

Consultation with Sir Nick Stern¹ on an agenda for the Commission for Africa

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Sir Nick Stern, Director of Policy Research at the Commission for Africa (CFA) recently visited Africa to hear African views on priorities for the commission. After his first stop in Addis Ababa he visited South Africa to meet Finance Minister Trevor Manuel, one of the commissioners. SARPN hosted a discussion group where Stern introduced the commission and its work, and participated in a searching discussion about the reasons behind its establishment, its proposed role and the challenges that it is likely to encounter.

Stern introduced the work of the CFA by identifying and responding to a series of questions.

- What is it?
- What questions is it trying to grapple with?
- Why now?
- Why another initiative on development in Africa?
- What might emerge from the process?
- What value will the commission add?
- What will people want to see in the report from the commission?

What is it?

Prime Minister Tony Blair established the commission in response to prompting by Sir Bob Geldof. There are 17 invited members, nine from Africa and eight from other parts of the world. It is important that the commissioners are not retired people but are all actively engaged in government or civil society in areas linked to the commission's agenda. Profiles of the commissioners appear at the end of this report.

The hope is that the African majority will play the biggest role in driving the agenda of the commission. Prominent politicians from Africa, Europe and other parts of the globe add political weight to the commission. They will carry much of the responsibility for pushing the envelope and ensuring that the commission makes a difference in relations between Africa and the rich countries.

¹ Stern is Director of Policy Research at the Commission for Africa. From 2000-3 he was chief Economist and Senior Vice President, Development Economics at the World Bank. From 1994-9 he was Chief Economist and Special Counsellor to the President, European Bank for Reconstruction and Development. Before that he was mainly involved in academic life researching and publishing on economic development and growth, public policy and the role of the state, and economies in transition. For more than 25 years he has studied the economy and society of Palampur, a village in northern India where he lived for eight months in 1974-5. He has degrees from Cambridge and Oxford.

The make up of the commission attempted to achieve a geographical spread without being exhaustive. Commissioners operate in their individual capacity.

What is the commission trying to do?

The key question the commission is trying to address is what should rich countries do to help foster successful development in Africa? What this means in practice has to be answered in large part by Africans.

It will look at what the rich countries can do to help support African initiatives and institutions. Especially pan African institutions such as the African Union (AU) and NEPAD.

In order to take this on board the commission has to develop an understanding of the problems facing development in Africa. These are both geographical and historical. The historical process that led to the division of Africa into countries has created problems. This is especially the case when political boundaries turn into economic barriers that hinder the development of markets.

Other problems include the climate, the challenge of diseases like malaria, weak governments engaged in protracted conflicts, the difficulties of breaking into rich country markets and of competing with successful low cost producers from other areas, particularly in Asia. Africa also faces a huge problem with HIV/AIDS.

Put together these things give a picture of why development is so difficult in Africa and also provide a good part of the answer of what rich countries should be doing. Stern said, "They tell you that unless there is a fairly strong intervention we are likely to continue to see slow progress in development in Africa. A big coordinated push will be needed to break out of the trap."

Why now?

Is this just another in a long line of enquiries into the problems of Africa?

A number of things about 2005 suggest that it could be a year in which to make a difference.

- It is the 20th anniversary of Live Aid, which first made the problems of Africa a domestic political issue in many developed countries and exerted pressure to act. The Jubilee 2000 campaign to cancel foreign debt also made African issues into domestic political issues in developed countries but this does not happen often.
- 2005 is also the anniversary of the Brandt Commission and NGOs in the rich countries will run a campaign to assess progress towards achieving the Millennium Development Goals (MDGs).
- 2005 may also see some re-assessment of foreign policy in the rich countries. 9/11 interrupted a promising sequence of events including the Doha development round of WTO talks, the Monterrey meeting on finance for development, the G8 meeting in Kananaskis in Canada and the WSSD in Johannesburg which suggested a spirit of addressing world problems in a collaborative way. This has not characterised the last two years since 9/11. 2005 may see a return to a more collaborative approach to development challenges.
- In 2005 the UK will hold the presidencies of the OECD and the EU. Getting the ear of the G8 is not easy but Tony Blair is absolutely committed to this and will push on it. As a result there may be a chance to generate energy and momentum.
- African achievements also present a powerful case for arguing that aid may be more effective in 2005. Aid has never been lower as a percentage of the GDP of the rich countries than it is at present but at the same time the productivity of that aid is better than it has ever been.

