

National Forum on Africa

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As we all know, the Prime Minister and other G8 leaders have stated their intention of devoting particular attention to the problems of Africa in their forthcoming meeting in Canada. To place our discussions of Canadian foreign policy in Africa within some context, let me begin by calling attention to at least four other particularly significant international meetings this year, the outcome of each of which is highly relevant to Africa's future. The G8 Summit is not the only meeting that matters. Let me also draw attention to two significant recently launched African initiatives, one widely known, the other not.

On the international diplomatic front, first, let me highlight:

1) the UN Conference on Financing for Development, to be held in March, in Monterrey, Mexico. This conference will address the means of financing, both domestically and internationally, the achievement by the year 2015 of the agreed development goals of the UN Millennium Summit Declaration. These goals include the halving of the proportion of the world's population living in extreme poverty, without adequate food, nutrition or access to safe drinking water; universal primary education and gender equality in education; a 3/4 decline in maternal mortality and 2/3 decline in mortality for children under five; halting and reversing the spread of HIV/AIDS, with special assistance for AIDS orphans; and improved lives for 100 million people who dwell in urban slums. (It is widely recognized by now that, even in the best of circumstances, these targets are unlikely to be met in sub-Saharan Africa.) This conference marks the first occasion when the UN has enlisted the full cooperation of the international financial institutions (the IMF and the World Bank) in a financial initiative led by the UN itself. While the preparatory process for the conference has been disappointing so far, all is not yet lost. In any case, the precedent of UN leadership in financial affairs is important in itself.

2) The UN Summit Conference on Children, in May, to review progress towards the agreements reached at the unique and remarkable Children's Summit, held at the UN in 1991, ten years later. (This was to be held in New York last September but other events forced its last-minute postponement.) Progress has been made. Only two UN members have still failed to ratify its Convention on the Rights of the Child — Somalia and the U.S.A. But much more remains to be done to translate rhetoric into reality for the world's children.

3) The Summit Conference on Sustainable Development (better known as Rio plus ten) to be held in late August in Johannesburg, again to review global environmental developments and progress, or lack thereof, with the panoply of agreements reached in Rio ten years ago.

4) The annual meetings of the IMF and World Bank, and the spring meetings of their key committees (the International Monetary and Finance Committee and the Development Committee) each with an unusually full agenda. These agendas include (this is far from a complete list) a major review of experience with PRSPs and the IMF's PRGFs in Africa and elsewhere; assessment of the progress of debt relief for the HIPC's; proposals for new international bankruptcy procedures for middle-income countries; the terms under which IDA funds will be replenished; consideration of a new SDR issue; and quota revisions and governance reforms in the IMF.

What are the two African initiatives which I mentioned?

1) The first is the proposal for a New Partnership for Africa's Development (NEPAD), put forward by African heads of state (notably those of Nigeria, South Africa, Senegal and Algeria), which may offer new hope for increased security, poverty reduction and development for the peoples of Africa. The most important element in the NEPAD is the fact that it originated from Africans themselves rather than from donor capitals or UN conferences. Although not effectively based as yet within African civil society or parliaments, indeed not generally even known about by African peoples, the NEPAD does constitute a step towards the African ownership of development programs that all now, in principle, agree is critical to their success. The NEPAD document acknowledges, realistically, the central importance of domestic conflict resolution, peace and security; and improved internal governance. Equally realistically, it accepts African responsibility for addressing these issues, and it establishes clear priorities for early action. The NEPAD also, of course, calls for new forms of external "partnership," including better market access for its export products, increased foreign direct investment, and increased and improved forms/mechanisms of official development assistance.

2) The second is much less well known and is confined to one country, albeit a country that is now emerging as one of the latest externally approved "models" for others on the African continent, a country in which I have personal interest and experience. Tanzania and most of its aid donors have been, for some years, in active pursuit of a new "aid relationship" characterized by, among other things, local leadership and balanced performance monitoring. This experience, I believe, deserves far more attention than it has so far received because of its potential significance as a "pilot" for altered future aid relationships right across the continent, indeed the developing world.

