world are going to be below the absolute poverty line of 1.25 US Dollars per day and more than 7 million - under the 2 US
Dollars line (A non-governmental organisation with consultative status at the Economic and Social Council of the United Nations (ECOSOC), 2010). Available data showed that in 2005 in Central, East, Southern and West Africa the percentage of the population living in extreme poverty (under $1.25) were 51% (Economic Report on Africa, 2010). Now, during the crisis, this percentage is expected to increase. People living in poverty will lose their income associated with job loss, reduction in remittances and decrease of government investments for social sectors. It is known that in Africa poverty has female face. Some researchers also show that the groups which will suffer the most are child-headed families, women and children. Young people are considered to be the future of a country - powerful and energetic, full of new ideas, ambitious. All of these positive qualities should be used in a benefit of the countries. Education is playing significant role in “growth and development” of young people, which will be in help of decreasing the unemployment rates. Poor people will experience the most side effects of the crisis and the “healing” process will be long and tough.

The President of The World Bank Robert Zoellick said that “the Global recession is very likely to change into a human crisis in many of the developing countries” (A non-governmental organisation with consultative status at the Economic and Social Council of the United Nations (ECOSOC), 2010). One of the possible ways of decreasing the effects of the turmoil on the world’s poorest people is by taking more strict measures, better rescue plans, programs, focused on people and economic stimulation, which will be in help of a faster recovery. The World Bank projected for 2010 that the number of people living in extreme poverty will be around 64 million worldwide. Additional projections show that by 2015 the global poverty will be higher than the rates before the crisis. The appraises for Sub-Saharan Africa only, show that the expected poverty rate is to be 38% by 2015, while before the crisis it was around 36%. In number terms this is nearly 20 million more people more living in poverty; additional 55 000 children might die before the age of five; increasing of infant mortality, about 30,000-50,000 excess deaths in 2009. Every year nearly 3 million children are dying in Africa. Many of these lives could be saved with better policies and interventions (The United Nations, 2010). In figure 12 – Poverty line in Africa could be seen the poverty level across each of the countries in the region.
A research of the UN Educational, Scientific and Cultural Organization (UNESCO) showed that because of a decrease in growth in 2009 around 390 million people in Sub-Saharan Africa lived in poverty. These people lived with around 18 billion US Dollars, which represents 20% per capita income of the poor people in Africa (The United Nations, 2009). A study prepared by the Education for All Global Monitoring Report (GMR) team, analyzes the future consequences of the current financial and economic crisis, focusing mostly on general cooperation, on education, sciences, culture, communication and information (The UN News Center, 2009). In this academic work the main concentration is on the meltdown of the worldwide economy and the consequences on the Millennium Development Goals, aiming to reduce child mortality and eliminate poverty, and improving the other basic human development objectives. An important fact of the report showed that more than half of the low income countries were not able to provide a pre-poor government stimulus, which caused countries to be unable to insulate their citizens from the crises. UNESCO has announced that the crisis cannot and should not be used by the rich countries as an excuse for decreasing the
international aid and money flows towards the less developed countries (The UN News Center, 2009). Many of the international organization are trying to find a way out. The IMF, for example, invested more than $500 billion in different programs, including government reforms, which will give a chance for big changes in the developing countries. Additionally they had promised to several countries to give nearly 1.5 Billion US dollars for shorter terms programs, which are needed due to the decrease of exports and decline of tourism: Kenya and Mozambique will receive 175 million USD, Tanzania -340 million USD, Cameroon – 150 million USD, etc. In additional to this, for longer terms - IMF is lending to Cote d’Ivoire 560 million USD, Ghana - $600 million USD, and Zambia - 265 million USD (Sayeh, 2009). Also the EU is going to provide $4.6 billion aid adaptation (The UN News Center, 2009).

6.2.2 Effects on Employment

In 2009, the global turmoil caused the unemployment rate to increase, which respectively affected negatively the working poverty rates around the world, which as the prognosis showed, affected at most women and young people. In 2007 the global unemployment rate was 5.7%, however, for 2009 was expected to jump to 7.4%, which marks 2009 as the year with highest rate of job losses (Economic Report on Africa, 2010). For 2007 the working poverty rate in Sub-Saharan region was 59.9%, while in 2009 - 67.9% (Economic Report on Africa, 2010). From this increase it is visible that more and more working people have a decline in earnings and slowly are falling in poverty. The expected recovery of the economy cannot give immediate effects on employment. Many consider that Africa would not be able to reach the pre-crisis level before 2011. All of the consequences from the crisis on unemployment and poverty require the introduction of government programs which would be implemented as economic stimulus and growth to recover to the pre-crisis levels. There should be visible increase in social spending, especially on vulnerable groups, like young people and women. If we look closely to the history situation of Africa, we will find that the high unemployment rate is not a new thing. Most of the labor forces are suited in the rural areas, which is also causing the unemployment to be higher. The lack of sufficient and reliable data is one of the most important issues for Sub-Saharan Africa. Until now there is not enough monitoring on the progress on poverty and other social sectors, on national and regional level, which respectively leads to the lack in the data.

It is likely employment to endure durable consequences. Examples of programs aiming to stimulate the integration of vulnerable groups are grants and cash transfers supporting the
small businesses and employment. In addition to women and young people, older employees are feeling some stress, because if they lose their jobs, their chance to find a new one are fewer, and if they manage to find a new job, they will have fluctuation in their income (Economic Report on Africa, 2010). The expected numbers of people in the world who will be unemployed are between 21 to 50 million for 2009, leading to more than 53 million people to fell into poverty in the developing countries (Economic Report on Africa, 2010). Here should be mention the previous economic shock, the food and fuel crisis of 2008, which have pushed toward poverty more than 140 million people (Economic Report on Africa, 2010).