Stern pointed out that all of this adds up to a real opportunity for a big push on African issues in 2005.

How will the commission go about its work and analyse the situation?

If rich countries want to support African development they need to work very closely with African institutions, both political and analytical. In particular they need to have strong links with the AU and NEPAD.

The commission will look at three blocks of issues:

Growth and resources: with the focus on how to organise a climate that will accelerate growth. The private sector will play an important role here and the commission will also emphasise the role of small and medium enterprises.

Empowerment and culture: with the emphasis on promoting the ability of poor people to participate in growth. Strong participation depends on human development but also on institutions.

Governance and institutions: because progress on both of the other two blocks depends on the effectiveness of these institutions.

Different commissioners will take up different parts of the project, which will not focus on research so much as marshalling the evidence in order to produce a clear guide to action. The main strands in the story are well known.

How to promote and support good governance? Rich countries can put resources into countries that improve governance and into specific attempts to improve governance. These could include civil service reform, capacity building, supporting greater transparency, e-government, encouraging the private sector to behave in an ethical way and tracking funds that are put away overseas.

The commission will give rich countries a hard time on barriers that inhibit economic growth by limiting opportunities for investment and trade. Agricultural subsidies in the rich countries are supporting a small proportion of the population and are economically illiterate because there are better ways to support the countryside. The subsidies are also ecologically destructive and ethically indefensible because of what they do to poor countries.

The commission will also look at barriers to economic growth and development in Africa including infrastructure needs and ways to combat corruption. The rich countries can do a lot to help facilitate African involvement in markets.

There are also human development issues such as the fight against diseases like malaria and HIV/AIDS.

On the peace and security front a lot of the initiatives that Africa is taking will come to fruition in the next year or so and strong support will be timely here.

Then there is the question of who will foot the bill for all this – the question of aid. There will be a checklist with pressure on rich countries to provide support.

All this adds up to a big push to help Africa overcome the problems of the past. The big difference is the timing, which creates an opportunity to make a success of a big push.

Has the commission got the right focus? It would like to hear from those present what they consider the priorities to be.

Discussion

The first round of discussion focused on the following questions:

- There seems to be a clear grasp of the situation already, why does the commission need more time to produce a report?
- How can the commission get other countries to increase aid to the level being provided by the Scandinavian countries?
- The capacity to absorb aid is a big issue.
- Will the CFA's work replace the G8 action plan agreed at Kananaskis in Canada?
- Can the focus be sustained beyond 2005?
- Is the UK the only champion of this initiative in the G8?
- Why is Africa of any interest to the rich countries and what do they expect in return?

Stern began by saying that he was only giving a broad outline of the issues and that this did not represent the views of the commissioners on what needs to be done.

The question of money is something the commission will have to work on. It could challenge all the G8 governments including the UK government. That challenge will be on the back of a programme that will say how the additional money can be spent.

Capacity may not be such a big problem. This needs investigation but there is a feeling that many African countries can use a lot more resources effectively.

The commission's programme will not replace the G8 action plan but will build on it. The ideas in the action plan are good but the intervening period has not been good for action. The commission will try to re-energise the plan both in terms of action and the analysis behind the action but there is no intention to undermine Kananaskis.

The rich countries need to win political support for allocating more money to Africa and sustaining this commitment and also for addressing the issue of agricultural subsidies. The commission will help to provide the arguments to win that support. Stern pointed out that Africa never saw a peace dividend after the cold war. Aid has declined and although there has been a slight improvement since 1990 it is still less than it was at the end of the cold war. To turn that around will require political will and for that to happen there has to be a better understanding of the interests of poor countries.