Let me begin my reflections on Canadian foreign policy towards Africa, more generally, with some comment on Canada's potential role within the G8 and its forthcoming meeting in Canada. Without question, the struggle against terrorism and efforts toward increased G8 cooperation in security matters, narrowly defined, will be prominent in the G8 discussions; and the voice and influence of the United States will dominate debate on

these matters. Canada, while certainly having an interest and a role in these security issues, is unlikely to be able to, and probably does not aspire to, have much impact upon what the G8 leaders may decide in this sphere. On the other hand, in other matters on the agenda, not only are differences among individual G8 members quite evident; but constructive leadership also shows no sign of emanating from the U.S.

These include: 1) appropriate responses to Africa's developmental problems, and, in particular, the NEPAD proposal; and 2) the need for more effective global economic policies in support of internationally agreed development goals. In these latter two spheres, the governments of the United Kingdom and a number of European non-G8 members (Holland and the Scandinavian countries in particular) have recently offered more positive responses and proposals than the still-footdragging United States or, so far, than Canada. By adding its voice, its concrete and constructive proposals for collective action, and its own independent policies, to those of others, the Government of Canada can and should have an important impact upon G8 and global policies. Its links with the Commonwealth and la Francophonie give Canada unusual further opportunities for the exercise of constructive influences...if it chooses to utilize them. It can, I believe, if it really wants to and if it chooses its allies in the struggle properly, exercise significant influence — toward global policies that promote global development, a brighter future for Africa in particular, more effective multilateral responses to global problems, and more holistic approaches to global security issues.

Let me say a further word about “security,” African and our own. It hardly needs saying, in a meeting like this, that without an end to violence and civil war in Africa, and the protection of all fundamental human rights — political and civil, as well socio-economic, there are likely to be early limits to what can be achieved by even the best of efforts at poverty reduction and sustainable development. As I have already noted, the NEPAD fully recognizes this and seeks to establish primary African responsibility for African problems of this sort. But Africans' security problems extend well beyond those of human conflict and political oppression. Economic shocks created by such influences as commodity price collapses and natural disasters pose threats to average Africans that are frequently no less daunting. For instance, the price of coffee has dropped in half over the course of the past two years, and the prices of many other African exports like cocoa, cotton and oil have also plunged. And the volcanic eruption in the Congo and widespread drought in other parts of the continent illustrate what nature can do to vulnerable peoples, communities and nations. Now, of course, Africans face the further threat of rampant disease, in particular the AIDS pandemic. In the World Bank's latest review of the problem of global poverty (in its millennial WDR), it actually defined “poverty” so as to include social and economic vulnerability, and political voicelessness and powerlessness, along with the traditional more material measures thereof. Insecurity (in all of its dimensions) is now widely (and, in my view, correctly) seen, in Africa, as elsewhere as another important element of overall poverty.

In our own (Canadian) case, much has been made of our need to improve our “security” since the events of last September 11th, and a great deal of money is being spent upon it. But our security concerns cannot be addressed without their global context. Apart from

the continuing moral imperative of formulating an effective and continuing response to global poverty, it is important for us all to recognize that our overall security cannot be achieved purely through police and military activity. Our security is also significantly influenced by material poverty, diminution of human rights, insecurity, voicelessness and hopelessness overseas. These have direct implications for global security — for such deleterious influences upon us as the spread of infectious diseases, environmental degradation, religious fanaticism and terrorism. I was deeply impressed, and cheered, by the testimony of the former head of Canada’s security and intelligence service (CSIS) to the House of Commons Standing Committee on Foreign Affairs and International Trade last week when he made the same argument. I was also impressed by the responses of the Committee members who, without exception, fully accepted these arguments. Put metaphorically, as someone else has done, we cannot expect to continue to ride comfortably in our limousines through the global slums without having the odd rock thrown through our windows. I, for one, believe that we have now reached a point at which the serious addressing of global poverty, in Africa and elsewhere, will do more for our security, and that of my grandchildren (I have 4), than further expenditures upon the military, police and border officials. It seems that many at last week’s World Economic Forum in New York, both in the streets and inside the meetings themselves, now think similarly.