Around 82.2% of Sub-Saharan people were working for less than US$ 2 per day in 2007, classified as “working poor”. With the current recession, this percentage is expected to grow and also the number of poor and vulnerable people – for 2009 is 86.6%. In number terms this is around 27 million poor people more (Economic Report on Africa, 2010). The crisis is going to be felt in many households, as underemployment and lowering the real wages. There are expectations that many families would become impoverish and would not earn enough to survive, which on other hand will increase the working poor. The overall picture for the continent predicts that there is going to be extreme poverty, high incidences of unemployment and underemployment, as well as significant decrease in labor. In Sub-Saharan Africa, the decrease in growth will be felt particularly by the population living in extreme poverty, nearly 390 million people, and the main cost will be their income, which will decrease with more than 20% (Economic Report on Africa, 2010). The main reasons are the slowdown of the economy of Sub-Saharan Africa and the decrease in the demand and prices for commodity exports from Africa, both leading to a decline in the income of the producers. In addition to that, an increase of the unemployment rates could be seen in other sectors like tourism and industry. Democratic Republic of the Congo has closed around 40 mines, which means 300 000 jobs losses; Zambia – 3000 jobs have been cut since the end of 2008; in Swaziland, because of shortening of mine workers in South Africa, unemployment rates rose; there has been, also a closure of 15 factories in Uganda in 2008 (fish, leather processing, and grain and tobacco sectors); a decline in clothing and textile exports has been felt in Lesotho (Economic Report on Africa, 2010). Other examples could be seen in Botswana, South Africa and Zimbabwe. In Central African Republic because of a closure of units in the timber sector, more than 1 300 employees have lost their jobs. In Sierra Leone, a small country, these closures of facilities could be devastating (Economic Report on Africa, 2010). With the decrease of demand, many international companies are staring to decrease their production.
For the African countries, this has effects on regional and national levels; on the foreign exchange earnings and employment.

Today, many people cannot find jobs. There are many reasons for this, including inadequate economic growth and lack of growth in labor-absorbing sectors, public sector downsizing, the under-developed private sector, poor health (especially due to HIV/AIDS), increased youth population, lack of education and/or inappropriate skills. One of the most important issues for Africa is the education, which is an essential element to human, economic and political development. One of the drives for economic growth is to be improved the productive capacities. The region managed to increase the school enrolment rate from 71% in 2006 to 74% in 2007 (Economic Report on Africa, 2010). If this trend continues, by 2015 the Millennium Goal for education could be achieved. However this increase in the numbers of students was before the crisis, now the expectations are that the crisis will affect negatively the education sector. There are big differences between enrollment rate and completion rate – even when the first is improving, this does not mean that the other is doing well. This is particularly true for girls. There are many reasons for dropping out of school, but most of them are lack of resources to meet the costs, domestic care activities within households (particularly for girls), early marriages, child labor, teenage pregnancies, poor quality of education and long distances to school. Furthermore there are not good educational conditions (lack of books, computers, water and sanitation). Other important issues are the supply of teachers. The truth is that with education, unemployment could be expected to decrease (Economic Report on Africa, 2010). The biggest part of the people is working in the agricultural sectors and their educational background is minimum, leading to daily based and not sufficient earning.

6.2.3 Children and the Global Financial Crisis

Poverty can cause much harm to the life of a person and it all starts in childhood. The lack of basic human need leads to irretrievable changes in children minds, health and can destroy their future. Children with “broken” lives from young age could not have normal and productive life. And when these children grow up, this cycle happens again. Poverty is like magic circle. For example, girls who in their young age did not have access to the basic human needs, cannot give birth to strong babies; an uneducated parents are less capable to give the best possible care for their children and to support them in their further development,
both educational and professional. Therefore the “magic circle” happens again and again with every next generation.

To start erasing poverty, more programs should be turned toward children – better access to health care, opportunities to study and to have chances for professional development. Good and strong health need to be given to the baby by its mother and in the first years of baby’s life. The start could be seen by giving the basic human services, as clean water, sanitation, basic education and healthcare to children in their young age. With covering these needs, children can grow up stronger and use their potential as best as possible.

The main issue of poverty is that it is spread everywhere, meaning that it is not only visible in terms of income, but also in healthcare, lack of education, gender discrimination and political instability. For better start of children’s lives the surrounded environment should be safe, free of political conflicts, violence, and discrimination. Children in developing countries should have the opportunity to be free, to live a safe life, to be “normal” as every other child in the world.

In 1990 the world made commitments for better life of children, but the progress is still not enough. UNICEF’s report showed that “nearly 11 million young children die every years, most of them from disease which could be easily treated in the developed countries; 150 million children are malnourished; 120 million children between 6 and 11 do not attend school, and more than half the world’s children do have access to clean and safe water” (UNICEF, 2002).

In the recent years, African governments and their partners worked together toward better and more effective programs, connected with education and further development of young people. In the years prior to the crisis, an improvement was seen, which has led to a strong progress of the MDGs. Such an improvement could be seen in the decreased under-five mortality rate. For the years between 1990 and 2008, the global number of under-five deaths has fallen to 8.8 million from 12.5 million. Ethiopia, Malawi, Mozambique and Niger have managed to reduce with more than 100 per 1 000 live birth since 1990 (The United Nations, 2010). Malawi is one of the countries in Africa with biggest success – 4.5% per year decline (The United Nations, 2010). However the rates of under-five mortality rate are still high and Sub-Saharan Africa is the region with slower progress in achieving the MDG target. This rate has dropped with
nearly 22% since 1990 (The United Nations, 2010). But still millions of children die from easily preventable illness, 9 million in 2008 (figure 13 is showing the child mortality rates in Sub-Saharan Africa) (United Nations Children's Fund, 2010).

**Figure 13 - Under-five child mortality rates**

Other positive results could be seen in the rate of child enrollment in primary schooling. Even if progress is slow, it is stable and the results could be seen in an increase with 18%, reaching 76% in 2008 of African children to be enrolled in school. Burundi is one of the countries in the region with 99%; The United Republic of Tanzania has managed to double the enrollment percent in the last ten years; Zambia is exceeding the 90% border. School enrollment could be seen as an important step towards further development, however this should continue. In Sub-Saharan Africa around 30% of the students drop out at some point and cannot finished their education. In the region live nearly 31 million children in school age. Of course the biggest obstacle for education is poverty. In addition to school enrollment major attention should be turn towards the gender equality. Sub-Saharan Africa is one of the regions with biggest gender gap in the world. Girls experience higher discrimination than boys (Go, Delfin S.; Harmsen, Richard, 2010) (The United Nations, 2010).

