

The Ministry of Foreign Affairs of Estonia is developing an Africa strategy to guide Estonia's development cooperation with the African continent. Africa receives great prominence in the EU agenda, as this institution currently provides around 40% of total Official Development Assistance (ODA) received by the African continent, absorbing approximately one third of the budget that the EU allocates to foreign aid. Most of EU member States also are active in bilateral foreign aid initiatives addressed to specific African countries, even though only a few of them (like Germany and Ireland) have developed a comprehensive policy to guide their strategy for cooperation with Africa.

Recent economic growth in Africa has been driven by high commodity prices, higher oil production and favourable weather, in addition to investment in public infrastructure and improved macroeconomic management. Security and political stability have also increased in recent years, being the levels of high fatality violence, politically violent events and wars much lower than in the past.

A [report](#) published on behalf of the Estonian Ministry of Foreign Affairs by ECDPM, a Netherlands-based leading independent think tank that analyses policies for inclusive and sustainable development in Europe and Africa, gives an overview of the current and future economic, social and political landscape of the African continent and identifies the sectors with the major opportunities (and challenges) for sustainable development. It also presents information on development cooperation activities of EU institutions, EU member states and other main donors in Africa, with a particular focus on agro-industries, forest industries, ICT and renewable energy sectors.

According to the study, East Africa remains the fastest growing economy in Africa, followed by West Africa, while Central, North and Southern Africa's economies are growing at a slower pace. For many economies in Africa - especially those where the agricultural sector represents a significant share of their Gross Domestic Product (GDP) - growth is however still volatile and subject to external commodity shocks or severe climate fluctuation. This is attributed to the fact that many African countries remain highly dependent on rain-fed agriculture and commodity exports, and thus often struggle to sustain growth over a long period of time. It is estimated that 27 out of 33 countries most at risk of climate change in the world are in Africa. Climate fluctuations like shifts in temperatures, changing rainfall patterns, desertification and frequently occurring extreme weather events (ex. drought and flooding), are some of the major risks negatively affecting the productivity of the agricultural sector, as environmental and climatic hazards create stresses in terms of food security, water scarcity and resource management.

The report also points out that agriculture accounts for about 25% of GDP in Africa on average, while the services sector accounts for over 50% of GDP. The manufacturing sector, on the other hand (which it is considered critical to absorb in the future the growing supply of youth and working population in Africa), still represents a small proportion of total African GDP, and is characterized by low levels of productivity and competitiveness.

Concerning intra-regional trade in Africa, the report observes as this is among the lowest in the world, despite the overall cost of trade has declined in the last years, even though more slowly than in other part of the world. The large infrastructure deficit still remains the main culprit. The study also reveals that differently from Africa's external trade, which is mainly based on the export of commodities to foreign markets, Intra-African trade is more sophisticated, being characterized by a greater share of manufactured products which are exchanged among African countries.

Cross-border informal trade also represents an important component of African economy, with over 40% of the African population depending on such sector (informal cross border trade refers to commercial exchanges conducted across borders by individuals operating as unregistered sole traders). African countries and Regional Economic Communities (RECs) should therefore continue to focus their efforts on the development of initiatives and incentives aimed at favouring the transition of this sector to the formal economy (initiatives on Simplified Trade Regimes have been already developed by COMESA and SADC).