Within that context, let me return to Canadian (and others’) foreign policy. What are the key elements of an effective response to Africa’s needs and its new partnership proposals? In a meeting of this kind, we all are forced to temper our analysis and our aspirations somewhat in order to have any hope of being listened to by a severely politically-constrained Government and an (understandably) cautious civil service/ Dept. of Foreign Affairs and International Trade. Knowing what we do about past Canadian performance and current political realities, all we can realistically hope to accomplish in consultations such as today’s is to “push the envelope” a little... in the direction of the policy changes that we believe to be necessary. I shall address 8 points. I believe that all of the policies I advocate are well within the bounds of both global and Canadian political realities.

1) First, there must be international recognition, not just in rhetoric but in actual country-level practice in Africa, that development projects and programs must be African-led and African-owned, rather than, as too frequently, driven by external institutions and donors. Every effort must be made to foster local ownership of development efforts. This can be done in many ways:

i) through strong support, when it is requested, for improved accounting, financial management, and audit systems that will provide assurance to financial backers that their funds are not being squandered;

ii) through the increased provision, where effective financial management systems are in place, of general or sector-level budget support for locally-led development programs, in which donors are collaborators in planning rather than sources of uncoordinated and independent projects;

iii) through increased coordination and standardization of donor approaches so as to reduce the still-inordinate transactions costs to already-stressed African administrations; and

iv) through much increased emphasis upon building and using indigenous capacity (and, to an increased extent, Africans in the overseas diaspora), rather than resorting to expensive foreign technical expertise; and

2) Second, all such external assistance will be more cost-effective when procurement is not tied, either formally or informally, to any particular source. It is shocking that so much aid, even to the poorest countries, and even when it comes from the most vigorous proponents of free markets and competition, continues to be procurement-tied.

3) Third, aid will also contribute to more effective planning if it can be provided on a more stable and predictable basis; and if it can be quickly supplemented in response to unforeseen adverse economic shocks, such as the recent collapse in primary commodity prices, and other kinds of shock, such as bad weather.

4) Fourth, an absolutely critical need, is the independent monitoring and evaluation of performance, not simply of African governments (whose performance is thoroughly assessed by donors and international financial institutions on a regular basis already), but also of external donors. Much of the perceived “failure” of earlier aid effort is attributable to deficiencies and defects in delivery mechanisms, and inability or unwillingness truly to transfer ownership to locals. These matters can and should be monitored and reported upon — and this monitoring/ reporting function should be undertaken not just, as at present, by the donors themselves; and not just, as in the OECD, at the level of aggregate donor global performance; and not just by donor peers, who will be too prone to mutual backscratching. This monitoring, assessment, and reporting must be undertaken by independent people; and it must be undertaken at the level of individual African countries. In Tanzania, as I have mentioned, experimentation with such independent monitoring and evaluation systems — incorporating donor as well as recipient governmental performance — is already under way.

The creation of effective, balanced and independent performance monitoring and evaluation systems (or not) constitutes the “acid test” of the seriousness of donors about their rhetoric concerning “new partnership,” “aid coordination” and the desirability of “local ownership.” The NEPAD has specifically asked for such new, more balanced, aid relationships.