The main issue for improving the facts is to increase the quality of healthcare and healthcare facilities. Everything is possible with the right method and enough resources. The world has the possibility to end extreme poverty and child poverty and this could happen for one
generation. Every country, even the poorest ones, could achieve the MDGs for primary schooling, gender equity and all other basic human needs. The achievement of access to these basic human needs, like clean water, education, shelter, etc. should not wait for economic growth of countries or should not be treatment because of the global crisis.
The global economic crisis has given hard time to HIV/AIDS funding. Sub-Saharan Africa is the region with the highest levels of HIV/AIDS infection in the world (Table 2 shows an estimated number of people with HIV/AIDS by region). In Sub-Saharan region nearly 24 million people live with HIV/AIDS. This is around 60% of the global infection rate (UNAIDS, 2008) (UNAIDS and World Health Organization - Facts, 2009).

Table 2 - HIV/AIDS

<table>
<thead>
<tr>
<th>World region</th>
<th>Estimated adult prevalence of HIV infection (ages 15–49)</th>
<th>Estimated adult and child deaths during 2007</th>
<th>Adult prevalence (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide</td>
<td>30.6 million - 36.1 million</td>
<td>1.9 to 2.4 million</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Sub-Saharan Africa</strong></td>
<td>20.9 million - 24.3 million</td>
<td>1.6 million</td>
<td>5.0%</td>
</tr>
<tr>
<td>South and South-East Asia</td>
<td>3.3 million - 5.1 million</td>
<td>270,000</td>
<td>0.3%</td>
</tr>
<tr>
<td>Eastern Europe and Central Asia</td>
<td>1.2 million – 2.1 million</td>
<td>55,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>1.4 million - 1.9 million</td>
<td>58,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>North America</td>
<td>480,000 - 1.9 million</td>
<td>21,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Western and Central Europe</td>
<td>600,000 - 1.1 million</td>
<td>12,000</td>
<td>0.3%</td>
</tr>
<tr>
<td>East Asia</td>
<td>620,000 - 960,000</td>
<td>32,000</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Source: UNAIDS 2007 estimates. The ranges define the boundaries within which the actual numbers lie, based on the best available information.

Soon after the crisis occurred in the US, its effects started to be felt worldwide. The economic shocks and downturns had influenced the more economic developed countries (Europe and USA); however countries that rely on foreign aid, such as the ones in Sub-Saharan Region, are experiencing side effects of the turmoil, already. For example cuts in the government foreign aid and decrease of the inflows from abroad, mainly by international corporations and organizations, which are devoted to charity. There is already information that foreign aid is significantly decreasing (Global Issues, 2010), affecting health care and social programs. Major cuts are appearing in subsidies and in personnel. In 2007 there were almost US$73 billion given to the developing countries by the Organization for Economic Cooperation and
Development (OECD) (USAID, April 2009). The Group of Seven\textsuperscript{12} has given, for the period between year 2000 and 2001 around 7\% of their “development assistance”, while the US have given larger percent (12\%) (USAID, April 2009). In the “development assistance” could be included “health priorities, including population and reproductive health, nutrition and water and sanitation” (USAID, April 2009). Assuming that in the years after the crisis will be a decrease in the levels of health subsidies from G7, this will account for about US$2.5 billion (USAID, April 2009). US, Denmark and Norway will try to increase their foreign assistants and health subsidies as promised. Previous crisis can serve as a good set of examples to which might be the weakest segments of the healthcare system; therefore such information can be useful in preventing of making the same mistakes (USAID, April 2009). A possible solution would be an increase of taxes, however this will not be very successful decision, because of the possibility that many families will drop under the poverty line; or an increase of unemployment. An estimation made by the World Bank shows that even a decline of 1\% in the developing countries’ growth rate would cause additional 20 million people to live in poverty and that 100 million people have already driven into poverty by high food and fuel prices (USAID, April 2009).

When a country has government issues, the income of a household is expected to decrease, therefore increasing the demand of public aid for public aid. On the other hand, many of the international organizations providing these public services will decrease or will stop hiring new employees, which will lead to reduction in the provided aid for the people in need. Two of the biggest international organization – CARE International\textsuperscript{13} and Oxfam\textsuperscript{14}, have announced that a significant drop in international investments were accounted, which will decrease the provided financial support. In addition to this, the organizations are cutting their budgets (Oxfam, 2010).

7.1 HIV/AIDS

Sub-Saharan Africa covers vast territory with variety of countries, economies and cultures. From this, a conclusion can be made about the economic situation cannot be the same in all of the countries. The situation with the Healthcare system is similar; there are rarely two countries with identical figures, rates and complete healthcare systems. HIV/AIDS is one of

\textsuperscript{12}G7 – Canada, Japan, United Kingdom, United States of America, Germany, France and Italy
\textsuperscript{13}CARE is a leading humanitarian organization fighting global poverty
\textsuperscript{14}Oxfam is an international confederation of 15 organizations working together in 98 countries and with partners and allies around the world to find lasting solutions to poverty and injustice

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the biggest problems for people today in the world. For a future without HIV/AIDS actions should be taken today. This problem cannot be erased for just a day; it will need years and a lot of efforts from local people and international organizations.

