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Spring 2010

The FORUM

Discussing International Affairs and Economics

AFRICA

Development Aid

BENEFICIAL? OR 'DEAD AID'?

CHINA'S INVESTMENT IN AFRICA

CAN THE CHALLENGES TO DEVELOPMENTBE OVERCOME?

Reconstruction in Post Conflict Areas

PLUS:

Global Food and Water Security

contents

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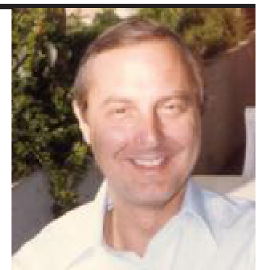

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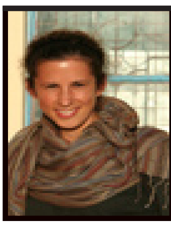

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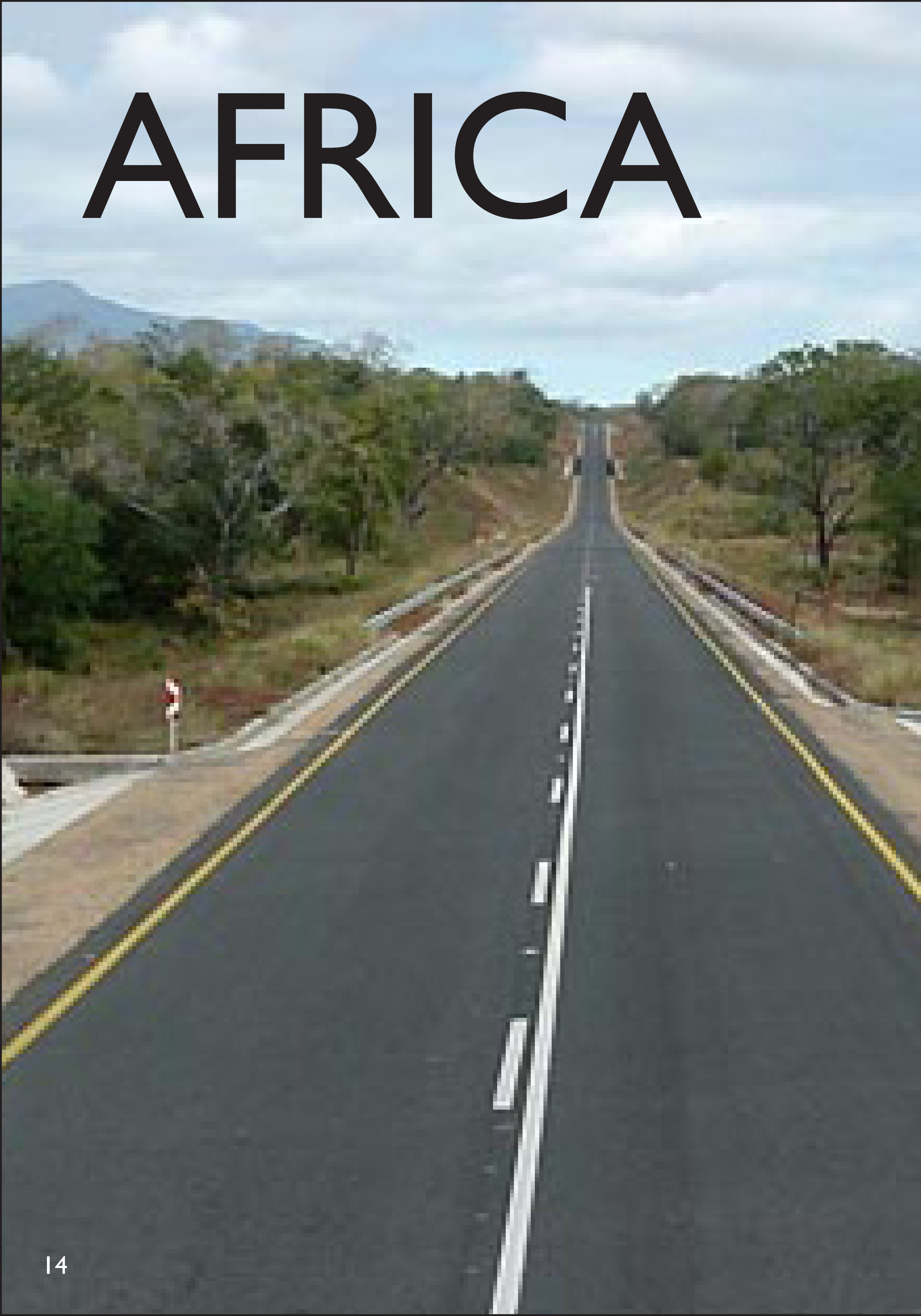
Student Essay Award Winners

Irene Galtung, PhD candidate, European University Institute

Sabine Schulze, University of Leipzig

AFRICA



Development Aid

A Mixed Picture on Aid

Interview **Prof. Delio Gianturco**
George Mason University
UNITED STATES

International Affairs Forum: International development aid to Africa has drawn criticism from those who charge that it creates an economic environment that doesn't truly help Africans. What is your reaction to such arguments?

Professor Delio Gianturco: Well, the criticism is that aid has produced a culture of dependency, that it feeds corruption in the recipient countries, and that stifles domestic production and distorts market forces. Also, aid is frequently misplaced, supports poorly planned projects, and is intended for political reasons based on the best interests of countries rather than the recipients. These are some of the major criticisms, and I think they are to a large extent valid. But these arguments fail to present the positive aspects of aid, which I believe to be equally valid.

Since about 1950, there's been about $1 trillion in foreign aid to sub-Saharan Africa. In many countries, the money has been used effectively to construct major improvements in agriculture, industry, transportation, and other productive facilities, facilitating the development of private enterprise and more effective government. Aid has assisted in the development of foreign trade and domestic infrastructure necessary to support a modern society. Aid has also performed an essential service in alleviating the results of war, famine, disease, and other extreme humanitarian disasters. Other positive results have also been achieved in health, education and other areas of social welfare. So, it's a mixed picture, and it's not all one way or the other. Without foreign assistance, however, it's clear that Africa would be far poorer and that its people would live shorter, more painful lives with greater disease, hunger and human misery

What steps do you think should be taken externally to abate corruption and lessen its impact on African states?

Prof. Gianturco: This is a prime concern of most donors and lenders. One of the things they can do is to cut off aid completely to countries that flagrantly abuse aid money because of corruption. Some of this has been done by both bilateral aid agencies and by the World Bank, IDA, and the EU organizations, but it needs to get very, very flagrant before the aid is cut off completely.

Another approach is being taken by the Millennium Challenge Corporation in the U.S. where aid will not be given to countries whose economic, political, and social performance is found lacking, whether by reason of corruption, incompetence, or otherwise. A number of African countries have been certified eligible to receive assistance from the Millennium Challenge Corporation. Others have been passed over for such assistance because corruption and other indexes of poor government have produced a bad record of economic, social, political performance.

The third way for aid providers to check corruption is to carefully check the records and practices of companies that provide goods and services to African countries using ODA financing. If corruption is present, and it frequently is, it's the result of a corrupt deal between the recipient and the supplier. It's as much the fault of the supplier as it is the recipient of the aid-financed goods and services. There hasn't been enough checking or sanctions upon the suppliers that have been found to have corruption tainted contracts. So, you take corrective action on the suppliers and recipients.

This just hasn't been done in any concerted and determined fashion. The World Bank has done a little of it but really just in the past five to ten years. They have disbarred countries temporarily, but usually lift such actions after a relatively brief period. Similarly, a few suppliers have been penalized for their role in making corrupt payments. Very little of that is done though, partially because it's really hard to get information that will establish that a corrupt payment has been made. But that's also a function of how much resources the ODA agency decides to put behind their attempts to reduce the extent of corruption.

Microfinance has become a high visibility tool in development efforts. Do you think that's been effective in Africa?

Prof. Gianturco: Well, microfinance is a good tool to make credit available to individuals and extremely small companies, but its potential and actual impact on African and other developing economies has been overemphasized, in my opinion. Microfinance seems to work best in countries where there's a tradition of cooperation between people, and it works best with females, who are quite often more socially oriented than males, and in countries with an Islamic tradition of working together, in which the financial institution is viewed as a participant in the business activity rather than a potential adversary.

But the volume of microfinance activities has been exaggerated, and its actual impact on economic development has been relatively minor. Sure, it's got potential as something that can be expanded, but another reality of most microfinance programs is that they have to be subsidized by government, or that interest rates are extremely high. The mechanics of making small loans, servicing them, and providing necessary technical assistance means that they're relatively high cost. Generally, they've had to be subsidized, so pretending that they are strictly market-oriented enterprises that make a good profit for all concerned is a bit misleading.

In general, what do you think are the best avenues for promoting entrepreneurship in Africa?

Prof. Gianturco: One of the most important things is to reduce the internal bureaucracy and red tape required to start and continue a business. That can be daunting for someone establishing a new firm and it can be very difficult to get all the necessary government approvals for any enterprise. That is, unless you do it under the table, as many individuals do. As De Soto pointed out 20 or 30 years ago, a large part of many economies is informal. But those informal ventures don't have the ability to lift a whole country out of its economic problems. There really have to be major reforms in government – legislative, executive, and judiciary - and in the laws and regulations governing private sector development.

What needs to be done in Africa is really such a wide topic. You also need to have adequate credit markets, reasonable terms of finance and access to foreign capital. There need to be banks that are willing to take reasonable risks. Also, systems of transparency so that potential lenders and investors in firms will have some confidence that the information being presented to them is accurate and fair. What do you need beyond that? Greater trust between the individuals within a country and between individuals and their government, something that is largely lacking in most developing countries. You need comparative advantage in the distribution and availability of natural resources and human resources. You need to have an opening of markets and an attitude that competition is healthy for the society rather than feeling that it needs to be curtailed by government actions to minimize the threat from foreign trade and/or investment.

An emerging topic in Africa revolves around Chinese involvement. Some people are saying it's been beneficial for Africa, helping build infrastructure, and so forth. Others say they're turning a blind eye towards corruption, bringing their own labor there instead of employing Africans, and generally that Chinese engagement is not positive for Africa. What's your view?

Prof. Gianturco: What the Chinese have done is they've largely ignored international conventions on the provision of long-term finance for African projects and for projects around the world. They have lent money on extremely generous terms, which exceed those contained in the OECD Consensus, and have ignored the WTO proscription against using finance to subsidize world trade. Of course, by doing so, they've made it easier for African countries to service the debt that's created by Chinese project activity. More seriously, perhaps, the Chinese appear to ignore other international agreements which emphasize the need to avoid financing environmentally harmful projects and to abstain from financing projects involving corrupt payments.

On the positive side, however, China's engagement in sub-Saharan Africa has undoubtedly led to the financing of a lot of projects that the West was not willing or able to finance. Thus, China has added significantly to the pool of funds for this needy continent. Western governments have serious budgetary problems of their own and are experiencing a definite weariness with all aid operations, are specifically concerned over their existing exposure in African countries, and do not currently wish to increase that exposure far beyond the limits of where it stands. There's ample opportunity here for China, which hasn't overexposed itself and is flush with foreign currency reserves.

Because of their extraordinarily successful balance of payment accounts, there's been a convergence of interest between China and Africa. Africa wants more money. They want it for projects, some of which the West does not approve of. They want it on payment terms which are more generous than those that the West is prepared to support, and the resulting debt service, as far as the Africans are concerned, will be less burdensome.

So, the picture is not black and white. There is a lot of gray, where the Chinese are financing things, many of which Africa definitely needs on terms more generous than those available from OECD countries. And what's wrong with that? From our perspective as Americans, we can see that the Chinese are gaining credibility. They're gaining political traction, and their industries are the beneficiaries because aid, throughout the world, is largely tied to the country which provides the financial assistance. The procurement is in that country, and China is no exception. Their manufacturers, their providers of goods and services, are the beneficiaries of that aid every bit as much as the African countries are.

What is your view on debt bailouts in Africa?

Prof. Gianturco: Well, it's definitely been necessary, particularly in the past, and even into the present moment, because you can't get blood out of a stone. Some

African economies simply lack the current ability to produce all the foreign exchange necessary for repayment of outstanding obligations. They've been the recipients of vast amounts of aid and of quasi-aid through the years, and their ability to service the debt which they have is extremely limited to almost nonexistent. In some cases, debt forgiveness merely recognizes the realities of a country's current situation and in effect, gives the country a second chance to make its way in the world.

What do you see as the future of aid flows to Africa?

Prof. Gianturco: That is the hardest question of all. However, I'm an optimist by nature and like to think that a growing flow of official financing combined with private capital is a distinct possibility given certain global political and economic developments. Indeed, Africa's future could be very promising if public sector reforms continue, greater political stability ensues, the local private sector grows and matures, and foreign direct investment is encouraged to seek and develop profitable ventures. This is all dependent upon global economic recovery and improved fiscal and balance of payments performance by OECD nations. The result would be significant, ongoing stimulus to world trade and investment, supported by higher commodity prices and a growing demand for African goods and services. Under those circumstances, it is believed that industrial countries would substantially increase their official financing for sub-Saharan countries, particularly for those which have proved a commitment to good government, economic growth, social justice, and rule of law. This, together with continuing contributions from China and other non-industrial countries with substantial foreign exchange reserves, could herald a promising new beginning for Africa

An Open Letter To Aid Skeptics

Owen Barder
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UNITED STATES

This letter makes a proposal that should appeal to aid skeptics as well as aid enthusiasts.

Aid skeptics promote an interesting and unexpected idea: that aid can cause harm to the people it is meant to help. This type of counter-intuitive thinking turns economists into overnight celebrities, and it certainly helps to sell their books. It also adds to the number of people who would like to see aid cut or stopped altogether.

I don't mean to imply that the skeptics put their career interests ahead of concern for human suffering. If they are right, poverty is prolonged by the well-intentioned but misguided efforts of the aid industry, and the skeptics are right to call for this to end. But what if they are wrong? Cutting off aid could kill thousands of people and compound unnecessary suffering for millions more.

In other words, the debate about aid effectiveness is, quite literally, a matter of life and death.

Aid skeptics tell us that trillions of dollars are blindly spent with few tangible results. But is this right? Have trillions of dollars been sent to Africa? They tell us that more aid will not improve life for the world's poor, and may even delay needed reforms. Of course, the reality around the world is much more varied. In an ideal world, we would give aid only where it really makes a difference, and avoid wasting it elsewhere; but there are strong institutional and political biases which make it hard to make clear-sighted judgments about an uncertain future. Perhaps Cash on Delivery aid, as proposed recently by the Center for Global Development, would enable us to sidestep these problems, to the satisfaction of both aid skeptics and aid enthusiasts?

Trillions of dollars spent on aid? Hang on….

First, let's get some facts straight. Aid skeptics like to say that the west has spent trillions of dollars on aid to Africa since independence.[1] This is not true: according to OECD statistics, since aid began in the 1960s donors have given a grand total of $502 billion to sub-Saharan Africa, worth about $866 billion in today's prices.[2] This is not trillions of dollars- not even one trillion dollars.

The G-20 countries have, over the whole history of aid, given less aid to sub-Saharan Africa than they spent on fiscal stimulus in the single year of 2009.[3]

In the Marshall Plan, America invested more than $200 a year for each citizen of the countries they helped back on to their feet after the Second World War Though the needs in Africa today are much greater, and the donors are more numerous and much richer, we choose to give much less. Over the last twenty years, total aid to sub-Saharan Africa has hovered at about $37 per person per year.[4] (Part of the reason the amounts for Africa are unexpectedly low is that less than two fifths of all aid goes to very poor countries.[5]) On the rare occasions that aid has reached Marshall Plan levels it has often been associated with rapid growth. For example, aid to South Korea was over $200 per person per year in the two decades from the mid 1960s, during which time South Korea achieved annual growth of nearly 9%. In Botswana, in the two decades after independence and before diamond exports made it largely unnecessary, aid was over $150 per person per year, peaking at $200 per person in 1980; during this time Botswana had the highest average economic growth rate of any country in the world, bar none.[6]

By contrast, I am writing this letter from Ethiopia, one of the poorest countries in the

1 *Pace* Dambisa Moyo, *Why Foreign Aid is Hurting Africa*, WSJ, March 21, 2009, http://online.wsj.com/article/SB123758895999200083.html
Pace William Easterly, *The White Man's Burden*, 2008, p4.
Pace The Catholic Herald, *Why a trillion dollars of aid has not saved Africa*, http://www.catholicherald.co.uk/reviews/r0000439.shtml
2 OECD Development Assistance Committee database, table 29. Figures exclude debt relief.
3 The 2009 stimulus was $692 billion, according to Prasad & Sorkin, Assessing the G-20 Stimulus Plans, Brookings Institution http://www.brookings.edu/articles/2009/03_g20_stimulus_prasad.aspx
4 All figures are in 2009 prices.
5 OECD DAC Table 26 – aid to less developed countries.
6 Growth in Botswana from 1966 to 1999 averaged 9% a year.
7 Figures are for 2008. Source: http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp

world, where aid has been steadily rising in recent years to the less-than-princely sum of $25 per person per year.

I'm not claiming that this proves that if we give more aid, economic and social transformation will follow. The point of these figures is merely to dispose of the old lie that we have given trillions of dollars of aid to Africa and have nothing to show for it. On the contrary, we have given rather little aid to Africa, despite which there is plenty of success to celebrate. If the transformation has not been as profound as we would have liked, perhaps it is because we have been too stingy, rather than because we have been over-generous.

Could we deliver aid more effectively rather than cutting it off?

Aid skeptics say that the constraint is not lack of money but poor governance. They say that while countries are ruled by kleptocratic dictators and their rent-seeking side-kicks, extra aid is not going to generate economic growth or improve services for poor people.

Having lived and worked in many African countries and having worked with the ministers and officials of many African governments, I think there is more capacity and willingness to deliver services than many outsiders believe. Africans understand their context and priorities better than the donors, and a new generation of political leaders want to improve their nations. Very often, the missing ingredient is money.

Take Ethiopia, for example. Here, the government is able to invest just $10 per person per year in health. (This includes foreign assistance, much of which comes with grotesquely inappropriate strings attached, greatly reducing its effectiveness.) Sadly, Ethiopia does not yet have health care as good as in America, but that could be because America spends about $7,700 per person per year, including $4,100 per person per year spent by government. With only $10 per person, Ethiopia has made extraordinary progress. Thirty thousand government health workers provide a suite of core health services in remote rural areas, increasing childhood vaccination rates, reducing infant and maternal mortality, reducing deaths from measles and malaria, increasing access to family planning, and improving hygiene and preventative health. The Minister of Health is smart, honest, and hard working: certainly more than a match for many ministers and officials in the countries who say they want to help. In my view, Ethiopia does not need to be given lessons by westerners on how to improve health care: it needs more money and the freedom to spend it well.

I'm not asking you to take my word for it. This proposal will test whether I'm right, and cost almost nothing if I'm not.

The most ardent supporter of aid has to acknowledge that in some situations more money is not the answer. Progress can be constrained by poor policies, lack of capacity, inadequate leadership, institutional weakness, and corruption. If the problem is institutional, more aid could be pouring money down the proverbial rat-hole.

That's why western countries accompany aid with a rash of conditions, policy advisers, milestones and procedures, ostensibly to assure ourselves that the money is well spent. Ironically these measures exacerbate institutional weaknesses in low-capacity environments, and impose huge overheads on both donor and recipient, and so have the unintended effect of making aid less, rather than more, effective.

So how can we tell whether and when more money is the answer, or if that's just pushing on a string? And how do we decide what conditions to attach and expertise to offer?

> **"*the debate about aid effectiveness is, quite literally, a matter of life and death*"**

Aid professionals will always argue for bigger aid budgets, just as they will always tell you that aid should be accompanied by the advice of an army of aid professionals. It is strange that in all the diverse situations across the world, the development set always recommends the same combination of money and expertise. The uniformity of the prescription says more about the common interests of donors than about the diverse needs of developing countries.

The Center for Global Development, a think-tank in Washington DC, has an ingenious proposal which might cut through this dilemma. They call it Cash on Delivery, and they've just published a new book explaining how it could work in the case of education. Under Cash on Delivery, donors would commit themselves in advance to paying a developing country a particular amount for a specific measure of progress. In education, for example, donors could promise to pay $200 for each additional child who completes primary school and takes a standardized competency test. The developing country would decide for itself how to use the money to get results:

whether to use public or private providers, whether to make conditional cash transfers or invest the money in infrastructure, curriculum reform or teacher training. Perhaps de-worming tablets or free school lunches might be the best way to get kids learning. And if countries want technical advice, they can ask for it.