The UK called the commission but the aim is to try and build coalitions within the G8. It will be a challenge to raise the political energy and commitment. This will be the responsibility of the politicians on the commission. It has support from Mandela.

The process of putting together a report will also try to get people involved. There is a lot of work to do to sell the commission and its programme.

Why is Africa of interest? We have looked at a number of the strands in arguments for development. They are more intense but not different in Africa. In general the arguments start from ethical standpoints and work towards self-interest. If you see someone in trouble the right reaction is to try to help. This is not because it is in your self-interest but because you share a common humanity. It comes down to what we understand by a good society – do we want to be part of a society where people help each other and collaborate or one where people take a narrow view and only act in their own self-interest. Many people would prefer the former.

The first argument based on self-interest is that strong trading partners mean more prosperity for all. The world has seen strong growth since WWII but not so much in Africa.

The second argument based on self-interest is that unless you act on poverty and inequality the world will become a more dangerous place. This argument needs to be approached with caution. Is it empirically true? Will greater extremes of poverty make for a more difficult world? It seems to be true that where there is poverty there is more likely to be terrorism and civil strife but we need clearer evidence.

It is also possible to argue that the catastrophes in Rwanda and Burundi did not make things more dangerous for people outside those areas and the same can be said for the troubles in the DRC and in China. There is an argument there but it is not as obvious as some people suggest

The second round of questions raised the following issues:

- It is good to hear the role of the AU and Nepad acknowledged but there are no explicit links with processes and institutions in Africa. Does the commission intend to work closely with them and what structural links will there be apart from information?
- The way in which the report is developed will have a bearing on its reception. What debates and discussion will there be in Africa? And what interaction will there be with civil society?

- From a popular point of view the timing is wrong because the commission is linked with Blair who is suffering a serious loss of trust at home and around the world. It is an old story coming from a new player who is discredited. It seems that Geldof is also concerned about the link with Blair.
- Will the report make a substantial difference in the relationship of the West with Africa? It represents a clever but patronising view of Africa. Even the commitment to work with AU and NEPAD is not convincing. Those initiatives will mature and then they will not need the support of the commission. The real problems are in the West and it needs to take them seriously. There are four simple problems: trade, the management of arms sales, trade subsidies and immigration controls. None of these problems can be addressed from Africa except from an advocacy point of view. What will the commission do about these real structural impediments?
- A lot of trade problems do lie in north but Africa has good access to developed markets in comparison to competitors like India and China. The position that the African group is taking in the WTO is defending its current advantages.
- Most of Africa's trade problems stem from supply side issues like poor regional integration, though there are also problems with the North.

Stern responded that an example of the way rich countries can support African governments and NGOs would be for them to work with the AU on peace and security monitoring and peacekeeping. The commission can find ways to give material support as these processes develop. Another way would be to assist with the development of infrastructure, which is very important for NEPAD.

The commission wants to work and interact with pan African institutions and to find ways to support their programmes. It will not have its own money but will try to argue for and pressure rich countries to give support. People who argue that it is tokenism should suspend their disbelief and see what happens. They can also help the commission to avoid falling into those traps.

The commission needs to produce good proposals in a short span of time to be effective during the time that the UK chairs the G8.

The report is not being produced for the British government. Geldof and the other commissioners see it as an opportunity to push the government.

Trade is important but it is not the only thing and aid does not undermine trade. Resolving the supply side problems requires real resources, infrastructure and logistics, and rural development. GDP in Africa means that most of those resources are not likely to come from local sources.

Issues on the human development side like the battle against malaria and HIV/AIDS also require investment and resources. Even trade requires investments. Getting investment will mean trying to pull the rich countries into long-term commitments.

Immigration issues are very important and the commission will have to look at how to take these forward. Since WWI there has been a decline in the percentage of foreign-born people living in countries. Globalisation has not been about the movement of people. Trade can have an impact here and the potential gains from opening up trade in services are even bigger than those from opening up to trade in goods.