In Sub-Saharan region live around two thirds of the global populations with HIV (See Table 2 – HIV/AIDS, Section 7, page 39). The “black” statistics from 2008 showed that around 1.4 million people have died of AIDS, 1.9 million people are infected, and more than 14 million children have lost one or both of their parents, due to the epidemic (UNAIDS and World Health Organization - Facts, 2009). In the Sub-Saharan countries treatment and prevention of HIV/AIDS programs are struggling, causing the rates of AIDS infection and mortality to increase. Many of the economic sectors, mostly educational, transportation, human resource are feeling the pernicious influence of HIV/AIDS. The HIV epidemic is threatening African communities to pull back the development, which the region managed to gain during the past decades. To decrease the spread of the disease, Sub-Saharan Africa has to face the big challenge of starting prevention and educational campaigns. One of the most important issues is to be able to provide steady health care, antiretroviral treatment and better conditions for people living with HIV. Most of the people dying from AIDS are not well educated and they suffer from lack of prevention information. The consequences of this are affecting the nations, communities and the future of the countries in the region.

Sub-Saharan Africa has managed to decrease the new infections of HIV/AIDS, but still the rate of infected people is high. The region accounts for 72% of the all new HIV infection for 2008 (Oxfam, 2010). Of course, the difference and variation between countries and regions is clearly visible. Figure 14 (p.42) is showing map of Sub-Saharan Africa HIV rate.

The Southern region\textsuperscript{15} is the one with the highest HIV-attendance. For just a decade the numbers of HIV-positive people have increased sharply (from 8.6 million to 11 million). “In Southern Africa are situated 10 countries, which account for 34% of the global rate of people living with HIV; 31% of the new infections; 34% of all AIDS-related deaths; 40% of all infected women” (Joint United Nations Programme on HIV/AIDS, 2010). Of all the countries, South Africa’s situation is far the worst, with more than 5.6 million people living with HIV. Swaziland is the country with the largest percent of adult people living with HIV in the

\textsuperscript{15} The Southern regions contents of the following countries: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe
world– 26% (Joint United Nations Programme on HIV/AIDS, 2010). On the contrary, East Africa is working well on HIV/AIDS prevention. Since the beginning of the new Millennium, the rates are decreasing and/or stabilizing. In the United Republic of Tanzania the number fell to 3.4%; Kenya managed to decrease HIV cases from 14% in last century to 5% in 2006. Uganda kept the rates between 6-7% since 2000. Rwanda is another example of stable HIV presence – 3% since 2005 (Joint United Nations Programme on HIV/AIDS, 2010) (UNAIDS, 2009). In the other regions of Sub-Saharan Africa -West and Central Africa, HIV rates are relatively low. There are 12 countries\textsuperscript{16} with average of 2%, however there are exceptions - Cameroon – 5.3%, Central African Republic 4.7%, Côte d’Ivoire3.4%, Gabon 5.2% and Nigeria 3.6% (Joint United Nations Programme on HIV/AIDS, 2010). At first glance, these percentages are not so disturbing, nevertheless taken the population of these countries, they equal to millions of people living with HIV.

\textit{Figure 14 - People Living with HIV}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{hiv_map.png}
\caption{Prevalence of HIV in Sub-Saharan Africa: \% of population ages 15–49}
\end{figure}

Source: The Millennium Development Goals after the Crisis, (Go, Delfin S.; Harmsen, Richard, 2010)

During the past decade, Africa managed to decrease the rates of infected children with 32% and AIDS-related deaths among children with 26% (Joint United Nations Programme on HIV/AIDS, 2010). South Africa is an example of a country, which could not decrease these levels, even there was seen an increase in the children and maternal mortality.

\textsuperscript{16} Benin, Burkina Faso, Democratic Republic of Congo, Gambia, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Senegal, Sierra Leone
The epidemic has significant influence mainly on people’s life, but in addition it affects the economic sectors; growth and development. Service sectors are affected the most. Education, labor and productivity are the sectors that are feeling the shortage of people. One of the main issues is that AIDS is shorting the life of people (average 47 years, while without it could be around 62). Families are losing their income in several ways: many have to look after sick relatives, to provide shelter, which is decreasing their capability of taking care of their own families. In many cases children became orphans, when one or both of the parents die. HIV/AIDS is spreading fast and the health system could not react quickly enough (UNAIDS, 2008).

One of the ways for preventing HIV is by educational campaigns and initiatives. In Senegal the strong political and community leadership support HIV prevention, causing the rates to decrease and ranking the country as one with lowest levels of HIV/AIDS. Uganda manages to reduce the level of HIV-positive pregnant women to 10% in 2006 (UNAIDS and World Health Organization - Facts, 2009). Other countries using preventing campaigns are Kenya, Zimbabwe, some parts of Zambia and Burkina Faso. South Africa is the country where the situation is far worst and the government is not able to respond properly to the epidemic (UNAIDS and the World Health Organization - AIDS, 2009).

Mother to child is one of the most common ways of spreading HIV. In Sub-Saharan Africa for 2008 nearly 390 000 children have been infected with HIV, mainly during pregnancy, childbirth and breast feeding (UNAIDS and World Health Organization - Facts, 2009). The possibility a child to be HIV-positive is between 20% and 45%, when the mother is infected (UNAIDS and World Health Organization - Facts, 2009). This rate could be reduced if during pregnancy, the mother would be supplied with antiretroviral drugs. Of course, in order to be done this, the mother should be tested for HIV and this presents the important role of testing and educational campaigns.

One of the main problems, to which Africa is exposed, is the lack of drugs and the shortage of testing facilities. For 2009 in Eastern and Southern Africa the drugs were available for 68% of HIV infected pregnant women, and in West and Central Africa this percent is far smaller – 23%. Namibia, Botswana, South Africa and Swaziland have managed to arrange medication for around 80% of the pregnant women. Nigeria is the country with highest lacking the

There are now drugs that allow people living with HIV to delay its progression to AIDS and to live a relatively normal and healthy life – antiretroviral drugs (ARVs)\(^\text{17}\). These drugs are available since 1996 in the advanced parts of the world; demanding a lot of money, good health systems and enough employees. A problem of the developing countries is the lack of personnel and the difficulty of managing the increasing number of people, who need the treatment. There are too many obstacles for the people who need these medicines and ARVs are of great necessity for Africa. The major misfortune for Africans is that they do not receive medications for opportunistic infection, which could easily affect people with weaker immune system, caused by HIV infection (UNAIDS, 2008).