If the idea works in pilots, it could lead to a paradigm shift in aid. Instead of providing money and international experts in advance, donors would make a cash-on-delivery promise for children who learn in primary school. They would put up the money to end unnecessary deaths of infants and pregnant mothers. They would pledge the money needed for everyone to have clean water. Donors would make a legally binding commitment to pay when there is progress on agreed outcome indicators, validated by reputable international audit firms paid by the donors. The commitments could be open-ended, so that developing countries are not deterred by lack of money from making all the progress they can.

Cash on Delivery would be a good deal for developing countries: it would remove the unpredictability of aid given by capricious donors, and the hassle that accompanies it. Their achievements would be limited only by their capacity and aspirations. It would be a good deal for donors too, because they would be able to show the results that their aid has achieved, avoid wasting aid where it is doing no good, and perhaps improve incentives. It could open the way to a democratization of aid giving – individual citizens would be able to "purchase" specific outputs, for example through online or workplace giving.

There are a lot of implementation questions to think through in more detail; they are discussed in the book and proposed approaches need to be tested in pilots. A workable scheme must avoid creating perverse incentives by linking to the wrong outcomes, create genuinely binding commitments on the part of donors, and produce audited results on which everyone can rely.

Perhaps the biggest challenge is moving from paying aid in advance to paying in arrears. Once up and running, the proponents argue, Cash on Delivery would create a virtuous circle of rising services, resulting in increased aid linked to those results, which developing countries could invest in more services for the future. But how would this virtuous circle get started if developing countries only get the money after the services have been delivered? This is an important but surmountable problem: some one-off assistance would clearly be needed to prime the pump. It could be provided through conventional up-front aid as usual, perhaps accompanied by an investment from philanthropists looking for a one-off catalytic intervention. More adventurously, the promise of payment on results opens the way for developing countries to borrow money, perhaps at concessional rates, against the future revenues that they would receive through Cash on Delivery. These revenues would be more predictable and immediate than the intangible long-term gains from social sector spending against which developing countries currently have to borrow.

Aid skeptics: you have nothing to lose. If you are right that money is not the constraint, then the only cost of this promise is the ink and paper on which it is written. Unless developing countries make demonstrable, independently-audited progress, no additional aid will be given as a result of this pledge. But if aid enthusiasts are right that - in some countries at least - more money with fewer strings attached would make all the difference, then we will end up paying a very modest price for real progress towards the Millennium Goals. For a couple of hundred dollars per child, we would transform the life chances of a child who today is denied an education because her country lacks the money. We would save the life of a child who will not live to see her fifth birthday because of an easily preventable disease. Mothers would not risk their lives to give life to others, and women would not have to walk for hours to fetch clean water.

Some aid skeptics worry that foreign assistance given in the conventional way could prop up ineffectual and unaccountable governments, extending the life of governments that deserve to fall. A promise of Cash on Delivery might remove this possible effect. A government that did not deliver would have to explain its failures to its own citizens. Governments could no longer hide behind the excuse that they were too poor, or that donor demands were too onerous. Cash on Delivery would make it clear to everyone where the fault lay: so it could actually help, rather than hinder, the accountability of ineffectual governments.

Cash on Delivery would have the additional benefit of promoting the collection of independent, reliable data about social outcomes in developing countries, replacing the hugely expensive costs that donors incur today to amass information about inputs, milestones, audits and processes.

Aid enthusiasts also have nothing to lose from this promise. We believe that developing countries would make faster progress towards the Millennium Goals if they could get access to more money. A commitment to Cash on Delivery would mean that no country with a decent program to deliver services would fail through lack of resources. Linking rising aid budgets directly to results is our best hope of keeping the faucets open in difficult fiscal circumstances. It would genuinely open policy space for developing countries to decide among their priorities and to decide how to achieve them, including to decide for themselves the balance of public and private provision.

So who is right, the aid skeptic or the enthusiast? As is often the case, the truth lies somewhere in between. Aid skeptics are right to question whether more money is the answer to faster progress in some countries, and indeed to wonder if aid might sometimes get in the way of reform. Aid enthusiasts are also right: in many situations more money is needed, preferably without all the strings and other inconveniences. But together we face a common problem; it is hard to know what is needed in each circumstance, and we have institutional biases that prevent us from making good judgments. Cash on Delivery may be a way to solve this problem. Like water finding its own natural level, aid can flow to the countries and sectors where it will be used most effectively, without being wasted in places where extra money is not what is needed.

So come on, make my day. Let's try it.

Challenges for International Development Aid to Africa

Interview **Prof. Léonce Ndikumana**
AFRICAN DEVELOPMENT BANK

BURUNDI

International Affairs Forum: Which, do you feel, are the best ways of attracting Foreign Direct Investment (FDI) to Africa?

Prof. Léonce Ndikumana: Foreign Direct Investment (FDI) to Africa rose from $9 billion in 2000 to a peak of $88 billion in 2008, the vast majority of which flowed into the primary resource sector. Flows into non-resource sectors are largely concentrated in North Africa and South Africa (Egypt & S. Africa received 27% of FDI flows to Africa). FDI to developing countries dropped by an estimated 35% in 2009, with the overall flows to Africa falling to about $56 billion. Compared to other world regions, Africa performed better than West Asia, Latin America and the Caribbean and Transition Economies. But, Africa's share in global FDI flows remains comparatively tiny - 5% in 2009, up from 3% in 2005- despite the fact that the continent offers the highest rate of return on FDI (in excess of 12%). Emerging markets, as a group, are estimated to have received more than 46% of all FDI flows in 2009.

Key factors in attracting FDI are institutional credibility and legal frameworks, a predictable business environment and adequate and efficient infrastructure (ICT, energy, water and sanitation). Other important factors are market dynamism, availability of skills, political and social stability and low labour costs.

As fragmentation of global production has increased, the quality of infrastructure and logistics has assumed greater importance due to it effect on trade costs. Africa needs to reduce the costs associated with international trade, by implementing trade facilitation measures. But location factors like political, social and macroeconomic stability also influence FDI flows as they determine the risk level of the investment. Together these elements constitute the business environment. Ghana's recent good performance on these fronts, creating a stable and attractive business environment has been a major factor in its ability to attract FDI. We particularly note that the last decade has seen great improvements in terms of policy and this is reflected in the increased share of FDI flows for the continent.

Consistent international engagement at both the political and commercial levels is a key element in building credibility, a major catalyst in attracting FDI.

Furthermore, as the global level of trade restrictions has fallen, efficiency seeking as opposed to "tariff jumping" investments have become more important. Typically, such investments seek to take advantage of economies of scale, lower labor costs and to some extent agglomeration effects. Skills and market size will also be important factors. Regional integration, including regional centres of excellence that promote and support a vibrant R&D system, becomes a critical factor for attracting investment.

Given the well-documented success of the microfinance model in other parts of the developing world, do you feel that microfinance is effective in an African development context? Are there any specific challenges to its effectiveness? How might these be dealt with?

Prof. Ndikumana: Microfinance in Africa has made significant advances over the past 10 years. In Ethiopia and Morocco, it has already reached the figure of one million clients and is moving rapidly towards the two million customers. Microfinance institutions (MFIs) that began as NGOs have been become regulated financial institutions in many countries and now provide a wider range of services. The successes of Microfinance in several countries throughout the continent, such as Ethiopia and Morocco, can be replicated in others if stakeholders jointly design and implement strategies to overcome obstacles with clear, quantitative target-setting.

The Bank has been involved in microfinance since the 1970s, mostly by financing microcredit components within larger investment projects. During the 1990s, the Bank started funding operations that applied microfinance best practices. To consolidate these efforts, in 1999 it established the African Development Fund Microfinance Initiative for Africa (AMINA), on a pilot basis. Through AMINA and the Bank Department of Private Sector and Microfinance (OPSM), the Bank Group is now able to contribute to building and reinforcing the capacity of MFIs throughout the continent.

The Bank Strategy on Microfinance has identified four strategic areas of orientation: enhancing key stakeholder capacity in microfinance, including investment in new and existing (MFIs); creating an enabling environment that promotes building financial systems inclusive of the poor; enhancing strategic partnerships; and knowledge management (i.e., ensuring effective research, information collection, and dissemination).

However, several constraints hinder the effectiveness of this sector in Africa, notably: the absence of strong retail capacity in microfinance; poor infrastructure and institutional weakness (including service providers to clients); limited access to financial services in remote, rural areas; and limited impact of Microfinance on women's empowerment.

Africa is a challenging market for microfinance given its disadvantages of poor communication and transportation infrastructure, low population densities and high salaries.

In the current context of financial crisis, microfinance activities could be an opportunity for the continent. In this context, it's critical to improve the business environment and reinforce capacity, notably through dissemination of best practices and training; continue to decrease the cost of operation of MFIs by means of automation and making use of new technologies; and improve portfolio quality and diversify product offerings.

What efforts made by the African Development Bank have been most effective to provide reconstruction assistance to post-conflict areas in Africa?

Prof. Ndikumana: Cognizant of the difficult and specific conditions faced by fragile states, the AfDB established the Fragile State Facility (FSF), an operationally autonomous, special purpose entity. The objective of the FSF is to provide a broader and more integrated framework through which the Bank can more effectively assist eligible fragile states, especially those emerging from conflict or crisis, to consolidate peace, stabilize their economies and lay the foundations for sustainable poverty-reduction and long-term economic growth.

The Fragile State Facility has three windows for channeling resources to eligible countries. The Supplemental Support window provides beneficiary countries with resources over and above their allocation through the performance-based allocation mechanism. The following nine post-conflict and transitional countries have received assistance under this window: Burundi, the Central African Republic, Comoros, the Democratic Republic of Congo (DRC), Côte d'Ivoire, Guinea Bissau, Liberia, Sierra Leone and Togo. The Arrears Clearance window assists countries in clearing their debt arrears. Togo and Côte d'Ivoire are targeted for support under this window. The Targeted Support Window provides to fragile states a limited pool of additional grant resources. The support provided includes secondments for capacity building, and small grants to non-sovereign agents for service delivery.

The FSF is a new initiative and most of its operations have only been recently launched. However, there are indications that some of the objectives associated with its operation windows are being met in some countries. The objective of restoring macroeconomic and financial stability is, to a certain extent, being met in Togo and Côte d'Ivoire. The process of assisting the development of credible institutions, especially in the area of public finance, is underway in several countries. Technical assistance and capacity building support being provided under the Targeted Support window is contributing to strengthening the productive capacity of public sector ministries and institutions in beneficiary countries.

How has the recent global financial crisis

affected African development?

Prof. Ndikumana: Africa has exhibited remarkable resilience in the wake of the global financial and economic crisis it did not create but it has not emerged unscathed. The crisis had a delayed impact on the economies of the continent, primarily through real channels such as exports, foreign investment, remittances and tourism receipts. The crisis disrupted a period of the highest economic growth in decades. Specifically, the real GDP growth rate fell from 6 percent during 2005–08 to 2.5 percent in 2009, while macroeconomic balances worsened markedly. The overall fiscal balance (including grants) for the continent deteriorated from a surplus of 2.2 percent in 2008 to a deficit of 4.4 percent in 2009. Similarly, the 2008 current account surplus of 3.8 percent in 2008 deteriorated to a deficit of 2.9 percent in 2009. Oil exporting countries were hit very hard through a decline in export revenues, current account balances deteriorating on average by 12 percentage points of GDP between 2008 and 2009.

It should be emphasized that due to prudent macroeconomic policies in 2000s, Africa entered the crisis on a stronger footing than past global recessions. This allowed it to contain the damage. While the continent avoided recession, vast differences emerged across countries and sub-regions. Since the crisis was a major external shock, it hit emerging markets (e.g. South Africa), oil (e.g. Angola) and mineral (Botswana) exporters hardest. Some countries built up "cushions" during the boom and were able to implement stimulus packages; others – especially fragile countries – were not in a position to do so. Among Africa's sub-regions, East Africa has weathered the crisis particularly well due in part to timely and effective stimulus packages and also because of the higher share of regional trade than in most other parts of Africa.

The Bank's outlook for Africa is becoming cautiously optimistic, with a projected 4.5 percent real GDP growth in 2010 and 5.2 percent in 2011. While these rates are below pre-crisis rates and those needed to significantly reduce poverty and achieve the Millennium Development Goals (MDGs), the recovery looks to be broad-based; many countries will achieve of relatively fast recovery as the commodity and financial markets rebound. The main driver of Africa's recovery is the reviving global economy, led by Asian emerging markets (China and India) with which Africa has strengthened its economic ties. However, it still remains to be seen whether the current recovery in advanced economies, a precondition for Africa's longer-term growth revival, is sustainable. And even if the global economy picks up as projected, Africa would grow more slowly than other regions if foreign aid is cut or delayed. Thus, continued adequate, timely and effective foreign aid is crucial to Africa's recovery and development. Increasing trade and investment linkages between Africa and China and India should help the continent's recovery.

In sum, the crisis has highlighted the importance of diversification of economic bases and regional integration. Taking a longer-term perspective, African countries should improve domestic fundamentals, diversify economic bases and build capacity to absorb exogenous shocks. The African Development Bank is ready to continue to work in partnership with its regional member countries in the areas of its strategic priorities and help Africa to build adequate infrastructure, develop its private sector, strengthen governance, and deepen regional integration.

How can international institutions like the World Bank and IMF better work with Africa to meet its development needs?

Prof. Ndikumana: The current global financial and economic crisis has emphasized the emergence and significance of "global externalities". Africa is facing a crisis that it did not create, however, it faces its global consequences. Thus, Africa's challenges should not be left for Africa alone to resolve. Similarly, given the integration of international economy Africa's problems could very well produce negative global externalities impacting the international community. Thus, the solution to Africa's current challenges must be inclusive and should rely on enhanced and more coordinated international cooperation than ever before.

The International Monetary Fund (IMF) and the World Bank (WB) have major roles to play in collaboration with regional institutions, like the African Development Bank, in making sure that, Africa achieves its sustained growth and development objectives by providing technical assistance and sound policy advice; supporting African governments and institutions in achieving their strategic goals, especially in: improving infrastructure; private sector development; enhancing good governance; and nvesting in Africa's human capital (education, health, and training); fostering regional integration; and implementing international standards in trade and international financial transactions, as well as reforming the regulatory framework with regard to Africa's special conditions and circumstances.

Thus, the WB and IMF are expected to continue to assist Africa, especially during this globally critical time, through scaling up the resources devoted to the continent; taking advantage of the knowledge base existing in the continent by channeling new resources through Africa's premier regional banks and institutions; and allowing more flexibility in aid framework in order to account for the special conditions of the continent's least developed countries, especially fragile and post-conflict states.

Africa has exhibited remarkable resilience in the wake of the global financial and economic crisis

Corruption and bad governance have

always been two of the major concerns with regards to international aid to Africa, what steps have been taken to address these issues and promote transparency? Do you think that the steps taken to date have been effective? In your opinion, what further developments are necessary to combat these problems?

Prof. Ndikumana: Corruption is pervasive and persistent in Africa. The cost of corruption to economic activity and growth is staggering. On the average, countries in Africa lose between 0.5 and 1 percentage points in economic growth every year due to widespread corruption.[1]

The anti-corruption movement that began to take root in mid 1990s and directed the attention of the donor community to this issue and the importance of tying the provision of aid to good governance and better management of public resources[2]. Anti-corruption conditionalities, which have been embedded in Official Development Assistance (ODA) since this time were expected to reduce corruption and improve governance, particularly in Africa, in a number of ways.

First, rigorous and transparent fund utilization schemes would reduce the access that public officials have to ODA resources. Second, donors increasingly have committed resources to build capacity of recipient governments by introducing reforms and new systems to detect and prevent fraud. Third, recipient countries are expected to comply with anti-corruption measures in the hope of maintaining good relations with donors and ensure in the future predictable flow of aid. At the dawn of the new Millennium, the sentiment in favor of good reached such a peak that the Monterrey Consensus (2002) inserted a clause binding the more than 180 signatory countries to adopt the internationally agreed norm of good governance in all aspects of public and corporate life.

The Africa Commission Report of 2005 emphasised the significance of chronic corruption and bad governance as a major challenge to development in Africa and several recent G8 Summits also stressed that African governments should pay serious attention to the growing threat of corruption in undermining growth prospects.

The African Development Bank, in line with the many other multilaterals, has put enormous emphasis on good governance for the allocation of ADF resources. Countries that fare better in the governance index are likely to get more funding than others with similar characteristics. In addition, the African Development Bank has the Governance, Economic and Financial

1 Transparency International (2010)

2 The anti-corruption movement can be traced back to several conventions and organizational commitments that took effect in mid-1990s. The 1996 convention "Combating bribery of foreign public officials" signed by 36 OECD countries is precursor to the anti-corruption movement adopted later by the World Bank, IMF, UN and later WTO.

Reform Department charged with the task of promoting good governance in project lending, public finance management and in related areas.

The expectation is that the international anti-corruption movement will have a cascading effect on public authorities in Africa and the institutions they lead. It is not also yet clear whether ODA resources impacted positively on the condition of corruption and good governance in Africa. While other aspects of governance, such as macroeconomic management, political stability, conflict and civil strife have improved in most African countries, progress in the area of corruption is much slower. In fact, the data from the International Country Risk Guide indicate some level of deterioration. Some studies have shown that the impact of ODA on corruption in Africa has been mixed, depending on whether aid is bilateral or multilateral; the latter has been shown to have a significant positive impact on corruption. Existing data also shows that less corrupt countries have generally attracted larger ODA as a share of GDP over the last two decades.

It is very important to note however that the root causes of corruption cannot be addressed by donor conditionalities alone. Progress is fundamentally contingent upon the clear choice that the political leadership of a country make in ending or perpetuating corrupt practices.

What is important for the AfDB and other development institutions is to continue supporting African governments to step up measures to contain corruption and accelerate and consolidate democratic reforms.

A positive step has been for multilateral institutions to harmonize their policies towards corruption. For instance, in 2006, more than seven multilateral institutions, including the African Development Bank, set up anti-corruption task force to coordinate and harmonize activities to fight corruption in project lending and other transactions. These efforts need to be adopted by bilateral donors to reinforce internationally agreed norms of good governance in dealings with governments of recipient countries.

Development in Africa is Not About Aid

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Africa is increasingly important to the United States. It is a growing source of U.S. energy imports, a rising economic and trade partner, and an influential region that can use its representation in international organizations to support or frustrate U.S. policy priorities. This increasing importance has been reflected in the attention lavished on the region by the U.S.

Over the past decade, we've seen increased frequency in high level diplomatic meetings, establishment of a trade preference arrangement under the African Growth and Opportunity Act, billions of dollars allocated for new health initiatives focused primarily on Africa, and, in 2007, creation of a new, unified combatant command for Africa, which had previously been divided among three commands focused primarily on other regions.

Though begun under President Bill Clinton or President George W. Bush, all of these initiatives have been embraced by the Obama Administration. Indeed, the continuity of policy under the Obama Administration has been virtually seamless insofar as sub-Saharan Africa is concerned.

This is particularly true on the issue of development. No other region of the world has greater need for development than sub-Saharan Africa. Its 818 million people face tremendous challenges, including the world's highest incidence of HIV/AIDS, extreme poverty, unemployment, political instability, and a host of related problems. According

1 The author would like to than Anthony Kim for his assistance in researching this paper.

to the World Bank, the total nominal GDP for the 48 countries of sub-Saharan Africa in 2008 was $505.9 billion (approximately the same GDP as Illinois). That's for a region nearly three times the size of the United States in land area and population. More than 500 million people or about 70 percent of the sub-Saharan population are estimated to still live on less than $2 per day (PPP)[2].

Over the past decade, regardless of who occupied the Oval Office, the U.S. has sought to address the region's problems through increases in development assistance. According to the OECD, under President George W. Bush, the U.S. nearly quintupled its official development assistance (ODA) to sub-Saharan Africa from $1.37 billion in 2000 to $6.55 billion (2007 dollars) in 2008.[3]

During the campaign, President Barack Obama pledged to double all U.S. assistance to $50 billion by 2012.[4] As illustrated in the President's FY 2011 budget request, he has followed through by requesting significant increases in funding for the U.S. Agency for International Development, the Millennium Challenge Corporation, other bilateral economic assistance programs, multilateral economic assistance, and international financial institutions.[5] Sub-Saharan Africa will no doubt receive its share of this largess.