There is also a lot that can be done on the arms trade although it is a politically sensitive issue.

From this point the discussion proceeded on a question and answer basis.

- What about tied aid?

This is a big issue. At present about half of aid is tied to technical assistance, debt reduction or other commitments. Of the \$55 billion that leaves rich countries only about \$20 billion arrives in developing countries. Most countries count the costs of their development departments as part of their aid. They also include humanitarian and technical assistance.

- If the commission is selective about countries on the basis of their governance records will it not create divisions in the AU?

The commission will not disregard governance issues but it is not clear how it will deal with them. A case can be made that aid is more productive where there are better governments. However, allocation needs to be as objective as possible in terms of where poor people are and where aid is likely to be most productive. Allocation could probably be improved. It may be necessary to come up with some principles on how to differentiate.

There are issues around the quality of aid. From a humanitarian and conflict perspective, political will from the North is not strong. There is also a lot of capacity in Africa that is not being addressed. Big business has a close relationship with governments and with aid but this is not the case for small business.

- Are we looking at the African as corrupt and weak or as strong person principled?

The commission is not trying to define anybody. It is trying to come up with a set of policies and actions that can support people fighting for their own development as they define it. Of course where it sees circumstances that mean support is likely to be unproductive it will channel it elsewhere. It will have to make those judgements.

As far as faith in human beings Stern said that he saw them all as trying to do the best for their families. The most important of the small and medium enterprises in Africa is the family farm. It suffers from ill-defined property rights, bureaucratic harassment, physical insecurity and dysfunctional infrastructure – many of these problems also affect other small businesses. Problems with property right and corruption hit SMEs hard. We need to support an environment where small business, including family farms, can invest and grow.

For more information on the commission go to www.commissionforafrica.org

Trevor Manuel on the Commission for Africa

At a seminar on the CFA the next day the Finance Minister commented:

Through the African Peer Review Mechanism, African countries have embarked on an ambitious process to improve our institutional and policy environment, accelerate poverty reduction and install good governance, accountability and best practice on the Continent. The Commission for Africa shall recognise these efforts as a major step along the path to improved governance and give it the backing as the standard-setting institution for African countries.

Moreover, the Commission for Africa shall put pressure on the G8 to meet their commitments to the Africa Action Plan with respect to more and better financing of development, opening markets to products from developed countries, debt relief and promotion of private sector investments in productive assets in Africa. The argument in favour of trade distorting measures has long expired. Moreover, the beggar-thy-neighbour economic policies of the world's largest economies is elevating uncertainty in the world, with negative spill-over effects on investment and growth opportunities of developing countries.

The Commission represents a critical opportunity to work with a key development partner, and member of the G8, to make known Africa's concerns about its own development tasks and to talk about the sort of international economic environment that would be conducive to achieving those tasks."

For the full text of Manuel's speech go to <http://www.sarprn.org.za/documents/d0000849/index.php>

The Commissioners

Tony Blair (Chair) studied law at Oxford, and went on to become a barrister. He entered the UK Parliament as the representative for Sedgefield in 1983 election and became Prime Minister in 1997.

Fola Adeola is founder and chairman of FATE Foundation, a charitable foundation promoting entrepreneurship among the youth in Nigeria and is also the founder and director of Guaranty Trust Bank Plc. He has degrees in accountancy and business management and is a member of the National Institute of Policy & Strategic Studies (MNI).

K Y Amoako is Executive Secretary, Economic Commission for Africa and United Nations Under-Secretary-General, Ghana. He has a doctorate in economics and has worked at the World Bank.

Nancy Baker, a Republican, represented Kansas in the US Senate from 1979 to 1997 and was chairwoman of the Subcommittee on African Affairs, the Subcommittee on Aviation and the Labour and Human Resources Committee. Since leaving the Senate she has served on the Board of Trustees of the Robert Wood Johnson Foundation and the Kaiser Family Foundation.