Botswana is the first country in Africa which started to be supplied with ARVs (Avert - HIV and AIDS in Africa, 2011). Its national treatment program started in January 2002. Most of the people, who need this treatment by the end of 2005 received it, and by the end of 2007 the number of people needing it reached 93 000 (WHO). Rwanda and Namibia are the other countries which supply around 70% of the people requiring the ARVs. The success of these countries has not been emulated elsewhere. For some time now most of the countries in Africa have started to distribute ARVs. Data shows that in the end of 2007 in Cameroon, Côte d’Ivoire, Kenya, Malawi and Nigeria between 25% and 45% of people who need the drugs are receiving them (UNAIDS and the World Health Organization - AIDS, 2009). In Sub-Saharan Africa the richest country is South Africa and it should be a way ahead of other countries in the supply of ARVs, but unfortunately its government acts a bit slowly and up to now only 36% of the people are supplied with the medicine. Nevertheless there are countries where the situation is even worse - Chad, Congo, Ghana, Sudan and Zimbabwe, with an average of 30% (UNAIDS and World Health Organization - Facts, 2009). Slowly the situation in these countries is improving– from 2005 alone people eligible for ARVs have almost doubled (Avert - HIV and AIDS in Africa, 2011). For this, a major role played international and governmental organizations. There is a program which was initiated by the World Health

\(^{17}\) For more information about ARVs - [http://www.who.int/hiv/topics/treatment/en/index.html](http://www.who.int/hiv/topics/treatment/en/index.html)
Organization (WHO), aiming an increase of people receiving the ARVs in the developing countries by the end of 2005. Unfortunately, the target rates were not reached but significant progress was made in a lot of Africans countries. The last version of the program aimed universal access to the treatment by the end of 2010.

It is important that the drugs should not be supplied only in one region, but there should be sufficient quantities in all areas. This is very important because once people started to take the drug they should receive it till the rest of their life. If for some reason the hospitals are out of the drug, this interruption could cause a ARVs resistance. Africa is faced with great obstacle on one hand to continue supplying the current patients, and on the other hand to include new ones.

However, ARVs is not the only thing that people infected with HIV should be supplied with. A number of different elements – voluntary counseling and testing, food and nutrition, later counseling, protection from stigma and discrimination, treatment of other sexually transmitted infection and prevention and treatment of opportunistic infections - are included in the list and all of these should be available for all people living with HIV (Joint United Nations Programme on HIV/AIDS, 2010)

7.2 Effects of the Global Economic and Financial Crisis on Some African Countries in term of HIV/AIDS

A report released by The World Bank in June 2009 – “The global economic crisis and HIV prevention and treatment programs: Vulnerabilities and Impact” shows that there could be a possibility of a decrease and/or fully obliterate programs connected with HIV/AIDS prevention and treatment programs in Sub-Saharan region. From the report is clearly visible that there are going to be major cuts in funding and foreign aid; increase of the mortality and morbidity; reduction in the treatment programs; increase of HIV contractions; decrease of the healthcare quality and a reversal of economic and social development gains. The major cuts in funding are going to affect mostly the antiretroviral (ARVs), which started to be seen in 2009 in many countries (UNAIDS and the World Bank, June 2009). Using this report and the survey UNAIDS, the WHO and the World Bank have done, will be in help of understanding

18 For more information about the program - http://www.who.int/3by5/en/ - The "3 by 5" initiative, launched by UNAIDS and WHO in 2003, was a global TARGET to provide three million people living with HIV/AIDS in low- and middle-income countries with life-prolonging antiretroviral treatment (ART) by the end of 2005.
if there are, already, cuts in the healthcare programs. In the survey every developing region took part. Figure 15, below, shows an estimation of the people who may be affected by a decrease of the supplement of ARVs.

*Figure 15 - Estimation of the people who may be affected decline in ARVs*

In Sub-Saharan region live nearly 76% of all people who receive ARVs. The expectations are that the biggest cuts will be in supply of these drugs. Some of the countries are more exposed to the crisis than others, for example Eastern and Southern Africa are considered to be hit the hardest of there are going to be cuts in healthcare programs. Oil-exporting countries have some issues, because of the decrease in oil prices and this may lead to a decrease in ARVs supply. On contrary, West Africa is still doing well – good ARVs programs and social program (UNAIDS and the World Bank, June 2009).

Botswana – Jeff Ramsay, the spokesperson of the President of Botswana, announced recently that from 2016 onward Botswana would not have the possibility to include new patients in the ARVs treatment programs. The impossibility comes from the insufficient expansions of fund programs. Also the government announced that there is possibility to cut or absolutely to
withdraw its HIV and AIDS funding. This is because the economic crisis in the world has hit deeply almost every sector of its economy. The disturbing fact is that even with all of the necessary intervention, the number of people infected with HIV/AIDS is still increasing significantly. In Botswana, the government financed nearly 80% of the programs; the remaining percents are financed from donors. The program manager of HIV/AIDS at the United National Development Program (UNDP) in Botswana - Lydia Mafhoko-Ditsa – said that Botswana can follow the example of Zimbabwe and Zambia, which is a possible way out of preventing the decreasing shortfalls, like introducing an AIDS collection, which is a certain percent of the taxes. Those percents are going directly into the national HIV and AIDS response (Avert - HIV and AIDS in Africa, 2011) (Hecke, 2009).

Malawi – Already Malawi felt shortages, because of a delay in funding from the Global Fund, mostly in terms of ARVs supplies. This is causing the stock to run dangerously low in a lot of health facilities. Many international organizations are trying to re-distribute ARVs supplies in number of districts (Médecins Sans Frontières (MSF)\textsuperscript{19}. The MSF had to buy more backup, just to be sure that there would be enough steady supply for the patients. In future MSF are threatening to slow down accepting new patients in the programs, but for now they are still including new. The World Bank has announced that they are ready to pledge another US$30 million to support Malawi in the fight against HIV and AIDS. The US, through PEPFAR, is ready to double their support (US$45 million) (Hecke, 2009).