5) Fifth, apart from assistance to particular African countries, the donor community should be increasing and improving its support for major underfunded activities that carry very high developmental returns, through institutions whose success is not so dependent upon the performance of individual African governments (like the CGIAR, IDRC, particular multilateral bodies and NGOs):

i) research on new drugs and other measures for the control of neglected tropical diseases, research that typically does not offer the prospect of profit for private pharmaceutical companies, because of the poverty of the potential beneficiaries; the new Fund for malaria, TB and AIDS, and MSF's Drugs for Neglected Diseases initiative are particularly deserving of support;

ii) research on the improvement of smallholder agricultural productivity in African soil, water and climatic conditions; research funding in this sphere has recently been declining; both national agricultural research systems and those of the CGIAR deserve more support;

iii) improved primary health care and education for poor African children, especially girls, through UNICEF and other channels; and

iv) long-term professional, technical and institutional capacity building in all spheres of government, civil society and the private sector, and, in particular, for the work of Africa's own Capacity Building Foundation.

6) Sixth, it must be accepted that it is not merely improved forms of aid or improved aid relationships that are required, important as I have suggested that they certainly are. Significantly increased resource flows are also necessary. Nominal official development assistance flows to Africa fell by roughly 40% in the 1990s! Debt relief has often been helpful; but, while helpful and absolutely necessary, it has typically had negligible impact upon actual net flows of real resources since most of the debt which was written down was not previously being serviced anyway. The remaining debt of the heavily indebted poor countries (HIPC) should be written down more quickly and more completely — this is simply a matter of recognition of reality and consequent proper book-keeping — but such further debt write-downs will not, of themselves, address the need for significantly expanded real resource flows.

Informed estimates of what would be required to begin to meet agreed global developmental objectives, not just Africa's, suggest a doubling of current aid flows — an increase of about \$50 billion. The British Chancellor of the Exchequer has called for a campaign to raise extra resource flows of exactly that amount. The UN has estimated that to meet African growth targets of 6% per year (the NEPAD aims for at least 7%), assuming that all African countries were eligible for full support (an unlikely prospect), would require much less: aid increases of \$10 billion per year. (The NEPAD "resource gap" figure of \$64 billion per year, which has received some media attention, includes the estimated need for increased domestic African resource mobilization and private foreign capital inflows. It is not an estimate of aid requirements, and should not be compared with estimates of aid needs or prospects.)

Let me try to place such numbers into context.

If all OECD members actually delivered on the promise to utilize 0.7% of their GDP for aid, as 3 Scandinavian countries and the Dutch consistently do, aid flows would

immediately rise by \$100 billion. The U.S. has never accepted that target and has opposed its re-inclusion in the draft text for the coming UN conference in Mexico. Its aid performance is the worst in the G8, indeed in the OECD (0.1% of its GDP). At the same time President Bush's new budget calls for an increase in U.S. military spending of \$48 billion, and another nearly \$20 billion on "homeland security," all of which is additional to the extra \$17 billion of military spending already appropriated by Congress for the conduct of the war in the last fiscal year. That makes a total increase of \$85 billion for military and security purposes in the U.S. alone. (U.S. military and security spending will be roughly 40 times its spending on aid; and its aid spending is itself heavily concentrated on Israel, Egypt and other strategically significant areas rather than upon the poorest.)

Those Canadian officials who claim that significantly increased official development assistance is "just not on," and they unfortunately have included Prime Minister Chrétien's "sherpa" for the coming G8 Summit (Bob Fowler) really mean that it is impossible in current political circumstances in the United States. That is not the view of the governments of the U.K., Holland or most of the Scandinavian countries. Nor is it the view of the Managing Director of the IMF, the President of the World Bank, the head of the UNDP, UNICEF, WHO or indeed the Secretary-General of the United Nations. It is bizarre to suggest, as some do (including, last week, Vice-President Cheney), that significantly expanded resource flows could not be usefully absorbed. There is absolutely no reason to let U.S. perceptions, current preoccupations and politics determine the behaviour of the rest of the global community in development efforts, any more than in the many other spheres in which the world has moved on despite the U.S. preference for going its own unilateral way. (e.g., landmines, global climate change, biochemical weapons, antiballistic missile systems, international criminal courts, the Convention on the Rights of the Child, etc.). This is not anti-Americanism. It is pro-humanity.