Hilary Benn was appointed Secretary of State for International Development in the UK in October 2003. In September 2003 he was appointed the Prime Minister's G8 Africa Personal Representative.

Gordon Brown was appointed as Chancellor of the Exchequer in the UK on 2 May 1997. He has been a university lecturer and has worked in Scottish TV.

Michel Camdessus is Honorary Governor of the Bank of France and President Chirac's Personal Representative on Africa. He was Managing Director and Chairman of the Executive Board of the International Monetary Fund (IMF) until 14 February 2000.

In 1984 **Bob Geldof**, a musician, started Band-Aid, a charity for the victims of famine in Africa. He has supported Jubilee 2000, the worldwide movement to cancel third world debt, and in 2001 was involved in setting up DATA (Debt, AIDS, Trade, Africa), a lobby group focused on generating more resources and better policy for African countries.

Ralph Goodale was appointed Minister of Finance in Canada on 12 December 2003. He has held a number of other ministerial posts including Minister of Agriculture and Agri-food, and was leader of the Saskatchewan Liberal Party.

William S. Kalema has been Board Chairman of the Development Finance Company of Uganda and of its related financial institutions since 1998. He holds a number of directorships and is a Trustee and Chairman of the Board of the Uganda Gatsby Trust, a charitable institution that supports collaborative programs between the faculty of engineering at Makerere University and small and medium enterprises in Uganda. He trained as a chemical engineer.

Trevor Manuel has been South African Minister of Finance since June 1996. He was involved in the founding of the United Democratic Front (UDF) in the Western Cape and became the regional secretary. He spent 35 months in detention. After the ANC was unbanned Manuel became head of its Department of Economic Planning.

Linah K Mohohlo has been the Governor of the Bank of Botswana since 1999. She has worked for the International Monetary Fund, serves on the boards of major corporations in Botswana and abroad. UN Secretary General, Kofi Annan, appointed her Eminent Person charged with overseeing the evaluation of the United Nations New Agenda for the Development of Africa in the 1990s.

Benjamin William Mkapa is the third President of the United Republic of Tanzania since independence in 1961. He has worked in government, including as press secretary to President Nyerere, and has edited a number of Tanzania's leading newspapers. In January 2002, he was appointed co-Chair of the World Commission on the Social Dimension of Globalisation.

Ji Peiding is a member of the Standing Committee of China's legislative body, the National People's Congress, and Vice Chairman of the Foreign Affairs Committee. He is a career diplomat specialising in African Affairs. He has had postings to Nigeria and Zimbabwe and served as Ambassador to Namibia. In the late 1990s he was first Assistant Minister, then Vice Minister responsible for African affairs and Protocol.

Since 2002, **Tidjane Thiam** has been Group Strategy and Development Director at Aviva Plc, the biggest insurance group in the UK. He is co-chair of an international Task Force on Global Public Goods. Since 1996 he has been a Special Adviser on Strategic Planning to the President of Côte d'Ivoire and was Minister of Planning, Development and Coordination there from 1998-99. From 2000-2 he was a partner with McKinsey & Company in Paris.

Anna Kajumulo Tibaijuka is Under Secretary General and Executive Director of UN HABITAT, Tanzania. She has been a member of UNESCO's International Scientific Advisory Board since November 1997. Mrs. Tibaijuka is the founding Chairperson of the Tanzanian National Women's Council (BAWATA), and of the Barbro Johansson Girls Education Trust, and is convener of Tanzania's Local Entrepreneurs Initiative (TALE).

Meles Zenawi is Prime Minister of Ethiopia. He served as chairman of the OAU from June 1995 until June 1996. He serves as co-chairman of the Global Coalition for Africa and has been actively involved in the Intergovernmental Authority on Development's (IGAD) efforts to end the conflicts in Sudan and Somalia, and in Africa initiatives to seek a solution to the crisis in Burundi. He has degrees in business administration and economics.