South Africa – The government of South Africa has already started to make significantly cuts in their budgets because of the crisis, mainly US$123 million loss in the sector for ARVs programs. When the crisis hit many of the large companies they started to cut their HIV/AIDS prevention programs and this will lead to affect thousands of employees and their families. One of the main active groups of HIV/AIDS - The Treatment Action Campaign (TAC)\textsuperscript{20} managed to secure around 80% of the necessary amount for the national programs (Avert - HIV and AIDS in Africa, 2011). The main activity of TAC is providing ARVs, counseling and HIV testing. Because of these shortfalls TAC had to close down six of its provincial offices. In some point this is also result of the fact that many of the international donors have made a decision to transfer more fund for the low-income countries and to focus on making their health systems stronger. The significant decrease of ARVs has lead to lots of clinics to

\textsuperscript{19} For more information - http://www.msf.org/
\textsuperscript{20} For more information - http://www.tac.org.za/community/
discontinue including patients into ARVs program. The terrible thing is that the waiting list is getting longer day by day (Hecke, 2009).

**Swaziland** – is the country in the world with highest percent of the adult population living with HIV – 26.1% (UNAIDS, 2009). Also Swaziland relies mostly on external donors. The government has announced that they are in difficult position of decreasing the coverage of treatment for 2011 because of the decreasing external donor’s support from 60% to 50% (Avert - HIV and AIDS in Africa, 2011). Donors are also cutting their funding for NGOs in the country. Swaziland received nearly 20 000 USD less in 2009 than what they have received in 2008 from the Global Fund (The Global Fund, 2011). The money is coming directly to the Swaziland’s National Network of People Living with HIV/AIDS. The National TB Program, funded directly by the Global Fund which has a budget of US$13 million, has been reduction by 10%. On other hand PEPFAR has announced that they are going to pledge another US$30 million for the country’s fight against HIV/AIDS (Hecke, 2009).

**Uganda** – In Uganda almost all of the ARV programs are funded by US and European donors (96%) (Avert - HIV and AIDS in Africa, 2011). Many donors are starting to reduce their funding, which is reflecting directly on the local organizations. The director of the Uganda AIDS Commission (UAC)\(^\text{21}\), Dr. Kihumuro Apulu has announced that if the economic crisis continues there will be necessary to be formulated a trust fund. This has to be done in case the Global Fund and other organizations pull out, so they can have coverage (Hecke, 2009).

**Tanzania** – For the fiscal year 2009-2010 Tanzania had to cut their budget for HIV/AIDS by 25%, despite the fact that they have received US$313.4 million from PEPFAR (The United States President's Emergency Plan for AIDS Relief, 2009). For the next 12 months this had lead to more than 70% of people on ARV to be affected. Since April 2009, many organizations have announced that they have not received any funding. This is hindering many HIV and AIDS, TB and malaria initiatives (Avert - HIV and AIDS in Africa, 2011).

### 7.3 What needs to be done to make a difference in Africa?

One possible way for Africa to combat the HIV/AIDS epidemic is through an increase of the international support and funding of such programs. Furthermore, raise in the money flows...
would be beneficially for the prevention campaigns, wider and better treatment and care for people living with HIV. There are many international organizations working in this direction. One of them is the Global Fund, an organization investing significant amounts in the developing countries, mostly in “battle” with HIV/AIDS (The Global Fund, 2011). The start of the Global Fund has been laid in 2001 and its aims are to coordinate international funding. Since then it has approved grants for around 15.6 Billion USD, including for AIDS, TB and Malaria in more than 135 countries funding nearly 572 programs, half of them for Sub-Saharan Africa (The Global Fund, 2011). There is significant collaboration between the Global Fund and governments, civil societies, private sectors and affected communities. The Global Fund also works closely with many bilateral and multilateral organizations to continue the supplement of existing efforts. Unfortunately because of the economic crisis the Fund has faced a shortfall in meeting the 2010 goals by 4 billion USD. The head of the Fund - Professor Michel Kazatchkine - announced that in 2009 for the first time the demand for funds exceeded the funds available (Avert - HIV and AIDS in Africa, 2011) (Hecke, 2009).

Another international program is the US President’s Emergency Plan for AIDS Relief (PEPFAR), which was founded in 2003 with funding in Africa as a main purpose of the program. In 2003 the former president of the United States of America – George W. Bush started the PEPFAR program to combat the global HIV and AIDS pandemic. In the period of 5 years the organization promised to provide US$15 billion to support HIV/AIDS prevention and treatment. In 2008, the organization announced that they have approved for the period 2009-2013 another US$ 48 billion. The current US President Barak Obama informed that for the next six-year period this amount will be increased to US$ 51 billion (The United States President's Emergency Plan for AIDS Relief, 2009).

Because of the current crisis, shortfall are expected, therefore at least one million people will not receive AVRs; 2.9 million women will not receive drugs preventing mother-to-child transmission; 27 million people will not have access to programs preventing sexual transmitted infections; around 1.9 million orphans and other children would become vulnerable to HIV and AIDS and would not receive care and support services. PEPFAR has given nearly 6.5 billion USD during the fiscal year 2009 for combating AIDS, TB and

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23For more information about PERFAR - [http://www.pepfar.gov/](http://www.pepfar.gov/), and Appendix 5 – list of countries PERFAR is supporting
24For more information look Appendix 3