Nonetheless, the Obama administration is defensive about their predilection for increased aid spending. Consider the testimony of Johnnie Carson, Assistant Secretary for the Bureau of African Affairs, before the House Committee on Foreign Affairs Subcommittee on Africa and Global Health, in which he stated:

> [W]e know that additional assistance will not automatically produce success across the continent. Instead, success will be defined by how well we work together as partners to build Africa's capacity for long-term change and ultimately eliminate the continued need for such assistance. As Africa's partner, the United States is ready to contribute to Africa's growth and stabilization, but ultimately, African

2 World Bank, World Development Indicators, subscription required, at http://www.worldbank.org/data.
3 Organization for Economic Cooperation and Development, "Development Database on Aid from DAC Members: DAC Online," at http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html.
4 Obama for America, "Strengthening our Common Security by Investing in Our Common Humanity," at http://www.barackobama.com/pdf/issues/Fact_Sheet_Foreign_Policy_Democratization_and_Development_FINAL.pdf.

5 Office of Management and Budget, "Department of State and Other International Programs," Budget of the United States Government, Fiscal Year 2011, p. 108, at http://www.whitehouse.gov/omb/budget/fy2011/assets/state.pdf.

6 "U.S. Policy in sub-Saharan Africa," Testimony of Johnnie Carson, Assistant Secretary, Bureau of African Affairs, Before the House Committee on Foreign Affairs Subcommittee on Africa and Global Health, March 24, 2010, at http://www.state.gov/p/af/rls/rm/2010/139002.htm.

leaders and countries must take control of their futures.[6]

The defensiveness is understandable. All too often, development assistance has failed to deliver economic growth and development in recipient countries.

According to the OECD, donor nations (bilaterally and multilaterally through the U.N. and international financial institutions) have spent nearly $2.28 trillion (2007 dollars) in ODA since 1980 to help poor countries attain economic growth and prosperity.[7] A bit under $461 billion of this amount (roughly 20 percent) has been focused on sub-Saharan Africa.[8]

Despite this vast investment, few recipients have achieved substantial improvements in per capita income. In fact, the record demonstrates that recipients of aid are just as likely to founder economically as they are to prosper.

Data on GDP per capita are available for 107 countries that received significant levels of U.S. development assistance (defined as cumulative aid between 1980 and 2008 totaling at least 1 percent of their 2008 GDP).[9] This data shows that:

- Compound annual growth in real GDP per capita declined in 25 of these countries;
- Growth was less than 1 percent in 30 countries; and
- Growth was higher than 1 percent annually in 52 countries. Only Bosnia and Herzegovina, Cambodia, and Botswana experienced compound annual growth in GDP per capita close to or exceeding 5 percent.

The 43 Sub-Saharan African countries for which per capita GDP data was available and that received a significant amount of aid over that period[10] performed even worse than the broader group. This data shows that:

- Compound annual growth in real GDP per capita declined in 14 of these countries;
- Growth was less than 1 percent in 15 countries; and
- Growth was higher than 1 percent annually in 14 countries. Only Botswana

7 The United States share of this amount totaled just under $459 billion. Organization for Economic Cooperation and Development, "Development Database on Aid from DAC Members: DAC Online."

8 The U.S. provided nearly $64 billion of this total. Ibid.

9 Organization for Economic Cooperation and Development, "Development Database on Aid from DAC Members: DAC Online," and World Bank, World Development Indicators.

10 Equatorial Guinea, Gabon, and Mauritius received assistance totaling less than 1 percent of their 2008 GDP between 1980 and 2008. Somalia and Equatorial Guinea lacked GDP data. Truncated GDP data was used for Angola, Cape Verde, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Tanzania, and Uganda.

experienced compound annual growth in GDP per capita close to 5 percent.

The failure of most sub-Saharan African countries to achieve significant economic growth is tragic because strong, reliable, long-term economic growth is critical to development. Economic growth provides the means for increased incomes. It also, not surprisingly, is correlated to alternative measures of welfare, such as life expectancy, infant mortality, environmental quality, and human rights.

Thus, development objectives are undermined by poor economic growth. The lower the growth rate, the longer development takes. For instance, using the World Bank's income classifications, to reach lower-middle-income status (per capita income of $975), low-income countries such as Guinea-Bissau (per capita income of $273 in 2008) must achieve real compound growth in per capita GDP of around 6 percent for over two decades. To reach upper-middle-income status (per capita income of $3,856), they must experience real compound growth of 5 percent for more than 50 years. Instead, since 1980, Guinea-Bissau has had a negative growth rate of –0.2 percent.[11]

Some see this situation and conclude that more aid can fill the gap. They call for a "Marshall Plan" for Africa. But in constant dollars and in terms of aid to GDP, sub-Saharan Africa has received a Marshall Plan several times over. Consider that the United Kingdom, the largest single recipient of Marshall Plan assistance, received the equivalent of 20 percent of its 1950 GDP in assistance between 1946 and 1952 (in constant 1950 dollars). The largest single annual disbursement in 1947 was equivalent to 11.5 percent of its GDP in 1950.[12] Compare this to sub-Saharan Africa (all numbers in constant 2007 dollars):

- ODA to sub-Saharan Africa from all sources since 1980 was equivalent to 146 percent of the region's 2008 GDP – seven times the equivalent Marshall Plan aid to the U.K. from 1946 to 1952.
- ODA to sub-Saharan Africa from all sources from 2002 to 2008 (the same 7 year period as the U.K. Marshall Plan) was equivalent to 48 percent of the region's 2008 GDP – more than double the equivalent Marshall Plan aid to the U.K. from 1946 to 1952.
- In 2008, 16 countries in sub-Saharan Africa received more assistance in relation

11 World Bank, *World Development Indicators*.
12 Aid data for Marshall Plan countries: U.S. Agency for International Development, "Greenbook," available at http://gbk.eads.usaidallnet.gov/data/; 1950 GDP data for Marshall Plan countries were computed by using 1950 GDP data in national currency and 1950 exchange rates from the IMF International Financial Statistics, available at http://www.imfstatistics.org/imf/ by subscription. GDP data before 1950 were not available or were subject to question. For more data, including data on other Marshal Plan recipients, see Brett D. Schaefer, "How Economic Freedom is Central to Development in Sub-Saharan Africa," Heritage Lecture 922, November 25, 2005, at http://www.heritage.org/Research/Lecture/How-Economic-Freedom-Is-Central-to-Development-in-Sub-Saharan-Africa.

to GDP than the 11.5 percent U.K. did in 1947 under the Marshall Plan. Another 20 received ODA in 2008 equivalent to between 3.9 percent and 11.2 percent of their 2008 GDP.

- Thirty-four countries received more net development assistance between 2002 and 2008 as a percent of 2008 GDP than the amount received by the U.K. under the Marshall Plan between 1946 and 1952. Thirty countries received ODA between 2002 and 2008 totaling more than 45 percent of their 2008 GDP -- Liberia received ODA totaling a staggering 336 percent of its 2008 GDP.

Yet, aside from a few exceptions like Botswana and Mauritius, sub-Saharan African countries have not experienced the long-term, sustainable economic growth and development that aid advocates argue should result.[13]

With so many African recipients of development assistance experiencing declining or insignificant economic growth, one must conclude that development assistance from one government to another, while not necessarily harmful, is not sufficient to facilitate economic development. Indeed, analysis of development aid and economic growth reveals no significant relationship.

So what does explain the few development success stories and more numerous development disappointments in sub-Saharan Africa? The economic policies of recipient countries and the lack of the rule of law factor heavily in development outcomes.

The Heritage Foundation has been analyzing the effect of economic freedom and the rule of law on development for many years through its annual *Index of Economic Freedom*.[14] The *Index* examines the 10 key ingredients of economic freedom, including economic openness to the world, transparency, and the rule of law. Each country is graded

> “*all too often, development assistance has failed to deliver economic growth and development in recipient countries*“

13 For an example see U.N. Millennium Project, Investing in Development: A Practical Plan to Achieve the Millennium Development Goals (New York: United Nations Development Programme, 2005), at http://www.unmillenniumproject.org/documents/MainReportComplete-lowres.pdf.
14 Terry Miller and Kim R. Holmes, 2010 Index of Economic Freedom (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2010), at http://www.heritage.org/index.

on each of the 10 freedoms on a scale of 0 to 100, and a country's overall economic freedom score is the average of its 10 scores. Based on its average score, each country's economy is classified as "free," "mostly free," "moderately free," "mostly unfree," or "repressed."

Analysis based on the Index indicates that economic freedom and the rule of law played a key role in development. Specifically, it shows that freer economic policies and a strong, reliable rule of law leads to higher per capita incomes. Moreover, GDP growth rates increase as a country's economic freedom score improves. When sub-Saharan Africa is isolated from the overall group, the relationships remain similar – freer countries in sub-Saharan Africa (like Botswana and Mauritius) are wealthier on average, and countries generally experience higher growth rates as they enhance their economic freedom.

Although average levels of economic freedom in sub-Saharan Africa remain relatively low and the region remains the world's least free economically, no region has made greater strides in economic freedom than sub-Saharan Africa since the Index began grading countries in 1994. While short-term trends are always suspect, increased growth rates in sub-Saharan Africa in recent years may indicate returns on improved economic freedom. Notably, a 2010 NBER paper indicates that the economic growth trend in sub-Saharan Africa between 1995 and 2006 has been accompanied by substantially reduced poverty.[15]

Why should economic freedom lead to economic growth and development? Economic freedom includes an individual's basic rights to work, produce, save, and consume without infringement by the state. Greater economic freedom empowers people with more opportunity and is critical for lasting prosperity. In other words, by reducing barriers to economic activity, economic freedom helps to create a framework in which people can fulfill their dreams of success.

In contrast, rigid labor policies, high regulation and bureaucratic red tape, high official taxation, corruption, and trade barriers create a drag on economic growth by increasing costs on private economic activity. This leads talented people to leave the country for more advantageous opportunities or to engage in activities that do not contribute to GDP (such as government service). It leads some to enrich themselves through rent

15 Xavier Sala-i-Martin and Maxim Pinkovskiy, "African Poverty is Falling… Much Faster Than You Think!" National Bureau of Economic Research Working Paper Series #15775, February 2010, at http://www.nber.org/papers/w15775.

16 Hudson Institute Center for Global Prosperity, The Index of Global Philanthropy and Remittances 2009, at https://www.hudson.org/files/documents/Index%20of%20Global%20Philanthropy%20and%20Remittances%202009.pdf.

seeking and corruption. And it encourages private capital to flee to better climes – a critical factor when one considers that, according to the Hudson Institute's *Index of Global Philanthropy and Remittances 2009*,[16] private financial flows dwarf foreign assistance from governments accounting for over 80 percent of economic transactions from developed countries to developing countries.

The practical result is that countries with anti-market economic policies and bad governance are more likely to be poor, to be isolated from the international economy, and to find it more difficult to escape that poverty. Quite simply, for countries to realize economic growth and development, they must remove obstacles to development by adopting policies that bolster free markets and entrepreneurship, good governance, and the rule of law.

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All of this should lead the U.S. to reevaluate its development policy. Here we have some good news. Despite the Administration's continuing efforts to increase the U.S. development budget, President Obama has called on Africans to accept responsibility for their situation and take steps necessary to rectify it:

> [P]art of what's hampered advancement in Africa is that for many years we've made excuses about corruption or poor governance; that this was somehow the consequence of neo-colonialism, or the West has been oppressive, or racism.... The fact is we're in 2009. The West and the United States has not been responsible for what's happened to Zimbabwe's economy over the last 15 or 20 years. It hasn't been responsible for some of the disastrous policies that we've seen elsewhere in Africa. And I think that it's very important for African leadership to take responsibility and be held accountable….
>
> I think that you've got some very strong leadership in Africa that is ready to move forward and we want to be there with them. On the economic front, that means opening up better trade opportunities. It means that we are interested not just in foreign aid, but in how we strengthen the capacity for development internally in these countries.[17]

17 "Interview of President Obama by AllAfrica.Com," July 7, 2009, at http://www.america.gov/st/texttrans-english/2009/July/20090708101135emffen0.6657221.html.

Mr. Obama should be commended for this approach. Africans have too long been encouraged to look abroad for their salvation and aid advocates have been too eager to seize upon African poverty to bolster their calls for ramping up aid budgets. The key to African development lies in freeing African economies, combating corruption, unleashing the entrepreneurial talents of the people, and embracing competition in the global marketplace. Accomplishing these tasks depends on political will and action in African countries, not the United States.

Moreover, if the President believes his statements on governance and investment, it should lead him to reconsider his commitment to double foreign assistance. The focus on arbitrary increases in ODA distracts from the real means for development. The benefits of policy change dwarf those of foreign assistance. The U.S. can aid development to the extent that it assists countries in making positive policy choices. Without such policy changes, no level of development assistance will be sufficient to realize long-term economic growth and development.

Aid to Education in Africa

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One of the UN Millennium Development Goals is Education For All—the achievement of universal primary education by 2015—and every year UNESCO publishes a Global Monitoring Report tracking progress towards this goal (see, for example UNESCO 2010:1). Moreover, a significant proportion of international aid, whether from government ministries and agencies or from charities goes towards this aim of getting children into school.

In addition, every year the United Nations Development Programme produces the *Human Development Report* in which it ranks all the countries of the world according to a wide range of variables, with special emphasis laid on what they term the 'Human Development Index'. This is a composite index of what they consider to be the four key indicators of human development. These are: life expectancy at birth, the adult literacy rate, wealth per capita and, most important for present purposes, the combined enrolment rates for primary, secondary and tertiary levels of formal education.

Thus, it is assumed that enrolment in formal education is necessarily and inherently a 'good thing', that it is a key indicator of development and that what happens inside schools and higher education is automatically of benefit to both individuals and society. This assumption is shared, most of the time, by national governments, global institutions like the World Bank and international aid agencies, where the dominant concern is with access to schooling rather than what happens in schooling. This is reflected in the enormous global expenditure on formal education and the major conference held at Jomtien, Thailand in 1990 when most governments of the world met to plan how they would provide universal primary education for all children by the year 2000 – followed by a similar enormous conference held in Dakar, Senegal in 2000 where they met again to explain why they hadn't achieved their targets for 2000 but would do so by 2015.

While the role of aid itself is now more open to scrutiny and the resulting controversy and debate (see Moyo 2009; Tandon 2008; Glennie 2009 among others), I'd question the over-emphasis in aid on simply getting children into school in Africa. There is no doubt that there is now more emphasis on the quality of education

> “The dominant concern is with access to schooling rather than what happens in schooling”

provided than there was initially. The 2010 Global Monitoring Report makes this clear:

‘The core task of any education system is to equip young people with the skills they need to participate in social, economic and political life. Getting children into primary school, through their early grades and into secondary school is not an end in itself but a means of delivering these skills. Success or failure in achieving education for all hinges critically not just on countries delivering more years in school; the ultimate measure lies in what children learn and the quality of their experience’ (UNESCO,2010:104).

The same document also notes that quality is not only about putting extra resources into schools to improve the school infrastructure and learning environment, it is also about ‘the interaction between children and teachers’ (p.114), though it then goes on to discuss and quantify shortages of trained teachers rather than the nature and quality of classroom interaction.

There is no doubt that quality is an issue in African education. A recent book which set out to identify signs of change resilience and the will to succeed in African education, nevertheless, had to admit that:

On the face of it, the news on educational development in Africa, especially when assessed against indicators such as “good quality of education for all”, appears to be grim. Indeed, for many countries the sheer task of overhauling what are, to a large degree, dysfunctional systems of education is so overwhelming that it is difficult to think in terms of changes and progress (Johnson, 2008:7).

Strongly indicative of this are the outcomes of schooling. Verspoor notes in relation to Africa that,

‘Less than one third of the children of school leaving age currently acquire the knowledge and skills specified in their national primary education curriculum. This jeopardizes the very objectives of economic development, social progress, peace and democracy that are the core of the New Partnership for African Development. For him, the quest for quality is not just an issue of education policy, but a key development challenge’ (2008:13).

Verspoor goes on to point out that learning achievement is so low that after several years of schooling, the students have still not obtained basic literacy and numeracy skills and notes the dominance of traditional, rote learning teaching methods in classrooms and how difficult these are to change.

One project run by Save The Children Norway that has tried to improve the quality of education in four countries in Africa – the Quality Education Project (QEP) in Ethiopia, Zambia, Mozambique and Zimbabwe – put its main emphasis on the nature of classroom interaction after an early evaluation showed that schools in Ethiopia that had had significant inputs of resources fared no better in terms of learning outcomes than those which had not (Harber and Stephens 2009).

However, 'quality' is not a neutral term because one person's definition of quality might be an efficient and competent form of authoritarian rote learning of information whereas another's might be based on a more democratic and participatory form of learning based on a wider range of desired outcomes. The dominant model in Africa at the moment is the former, teacher-centered authoritarian one (Harber 2004: Ch.2). If aid agencies supporting education in Africa are going to move beyond resource inputs to classroom interaction, they therefore need a clear idea of what they understand by quality – what kind of classroom relationships are they trying to encourage? QEP had a clear idea of what this meant in practice, using action research and mutual observation to develop reflective practice to encourage, but not to impose, more child-friendly, child-centered and active forms of teaching and learning with some success.

However, perhaps the most important consideration facing aid to education in Africa is that is provided in a way that does not contribute to, and indeed helps to reduce, current practices in schools (in Africa and elsewhere) which are directly harmful to children. For example, despite widespread and consistent evidence of the harm it does to children and the wider society, corporal punishment is still commonplace in schools in Africa. Sexual harassment and abuse of female pupils both by male pupils and male teachers is also still a regular and frequent occurrence (for a review of the evidence see Harber 2004 and Harber 2009).

There has been much talk and practice of conditions attached by donors to aid, and perhaps in the future donors of aid to education should not shy away from providing money to education in a way that not only doesn't ignore these problems, but actively helps to reduce and eliminate them.

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The Importance of Aid Fragmentation in Sub-Saharan Africa

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In its more than fifty-year history, foreign aid has never suffered from a lack of big ideas, grand schemes, or supposedly fail-safe policy proposals. But any realistic assessment of our knowledge of how foreign aid can be made to work will mainly leave us with a set of policies and practices that have proven to be ineffective at best, and counterproductive at worst. One of the most problematic of such practices is aid fragmentation: the tendency for everyone to do everything everywhere.

Like many other damaging aid practices, the lack of coordination among donors has been identified early on and has been criticized ever since (Easterly 2006). It is one of the most entrenched characteristics of donor agencies, and despite being such a well known problem, little has been done to effectively address it. The principal reasons for this lack of responsiveness are likely to be found in the political economy of official donor agencies: conflicting foreign policy objectives, the need to respond to domestic interest groups in order to maximize budgets, and the incentive to evade responsibilities.

Conflicting policy objectives arise in the context of bilateral aid agencies when foreign aid is used as an additional lever in traditional foreign policy. Donor countries' governments wish to have a stake in more recipient countries than would be sensible from a sole aid efficiency point of view. Empirical studies have shown foreign policy objectives to be an important determinant of bilateral aid flows (Alesina, Dollar 2000). Like most governmental organizations, aid agencies have an incentive to maximize the budget under their control. This can be achieved by taking on as many projects as possible, irrespective of their expected outcomes, and picking those projects that are most likely to resonate with the domestic constituencies who hold the purse strings (Knack, Rahman 2008). The result is a high degree of diversification in the projects portfolio, both geographical and sectoral. Finally, all government agencies will try to elude accountability when given the opportunity. Independent project evaluations are still the exception in foreign aid, so policy effectiveness has to be evaluated based on observable aggregate outcomes. The higher the number of aid agencies involved in a certain sector and country, the harder it will be to evaluate the performance of each. Agencies, therefore, have an incentive to become active in areas which are already crowded by other actors (Knack, Rahman 2008).

Aid fragmentation causes a variety of problems on the donor's as well as on the recipient's side. The principal drawbacks for the donor are a lack of specialization and inefficient scale. If a donor is active in almost every developing country and sector, staff will need to be spread over a large number of very different projects. The result is an inability to generate the country/sector specific knowledge that might be necessary to carry out the project in a successful manner. At the same time, the donor will have to maintain a presence in many different locations, incurring high fixed costs for a limited number of projects.