Significant and sustained increases in official development assistance are a necessary element of any credible approach to the agreed international development targets and, of course, to the NEPAD.

7) Seventh, much has been made, both in the NEPAD proposal and elsewhere, of the possibility of expanding African trade and investment opportunities. Improved and predictable market access for African products would certainly be very helpful to them. So would stable increases in private investment inflows, particularly equity. But it is an illusion to think that reduction in trade and investment barriers will, by themselves, do much for the poorest countries.

Rather, the poorest countries need investment, which will have to be primarily governmental, in the infrastructure, skills and other elements of supply capacity that will enable them to respond to expanded market opportunities. But even these will not be enough. If the poorest countries are to achieve greater success in the global trade and investment community there are certain other immediate and continuing requisites which the rest of the world can help to provide. These include:

i) freedom to deploy policy instruments in support of humanitarian objectives and relevant capacity building for longer-term development, without penalty, regardless of whatever harmonized rules systems may have been created in the WTO or elsewhere — for such matters as export subsidies, investment measures, and intellectual property; that is, effective “special and differential” treatment;

ii) high-quality and demand-driven, rather than supply-driven, assistance for these countries as they seek to negotiate equitable trade and investment agreements, implement earlier agreements in ways that meet their needs, defend their negotiated rights, and build their own legal and policymaking capacities to do these things for themselves.

Nongovernmental initiatives of this kind are being launched and deserve immediate and generous support, notably the ILEAP initiative in which I am personally involved;

iii) effective and enforceable source-country codes of conduct to govern the behaviour of foreign investors operating in countries with limited enforcement capacities of their own. Voluntary self-enforcement within the profit-driven private sector will never be sufficiently effective. Enforceable codes need to govern behaviour in a wide variety of spheres — environmental impacts, recognition of human rights, adherence to accepted ILO labour standards, behaviour in situations of civil conflict, corrupt practices, tax evasion and trade in “blood diamonds,” among others. Canadian and G8 governments must not support — through guarantees, insurance schemes, trade and investment promotion, or otherwise — firms that breach such codes.

8) Lastly, as global economic governance systems are improved and reformed, special effort should be made to ensure that the voices of the poorest are effectively heard and their interests protected. Immediate steps, which may seem to some little more than symbolic, can be taken in recognition of this need, and in implicit response to the NEPAD:

i) the creation of a third African seat in the (24-member) Executive Boards of the IMF and World Bank (the current workloads of African EDs, each responsible for over 20 countries, most of which have IMF programs, are — quite frankly — impossible);

ii) addition of a representative of the HIPCs, or possibly even two, to the Canadian-chaired Group of Twenty on international financial architecture (at present they have no representation there whatsoever);

iii) clear commitment to developmental objectives in the rules and practices, rather than merely the rhetoric, of the WTO; and WTO processes and governance arrangements that reflect it;

iv) support for a continuing, indeed expanded, role for the United Nations in the sphere of development finance, after the Mexico conference — in research; in the establishment of norms and targets; in the provision of a more democratic and freer forum for discussion than the Bretton Woods institutions at present provide; as well as in direct supports in the social sectors and for global public goods.

I hope that I have made it clear that what is so far on offer from the Government of Canada — expanded HIPC debt relief, improved African market access, and a \$500 million Africa Fund of some sort — will not be sufficient to achieve a significant impact for Africa, and will not therefore constitute a sufficient response to the NEPAD initiative.

Canadians would, I believe, take great pride in a Government that joined others in seeking to move the G8 and the world towards constructive responses to African (and others') development challenges. If some G8 members will not seriously embrace the suggested new development partnership, let Canada join those — within the G8 or without it — who will. And let us, in that case, quite simply abandon the search for an inevitably watered-down, purely G8, "Plan of Action." If the G8 cannot lead in this critically important realm, it will be counterproductive to pretend that it can. Other international groups and other international meetings provide Canada with no shortage of alternative opportunities.