Of course money is one of the most important tools for HIV prevention; however it is not the only instrument: health education should be provided; communication systems, infrastructure and development should work efficiently. Therefore, developing countries should not rely only on international funding, but they have to stimulate more their domestic presence, which is quite necessary for the sustainability of the health programs. Not all the problems, however, are connected with money or lack of money. Still in many regions stigma and discriminations exist as a barrier of combating HIV/AIDS. Many people are afraid of discrimination and do not want to get tested or seek for treatment or even admit their HIV status in public. The education in Sub-Saharan Africa could help in this direction. The discrimination has to be removed at both community and national levels so the fear and prejudice that lie at the core of HIV/AIDS to be ended. It is seen that almost everywhere in the world, as well as in Africa, AIDS epidemic is worsen by social and economic inequalities between men and women. Everywhere in the developing countries women and girls are exposed to immense discrimination. Women are particular vulnerable to HIV infection. By education could be prevented new infection or to be informed more women and girls. There should be education programs that inform young girls and provide knowledge, so when they become sexually active to know the risks and prevention instruments (Joint United Nations Programme on HIV/AIDS, 2010).
8 Recommendations and Conclusion

In 2009, the whole world experienced downturn in the economy. Early in 2009 were made projections, but despite the large decline in rates, trade and capital flows, the world managed to avoid these projections and a global recovery could be expected to start from 2010-2011 (Eckbald, January 20, 2011). The world is in a strong connection – emerging economies are going to assist the developing one, especially China and India. Growth in these economies is going to stimulate Africa directly by increasing the demand for exports and capital inflows. In addition, there is going to be indirect positive impact on global commodity process. A sign of a recovery in Africa could have been seen in the second half of 2010; however, many of the African countries are still far from the high “step” of the economic development that was achieved in the period 2002-2007. The decrease of the per capita income will cause many of the hard-earned social and economic gains to decrease, which will lead to a slower reach of the MDG targets for African countries (Go, Delfin S.; Harmsen, Richard, 2010).

During the crisis, Africa’s growth decreased, which causes difficulties in the social development. Possible ways to decrease the effects of the crisis on the region is to diversify the economy, which will help the long-term growth prospects and unemployment. In these are included macroeconomic, structural policies and institutional changes. Monetary policies are playing huge role in declining the inflation rates, not only in the whole world, but also in Africa. Looking only at the macroeconomic policies, we are to understand that they cannot help alone, especially not for stronger and sustainable growth. More changes are needed in the financial and banking sectors, with improved supervision of the liquidity, credit risks and pension funds. A healthier business climate is leading to improvements in the private sector, increase of the investments; growth recovery will come more easily and chances for better employment and poverty rates. A good way to “wake up” the economy is to invest in infrastructure, human capital and other productivity. Some of the issues include better policy for combating poverty and hunger; creation of more work places; better access and improvement of the social services, like education and healthcare; decreasing of gender inequality; better attention to the vulnerable groups; promoting more peace and security, strengthening of HIV/AIDS prevention and treatments; and to improve the collection of data and analysis of it for better policy development (African Development Bank)(Go, Delfin S.;
In addition to the decrease of growth (before the crisis it was 5%, in 2009 – 1.7%, (Fosu & Naude, June, 2009)), exports are significantly shrinking; furthermore in addition many of the revenues could be lost (around 100 billion USD). Moreover, projections were made about the possible consequences of this on Africa economy. Some of these projections show that nearly 36 million people are going to become unemployed, which will increase the “working poverty” rate. Many of the effects of the crisis are going to leave lasting marks, like increasing of the infant mortality, bigger drop out of school rates, wide spreading of the malnutrition, crimes and conflicts are going to increase drastically, increasing of the rate of emigrations and many more (Fosu & Naude, June, 2009).

Africa is going to recover from the crisis, but what will be the “price” of this is too early to be said. In the past, the decrease of the income was connected with the level of conflicts in the region, now this has been changed. Many of the people connected with Africa’s recovery are convinced that the continent will improve itself; it will learn the lessons of past mistakes, so to be able to start clean its new way for the future. To have this recovery now, Africa should implement different strategies: to make sure that the trade channels will stay open, to be certain that they will receive the promised aid and to avoid the reckless lending, which can cause a debt crisis. In addition, it could be good to stimulate the fiscal policies and to work towards a reform in the financial system (Fosu & Naude, June, 2009).

Many of the researches are showing that the current economic and financial crisis is going to cause many changes for Africa, also provide challenges for the different sectors of the economy. In addition, there will be seen opportunities for future development of the political environment, which not only will help the countries from the region to recover faster, but also to make significant future reforms for long-turn growth, including employment and reduction of the poverty. In short-term, Africa should focus on fiscal and monetary policies, as well as investments in infrastructure, education and health care. Better attention to the vulnerable groups including women and young people is required. Generally, the region should put more consideration to policies, which would increase the total productivity (improved economic and political management, political stability, technology transfer and investment in research and development). Nowadays, Sub-Saharan countries have the chance to change their position in international forums and events, where important decisions are made. Africa would like to take part in the different economic and financial events, to have more attendance in the
International Monetary Fund, the World Bank and other international organization (United Nations Economic and Social Council and Economic Commission for Africa, 2-5 June 2009).

In conclusion, we see that Africa cannot continue to rely on international aid and community to finance the development agenda. The countries from Sub-Saharan Africa should raise their own efforts for increasing their resources to finance their development, using innovative and improved programs.
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Appendices:

Appendix 1: - Sub-Saharan Africa

It is a term used to describe the area of the African continent which lies south of the Sahara or those African countries which are fully or partially located south of the Sahara. It contrasts with North Africa, which is considered a part of the Arab World.