The principal problems on the recipient's side are the bureaucratic costs associated with meeting the administrative requirements imposed by a multitude of donors. The most notorious example of this is the case of Tanzania, where the government had to prepare more than 2,000 reports and host more than 1,000 donor missions on a yearly basis (World Bank 2003). Several years ago the government saw itself forced to declare a four month "mission holiday" in order to be able to focus on domestic priorities. A second problem stems directly from the high fixed costs incurred by donors. Each agency that sets up shop will need to hire local staff. Given that the salaries offered are substantially higher than those paid locally, the recipient country government will lose its most talented employees. This effect ("poaching") further deteriorates the quality of the local bureaucracy.

Given its importance, fragmentation needs to be addressed in any assessment of foreign aid. So far, most of the work in this area has focused on the donor's side. In what follows, I will take a closer look at aid recipients, presenting data on Sub-Saharan Africa's 48 countries. Ideally, one would want to assess the number of different agencies operating in a country, including NGOs. But given that data of acceptable quality is only available for official flows from the 22 OECD-DAC member countries at the national level, I will restrict myself to these bilateral flows. I present results for gross disbursements of bilateral official development assistance (ODA) in 2008, data taken from the public access OECD Credit Reporting System (CRS) database. This source also contains data for multilateral agencies, but, unlike for the 22 member countries, these are not subject to mandatory reporting- which in many cases results in less than reliable data.

Following common practice, fragmentation will be measured by a Herfindahl index. This measure was originally developed to capture the degree of competitiveness in a given market. In the original application it is computed as the sum over the squared market shares (in decimals) of each firm. This will always yield a number between zero and one, where a value of one corresponds to the case of a monopoly, and a value close to zero to perfect competition. The index has the intuitive interpretation that it measures the probability of two randomly drawn dollars spent in the market going to the same firm. In the present application it measures the probability that two randomly drawn aid dollars come from the same donor country, a lower value indicating a higher degree of fragmentation.

Aid fragmentation causes a variety of problems on the donor's as well as the recipients side

Table 1 compares the degree of fragmentation in aid to Sub-Saharan Africa to two other aid intensive regions: Far Eastern Asia (11 countries) and South and Central Asia, excluding the Caucasus (14 countries). The first column shows the average Herfindahl index per country in each region. It appears that in all three regions the index for the average recipient country is around 0.3. What stands out on closer inspection is that Sub-Saharan Africa exhibits the lowest (Mozambique at 0.09) as well as the highest (Republic of Congo at 0.913) values for individual countries across all three regions. Most of the extremely high values stem from a number of small countries with one dominant donor (which is mostly France), such as Mauritius or the Comoros. Once the different Herfindahl indices are weighted by each country's share in total bilateral aid going to the region, the picture changes somewhat: Sub-Saharan Africa now exhibits a far greater degree of aid fragmentation than Far Eastern or South and Central Asia .

Table 1: Fragmentation by donor country (Source: OECD)

	Unweighted	Weighted	Minimum	Maximum
Sub-Saharan Africa	0.297	0.238	0.090	0.913
Far Eastern Asia	0.320	0.279	0.136	0.686
South & Central Asia	0.302	0.293	0.108	0.683

It can of course be argued that fragmentation is less of a problem if donors are specialized by sector, as this would create a high degree of sector specific knowledge on part of the donors and recipient countries would only have to deal with one single partner in each policy area. Table 2 takes this possibility into account. Like table 1 it presents average Herfindahl indices per recipient country for the same three regions. Unlike table 1 it allows for specialization by sector, by first calculating the index for each of 23 different sectors in each recipient country, and then taking the weighted average for each country, where the weights correspond to the sector's share in bilateral ODA received. In the case of no specialization at all the resulting index would be the same as before, and in the case of perfect specialization (i.e. only one donor country in each sector) it would be equal to one. The averages presented in the table are then taken across countries in the same way as in table 1. What stands out is that the resulting indices are consistently higher than in table 1, which is good news since it shows that specialization does take place to some degree. On the other hand, specialization is far from perfect and Sub-Saharan Africa continues to have a far larger degree of fragmentation than the other two regions.

Table 2: **Fragmentation taking into account specialization by sector (Source: OECD)**

	Unweighted	Weighted	Minimum	Maximum
Sub-Saharan Africa	0.504	0.401	0.215	0.992
Far Eastern Asia	0.530	0.489	0.319	0.861
South & Central Asia	0.523	0.474	0.179	0.854

For completeness Table 3 presents the indices from tables 1 and 2 for all 48 African countries. The first column presents the Herfindahl index based only on donor countries, and the second shows the weighted averages over all sectors that were used in table

Table 3: Herfindahl indices by recipient country (Source: OECD)

Country	donor only	with sector	Country	donor only	with sector
Angola	0.125	0.301	Liberia	0.329	0.356
Benin	0.146	0.310	Madagascar	0.231	0.453
Botswana	0.494	0.945	Malawi	0.189	0.358
Burkina Faso	0.165	0.306	Mali	0.116	0.215
Burundi	0.108	0.328	Mauritania	0.217	0.442
Cameroon	0.486	0.677	Mauritius	0.882	0.961
Cape Verde	0.219	0.467	Mozambique	0.090	0.254
Central African Rep.	0.151	0.401	Namibia	0.261	0.561
Chad	0.143	0.292	Niger	0.144	0.303
Comoros	0.868	0.992	Nigeria	0.298	0.625
Congo, Dem. Rep.	0.130	0.236	Rwanda	0.158	0.475
Congo, Rep.	0.913	0.637	Sao Tome & Principe	0.238	0.833
Cote d'Ivoire	0.249	0.666	Senegal	0.191	0.403
Djibouti	0.643	0.810	Seychelles	0.491	0.750
Equatorial Guinea	0.563	0.803	Sierra Leone	0.388	0.615
Eritrea	0.178	0.513	Somalia	0.226	0.295
Ethiopia	0.241	0.447	South Africa	0.228	0.548
Gabon	0.778	0.826	Sudan	0.254	0.368
Gambia	0.221	0.629	Swaziland	0.242	0.680
Ghana	0.124	0.278	Tanzania	0.112	0.329
Guinea	0.276	0.452	Togo	0.564	0.594
Guinea-Bissau	0.244	0.461	Uganda	0.162	0.362
Kenya	0.200	0.434	Zambia	0.159	0.390
Lesotho	0.195	0.427	Zimbabwe	0.227	0.367

Finally, it is of interest to briefly discuss the likely reasons for the higher degree of fragmentation of aid going to Sub-Saharan Africa. The most likely culprit is, naturally, low levels of income. For the year 2008, the coefficient of correlation between the Herfindahl index that takes into account different sectors (column 2 in table 3) and per capita GNI in purchasing power parity (for the 46 African countries for which the latter is available) is 0.566, i.e. higher income is strongly associated with lower levels of fragmentation. Note that this correlation is unaffected by sector specific specialization of donors and, therefore, not the result of poorer countries receiving aid in a larger number of sectors. This is a troublesome result, as it implies that the countries suffering from the highest degree of fragmentation are the ones least likely to be able to cope with it, and should be reason enough to have donor coordination high on the list of priorities.

China: Investment vs. Aid in Africa

Interview **Dr. Deborah Brautigam**
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International Affairs Forum: What do you consider some major myths regarding China's involvement in Africa?

Dr. Deborah Brautigam: One of the biggest misunderstandings is that what China is doing in Africa is largely foreign aid, that they give huge amounts of aid in Africa. I think the reality is that this is much more about business than it is about aid. Most of the large loans that we see, to the extent that they'll actually be delivered, are not being offered on a concessional basis. So this idea that China's a huge emerging donor, which I think has gotten a lot of the foreign aid community alarmed, is actually probably not true.

Related to that is the idea that China is just in Africa for oil or mineral resources. This is a hugely important area of their interests in Africa, just as it is for every country or investors across Africa. The major exports out of African countries are commodities, and so that's the case for everybody, they're interested in that if they're interested in business. But I think for the Chinese we actually see a lot more balance in their engagement in Africa than Europe or the United States. For example, when you look at trade statistics for Africa in 2008, they were almost evenly divided between imports and exports, though what that means is that African countries as a whole exported around $50 billion, 50, $56 billion work of goods to China, and then China exported about $50 billion worth of goods to Africa as a continent. Of course this was unevenly distributed around the different countries. Some countries with more money were bigger consumers of Chinese goods, and some countries with more resources were bigger exporters. So trade was not even on the country by country basis, but on a continental basis it was remarkably even.

If you look at trade from the United States we don't see that kind of pattern at all. There are far fewer exports in the United States into Africa, and it's overwhelmingly imports of raw materials from Africa to the United States.

The Chinese are very interested in Africa as a market, which is a huge area for them. Another thing that a lot of people are starting to understand, though they may not see the full dimensions of this, is that Chinese companies see Africa as a huge area for construction business: infrastructure. This is not just things related to extracted resources such as railroads that go to mines and ports that ship out commodities. That's part of it but there's been a lot of less of that than people believe. Far more has been simple infrastructure like building roads in capital cities, building bridges across rivers, connecting countries one to another. Yet another area is office buildings. If you go to downtown Dar Es Salaam in Tanzania, the view has just been transformed by Chinese companies who have built these incredible buildings there. Some of these are for the government, some for private people, some are for other Chinese companies. But they've been experimenting with a lot of interesting architectural styles and they're building on a scale across Africa that we haven't seen other companies from other countries doing for a long time. To give an idea of the dimensions of this, in 2008 Chinese construction companies reported revenues of $20 billion for construction in Africa across the continent with contracts of almost $40 billion. This money is mainly not being paid by China, they're getting paid by all sorts of different actors such as the World Bank. In fact, the single largest country winning World Bank infrastructure contracts for Africa is China. They win more than half of all the construction contracts from the African Development Bank. Individual African governments that have money hire Chinese contractors. There's one Chinese company in Nigeria that's done almost 25 different projects that were all paid for by the Nigerian government, not China. Private individuals are hiring Chinese companies to build things for them. So there's a lot of demand for these services, and they're really putting up huge competition for Western construction companies like Siemens, Bechtel, Skanska, and the other large companies from the West that had been winning these contracts in Africa.

This idea that China's a huge emerging donor... is actually probably not true...

There is also a large interest in manufacturing investments by Chinese companies. This was pretty much under the radar, it doesn't show up in the data, and it's very anecdotal at this point, but there are a lot of Chinese companies setting up factories in different parts of Africa. They're getting a lot of support from their own government to do this. That's another area in which you see very little of that happening in the West.

The final interesting piece of evidence on this is that the largest project so far that's been confirmed, where the money's been delivered and actually under way, is not in natural resources, but a purchase of 20% of Standard Bank in South Africa by a Chinese Bank. That's the single largest project, and that generates other kinds of projects, largely in infrastructure around the continent.

You've pointed out that China's level of aid to Africa is far lower than most reports and also that they use more loans, that have increased over time. Does it matter what financial instrument is used if, some would argue, the effect is to gain influence in Africa?

Dr. Brautigam: I don't think the goal is simply to gain influence in Africa. You have to look at China today as a nation following in the footsteps of Japan at an earlier period. What the Japanese government had and still has, is a number of instruments to promote its businesses, and they were particularly active in Southeast Asia as well as China. They have a lot of different kinds of finance, funds of different kinds, loans that governments overseas can take out in order to finance work by Chinese companies, or in that case Japanese companies. What we have in our country is export credits. This is basically a guarantee system, we don't offer much actual finance through these export credits. In the United States it's relatively small but in Japan, Germany, or China, these export credit agencies are enormous. They finance Chinese business, or in the case of Japan, Japanese business overseas. So that part of it isn't really about getting influence, it's about generating business.

A few years ago Moisés Naim described China as a rogue donor and that rogue donors "offered to underwrite a world that is more corrupt, chaotic and authoritarian." Some say that the way China does business in China, attaching no conditions to aid money, and as reported by Transparency International, a willingness to pay bribes, undermines local efforts for good governance, and also the efforts of institutions like the World Bank and IMF. How do you respond to that?

Dr. Brautigam: It's true that the Chinese don't attach any governance related conditions to their finance. In that sense they are not making the situation better because they're not withholding their money in those kinds of situations. In order to address that kind of critique though, you have to look more broadly at what are the sources of finance the countries actually have.

In Chapter 11 of the book I talk about the Chinese putting a two billion dollar infrastructure credit into Angola (2004). This was largely looked at as overthrowing efforts that the IMF was making at trying to get Angola to become more transparent and to have less corruption. But the Chinese were not alone. There were dozens of Western banks lined up in consortiums and they were also contributing finance to the Angolan government, we just didn't hear very much about them. The point is that a government like Angola's, that has oil or some other commodity, can attract finance from a lot of different actors, it's not just the Chinese. In this light, to look at the Chinese as being, what Moisés Naim calls "rogue donors", is actually wrong. What the Chinese were doing in Angola was not even concessional, it was a business arrangement. Just like the Western banks that were doing business arrangements there. There are many countries that have access to western banks, and those banks don't put any kinds of governance related conditions on their loans either.

I think the World Bank and the IMF do value better governance, at least they impose corruption-related conditions. But they don't impose democracy-related conditions, so they will finance non-democratic governments. If you look at the development finance system as a whole, the Chinese are not that different from many of the other mainstream actors in the West, such as the IMF, the World Bank, and the private banks when it comes to democracy conditions, or the private banks when it comes to corruption-related conditionality. The bottom line is that they're probably not going to be changing the situation very dramatically from the way it was before they arose as a major financer.

What about human rights issues?

Dr. Brautigam: This is an area in which we are not going to see conditionality from the Chinese. What is this going to do for the situation of human rights around the world? We don't really know right now. If you look at the case of Angola with regard to corruption, I think it's interesting that, since 2004, the government there has become increasingly transparent. They've been following many of the recommendations by the IMF and have had IMF teams there advising them on how to better manage their oil revenues. The IMF has been pleased in regards to the improvements the Angolans have made, and they've done this without conditionality.

When we look at human rights in terms of what impact Chinese finance is likely to have on that, it's a sad reality that conditionality, whether it's done with aid or non-aid development finance of various kinds, has not had a good track record at improving the human rights situations in countries. This is something that is widely known in academia, but it isn't widely known or believed in the NGO community, or in the advocacy community. That's fine because I think it's good to advocate for human rights. It's an area in which there all sorts of pressures can ultimately perhaps be helpful in creating a normative climate for these kinds of behaviors to be increasingly looked at as being outlawed.

Using sanctions doesn't appear to be the answer. I was at a conference of the International Studies Association recently and attended a panel discussion on sanctions, and it's such a sad thing that over and over again the data shows that imposing sanctions actually doesn't make human rights better. One can look at Iraq after the Gulf War, while Saddam Hussein was there, or Cuba under Fidel Castro, and all these are examples of long term sanctions without much in the way of improvements in human rights. There are many others.

This is not to say that I think sanctions are useless. They express the horror and the outrage that people feel about these egregious situations. But I'm not sure the fact that the Chinese don't impose sanctions actually worsens the human rights situation in general.

And environmental issues?

Dr. Brautigam: Environmental issues, yes, and if I could just add to that, social standards. This is an area where Chinese companies are really behind the curve as compared to Western companies. This is because, in large part, these issues are just now gaining a lot of publicity within China. It's a poor country in many ways, a developing country, and their labor and environmental standards reflect their level of development. China has a set of policies on things like "green credit" where the banks have been trying to phase out credit for polluting industries and giving beneficial lower rates to more environmental kinds of projects. This has not yet reached their overseas credit banks, their expert credit agencies or China Development Bank, but they're aware of these issues.

We see this changing all the time. Sinohydro Corporation, which is a major Chinese implementer of hydro powered dams overseas, are putting together a set of standards that they hope to be world class for environmental protections on their projects. If they actually implement them, that'll be a huge improvement.

However, I think that right now the level of effort on environmental impacts is not very good. There is some evidence that it may be improving, and if it does improve it has a long way to go. So I agree with the critique on those kinds of issues wholeheartedly. And the social standards, labor standards, all of these are areas in which there's huge room for improvement and ample area to criticize the Chinese companies.

You discuss in your book how the West has not been particularly transparent in aid reporting in the past, but in general it's improved. Should China be encouraged to provide numbers on aid practices?

Dr. Brautigam: Yes. I would love it if they would. The only reason I think they don't do this right now is that aid in the Chinese context is very political. I've been making the point that a lot of these flows of finance that were seen in Africa are not aid. With those kinds of things there's a chance that we'll see more transparency on flows than we will on the more diplomatic flows of grants, and zero interest loans. I think they won't publicize the grants and zero interest loans which are the more political aid. There is a better chance that the concessional loans that come out of the China Eximbank will become more transparent because they were in the past. They published those until about 2001. But I've also been told that a decision of this nature would have to be done at the very highest levels in China, and right now the very highest levels have a lot of other things on their plate other than making a decision to release this kind of information. It just hasn't happened yet.

One more point is that many people in China don't like the idea of the Chinese government having a foreign aid program because there's so much poverty in China still. This could end up being politically contentious, and that's another reason why they just put it off, and they don't gain a lot by publicizing it. It might be a risky thing for them domestically. In that sense they're going to hold off on this for a while.

Would you comment on how – or if - Chinese engagement has affected African agriculture?

Dr. Brautigam: At this point there is not a lot of Chinese engagement in agriculture in Africa. There have been a few private farms that have been set up in places like Zambia, Cameroon, Ethiopia. By and large these have been relatively small. People who have looked into this have said that there aren't any large confirmed Chinese projects that have actually been implemented above 50,000 hectares. This sounds quite large but it isn't all that large when you think of the size of projects, the size of the African continent, and the size of other plantations that exist there. I actually have seen very few that are even above 10,000 hectares that are confirmed and actually in operation. So there's not a lot of really large engagement by Chinese companies, and I suspect the government is not encouraging this because they know that this is an area in which there's been a big backlash already after the food crisis of the past few years.

There are other areas of Chinese engagement in agriculture, and one of those is foreign aid. On the whole their engagement in agricultural foreign aid hasn't had a lot of impact. They've sent a lot of agricultural technicians and they've had projects in almost every country across the continent over the years. Those projects haven't had a lot of broad impact. They've had local impact but they've been very difficult to sustain, in part because local governments haven't done a very good job of sustaining the benefits once the Chinese went home. Now they are proposing a new model that is a way of using aid to boost Chinese companies to set up a kind of a hybrid public private model. They will be doing this in 20 countries, and this will be relatively small scale. But these companies are going to try to find some kind of technology or technique, or some kind of product or idea that they can sell and that can make a profit. So this won't just be something that requires continual subsidies but something where, for example, they might be promoting low technology but appropriate technology winnowing machines for rice, or promoting hybrid seeds for rice, or promoting fish ponds. There are other areas in which Chinese companies are supposed to explore what kind of product they could provide that would actually be of interest to Africa farmers, that they might want to buy or receive training in. This will ultimately be something that enables the company to sustain its operations there. So they get about three years of support and they have to make it on their own.

It's an interesting model, it starts out as aid, but then it has to turn into a business so there would be some way that this company can create something that has a demand in Africa. It's an actually more sustainable way of approaching agricultural engagement and assistance than most of what the Chinese have done in the past, or frankly what the West has done in the past which also hasn't been very sustainable.

What is your outlook for the Chinese experience in Africa?

Dr. Brautigam: I think right now there's a window of opportunity for African countries. Many of the approaches that the Chinese government is taking are coming under what's called the FOCAC, the Forum on China Africa Cooperation. This whole effort is to position the Chinese well in Africa, for two reasons. First, because of their interest in resources, where they want to look like they're coming in not just as "taking" but also "giving" and doing things that are of mutual benefit. But also because as Chinese government sees Africa as being an area of opportunity, and a broad based opportunity, not just in natural resources.

That window won't be open forever. There will be areas where the Chinese will get frustrated just as Western companies have in the past. Nigeria is one example. Two Chinese companies there are building overseas economic zones but they are already having frustrations getting those up and running. Ethiopia is a similar case. While this window is open, African governments have an opportunity to parlay this Chinese interest in mutual benefit into things that they want.

Resource-based infrastructure loans is another example. Countries exporting resources can use these loans as a way to channel some of their natural resource wealth into infrastructure in ways that they haven't been able to do in the past. It's an "agency of restraint", I argue, a window of opportunity for countries to take advantage of Chinese interest and then leverage it to their advantage.

As for the longer term, I imagine that the Chinese will probably go down one of two roads. They'll either become more like the Japanese in Southeast Asia: known for promoting their own companies' business but where local interest can also gain. A lot of the economic development we see in Southeast Asia can be attributed to Japanese infrastructure and Japanese investment in the 1970s and the 1980s. This is an underreported aspect of the Southeast Asian economic miracle. There's a possibility that some parts of Africa could turn out to be more like some of the Southeast Asian countries in that regard.

There's a saying in West Africa, W.A.W.A., that expatriates say whenever something just doesn't work. They would say: "West Africa Wins Again: W.A.W.A. (wa-wa)." I think that many of the forces that are pushing against development in many African countries are very strong, and so I don't think Chinese interests alone or Chinese engagement will be able to overturn those. In many countries we'll see those forces rendering Chinese interests and Chinese engagement just as impotent as interest and engagement from the West has been over the years.

Paths for Development

Interview **Dr. David Phillips**
GBRW Consulting
UNITED STATES

International Affairs Forum: Former British Prime Minister Tony Blair has said: "The problem with African countries is not just a matter of aid. The two absolutely critical things for any African country that wants to develop sustainably are that you put together the right business environment and that (investors) can come in on a transparent and open basis." Your reaction?

Dr. David Phillips: Barriers to investment in Africa are high. They include regulatory barriers such as business licensing (kept high for tax revenue purposes) and 'informal' payments for example for business permits and for cross-border freight shipments. They also include severe infrastructural bottlenecks in power and transport systems. Kenya's relatively strong manufacturing sector is for example constrained by extensive power outages so that all major businesses are forced to purchase generators to avoid disruption of their production. The need for a good business environment is universally agreed. Investment flows (FDI and portfolio investment) are generally far larger than aid flows worldwide and Africa's share of these is very small. The continent needs to capture a larger share of direct and portfolio foreign investment. Hence the need for an investor-friendly environment. However higher foreign investment is not the solution on its own. That requires greater efforts in terms of domestic resource mobilization, including taxation and higher productivity.

Some critics like Dr. Dambisa Moyo believe that international aid is the cause of Africa's problems. Others consider that a simplistic explanation that doesn't adequately address issues such as bad governance as factors in the analysis. Does the answer lie somewhere in between?

Dr. David Phillips: Dembisa Moyo's

views, albeit in some cases overstated or under-supported, have hit a nerve because there is a broad perception that foreign aid has at least partly failed in its main objectives. Her main complaint for a large group of the poorest countries like her own, Zambia, is that high levels of aid dependency have built up such that the national budget and much of Government business is hostage to aid donor decisions, whereas the solution she thinks must come through private investment including foreign portfolio investment and lending. I.e. Africa must become a player in the capital market not a recipient of donations. This was very much the position of one of the most famous classic development economists, P.T.Bauer.

Foreign Aid is a large-scale subsidy system in the hands of more than 100 official assistance organizations, as well as thousands of charitable agencies and NGOs, all with their own agendas and perceptions of what they should do. Thus not only is this a huge subsidy but it is very poorly planned, chaotic and badly targeted and it has serious accountability issues both at the donor and the recipient end. It is hardly surprising therefore that its achievements are low and that it leads in itself to corruption of its recipients, just like any other badly conceived subsidy anywhere. Some African Governments have lost accountability partly because of an aid-dependency 'syndrome' whereby aid has replaced local capacity, and therefore it is also equally simplistic to blame bad local governance for Aid;s failures. The foreign aid system will collapse around its own anomalies in the foreseeable future not because the quality of assistance per se is low, which is the current concern of the donors (much assistance is in fact of high quality), but because of the anomalies of its politicized and unaccountable nature. Instinctively Dambisa Moyo is on target but the details of how to replace aid with a better approach are more complex than she recognizes.

How would you assess the effectiveness of the World Bank, IMF, African Development Bank, and other financial institutions in development aid for African states? What has been most effective? What can - or should - these institutions do to promote development in Africa?

Dr. Phillips: The existence of the World Bank Group and Regional Development Banks is justified insofar as they help to bring some order to the aid system. They are large lenders and (to a smaller extent) investors and they provide a degree of discipline through their mixture of loans, investments and grants and their attempts to formulate development assistance strategies which some other aid donors follow. However their own processes have been quite flawed (eg their Board voting rights are somewhat obsolete) and they are obliged to exaggerate their achievements and obscure their failures in order to satisfy their financial backers, that is both the capital markets and the donor Governments that sit on their Boards. Some World Bank Group activity (such as structural adjustment loans) has been highly controversial and of doubtful benefit to the recipients, and their current claims of project success are debatable. Recently agreed large capital increases for all the major MDBs have been justified on somewhat dubious grounds since the World Bank for example has had considerable difficulty in using up its already existing capital for its lending operations. The most effective role for these institutions in the long run is probably the supply of 'global public goods' that cannot or will not be provided by Governments and the private sector. The most effective activity in Africa going forward is probably a continuation of actions like eradicating disease, dealing with environmental problems and climate change impacts that occur across borders. Large scale inter country infrastructure such as transport systems and power are also justifiable as public goods, and a general role as provider of expertise in international issues such as economic management and financial stabilization, a role usually provided by the IMF but also to some degree the World Bank..

What do you believe is the best avenue(s) toward effective and sustainable development in Africa?

“If foreign aid in its present form (excluding humanitarian aid) is essentially doomed then the question is how to replace it.“

Dr. Phillips: If foreign aid in its present form (excluding humanitarian aid) is essentially doomed then the question is how to replace it. This requires firstly mobilization of domestic resources. There must be a greater tax effort in African countries, both because of the need for revenue and in order to reduce dependency on aid donors and free the political process. Another increasingly important source of 'domestic' finance is the rapidly expanding diaspora community which currently sends back to Africa something in excess of all the aid that flows in. A combination of increased tax effort, increasing Government accountability to African voters, diaspora skills and cash, and private foreign investment helped by a less restrictive business environment seems to be the way forward in the long run, combined with a radically reformed, reduced and redirected aid system far more under local control.

The African Development Bank, together with other multilateral development banks, recently agreed to implement cross-debarment for firms found guilty of corruption, fraud and other violations in projects. How effective do you consider this toward fighting these issues?

Given the likelihood that the system of poorly managed, mis-targeted and politicized subsidies known as foreign aid is itself partly responsible for engendering corruption the debarment of firms for alleged corruption is essentially beside the point. Obviously fraud among vendors providing project services should be prevented to the extent possible but it is a moving target and the donors should be looking elsewhere to understand what it is that undermines the very actions that they expect to achieve beneficial results. Another major current concern – with improved evaluation methods for projects – is equally misdirected if the root causes of low achievement do not lie in the quality of delivery of projects but within the political system that manages them.

Some experts say developed country trade policies towards sub-Saharan Africa have focused primarily on access to international markets, without placing sufficient focus on building sub-Saharan Africa's ability to trade and take advantage of these markets. Do you agree?

Dr. Phillips: Treaties like AGOA have been important to the exports of particular African countries (eg Lesotho) although they have been offset by other anti-trade measures such as subsidies to sugar and cotton. These trade related measures have been much more influential on African development than outside efforts to facilitate exports from within. Nevertheless aid donors have worked for many years on 'trade facilitation' and 'trade capacity' for example by setting up export promotion agencies and investment promotion bureaus as well as rationalizing trade and exchange rates with a view to increasing exports. Currently 'aid-for-trade' includes such efforts. It may be that the emphasis remains too much on access to markets but that is difficult to judge.

Generally Africa's ability to export is largely a matter of the strengthening of Africa's private sector and making local economies more investor-friendly. It is accordingly more important for developed countries to rationalize production subsidies and tariff/non-tariff measures that restrict access to their markets than to try to provide aid to export faciltiation. Africa also has extensive internal trade barriers which need to be removed and these will only come down when African Governments seize the initiative, something that will also be helped by lower aid dependency, higher domestic accountability and higher tax effort (to replace border tariffs). However there is another major factor that is out of the control of both Africa and the donor nations. That is Chinese export capacity. Africa cannot obtain access or return to international markets if it is competing with a far larger, scale, highly productive economy supported by an undervalued exchange rate that is helping to fuel massive exports both in

Africa. Thus international agreements and other measures to help African exports also have to incorporate China.

What efforts should be made to avoid Dutch Disease in resource-rich Africa countries?

Dr. Phillips: Research (eg by the IMF) has shown that this is a problem in highly aid dependent economies as well as resource rich countries, as would be expected if it causes significant inflows of money that are spent in the domestic economy. The prime example of an African country that has suffered from this is Nigeria where oil wealth have not made a major dent in the poverty of much of the population while it has funded enormous capital flight (although this is being now partly reversed through remittances) and at the same time where the appreciation of the exchange rate has made potential exports such as processed and manufactured goods uncompetitive. The major example of where measures have been taken to prevent this problem is Botswana where the diamond industry has apparently not been allowed to engulf the economy. South Africa also dealt successfully traditionally with its gold and diamond windfalls..

The ways to combat the problem are essentially technical not political. There are various approaches such as through monetary policy, outward formal investment (and also informal – possibly illegal, capital flight). Economies that already have a relatively diverse productive sector (like South Africa) are better able to sustain the internal price and exchange rate changes that occur. While monetary policy and a policy of recycling funds abroad are under way Governments have no choice other than to take tough measures to put in place incentives to counteract the price effects and encourage diversification of the economy.

Local Buy-In Needed for Effective Aid

Interview **Stephanie Barret**
Chemonics International
UNITED STATES

International Affairs Forum: What do you view as the best ways to encourage development in Africa?

Stephanie Barret: Of course, it depends what country or region one is talking about. Priorities differ depending on whether it's Niger or Uganda, but in my opinion, development in Africa should be done using a multi-sectoral, long-term approach, instead of focusing on the issue of the day. This helps ensure that the key issues that exist in a given country are addressed in a holistic way. For instance, if one is trying to address a certain environmental issue, such as protecting a certain threatened area of a country, in my view, effective development work would include addressing legal and policy reform aspects governing environmental regulations in the country, encouraging private sector development using avenues such as ecotourism, improving economic development and livelihoods of the surrounding communities, and using the media to educate and communicate with local communities. This approach is not always possible for various reasons, but in my opinion is one of the most effective ways to ensure real impact in development work, as it addresses all aspects of a problem, and doesn't just provide temporary fixes.

What can best maximize the impact of the development work such as through private sector development, public reform, education…

Ms. Barret: This is a broad question, but from what I've seen in my past experience, it's critical to obtain engagement and buy-in from local governments or communities for any kind of development work to be efficient. For instance, to build on the example mentioned earlier, it is difficult for one to improve a certain environmental issue, if the community surrounding the area or species to be protected is not fully engaged and doesn't see the added value of protecting the site or species. So I believe effective development often goes through private sector development, attracting investment and encouraging economic development, and activities through which communities directly see the benefits and impact of development on their own livelihoods and day-to-day lives.

From your experience working in Africa, what are the challenges of project management on the continent?

Ms. Barret: There are many challenges to managing development projects in Africa. Depending on the country, the logistics of doing work in Africa can be tricky. For instance, I worked on a community radio project in eastern Chad a few years ago, and things that can seem simple in other places can present significant challenges in places where not much infrastructure exists. That was definitely one of the most challenging environments I have worked in. Things like transportation, office space, internet access, all can be very difficult to set-up in this type of context. In addition, security and other challenges come into play. In general, in many countries I've worked in, travel outside of capital cities is also difficult as roads are often in poor conditions. Communications are also definitely a challenge.

What mitigating factors do you believe provide challenges to effectively promote long-term development in Africa? Are there any projects or events that have been particularly effective to combat these challenges?

Ms. Barret: For me, the issue of ensuring sustainability in development is one of the most critical ones and is not easily solved. For instance, there's often a temptation by the international community to quickly address a certain pressing issue by providing technical assistance using international experts that fly in and do the work, but ensuring that local communities, organizations and/or government believe in the work being done and can sustain it, is critical; otherwise, these initiatives become one-off attempts and the impact is limited.

In my past experience working with the media in Africa, for instance, ensuring sustainability when providing material assistance such as radio equipment is difficult because of the limited local expertise pool to operate and maintain the equipment, so long-term mentoring is essential. The real challenge is to ensure the people who receive the assistance can continue to apply the knowledge they have received once the donors have left. Some projects have been successful at ensuring sustainability, for instance in the field of health access for communities, in cases where communities and community organizations understood their stake in their own community's health, were provided with assistance and taught ways to maintain the work started under international assistance projects. In general though, many factors come into play in a given context, so sustainability is particularly difficult to achieve.

What do you foresee for the future of development in Africa?

Ms. Barret: Unfortunately, so many of the challenges many African countries are struggling with stem from deep-rooted issues, political or other. I don't think anybody has found the perfect method to promote development in Africa, and I'm not sure there is one. From my personal project management experience, there's a lot of very good work, positive initiatives and valuable projects currently implemented by U.S. and other organizations, covering a variety of issues. So I think there's a lot of hope for the future as people are slowly becoming more aware of the challenges facing the continent, and the ways to address them.

Time to Drop 'Most Aid is Best' Mindset

Interview **Scott T. Gilmore**

Peace Dividend Trust

CANADA

International Affairs Forum: Please explain about the work of Peace Divided Trust (PDT) and in particular it's work in Africa.

Mr. Scott Gilmore: PDT is a New York based charity that has the mandate of finding, testing, and implementing new ideas for making peace and humanitarian missions more efficient and effective. We're about a 130 people. We've got offices in New York, in Ottawa where our business back office is, and in Afghanistan, Solomon Islands, East Timor, and Haiti. This year we'll be opening up permanent offices probably in Liberia and Sudan as well.

Our work in Africa to date has been largely focused on two specific projects. In the first, we were engaged by the United Nations three or four years ago to measure the economic impact of their peacekeeping missions. We took a look at missions in Burundi, Liberia, Sierra Leone, Cote d'Ivoire, the Congo and Sudan. Quite a bit of time was spent with the UN staff on the ground trying to measure where the money went, what they spent it on, and whether they spent it on local staff or international staff, whether they bought local goods or national goods, and then tried to trace money that did enter the economy and any economic effects of that. Did it create inflation, did it create jobs, did it link to economic recovery. The second project we did was called the Mission Startup Project. It was also for the United Nations, and was to help them create a field guide for how to launch a peacekeeping mission. The two most recent missions for the UN at that time were in Chad and the Sudan. So we sent teams to Chad and Khartoum to work with the U.S. to try to document how a peacekeeping mission gets launched, what's the path and when does is happen.

So those are things we've done. What

we're going to be doing is replicating some of our work in Afghanistan and Haiti which is focused on trying to increase local spending. We're looking at opening up a project in South Sudan, in Juba and in Monrovia and Liberia that will help local entrepreneurs sell their goods and services to international buyers, particularly the UN.

What do you believe are the biggest challenges facing African countries in receiving and the distribution as well of aid?

Mr. Gilmore: Africa suffers from the same challenges that you find in a lot of developing countries. The first is a total lack of coordination between the local government and the international donors in terms of whose priorities take precedent and where people should be spending their money. Then there's even less coordination amongst the donors themselves keeping track of who's doing what - the Germans never know what the Canadians are doing, we don't know what the Americans are doing, and then even between the donors and the charitable agencies. Whether it's Care or organizations like ourselves, nobody seems to know what anyone else is doing, so there's a lot of overlap and there's a lot of really big gaps.

The second big challenge that seems to be more acute to Africa than most places is corruption, waste and inefficiency. I'm not an African expert so I can't talk about root causes, but these problems are there and hurt the aid agencies. The third challenge is that there's a lack of metrics on impact. Very few programs in Africa haven't really robust mechanisms for measuring whether or not they're achieving their goals. This is a systemic problem that begins with the fact that it's very difficult to show quick results on a project. So if you're doing a gender, power project or a poverty alleviation project, you're probably not going to be able to show measurable results within the lifetime of the project. For example, if it's a one or two year project, you're not going to see a drop in malnutrition immediately or an increase in women's rights immediately. However, donors require something to be measured so they can go back to the voters or their political masters and say we achieved something. They focus on process metrics, and say, 'if you can't tell us how many jobs you created, tell us how many people you trained or how many conferences you held or seminars you posted'. The aid agencies tend to naturally focus more and more on process metrics and not impact metrics. This has cyclically led to an industry now that almost entirely ignores impact metrics and focuses on process metrics. This is why we've had such a waste of aid in Africa over the years and everywhere.

How does PDT try to address these challenges you have mentioned?

Mr. Gilmore: Well on the coordination side we're not doing anything on that right now, although we had been planning to try a web-based portal that basically aggregates and collects all available information for a specific country on donor reports, research projects, aid disbursements, everything that remotely related to aid in that country, so as opposed across all the countries. We'll also see if this little pilot can be used for the host governing the agencies as a mechanism, not necessarily for coordination but for transparency and information. It's very, very difficult to force people to coordinate, and in many cases one of the coordination problems is there's already too many forms for coordination. For example, in Sierra Leone I recently read there are 75 different donor forms. We don't want to create a new forum but we think that maybe we could help increase the way that information moves and make it as easy as possible to find information for all variety of donors in one place. So we're thinking of that as a particular pilot. In Croatia we're not doing anything, because it sort falls outside our mandate.

On the challenge of process metrics or its impact metrics, we're trying to focus on one particular element of that which is how you measure job creation in an accurate way. Hopefully we'll be able to roll out the practical application to that research in Juba and Monrovia by next year.

What should others such as governments, NGOs and national institutions do to address development needs in Africa?

Mr. Gilmore: Well, I can tell you what they shouldn't do right off the bat. They shouldn't assume that more money is going to fix things. Yesterday The Globe and Mail was guest edited by Bono and Bob Geldof, and while nobody can fault their enthusiasm or their good intentions, I find the argument that the solution is more aid to be slightly preposterous, when the aid so far has clearly been not been just inefficient but possibly counterproductive. Take a look at the human development

> ...donors, the aid agencies, the academics and the national governments, and the NGOs need to participate in a very frank and uncomfortable debate about what's worked and what hasn't worked and who is to blame

index, and the basic indicators of health and prosperity in Africa over the last 40, 50 years, they've gone down everywhere. Just increasing aid without us trying to figure out why did they went down, what worked and what didn't work first, seems to be a pretty foolhardy notion that will at best fail, and at worst create such a backlash that you'll actually see people wanting to stop giving aid to Africa. So don't just assume that giving more money is a better way.

The second thing is that donors, the aid agencies, the academics and the national governments, and the NGOs need to participate in a very frank and uncomfortable debate about what's worked and what hasn't worked and who is to blame. There has to be a willingness to explore all options. Political correctness has to go out the window, and there has to be a conversation that takes place that says, listen we've failed here. We're not going to be able to avoid repeating these failures unless we have a very good sense of why we failed, and whose fault it is. Is it the donor's fault, is it the host government's fault, is it the aid recipient's fault? We've got to figure this out. Those are the two things I would suggest.

Are there accompanying misperceptions about African development aid?

Mr. Gilmore: The average individual in North America who gives, say a dollar, to charity does so for it to do good somewhere. But there's always going to be some overhead so your dollar is never actually going to go to there in its entirety. In fact, if you give it through the United Way for example, which I consider to be one of the biggest and most inefficient channels of giving aid, the United Way takes a massive chunk of that right off the bat to cover their fundraising fees before they even give to the charity, who they themselves have taken an administrative fee before they delivered it in a country. So people don't realize that as low as 10% and as high as 80% of the money you give actually goes towards activities they're supposed to go for. A lot of those activities are horribly inefficient and in many ways counterproductive. And as we see in Africa a lot of the aid we've been giving over the years has failed.

There is a fairly general understanding in the aid community of massive overheads, inefficient projects and low impact, and there's a lot of energy that's going in to try to figure out why this is the case. But I think the general public don't have that same perception, and they should because it'd probably put a little bit more pressure on us, on donor governments to get our acts together.

The second thing I would say is that it's not hopeless. There are people that read the latest reports on AIDS, or starvation in

Africa, or wars in the Congo, the Sudan, and they think what's the point, why should we bother caring. But it's not hopeless, there are islands of prosperity and there are examples of countries that really are turning themselves around like Ghana. I think the media probably has to spending a little more time reporting on the successes and where things are going well, and not just on the disaster aid.

What is your vision of Africa's future development?

Mr. Gilmore: What I think would be an optimistic scenario is that Africa would become more stable, like Bangladesh or near to parts of Southeast Asia where they might not be politically stable but the cross border conflict has been radically reduced. Also, that there is a progress towards ending corruption and there is significant progress in life expectancies and child mortality rates. I think all of that's achievable and in our lifetime. What's not achievable is turning it into a Singapore or a Central America or South America. I think that that's a long ways ahead of us.