The economy of Africa consists of the trade, industry, and resources of the people of Africa. As of 2006, approximately 922 million people were living in 54 different countries. Africa is the world's poorest inhabited continent. Though parts of the continent have made significant gains over the last few years, of the 175 countries reviewed in the United Nations' Human Development Report 2003, 25 African nations ranked lowest amongst the nations of the world. This is partly due to its turbulent history. The decolonization of Africa was fraught with instability aggravated by cold war conflict. Since mid-20th century, the Cold War and increased corruption and despotism have also contributed to Africa's poor economy.
Appendix 2–Country Grouping

Resource-Rich:

Oil: Angola, Cameroon, Chad, Republic of Congo, Equatorial Guinea, Gabon, Nigeria;
Non-oil: Botswana, Cote d’Ivoire, Guinea, Namibia, Sierra Leone, Zambia;

Non-Resource-Rich:

Coastal: Benin, Cape Verde, Comoros, Eritrea, the Gambia, Ghana, Guinea- Bissau, Liberia,
Kenya, Madagascar, Mauritius, Mozambique, Sao Tome and Principe, Senegal, Seychelles,
South Africa, Tanzania, Togo;
Landlocked: Burkina Faso, Burundi, Central Africa Republic, Democratic republic of Congo,
Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, Swaziland, Uganda, Zimbabwe;

Source: Regional Economic Outlook – Sub-Saharan Africa, Recovery and new risks, Apr’11
## Appendix 3 – Country Classification According to the World Bank

### World Bank list of economies (January 2011)

<table>
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<th>Lending category</th>
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Source: The World Bank official web page - http://data.worldbank.org/about/country-classifications/country-and-lending-groups#Sub_Saharan_Africa
Appendix 4: Oil Producing Countries Africa

Angola (OPEC Member; joined December 2006)
Cameroon
Chad
Côte d'Ivoire
Democratic Republic of the Congo
Republic of the Congo
Equatorial Guinea
Gabon
Mauritania
Nigeria (OPEC Member)
South Africa
Sudan

The upstream oil industry is key to the continent of Africa. According to the 2008 BP Statistical Energy Survey, Africa had proven oil reserves of 117.481 billion barrels at the end of 2007 or 9.49 % of the world's reserves and in 2007 the region produced an average of 10317.6 thousand barrels of crude oil per day, 12.5% of the world total and a change of 3.1 % compared to 2006. Five countries dominate Africa's upstream oil production. Together they account for 85% of the continent's oil production and are, in order of decreasing output, Nigeria, Libya, Algeria, Egypt and Angola. Other oil producing countries are Gabon, Congo, Cameroon, Tunisia, Equatorial Guinea, the Democratic Republic of the Congo, and Côte d'Ivoire. Exploration is taking place in a number of other countries that aim to increase their output or become first time producers. Included in this list are Chad, Sudan, Namibia, South Africa and Madagascar while Mozambique and Tanzania are potential gas producers.

Source: http://www.eia.doe.gov/emeu/international/contents.html
## Appendix 5 – Millennium Development Goals

<table>
<thead>
<tr>
<th>GOAL 1</th>
<th>ERADICATE EXTREME POVERTY AND HUNGER</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 1.A</td>
<td>Halve, between 1990 and 2015, the proportion of people whose income is less than $1.25 a day</td>
</tr>
<tr>
<td>TARGET 1.B</td>
<td>Achieve full and productive employment and decent work for all, including women and young people</td>
</tr>
<tr>
<td>TARGET 1.C</td>
<td>Halve, between 1990 and 2015, the proportion of people who suffer from hunger</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 2</th>
<th>ACHIEVE UNIVERSAL PRIMARY EDUCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 2.A</td>
<td>Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 3</th>
<th>PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 3.A</td>
<td>Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 4</th>
<th>REDUCE CHILD MORTALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 4.A</td>
<td>Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 5</th>
<th>IMPROVE MATERNAL HEALTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 5.A</td>
<td>Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio</td>
</tr>
<tr>
<td>TARGET 5.B</td>
<td>Achieve by 2015 universal access to reproductive health</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 6</th>
<th>COMBAT HIV/AIDS, MALARIA, AND OTHER DISEASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 6.A</td>
<td>Have halted by 2015 and begun to reverse the spread of HIV/AIDS</td>
</tr>
<tr>
<td>TARGET 6.B</td>
<td>Achieve by 2015 universal access to treatment for HIV/AIDS for all those who need it</td>
</tr>
<tr>
<td>TARGET 6.C</td>
<td>Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 7</th>
<th>ENSURE ENVIRONMENTAL SUSTAINABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 7.A</td>
<td>Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</td>
</tr>
<tr>
<td>TARGET 7.B</td>
<td>Reduce biodiversity loss, achieving by 2015 a significant reduction in the rate of loss</td>
</tr>
<tr>
<td>TARGET 7.C</td>
<td>Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation</td>
</tr>
<tr>
<td>TARGET 7.D</td>
<td>Have achieved a significant improvement by 2020 in the lives of at least 100 million slum dwellers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL 8</th>
<th>DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET 8.A</td>
<td>Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (including a commitment to good governance, development, and poverty reduction, nationally and internationally)</td>
</tr>
<tr>
<td>TARGET 8.B</td>
<td>Address the special needs of the least-developed countries (including tariff- and quota-free access for exports of the least-developed countries; enhanced debt relief for heavily indebted poor countries and cancellation of official bilateral debt; and more generous official development assistance for countries committed to reducing poverty)</td>
</tr>
<tr>
<td>TARGET 8.C</td>
<td>Address the special needs of landlocked countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the 22nd session of the General Assembly)</td>
</tr>
<tr>
<td>TARGET 8.D</td>
<td>Deal comprehensively with the debt problems of developing countries through national and international measures to make debt sustainable in the long term</td>
</tr>
<tr>
<td>TARGET 8.E</td>
<td>In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries</td>
</tr>
<tr>
<td>TARGET 8.F</td>
<td>In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</td>
</tr>
</tbody>
</table>

### Appendix 6 - Country list - PEPFAR-supported efforts:

<table>
<thead>
<tr>
<th>Country</th>
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<th>Country</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Botswana</td>
<td>Cambodia</td>
<td>Côte d'Ivoire</td>
</tr>
<tr>
<td>Democratic Republic of the Congo</td>
<td>Ethiopia</td>
<td>Ghana</td>
<td>Kenya</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Namibia</td>
<td>Nigeria</td>
<td>Rwanda</td>
</tr>
<tr>
<td>South Africa</td>
<td>Sudan</td>
<td>Swaziland</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Uganda</td>
<td>Zambia</td>
<td>Zimbabwe</td>
<td></td>
</tr>
</tbody>
</table>