As for the role for the international development industry, as I've said, aid is actually a pretty inefficient way even in the best of times of driving economic growth. Economic growth is driven by market forces, by economic growth drives economic growth. So I would like to see aid finally succeeding as a way of priming the pump in Africa, but then, allow the ingenuity and productivity of Africans to drive its future so that in 20 to 30 years from now, movements in GDP or productivity are not dependent on donors and aid budgets, they're more dependent on domestic decisions in the local labor market, local financial market, and monetary markets.

Development Aid

Other Resources

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Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa Featuring the author Dambisa Moyo, Cato Insitute, http://www.cato.org/event.php?eventid=5917

AFRICA

Reconstruction in Post Conflict Areas

Horizontal Inequalities in Post-Conflict

Interview **Dr. Frances Stewart**
Oxford University

UNITED KINGDOM

International Affairs Forum: You've written extensively about horizontal inequalities and their influence on conflict. What are some examples of this in Africa?

Dr. Frances Stewart: Cote d'Ivoire is a very good example in which there were socioeconomic inequalities between north and south. For a lot of the period under Houphouet-Boigny there was a fairly collaborative government and while there were some political horizontal inequalities, they were not very big. However, when the post Houphouet-Boigny regime excluded the northerners from government, the political horizontal inequalities became large. It was at this point that the conflict broke out and the leaders appealed to the economic inequalities to get support for their action. So the Cote d'Ivoire is a very powerful example of this sort of conflict.

You could argue that the Sudan is also a good example, where the north is much richer than the south. Of course now it's complicated by oil being discovered in the south, which is a further cause for conflict. But the point is where there's identity difference together with an economic difference, this tends to increase the risk for conflict. This is particularly true where there is political inequality as well.

There are many other examples in Africa such as Northern Niger, Northern Kenya. In Kenya itself, if you look at the conflict following the election horizontal inequalities were very much an issue. There's been economic exclusion of certain groups for a long time. Again, it suddenly became a more provocative issue when there was political exclusion as well.

How do horizontal inequalities apply to post-conflict situations?

Dr. Stewart: In post-conflict situations there's always a danger of conflict recurrence. So it's important to address the root causes during post-conflict or there's the risk of getting back in the same situation again. It's very apparent to most people that you have to have a politically inclusive government in such a context. This is generally taken into account in a post-conflict situation that ends with a negotiated peace where it is necessary to bring people from all major parties into the government, and to try and reduce the political inequalities. It's more difficult when there's one side that has definitively won a conflict because then the winners don't take any notice of the others and may continue to act in the same way as before. An example would be Sri Lanka, which is showing signs of being exclusionary. Because of that, I think there is a serious risk of conflict recurrence there.

So, if you want to avoid conflict, you must bring people from all groups in politically, which I think is pretty well recognized. What is less recognized is that there needs to be more attention regarding underlying economic inequalities. That's beginning to be recognized in principle, but often not in practice.

I think the country which has done the most toward taking positive actions in a post-conflict situation is Nepal, where horizontal inequalities were explicitly recognized as a cause of conflict. Policies since have taken these inequalities into account in the sense that projects are targeted to deprived regions.

Have corruption issues influenced outbreaks of conflict?

Dr. Stewart: Corruption, transparency, I'm not so convinced about as issues related to conflict. Corruption is always with us. Some of the most effective development states, like Korea, have been pretty corrupt. So I don't think of corruption as a huge cause of conflict.

Again, it's very related to horizontal inequalities. If there is a corrupt system in which everyone's getting a bit of the cake, that's not going to cause conflict. What causes conflict is if you have a corrupt system where one side is getting all the rent. So it's not so much corruption, it's corruption interacting with the inequalities.

Is enough emphasis placed on instilling policies at early stages of post-conflict reconstruction to prevent corruption from blossoming into a huge problem as has occurred in some African countries?

Dr. Stewart: It's easier said than done. This is a very difficult issue to deal with. A new leader comes in a post-conflict situation and the first thing they say is we don't want corruption. But the new leader often becomes as involved in this as the previous leader. Many countries that are not in conflict are really bad on the corruption and transparency front.

Post-conflict can be thought of as a wonderful sort of watershed where you can do everything. But it's very difficult to do. For example, take Afghanistan. Everyone says it's rife with corruption. And you've had the Americans crawling over it and all the international community is there. But they haven't been able to prevent corruption. I think it's too easy to say, 'we can just put policies in straightaway'. You have to know what they are.

Some people even argue that corruption is part of the system. It can be used in such a way as to make people less conflictual. But it can also become a cause of conflict because it's all going to one side rather than the other.

What roles do you international institutions such as the World Bank should play in effective and sustainable reconstruction in post-conflict areas?

Dr. Stewart: Well, there's what they do and what they should do. I think they don't pay enough attention to the issues I've been talking about. They spend a lot of time making statements about corruption, but they're not very effective about doing anything about it. In terms of aid flows and government policy, they really don't make all that much of a systematic attempt to make sure that they have inclusive policies.

It's very good they're focused on increasing growth. But very often the best way of increasing growth is to improve the returns to the parts of the country which are already very rich. So they would have programs which would improve the returns to cash crops, which is good, but in terms of a north-south division in West Africa, it would make the situation even worse.

Then these institutions are very good in wanting to address poverty and reach the Millennium Development Goal to halve poverty among other things. But they found the most effective way of achieving this is to reach the so-called easy poverty: the poverty around capitals, which is easiest to tackle. Again, that can make the division between groups or regions even larger.

So the tendency is for the present set of policies to do good things for some objectives like growth and poverty reduction, but actually make some of the other objectives, including the horizontal inequalities, worse. This is an issue which they haven't really addressed systematically in most cases.

Now, the donors are much better in one or two cases and as I've said, they certainly have made a big effort in Nepal. They're beginning to acknowledge the issue of horizontal inequalities in Iraq, where it's clear that you have top-down growth across the provinces. However, they're not doing anything in Afghanistan regarding horizontal inequalities. It's a very unbalanced economic situation with many distant rural areas completely neglected.

So what they should do? They could play quite a role because they do account for a huge proportion of expenditure in most post-conflict environments. In fact in Afghanistan it's estimated they account for about 50% of GDP. So they're playing a big role there but they need to take these issues into account much more systematically.

What should be done to balance a country's oftentimes weak institutional capacity in post-conflict situations, to administer those foreign aid funds with the actual needs of its people?

Dr. Stewart: This is a dilemma here because you might say a government is weak so let's give the aid directly or to NGOs. That is a temptation but it actually further weakens the government. And at the end of the day, the country's sustainable development depends on having a strong government. I think it is essential to work with governments and the weaker they are, the more you need to work with government to give them the experience in administering projects and help them put in various controls and so on, including ones against corruption, and for transparent accounting, all those things that you need. In other words, a lot of aid is going to be to build up the institutional capacity and that may be at the cost of getting aid effectiveness in the short term. But this means it's going to be much better in the long term than having a very weak government which is unable to deliver services.

What would you propose as possible preventive measures for future outbreaks of conflict?

Dr. Stewart: There isn't a one size fits all issue. I think the sensible thing to do is to look at the country and see where the problem is. Sometimes it's pretty obvious. In Sudan, the problem in a way is the government. That is a problem which is not to do with its weak capacity, but its deliberate exclusionary activity. It hasallowed the south to get poorer and poorer and also the problems in Darfur.

You need to analyze what the problem is in a particular context. In a different context it might be a country with a very weak government, like Somalia. What we find there is quite interesting because there is more or less no government in a lot of the place. Yet there's Somaliland, which is really the beginning of an effective government, and then for a short era there was a sort of Africanized Taliban controlling Somalia. Now Somaliland and the Africanized Taliban offer hope in a way for the future because they're the beginning of effective government, which has been lacking for a decade. But the international reaction to this is not at all to strengthen this incipient governance, but in the case of the Taliban it was actually to put in a force which destroyed it. So, the country goes back to anarchy. In the case of Somaliland, it's a refusal to recognize the authority, which can handicap them considerably.

If we take Nigeria, the politics is pretty inclusive, but the economics is very much not so. There's a huge problem of tackling deprivation in the north. And in this case, preventative measures are a question of trying to promote development efforts in the north.

I think you need to analyze the situation on the ground and then decide what would be effective, and what is needed. If what is needed is to do something about anarchy, then you need to think of ways to strengthen the government. If what is needed is to address big political inequalities, then it is politics you need to tackle. Or it may be that the politics aren't bad but the socioeconomic situation is.

Setting the Stage for Post-Conflict Reconstruction

Interview **Dr. I. William Zartman**
Johns Hopkins University (SAIS)
UNITED STATES

International Affairs Forum: How can effective negotiations in conflict resolution pave the way for initiating good reconstruction efforts?

Dr. I. William Zartman: Effective negotiation and conflict resolution should include some provisions for the reconstruction, follow-up, or implementation of the agreements that have been negotiated. There ought to be a continuous stream from the negotiations that end the conflict, and they should handle them in a way that ensures implementation, reconstruction and prevention of further incidents of the type that constituted the previous conflict.

What would you see as the essential building blocks for reconstruction efforts that are happening in Africa?

Dr. Zartman: Well the idea of a DDR (Disarmament, Demobilization, and Reintegration) or DDRR (Disarmament Demobilization Rehabilitation and Reintegration) and sometimes repatriation is not necessary. But mobilization and then reinsertion into an economy are crucial elements. That implies that there has to be an economy in which to reinsert a former combatant. Therefore effective DDR doesn't make any sense unless you are working to rebuild the economy that has been destroyed by the conflict itself as well.

Then there has to be, on the political level, what you might call a reconstruction of a new political system that is establishing or reestablishing institutions that now involve the participation of those people who have been involved in the conflict before.

Development aid has a number of critics. A major contention is that corruption devours aid money. What steps do you

think should be taken to mitigate this possibly when dealing with post-conflict situations?

Dr. Zartman: There has to be accountability for the aid money. It's not easy. It's not linear. Accountability has to involve both the donor agencies and also the receiving country. Probably the best thing would be some kind of independent accountability office, like the GAO in the United States, which would follow through on the money. Obviously included in the accountability office are those who are siphoning off money, that doesn't help us very much.

In an ideal world, the best guarantee is a transparent and accountable system of politics. But of course, that's the problem and not the solution. Then the efforts to remove corruption are quite difficult in places where it's been well rooted.

Let's turn to a couple of troubled areas, Somalia and the Congo. What do you see as being the U.S.'s role in providing assistance to those countries?

Dr. Zartman: Well, they're two different cases. In Congo, it has a government. It's a corrupt government, and it's a government that is gradually getting more and more power from the elimination of people outside, and competitors I mean. So what we just talked about, accountability and so on, is important. But it's a sovereign government, and they can tell us to go hang ourselves, and knowing that the country is too important for us to simply cut off all contact, the United States' role, therefore, is to continue to aid, to monitor, to work through the United Nations particularly. Of course, the United Nations has had its problems in operating in the Congo.

The problem is quite the opposite in Somalia. There is no government, or there is the government that governs several blocks of the former capital. So what the United States can do is not obvious. We have tried to back up that government, and in fact the international community is really the only support that that government has. And we've tried a lot of processes in the past. I think probably it's one of these areas where one has to go back to 1992, '91/92/93, to define a place where we could have been doing something effective. But we cut and run,

There has to be accountability for aid money.

and we were very badly organized. I've gone through this in my book, Cowardly Lion, published a couple of years ago.

Moving back to negotiations…a general question: what do you see as the major elements for successful negotiations with rebel groups?

Dr. Zartman: First of all, they have to be stalemated. That means if there's a situation in which we feel we can't win, we convince them that they can't win either. Then we've got to find those responsible and agreeable elements to carry out those negotiations, and we have to decide what we're going to do with the extremists or the spoilers. We've got to bring them in, making an agreement more difficult, or close them out and make it possible for them to open the possibility that they may destroy the agreement from the outside. But it is best to bring them in as much as possible and to convince them, with the help of the central element, that an agreement is worthwhile. Those two things are particularly important. The third one is to look for a solution which meets the problems and looks ahead toward possibilities of a recurrence of the conflict.

Redistribution, Corruption and Other Issues in Post-Conflict

Interview **Dr. Janvier Nkurunziza**
UNCTAD

BURUNDI

International Affairs Forum: You participated in a World Bank report regarding economic policy in a post conflict situation. Would you share what conclusions were in the report?

Dr. Janvier Nkurunziza: Post-conflict economic policies should be guided by the type of conflict. For example, there are conflicts which affect the countryside and do not affect much of the capital city or other urban centers. In such cases one probably needs to clear landmines to allow people to go back to agriculture and other productive activities. But when a conflict has damaged vital infrastructure such as electricity generation and distribution, roads, bridges, buildings, post-conflict policy must seek to restore these public goods. This takes time and requires important human and financial resources which are usually very limited in a post-conflict situation.

Policymakers in a post-conflict situation need to implement policies that help the reconstruction process. They need to look very carefully at what the conflict has been, what was its nature, what was the key problem, and try to put in place policies which try to address those problems. A theoretical example is a distributional conflict with people fighting over the division of a pie, and there is a small group which wants to take everything. Many conflicts which appear as being political have an important distributional dimension. In this context, reconstruction needs to make sure that the group which has been benefiting from the pie in the past is not the same group that is being favored by the reconstruction process. Monitoring the distributional impact of the reconstruction process must be an important aspect of post-conflict policies.

How does redistribution impact aid efforts?

Dr. Nkurunziza: Traditionally aid to Africa, and probably to other developing regions, was really not about redistribution in terms of rebalancing the distribution of income. With the exception of humanitarian aid, political imperatives, for example a donor wanting to influence the political process in a specific country, have been an important component of aid allocation. But in a post-conflict setting, thinking about the redistribution role of the state is crucial. Otherwise one may run the risk of perpetuating the same problem or creating new grievances.

For example, let's take a situation where the same group in power which has been benefiting from aid in the past at the expense of the rest of the population to the point where the situation causes conflict stands to gain from post-conflict aid for reconstruction. If one is not careful, this situation can exacerbate the antagonisms between the two groups. So it is important to think in more creative ways of how aid is going to redress the wrongs which caused the conflict in the first place. If there is a region within a country which has been disproportionately affected by a conflict, more aid should go there. Donors have the capacity to influence budgetary allocations since aid represents an important part of budgets in several developing countries. The way aid is used can help to heal a country's wounds, but it can also help reopen the scars of the war.

Are there any issues in particular you think need to be addressed in terms of policy when studying economic impacts of conflicts?

Dr. Nkurunziza: Wars share some common characteristics but all conflict situations are different; each has its idiosyncrasies. Therefore, it is difficult to talk about a general policy when studying economic impacts of conflict. One important thing is to have a deep understanding of what a conflict was all about before designing post-conflict policies. Then it is important to put in place reconstruction policies which take these facts into account. Let me give another example. I've talked about distributional conflicts. One way to help resolve the distributional issues is, for example, to provide universal education or universal health care funded through aid. Providing access to education and health care to previously marginalized groups allows them to take advantage of economic opportunities that can determine their future and that of their families. This can be a good way of implementing policies that try to avert future conflicts.

Another way of trying to rebalance the distribution of resources is to address infrastructure issues in a strategic way. For example, trying to go to neglected places where people are affected can have a large positive effect on the populations residing there. I insist on redistribution because this is one of the root causes of conflict in several cases.

Turning to your native country, Burundi, would you comment on some of the major economic challenges there?

Dr. Nkurunziza: It's a very small country with an economy which to date doesn't have a known strategic resource like oil. Burundi has a demographic challenge. It has the second highest population density in Africa. The country is dependent on traditional extensive agriculture, which looks like a contradiction given the scarcity of land resulting from the small size of the country and the relatively large population. Since its independence in 1962, Burundi has also been affected by recurring instability.

But there are also opportunities in Burundi. Tourism, for example, offers important opportunities because the sector has not been developed despite its potential. Culture is also an important niche: Burundian drummers are known the world over! Burundi is also rich in minerals such as nickel and gold but no serious investments have been made to exploit them. Now that the security has improved, the country should work towards attracting investment into these strategic sectors.

What is your opinion on the effects of microfinance in Africa? Do you think it's been successful, what do you think needs to be done to make it more successful?

Dr. Nkurunziza: To be objective microfinance has been helpful to people who are not able to access the traditional banking system. These are usually people in the countryside and people in urban cities who are running very small businesses but of course there are country specificities. Therefore, we shouldn't overplay the role of microfinance in development. In most cases, microfinance has very limited resources so it cannot fill the whole financing gap in an environment where the banking system does not work well. In most cases, it can just address the needs of the lowest extreme of the distribution, the very small borrowers. But if you go to the medium-sized enterprises which cannot have access to bank loans and bank services, microfinance cannot really help them because they are too big for it, and they are too small for the traditional banking system. Therefore, it is the medium scale firms which suffer most and the effect on the economy is strong because these enterprises dominate the African economic landscape.

A growing topic of discussion has been China's involvement, engagement in Africa. Some believe China is only interested in natural resources, with its engagement being detrimental to Africa. Others believe that their engagement has been helpful. What is your opinion?

Dr. Nkurunziza: I think that, on balance, China's increasing involvement in Africa is good for the continent. The presence of China diversifies the sources for aid and investment for Africa. For a long time Africa was dependent on financial flows from its Western partners and in Europe and America. We all know this relationship has not been very fruitful in terms of helping Africa to develop given where Africa is now. No one can say that Africa has been a development success. Just for this reason alone I think having some new players coming into this equation is a very good thing for Africa.

Of course these relationships are not without problems. Traditional relations with the West have not been without problems either. It's up to African countries to determine how best to organize themselves to seize this opportunity and make sure that they take maximum advantage from it by limiting the negative impacts that could appear.

We also need diversity in the terms of these relationships because the way China deals with Africa is different from the way the West has been dealing with the continent. Africans value this diversity in approach. Besides China, other developing countries are also interested in Africa. They include India, Brazil and Turkey, just to name a few. I think it's a welcome development, but again, it's up to Africans to take maximum advantage of these new developments.

African States Need Dilution, Not Reconstruction

Prof. Pierre Englebert
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By and large, African states are failures. Some 50 years after gaining independence, most of them have not brought about or facilitated much economic or human development. Often, in fact, they have caused their people much havoc, misery, uncertainty and fear. With some exceptions, they have been—mildly or acutely—the enemies of Africans. Parasitic or predatory, they suck resources out of their societies. At the same time, weak and dysfunctional, many of them have been unable or unwilling to sustainably provide the rule of law, safety, and basic property rights that have, since Hobbes, justified the very existence of states in the modern world.

In addition, a significant number of African countries have seen their development failures trigger state collapse and large-scale conflict, unleashing major torment and sorrow for their populations. We have all heard about the millions who have died in the Congo conflict, the atrocities of war in Liberia, Sierra Leone, or Sudan, and the endless quagmire of Somalia. Despite hosting 80 percent of all United Nations peacekeepers, Africa still counted seven of the 10 most failed states in 2009, and experts estimate that 22 out of the 25 countries at highest risk for instability in 2010 are African. With only 13% of the world's population, Africa has about 25% of the world's refugees, in addition to some 12 million internally displaced people.

The picture of state failure in Africa leaves little room for disagreement. More controversial, however, is what should be done about it. For rich donor countries, the United Nations and other international organizations, the failures and fragility of African states always seem to lead down the road of reconstruction. Countries at war must be pacified, collapsed states re-engineered, divided nations rebuilt. Weak and fragile states must be made stronger, their capacity shored up.

But is our commitment to state reconstruction in Africa misguided? For all their weaknesses, African states are a lot stronger than any other group within their territory. Although they cannot (or are unwilling to) do much for their citizens, they can do a lot to them. And they do not shy away from doing so. In fact, one of the greatest problems in Africa is the abusive authority of the state, the dominant nature of its governance, its impunity and lack of responsiveness to its citizens.

The propensity of African states, however weak, to command rather than to govern, seems embedded in their DNA. In no small degree, it derives from their colonial origins. But if colonization was the blueprint of the original state construction project in Africa, should we be so enamored with reconstruction? In a cruel twist, rebuilding African states and reinforcing their capacity somehow provides a new lifeline to the colonial project. It may or may not favor their development, but it almost always reinforces the strength of the state vis-à-vis other groups in society. In the end, it exonerates these states from their own failures and it leaves Africans more vulnerable to their authority.

Donors typically hope that the democratic reforms that accompany reconstruction will make states more accountable to their citizens. But the opposite is often true. Boosted by their newfound international legitimacy, elected governments frequently refuse to bargain with social forces, treat opponents like traitors, and almost systematically take numerous liberties with their own constitutions.

Reconstruction does not solve the core problems of Africa, which are the deep imbalance between state power and citizens, the impunity of state office, and the lack of accountability of governments. What Africa needs is a dilution of state power and a reinforcement of non-state actors. The commanding capacity of African states must be weakened. If made more vulnerable, African states will be more responsive to their citizens. Genuine capacity and reconstruction from within can then ensue.

A first step should be to dilute the very sovereignty of African states. These countries should no longer be able to count on recognition just because they were once colonies. They should earn it, like the rest of the world. Only those that provide a minimum standard of safety and services to their citizens should be recognized as sovereign states. Taiwan serves as a useful example: it is only after it was deprived of international recognition that it turned towards its own people for legitimacy and became the developed and democratic powerhouse that it is today.

The impunity of African state officials must also come to an end. The efforts of the International Criminal Court against African elites must be reinforced. But a more general effort must also be launched to undermine the impunity of local state actors in their everyday behavior. Donors must demand and support the systematic criminalization and prosecution of corruption. Independent judicial authorities, based on international texts and principles rather than biased national laws, must be erected and protected by donors under the Responsibility-To-Protect doctrine, which allows interference in domestic affairs when a country fails to protect its own citizens. Western embassies, donors, international NGOs and other outside actors must systematically document, record and demand sanctions against daily forms of state predation.

Donors should also seriously consider a reduction in foreign aid to Africa. There is no compelling evidence that aid has promoted African development over the last fifty years. Donors can continue to provide for the immunization of children and other public goods of which citizens are the direct recipients. But budgetary assistance and other macroeconomic programs do little more than exonerate African states from their mistakes and add to their debt.

To further dilute the state, donors can also promote a shrinking of its domain. In almost all of Africa, for example, the state owns all the land. This system has resulted in atrocious agricultural policies and outcomes, and the political manipulation of land rights and citizenship for access to land. Land reforms are complex in Africa because of legal pluralism (based in part on pre-colonial systems). But they must be forcefully undertaken with the rights of individuals to control their means of survival as their core principle.

" Donors typically hope that the democratic reforms that accompany reconstruction will make states more accountable to their citizens. But the opposite is often true. "

Weakening state command is only half the equation, however. Since African authorities are often busier bossing people around than performing services, donor nations must support alternatives to the state. There are many innovations on the ground in Africa: public functions are performed by traditional authorities, church groups, NGOs, local associations, development project managers, and others. Donors must let go of their sovereign fetishism and work with whatever group is effective and legitimate on the ground. African states can be rejuvenated by such institutional pluralism.

It is also time to stop wasting our resources on the organization of formal elections in Africa. Although they have some benefits, they are not worth the money and they rarely lead to meaningful change at the top. Moreover, there is little evidence that the officials of states that hold elections behave very differently with citizens than their more authoritarian counterparts. More productive would be to support the groups that are most likely to be agents of genuine democratic change. Human rights activists, who suffer overwhelming harassment in many countries, must be massively protected and given material support. Women's associations, which represent one of the most vulnerable segments of African societies and have been shown to cut across ethnic cleavages, must be empowered.

Similarly, state office will not cease to have predatory appeal to most people until credible economic alternatives exist. Aid money would be better spent in direct manufacturing investments in Africa by donor countries. These could be loss-making and protected by security forces if needed. Yet, the employment they would generate would free many Africans from the yoke of the state and contribute to the rise of a genuine independent middle class.

Life in Africa can be short, nasty and brutish. Yet, it is not, as Hobbes had it, for lack of a Leviathan. In Africa, sorrow comes at the hands of the state. It does not have to be so. If we let go of our fascination with sovereignty, we can think of better alternatives to post-conflict state reconstruction in Africa, and design policies that would truly emancipate Africans and give them reasons to celebrate their genuine independence and development 50 years from now.

Deconstructing Post-Conflict Reconstruction in Africa

Bartholomew Armah
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Introduction

Since 1970, more than 30 wars have been fought in Africa, the vast majority of them intra-state in origin. In 1996 alone, 14 of the 53 African countries were afflicted by armed conflicts, accounting for more than half of all war-related deaths worldwide and resulting in more than 8 million refugees, returnees and displaced persons. The consequences of those conflicts have seriously undermined Africa's efforts to ensure long-term stability, prosperity and peace for its peoples.

Violent conflict, especially as evidenced in Rwanda, Liberia, Sierra Leone and to a lesser extent Kenya, undermines institutions that are vital for the smooth functioning of modern societies; destroys infrastructure, physical assets and human capital; and corrodes the bonds of trust that are critical for social cohesion. Most importantly, conflicts often undermine the effectiveness of the state to provide the most basic services to its citizens. In a context of a weakened state, depleted local financial and human capacities, and heightened social tensions and mistrust, the reconstruction effort in Africa requires credible resource commitments augmented by effective institutions and appropriate capacities.

But since recovery efforts are inherently political, they are often carried out in a context of mistrust, severed relationships and contestations over resources. Thus, *how* a country recovers is just as important as *how fast* it recovers. Recovery must first and foremost be conflict-sensitive. This requires an understanding of the local context and an appreciation of the underlying drivers of conflict. In this sense, post-conflict reconstruction is essentially a peacebuilding effort underpinned, reinforced and sustained by interventions in capacity and institution building, economic recovery and a credible system of justice.

Note: Statements made in this paper do not necessarily reflect the views or official position of the UNDP.

A Coherent and Integrated Framework for Reconstruction

Post-conflict reconstruction in crisis-affected countries requires an integrated, coordinated, coherent and multipronged approach that tackles, with varying degrees of intensity, the short, medium and longer term developmental needs of affected communities. This is often a difficult task to achieve in normal situations and even more so in most post-conflict settings where governments tend to be weak, of questionable legitimacy and capacity-depleted. In the absence of a strong and effective national coordinating mechanism, competing priorities, agendas and approaches of even the most well-intentioned development actors tend to promote policy incoherence, fragmentation of interventions, duplication of effort and sub-optimal developmental outcomes. For instance, employment and livelihood programs in several African countries tend to more effectively create temporary employment opportunities such as cash for work than integrate such needed programs into a longer term strategy of employment creation. Furthermore, such programs tend to focus disproportionately on skills development and training without paying sufficient attention to existing and emerging needs of local and global markets. The result is an increase in trainees without jobs or market access.

Developing Local Capacities for Durable Recovery

In a context of weak state capacities and institutions and limited coordination among development partners, there's also a tendency for reconstruction efforts to be carried out in ways that don't reinforce local capacities or take into account long term developmental considerations of sustainability and ownership. Reconstruction must draw as much as possible on local capacities to ensure sustainability through ownership. Where such capacities are weak or unavailable, a mechanism must be established to facilitate the transfer of capacities to local counterparts in the shortest possible time.

Indeed, some African countries have introduced innovative measures to address their capacity deficits with varying degrees of success. Liberia, for instance, has implemented at least two programs to address the shortage of skilled personnel: the Senior Executive Service Program and the Liberian Management Capacity Building Initiative. These programs have facilitated the recruitment of Liberians locally as well as from the diaspora. Rwanda introduced specific innovative measures such as tax exemptions for investments related to capacity development and flexible visa regulations to attract skilled professionals from other countries in the sub-region. However, stiff competition from aid agencies for scarce, competent local staff renders capacity retention a major challenge. Such staff are often lured by salaries that the Rwandan government cannot match (World Bank, 2009).

Lucrative salaries offered by international agencies not only entice indigenous capacities away from local institutions but also result in underutilization of local capacities as employees tend to accept positions for which they are overqualified as long as the salary is attractive.

Capacity building initiatives have also tended to focus on senior level management leaving significant capacity gaps at the middle and lower level of the institutional hierarchy. This is of particular relevance to the private sector because it's often the middle and lower level staff that have the greatest interaction with the public and it is often their interpretation and application of the rules and regulations that either slows down or expedites processes that affect the lives and livelihoods of the private sector. Indeed, despite Liberia's efforts to address the shortage in the capacity of skilled personnel through the introduction of the Senior Executive Service (SES) Program and the Liberian Management Capacity Building Initiative, the Liberian Finance Minister acknowledged that these programs have not been able to address the lack of skills at the middle and lower ranks of the public service (World Bank, 2009).

Courting the Private Sector for Reconstruction

Reconstruction efforts in Africa must actively engage constructive elements within the private sector as early as possible, namely during the reintegration phase of Disarmament Demobilization and Reintegration (DDR) programs. The post-conflict environment is characterized by gaping unmet needs and limited economic activity (particularly in the formal sector) due to the reduced capacity of government to deliver public services. Post-conflict settings therefore offer a wide range of investment opportunities to both foreign and domestic investors precisely because of gaps in service delivery caused by conflict. However, investment risks run high in such environments due to weak legal and regulatory systems, security threats and high transactions costs associated with weak infrastructure and a breakdown of key institutions. Moreover, the lure of the war economy remains strong even after conflict. Some private sector actors are invariably attracted to post-conflict environments for the wrong reasons; to perpetuate the war economy.

For those that benefit from the war-economy, the post-conflict era is a potential threat to their illicit sources of income. As a result, they may not be interested in sustaining peace without appropriate incentives to participate in the formal peace-economy. The key is to develop credible systems of law enforcement including through restoration of security and rule of law, while at the same time providing incentives for legitimate private sector activities such as tax breaks, input subsidies and investment risk insurance.

In the early post-conflict recovery period, foreign direct investments are largely concentrated in natural resource rich countries. Indeed, approximately 70 percent of all foreign direct investment in fragile states is concentrated in just four oil rich African countries: Angola, Chad, Nigeria, and Sudan. Reconstruction efforts in natural resource-rich post-conflict countries should do more to integrate local economic actors into the value chains of extractive industries and ensure equitable redistribution of revenues from production. This will require a conflict-sensitive revenue sharing formula, improved capacity for contract negotiations, policy measures that promote local employment through procurement and capacity building measures that position local actors for employment opportunities that are directly or indirectly associated with extractive industries. For some communities and individuals such opportunities could offer attractive alternatives to the war economy. Where companies support local communities through socially responsible investments, such investments must be aligned with national/local priorities and planning frameworks. This will avoid situations where hospitals are built without the benefit of doctors or nurses and schools are constructed without school supplies or teachers.

Financing reconstruction: Alleviating Debt for Fiscal Space and Reconstruction

Financing in the immediate aftermath of conflict remains a contentious issue as the transition from humanitarian to developmental assistance is often associated with substantial financing gaps. ODA is an important source of financing. However, aid selectivity has contributed to the creation of aid orphans further restricting access to resources for post-conflict recovery. Seventy-five percent of ODA for fragile states benefitted just five countries in 2006 (Afghanistan, Sudan, Democratic Republic of Congo and Cameroon), and a substantial part of this is in the form of debt relief (**www.oecd.org/dac/fragilesta**tes). But, even when the resources are in place, the institutional structures, capacities and strategic frameworks required for their effective utilization are often inadequate.

Financing recovery through domestic revenues is constrained by high levels of poverty, a large informal sector and weak institutional capacity for resource mobilization. In Central Africa Republic, Chad, DRC, Guinea, Niger and Sierra Leone revenues account for less than 15 percent of GDP.

In response to revenue shortfalls, some countries resort to borrowing. However, because post-conflict countries emerge from crises with high levels of debt, commercial borrowing is often not a feasible financing option. Furthermore, the accumulation of large debts and arrears by post-conflict countries limits the scope for concessional loans from International Finance Institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF). Post-conflict countries that are not in good standing with IFIs are unlikely to benefit from debt rescheduling or debt reduction with the Paris Club. IFIs exert a very strong signaling effect and resource-constrained post-conflict countries have little choice but to repay arrears as a pre-condition for concessionary financing. Some countries have resolved the problem through bridge loans provided by donors to pay for the arrears. These loans are then repaid through borrowing from international finance institutions. For instance, even though DRC emerged from conflict in 1999, assistance to the government was delayed until mid-2002 in part because of failure to clear its external arrears (IMF, 2004).

Reconstructing in a Crisis-Sensitive Manner

Post-conflict reconstruction offers a unique opportunity to start afresh and to fix problems that would be otherwise intractable in the pre-conflict era. For instance, it offers a unique opportunity to integrate disaster risk reduction in the design and implementation of strategic planning frameworks and to minimize climate and disaster related constraints to the achievement of the MDGs. It may offer an opportunity for land reform which is a major challenge in several African countries. African countries must use the post-conflict era as an opportunity to effectively rebuild so as to address simmering tensions and ethnic cleavages and develop a roadmap for reconstruction that promotes peacebuilding. It is only then that recovery will be durable.

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GLOBAL FOOD AND WAT

TER SECURITY

Climate Change's Impact on Food and Water Security

Interview **Dr. Madhav Nalapat**
UNESCO
INDIA

International Affairs Forum: Current climate change projections lead many experts to believe there will be a major impact on food and water security around the world. Do you agree? If so, what measures should be taken to mitigate this?

Dr. Madhav Nalapat: There are two problems with climate change. The first is the widespread belief that it's the next generation's problem and hence doesn't need targeted attention in today's 'immediate issues-focused world. The next is the realisation that mitigation needs coordinated action across continents, a level of synchronicity that current multilateral organisations are incapable of. Both these factors have led to the present slow-motion response to climate change, with each bloc looking only to its own immediate interests, rather than to functioning as part of a comprehensive solution.

So what measures need to be taken? The first is to set out the causes and consequences of climate change in a manner that's understandable to broad populations. Public service adverts and documentaries need to be mandatorily screened, the way health warnings are on cigarette packs. Thus far, climate change has remained a subject of esoteric and therefore limited interest. A global communications strategy needs to be implemented, one that presents a factual and easily understandable account

Current climate change projections lead many experts to believe there will be a major impact on food and water security around the world. Do you agree? If so, what measures should be taken to mitigate this?

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in today's 'immediate issues-focused world. The next is the realisation that mitigation needs coordinated action across continents, a level of synchronicity that current multilateral organisations are incapable of. Both these factors have led to the present slow-motion response to climate change, with each bloc looking only to its own immediate interests, rather than to functioning as part of a comprehensive solution.

So what measures need to be taken? The first is to set out the causes and consequences of climate change in a manner that's understandable to broad populations. Public service adverts and documentaries need to be mandatorily screened, the way health warnings are on cigarette packs. Thus far, climate change has remained a subject of esoteric and therefore limited interest. A global communications strategy needs to be implemented, one that presents a factual and easily understandable account of the climate situation so that each individual sees himself or herself as a necessary part of the solution

Vested interests, for example those involved in livestock, petro products and transport, seek to divert and dilute attention away from themselves. They need to accept that the truth isn't intended to be a precursor to punishment, but as the necessary background for viable solutions. Those who smoke tobacco products now know - at least across large parts of the globe - how harmful this is. The toxic nature of climate change needs to similarly perfuse the consciousness of publics internationally.

Besides addressing climate change issues, what other key factors need to be addressed to arrest food and water security issues in developing countries? In developed countries?

Dr. Madhav Nalapat: Many developing countries lack the administrative infrastructure needed to prevent disaster. We have seen how human rights abuses have been prosecuted in some countries. Yet corruption that leads to a flawed response to climate change is just as much a human rights violation, and at least a few of the egregious cases need to be prosecuted in an international setting. There needs to be more action against graft, rather than simply pious expressions followed by business as usual.

Next, an intensive search needs to be carried out for locally available solutions to the problems created by climate change. Such solutions, hopefully using locally available materials and brainpower, are vital if the problem is to be solved, as solutions from outside are often expensive and quickly subject to breakdown as a result of poor maintenance. Of course, such solutions are not enough.

Technology centers need to be set up in locations such as Germany, Japan, India and Brazil to work out solutions that would reduce the present excessive cost of alternative energy solutions.

Finally, a potential disaster map needs to be drawn up, one that sets out the calculated risk in each region and what needs to be done to solve it. Thus far, many discussions have been generous with generalities, but silent on specifics.

That is for the developing countries. For the developed world, a hard look needs to be taken at infrastructure, especially that which is located in vulnerable zones. It's inadvisable to rebuild roads, bridges, power stations and dwellings in places that have been hit by climate events, and which are likely to be affected again. Instead, populations and infrastructure need to be moved away from higher risk zones to those that have a lower chance of undergoing severe climate effects.

Ultimately, it's technology that will rescue us from the present. Work on this needs to get separated from considerations of narrow geopolitical advantage and financial returns.

There are two problems with climate change. The first is the widespread belief that it's the next generation's problem

What is your response to Indonesian President Susilo Bambang Yudhoyono's recent statement that food, energy and water security issues have the potential to spark conflict in the future?

Dr. Nalapat: History teaches us that the hungry just die. They lack the energy and sometimes the will to fight back. Hence, in the case of poorer countries, there is little chance that they would enter into a conflict over resources, except with another like power, as we are seeing in the Horn of Africa, for example. Bigger countries are aware of the huge downside of going to war with each other. For example, India and China have too much to lose in another war, so my view is less pessimistic than President Yudhyono's, although the benefit of his views to those "conflict resolution specialists" seeking funding for their activities is obvious.

The most precious resource is brainpower. Japan and Germany bounced back in the 1950s only because of this. India is doing reasonably well (despite a Kafkaesque governmental structure) only because a slew of educational institutes has sprung up that collectively train tens of millions each year. What is needed is to spread modern education so that local populations acquire the mental infrastructure needed to rescue the physical. It is a shame, for example, that so little attention is being paid to the vacuum created within Central Asia by the collapse of the Russian educational model, and to the force-feeding of religion into curricula in the Mideast. Governments spend billions on armaments. They need to divert some of that money towards creating era-relevant curricula and textbooks In my view, ideological, religious and territorial motives for war will dim because of the increasing interdependence of economies, mobility of populations and the creation of middle classes that seek a better life. Recently, such groups have been demonized as "nationalistic" or even "jingoistic". Such a view is misplaced. An educated middle class is aware that war is not a solution. Here in Asia, we have seen how two world wars caused European global supremacy to crumble in a generation. That lesson explains the fact that most conflicts within Asia involve powers located outside the continent

The Empowered Group of Ministers (EGoM) recently cleared the draft Food Security Bill in India. What is your impression of this and other efforts that are being undertaken in India concerning food and water security? What do you think should be done that isn't currently being done/planned? And what are thecritical components for their success?

Dr. Nalapat: In India, successive governments, for entirely selfish reasons, have shied away from the core issue of misgovernance. Officials and even politicians in India (just look at the articulate Shashiu Tharoor) have the gift of the gab and can put on display several pieces of legislation that seem to address the problem. However, each of these is only as good as its implementation. Officialdom in India is partial towards solutions that assume that each cog in the machine is honest and correctly motivated. For example, the entire election system (which relies heavily on electronic methods and is almost completely non-transparent from the time of voting to the counting of the ballots) assumes total honesty from each of the nearly 200,000 officials involved in the entire process, a heroic assumption in India. Also in India, grains rot in government storage sites because the state is reluctant to share its (personally profitable) monopoly over food storage with the private sector.

What needs to be done is to use modern technology (such as mobile telephones and the internet) to make markets more transparent and better weighted in favour of the producer than the middleman. What needs to be done is to ensure that the private sector is allowed full access to grain markets, as well as to segments of the industry such as storage. There needs to be accountability for rotting grain, and for drawbacks in the myriad schemes ostensibly designed to channel grain to the needy. Unfortunately, in India, accountability is close to zero, hence the waste and corruption that keeps 300 million people starving in a country where there is a food stockpile of over 70 million tonnes and counting.

In regards to water, rain water harvesting and water recycling and conservation are essential. Tax breaks and other incentives need to be put in place to encourage such efforts. At present, while there is much talk from government about such measures, there is very little action. Indeed, the importance given by the administration to green technologies can be seen from the fact that the portfolio has been handed over to a politician whose only contact with "green" issues is on a golf course. The way to improve the situation is clearer than what most people assume. All that Indian Officialdom lacks is the will.

Water Scarcity and Conflict:
What Are The Issues?

Dr. Anders Jägerskog
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Water issues are in many developing country contexts focusing on development potentials and poverty reduction, but in the Middle East region the attention has typically revolved around "water conflicts". The partly instable and arid Middle East has been an obvious target of these speculations of coming water wars.[1] Still, the picture is more complex in analysing the water situation and water relations in the region. It is a fact that the Middle East is a very water scarce region. In essence the region basically "ran out of water in the 70s" and today depends to a large extent on water from outside the region being traded into the region – predominantly in the form of its food imports.[2] Still between 80-90% of the regions freshwater is allocated to agriculture, largely reflecting a preference for national food-self sufficiency that characterises many of the countries of the region.[2] It may sound as a recipe for disaster but the only known outright water war throughout history took place about 4500 years ago between two city-states fighting over the Tigris-Euphrates basin in what is now southern Iraq.[4] The absence of water wars does of course not mean that we will not see conflicts over water. The lack of clean freshwater has occasionally led to political instability, contributing to regional instability, for example in the case of various disputes between Israel-Jordan and Israel-Palestine. While much of the debate in the Arab region as well as globally has focused on the dichotomy of conflict and cooperation new research shows that these coexist.

1 See for example John Bulloch and Adel Darwish, Water Wars: Coming conflicts in the Middle East (London: Victor Gollancz, 1993)
2. Anthony Allan, *The Middle East water question: Hydropolitics and the global economy* (London: I.B. Tauris, 2001)
3 Anders Jägerskog, "Why states cooperate over shared water: The water negotiations in the Jordan River Basin" (PhD Dissertation, Linköping Studies in Arts and Science, Linköping University, 2003).
4 Aaron T. Wolf, "Conflict and cooperation along the international waterways', *Water Policy*, vol 1, issue 2 (1998) 251-265
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Thus the pertinent questions to look deeper at are issues such as; What is the *quality* of cooperation? What does 'cooperation' mean in the first place? *Why* and under *what conditions* do states cooperate?[6] Arguably this is something that the both the academic as well as the development community has not been particularly good at.

Having observed transboundary water management programmes and the people involved in managing those as well as the complexity (technical as well as political) which is associated with these programmes it seems that a bit more of Macchiavellian analysis (or realist analysis) would make sense. Most often however a functionalist line of thinking is employed in analysis of as well as support to transboundary water cooperation. A functionalist tend to believe that cooperation over a "low politics" issues such as water may be something that spur cooperation over even more sensitive political areas.

Often it has been assumed that if we build technical cooperation that would lead to more political contacts, improved relations and eventually equitable agreements signed. Still, that is not really what is happening in cases such as the Jordan River Basin. Clearly, the functionalist worldview dominated donor thinking and there was an expectation that the process would transform the countries, through the assistance of international organisations, into seeking more cooperative solutions over their shared waters and eventually beyond the water. The initial focus on the "low politics" – such as technical cooperation on environment and water – was intended to pave way for political agreements over high politics issues – such as division/allocation of water rights.

While all this may sound negative one may ask – so, is there anything we can do about it? Within the water sector a perspective that is drawing on insights in the realist school of thought but is also inspired by others have been gaining ground. It is called Hydro-Hegemony and basically urges analysts and development practitioners to make a thorough analysis of the power structures prior to engage in support in transboundary waters.[7] While maintaining that power needs to be at the centre of analysis they do not argue that a region cannot move towards more cooperation and integration. But they

6 Jägerskog, Anders (2008) Prologue - Special Issue on Hydro-Hegemony. Water Policy 10(S2) 1 - 2
7 Mark Zeitoun, "Power and water in the Middle East: the hidden politics of the Palestinian-Israeli water conflict" (London: I.B. Tauris, 2008).

maintain that it is important to try to strengthen the weaker parties in a region so that they can interact on slightly more equal terms with their neighbours in discussion on sharing water.

Thus, it may be so that some investments that were viewed as going to result in good results actually do not and that this is, from a realist perspective, understandable when looking at the assumptions made at the outset of the project/programme. What to do about it? Well, to start with it may be argued that a bit more of a Machiavellian analysis would do analysts as well as the development community a favour.

The Importance of a Multi-Sectoral Approach to Food and Nutrition Security in Africa

By Jessica Fanzo and Paul Pronyk
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UNITED STATES

One of the targets of the first Millennium Development Goals (MDG) is to reduce the proportion of people who suffer from hunger by half between 1990 and 2015, with hunger measured as the proportion of the population who are undernourished and the prevalence of children under five who are underweight. Many countries remain far from reaching this target, and much of the progress made has been eroded by the recent global food price and economic crises. As we enter the final five years to trying to achieve the MDGs, we look upon one of the greatest challenges of our time with one billion people hungry, 129 million and 195 million children underweight and stunted respectively and more than 2 billion people deficient in micronutrients.

Of the 117 countries analyzed by UNICEF, 63 are on track to meet the MDG1 target based on the proportion of children underweight. Three years ago, only 46 were on track, which holds some promise of improvements for certain countries. Of the 20 countries classified as not making any progress at all towards the MDG1, most are in Africa.

Addressing food and nutrition insecurity are inextricably linked to wider progress towards other MDG targets. Durable gains will hinge on concurrent steps to reduce poverty, improve access to education, empower women and girls, and facilitate access to basic infrastructure including safe water and sanitation, energy, transport, and communication. Working on multiple fronts simultaneously has the potential to leverage synergies and catalyze gains that extend beyond those achieved through sector specific programs working in isolation. While multi-sectoral approaches may seem difficult and unwieldy, it is time for the global community to take on the challenge as we move forward towards 2015.

Evidence also suggests that increasing economic growth alone, while necessary and important, is unlikely to be sufficient to address hunger and under-nutrition.

Recent calls for greater attention to hunger and under-nutrition highlight the importance of integrating technical interventions with broader approaches to address underlying causes of food insecurity – incorporating perspectives from agriculture, health water and sanitation, infrastructure, gender and education. Such an approach would inherently build on the knowledge and capacities of local communities to transform and improve the quality of diets for better child health and nutrition. Recent research has documented potential synergies between health and economic interventions, suggesting multi-sector approaches may generate a wider range of benefits than single sector approaches acting alone. Yet even while addressing broader determinants, a political priority is to address root causes of hunger and under-nutrition in an equitable manner.

Evidence also suggests that increasing economic growth alone, while necessary and important, is unlikely to be sufficient to address hunger and under-nutrition. Food and nutrition security is complex, and requires efforts across a spectrum that includes enhancing food production while simultaneously increasing access and utilization with substantive political commitment to address the most vulnerable populations with an equitable, basic human rights lens approach.

Many governments under-invest in programs and efforts to reduce food insecurity, and fail to provide the minimal and essential domestic public goods and investments in agriculture and health needed for sustained growth. Countries must develop contextually relevant priorities that integrate technical prevention and treatment-oriented interventions with wider efforts to enhance agricultural productivity, food security and diet diversity. Within many countries, coverage gaps will remain among vulnerable groups, and securing safety nets through the use of food aid, conditional cash transfers or food-for-work programs will be inevitable. Poverty and hunger hotspots within countries should be a top priority, as should pregnant women, mothers and children under five years of age - with a special emphasis on under twos.

Emerging Lessons

Clear policy and visible leadership: Nutrition policies can either be embedded centrally within the Poverty Reduction Strategy Policies (PRSPs) or as stand-alone initiatives linked to the overall development vision for countries moving forward. There is plenty of evidence to suggest in the absence of clear policy, rapid gains are much more limited.

Adequate financing: Many governments under-invest in programs and efforts to reduce hunger and under-nutrition, and fail to provide the minimal and essential domestic public goods and investments in agriculture and health needed for sustained growth. In countries that cannot afford to provide these goods, international development assistance and food aid will remain an indispensible temporary supplement. Many PRSPs do not currently contain hunger reduction strategies. Taking steps to redress gaps in budgetary allocations in line with locally relevant priority areas will be essential if gains in reducing hunger and under-nutrition are to be achieved (60).

Central coordination: Both nutrition and hunger fall within a broader mandate that necessarily includes agriculture, health, education, water and sanitation and other departments. This poses clear challenges to leadership and coordination. Too often, no single entity or team takes primary responsibility for working at the nexus of research, policy and program development. From a policy and budgeting perspective, it is difficult to commit staff and resources when a sector is divided among four departments. Given these realities, one national plan, one budget, one framework and one reporting mechanism should be in place for a harmonized, streamlined effort. Even in decentralized mechanisms, a chain of command must exist up to the national level where capacity, data and reform management should be centralized. International organizations should play an active role in supporting national governments through providing tools and technologies, capacity and resources to address hunger and under-nutrition in the context of a wider, locally owned development strategy.

Measuring progress: Accurate and timely hunger, vulnerability and nutrition information is the cornerstone of a broad-based hunger and nutrition strategy. It is imperative that partnerships be developed to support nationally-led monitoring systems to measure, provide feedback and appropriately hone and refine program activities. Building this capacity should be the central goal of both national government and donor-funded activities and should be done at the beginning of policy crafting and implementation. In high-risk countries, more frequent updates than 3 to 5 yearly nutrition surveys will be essential if reaching the 2015 targets is to be achieved. This is especially important in high-risk settings, among vulnerable groups, or to assess the effectiveness of programmatic innovations.

Nutrition and the wider MDG context: While nutrition specific interventions remain the backbone of an effective response to hunger, the case studies in this report repeatedly support the need for a comprehensive response to be firmly embedded within the wider MDGs agenda. Durable gains will hinge on concurrent steps to reduce poverty, improve access to education, empower women and girls, and facilitate access to basic infrastructure including safe water and sanitation, energy, transport, and communication. Persistent high levels of under-nutrition in India, despite a strong economic engine, attest to the importance of applying this wider lens. Working on multiple fronts simultaneously has the potential to leverage synergies and catalyze gains that extend beyond those achieved through sector-specific programs working in isolation. While multi-sectoral approaches may seem difficult and unwieldy, it is time for the global community to take on the challenge as we move forward towards 2015.

The strongest lesson emerging from both community-based and national efforts is that making rapid gains in reducing hunger and under-nutrition is possible. Through energetic and engaged national leadership and with the support of robust international partnerships, rapid progress in reducing levels of hunger and under-nutrition by 50% by 2015 is attainable. Accelerating progress towards these targets is less about the development of innovations and new technologies and more about putting what is already known into practice. Success will hinge on linking clear policies with effective delivery systems for an evidence-based and contextually relevant package of interventions that can rapidly be taken to scale.

Many programs on the ground have found innovative ways to overcome historical barriers to implementation – from household-level delivery systems, to subsidies for small holder farmers, to linking efforts to reduce hunger with wider efforts to empower women or create work and business opportunities. Persistent hunger and under-nutrition remain an inexcusable unfinished agenda and successfully closing the few remaining gaps is a pre-condition for wider global progress towards achieving the MDGs.

Please find the Paper commissioned by the World Food Programme now available at full length at http://www.undg.org/index.cfm?P=327

Food, Water and Energy Security: How We Can Be Better Research Partners With Developing Countries

Dr Andrée Carter
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"By 2030 we need to be producing 50% more food. At the same time, we will need 50% more energy, and 30% more fresh water". Time and time again we hear leading experts and international institutions foretelling this predicament. The UK's chief scientist Professor John Beddington calls it a "perfect storm" whereby the combination of the different security challenges could aggravate the local and global security situations drastically. Research on food, water and energy must be carried out with an awareness of the interactions between the topics because they are all so inextricably linked. Shortages and conflicts around food, water and energy already exist and additional pressures, such as climate change and population growth, not to mention other political, economic and societal pressures, exacerbate the situation. Developing countries are the most vulnerable and least well equipped to manage or adapt to challenges such as drought, pest attack or the rising price of fuel.

Whilst repeating the 2030 mantra is necessary to convince politicians, research funders and the public that food, water and energy security is a serious, long term issue, significant action is required now. New strategic research programmes can take at least one to two years to develop then commission, followed by a minimum of three years to realise any significant findings, which then must be communicated and scaled up for widespread impact. So even if new research programmes were agreed today, it won't be until 2020 that the findings make a serious difference.

But what about existing research, innovations and best practices that have already been developed? There is a gold mine of information that is highly relevant to the 'perfect storm'. Many believe relevant research is just sitting there waiting for someone to pick it up and use it. But it's not that simple. Historically, funding for translational science has been neglected but the good news is that the 'impact' agenda now being advocated by the UK Government and Research Councils is beginning to help researchers think about the application of their research and the value of science, technology and innovation in supporting policy, society and the economy. Furthermore, most people now recognise that development of "appropriate" technology (that which is most useful regardless of its origin) in consultation and partnership with users is the most effective and sustainable pathway to success. Gaining more industry and developing country government support is critical for developing appropriate technologies that make a difference.

Most developed countries live with historic education, government policy and research funding systems which have a silo mentality that significantly limits our ability to address real world problems, particularly those in developing countries. While funders and researchers are encouraged to become more inter- and multidisciplinary, in reality only a small number are genuinely capable or have the time to understand each others' languages and to synthesise different view points.

UK funders have recognised that the problems faced by developing countries are of global relevance. For example, the UK's cross government Global Health Strategy addresses climate change, food and water security issues and the humanitarian problems they can create. However, collaboration is a very difficult process, with big transaction costs and the need for constant facilitation. Despite these constraints, the UK has seen the development of a number of cross-university and inter–university research initiatives that create platforms and space for collaboration. Multi-funder frameworks such as the Food Security or Living With Environmental Change programmes have also emerged, but their outcomes will require time and patience while the UK and developing countries learn how to overcome barriers in working together.

For collaborations to develop, researchers in developing countries need greater awareness of the funding and partnering opportunities available. Most existing collaborations revolve around personal contacts which can limit the possibilities. A recent project with Bangladeshi scientists identified that few were aware of any UK funding other than that from the Department for International Development (DFID). Navigating through the host of UK funders and the EU programmes is challenging even to the most informed UK scientist.

Bangladesh has some of the most challenging research questions on food, water and energy security and there is enormous scope for collaboration. The government of Bangladesh has established a trust fund to support efforts to implement its climate change strategy and action plan, which addresses food, water and energy security and is keen to draw on the expertise of UK scientists and policy makers. UK and Bangladeshi researchers are now exploring ways to develop relationships and alert all scientists to funding opportunities. Themed video workshops have been extremely successful in introducing scientists to each other, whilst discussions on the experience of creating multidisciplinary research platforms and their challenges have proven helpful. The lessons learned here will be used to improve collaborative partnerships with other developing countries, hopefully helping us to avoid the 'perfect storm'.

The Center for International Relations holds quarterly student essay competitions for collegiate students. The following two editorials are winners of the Winter/Spring Contest. The topic for this award:

Experts anticipate that food and water security will become an increasingly global priority if, as expected, climate change and weather patterns continue. This issue is especially true for the poorer people in the world, with two-thirds of them relying on agriculture for a livelihood. What steps should world leaders take to address this issue?

Student Writing Competition Winner

Ensuring the Right to Food and Water

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ITALY

Few people know, but the right to food, which includes water,[1] is probably the most violated right. More people die of hunger every year than of any other cause, including war, AIDS, and other diseases combined.[2] 845 million people suffer from hunger;[3] 1 billion people have no access to safe drinking water.[4] There is plenty of food. There is plenty of water. This issue is particularly contentious today, due to the recent dramatic rise in food prices,[5] and now financial crisis. Thus, what steps should world leaders take to address this issue?

According to this paper, the first step world leaders may take to address food and water security is a legal strategy, to ensure the true justiciability of the right to food and water. A legal strategy has an attractive mandatory, as opposed to optional, character, defining priorities between potentially conflicting fundamental rights. The right to food exists: first, 22 States provide for a right to food in their constitutions; secondly, 160 States ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR) (Article 11 provides for the human right to food); thirdly, some regional law provides for the explicit right to food; and fourthly, although 34 States neither ratified the ICESCR, nor provide for an explicit constitutional right to food, the core content of this right (i.e.

the right to freedom from hunger) might already have reached the status of customary international law, and even *jus cogens* (peremptory norms), binding States regardless of consent. Under the right to food, States must respect, protect, facilitate and fulfill the right.6

The issue is, what the right means and, distinctively, whether it is justiciable. If the right to food is, indeed, a justiciable individual or collective right, then people can claim it, which is also why most often it is argued to be non-justiciable. Nobel Laureate in Economics Amartya Sen underscored, in his pivotal work on food security, that world hunger is not caused by a lack of availability of food, but rather, it is caused by a lack of entitlements over access to that food.7

According to this paper, there are potentially many court cases for violations of the right to food (specifically, for violations of the core content of this right, i.e. the right to freedom from hunger, that is to say the right not to starve from lack of food or water).8 However, the justiciability of this right must be ensured, not only at the levels of the judiciary and legislature, but also at the level of the institutions responsible for enforcing the right.

Potential court cases, thus, may find their legal basis in the explicit right to food, where this possibility is provided for under national or international law; or in the implicit right to food, by combining other more easily justiciable rights, such as the right to life and the right to non-discrimination. It has been done before.9 Such claims, the paper argues, can be made against State and non-State actors, under national constitutions, international conventions, or customary international law.

A second step, which world leaders may take to address the issue, is an extra-legal strategy. The paper recognises that efforts to realise food and water security include colossal extra-legal complexities. In effect, today, the recent rise in food prices (and the “structural violence”10 that accompanies this injustice of world hunger) has led to worldwide riots, including in Mexico, Pakistan, Burkina Faso, Cameroon, Senegal, and Mauritania. Extra-legal approaches to prevent world hunger include, for instance, the sustainable livelihood approach, the bottom-up approach, the participatory approach, attempts to improve measurement tools and indicators on hunger,11 and the resource efficiency approach.12

In conclusion, the paper aspires to have policy relevance both for less developed and developed States. In concrete terms, for instance, it is hoped that in the future, the paper might serve to produce a State-by-State index on the likelihood of successful right to food court cases, in a similar way that there exist State-by-State indexes evaluating corruption.13 The paper proposes this novel idea of such an index, in order that it might be useful for potential practitioners, and right-holders, who wish to claim the right in the future.

Student Writing Competition Winner

Adapting to Environmental Change: The Case of River Basin Organizations

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Population growth and economic development have intensified competition for the world's water resources in recent years. These developments have been intensified by the impacts of global climate change leading to increasing weather extremes such as droughts in some areas and floods in other. As a consequence of these developments, regions of water scarcity have often been considered as prone to water wars. This is especially true for the 263 international river basins that cover about 40% of the world's surface and are home to approximately 60% of the world's population (Giordano and Wolf 2002). Because of the transboundary character of international river basins combined with environmental change that affects the livelihoods of riparian communities through the loss of arable land, the reduction of fish harvests or changes in the navigability of rivers leading to socioeconomic problems has led policy-makers as well as academics to warn of international water conflicts. Despite these predictions, history has so far shown that joint water cooperation is more likely than violent conflict, mainly on the account of established joint water institutions such as river basin organizations (RBO's). As researchers at the Oregon State University have found, most interactive events on international water basins have thus far been of a cooperative rather than conflictive nature mainly because riparian states choose to solve problems over water pollution or distribution by establishing joint institutions (Wolf, Kramer, Carius, and Dabelko 2005). It is however not the mere existence of such RBO's that defines whether conflicts can be avoided and economic and environmental gains attained, but the ability of such institutions to adapt to external changes in the river basin such as environmental change.

One question in point is how RBO's manage to handle unexpected hydrological events and thus are able to adapt to environmental change. A number of institutional mechanisms and management tools have been established and implemented by RBO's in order to find an answer to these challenges. These mechanisms comprise a range of instruments like treaty provisions such as escape clauses, drought mitigation, early warning systems or dispute-settlement mechanisms.

One example can be found in the region of Southern Africa where countries such as Botswana, Namibia or Mozambique are frequently affected by droughts and floods that negatively impact the riparian communities as well as the greater economic development of these states. The Komati river basin, shared by South Africa, Swaziland and Mozambique, for example has been a site of frequent conflicts over water rights between different user groups in the past as traditional methods of water allocation were based on a volume-per-unit-time allocation. Since the Komati Basin Water Authority (KOBWA) introduced a new system of fractional water allocation and reservoir capacity sharing (FWARCS), which allows users to decide when and how much of their water entitlement they want to use as water is banked in reservoirs, the efficiency of water usage improved and user conflicts decreased (Dlamini, Dhlamini, and Mthimkhulu 2007). This is ever more important as the availability of water inflows to the Komati are increasingly variable due to environmental changes. This example illustrates that flexible mechanisms of RBO's can improve relations between different user groups and contribute to higher water security. Therefore the recommendation made is that policy-makers as well as academics put greater emphasis on the question of how RBO's should be designed and which capacities are needed to guarantee flexible and efficient institutions. Understanding institutions of transboundary water management is crucial for designing them in a way that makes them more adaptive to environmental change and thereby improving water security.

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