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Africa: An Urgent Agenda

Speech delivered at the InterAction Forum

by

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Introduction

I am very grateful for Mary's invitation to join the InterAction community today and speak to you on the occasion of your Annual Forum.

I last joined InterAction for your Forum at the outset of my presidency at the Bank, seeking your guidance, and most importantly your partnership in charting a new path for the World Bank and its development role.

I come to you now in 2002 at a time when I believe we've come a long way down that path. The World Bank today is quite a different institution than it was at that time and I would like to thank you for your role in helping bring about this change.

InterAction members and the Bank are engaged in so many different ways -- in sharing of ideas as we did last Fall after September 11, in policy dialogue, in more formal consultations, and of course InterAction members are actually carrying out Bank-financed programs on the ground.

I am particularly grateful to InterAction for playing such a vital role in three areas:

Building public and political support in the US for development assistance;

Increasing the focus on development effectiveness; and pressing the agenda of accountability—of government, of institutions, and of civil society.

We know that we are working very well together in some places, but we certainly have areas where we can improve, and I am looking forward to the results of our joint survey so that there can be a more dynamic and effective relationship in the future between our organizations.

Ladies and Gentlemen, the theme for your Forum is "Meeting the Global Challenges of Our Age: Are We Up to the Task?"

At Monterrey, over 100 Heads of Government pledged themselves to a new global compact.

Developing countries will implement sound policies, strengthen governance, and invest in their people.

Rich countries will increase aid and take action on trade.

The major challenge facing the development community post-Monterrey is one of implementation, of getting started on effectively delivering development that helps to lift the poorest out of poverty.

Nowhere is that challenge more crucial than in Africa.

If we are to be successful in meeting our development goals, we must begin by being successful in Africa.

I commend the G8 leaders for putting Africa on the agenda for their meeting in Canada late this month. I strongly urge all the G8 Leaders, to grasp this unique opportunity to translate the pledges of Monterrey into African results.

To meet the challenges of implementation there has been a great deal of focus on what rich and poor governments must do, and on what international agencies must do. But we must also talk about what civil society must do – for you are surely central here.

Interaction has been one of the leading voices both for more aid and for greater aid effectiveness. This has been critical. But making the case for more aid and achieving greater aid effectiveness poses challenges not just for governments and for donors, but also for civil society organizations and businesses. All of us have to be more transparent than ever in how we operate, more ready to adapt to local priorities and needs and not imposing our agendas, and more willing to listen and even to embrace alternative views.

For the Bank, this means we have to continue to encourage governments to create an enabling environment for civic engagement, to open up free and democratic space for debate - as we are trying to do through the PRSP process.

For international civil society organizations like the members of InterAction, I believe this means deepening your efforts at capacity building, empowering your local partner NGOs to engage with their governments directly; pressing their leaders for deep and equitable social and economic change. For the best we can surely do, whether official donors or international NGOs, is give local actors the tools for change.

Ladies and gentlemen, in the seven years since I first traveled to Africa as President of the World Bank, I have learned of the importance of listening to Africans themselves. That means recognizing the rich variety and diversity that exist on the African continent.

Africa's 48 countries have people who together speak over 1000 languages and cultures that are so different and yet so closely interlinked in tribal practices even across their borders.

A continent where out of 48 countries it is just 5 - South Africa, Nigeria, Democratic Republic of Congo, Kenya and Sudan - whose populations together make up almost half of Africa's people and over 60% of Africa's GDP.

A continent where the very number of governments, economies, and countries makes having a continent-wide impact on poverty that much harder.

And yet a continent, too, where from large or small countries peoples' aspirations are the same. Where people want for their children what we want for ours: education, good health, security and opportunity. They want voice. They want a chance to make a better life for themselves. They want respect for their human rights.

A continent, Ladies and Gentlemen, where even though we have made some progress, the fact remains that few if any of the Sub-Saharan African countries are likely to achieve the goal of reducing the proportion of those living in absolute poverty by half by 2015.

Instead the number of the poor in the region is estimated to grow by 45 million over the next 12 years.

On present trends, only half of Africa's population is likely to meet the education target of universal primary education, and 14 countries are falling further behind.

On present trends, only 14 countries are likely to meet the target on maternal mortality reduction.

On present trends, only 9 countries will meet the target for access to safe water. Currently one quarter of the 1.1 billion people worldwide without access to potable water live in Africa.

On present trends, AIDS, which has already infected 28 million Africans and is daily infecting 9,000 more will if not reversed affect over 50 million families over the next 20 years.

And these challenges will only grow over the next 30 years, as sub-Saharan Africa's population increases by over 500 million to 1.1 billion people.

My friends, we must change those present trends. We must find the ways and means to do better. We must begin to deliver on the great promise that Africa represents.

There are those who ask: "If the problems are so intractable, why should we wager more resources on Africa?"

To those people I would say: Equitable development in Africa is crucial to Africa's future and our own.

And I would pose my own question. What has been the global community's role in making some of Africa's problems seem so intractable? For what else do we make of the fact that:

At a time in the 1990s when most African leaders were putting better policies in place to achieve economic growth and poverty reduction and while rich countries prospered, foreign aid fell from $35 a head to$19 over the last 10 years.

At a time in the 1990s when African countries were putting better policies in place, non-oil commodity prices fell by 33% for many African economies, wiping out millions of dollars from African economies.

At a time in the 2000s when rich countries are beginning to recognize Africa's progress, agricultural subsidies in those same rich countries are on the rise, threatening much of Africa's exports and precipitating likely reciprocal actions across the globe.

There has simply been no level playing field when it comes to Africa - not on aid, not on trade and not on partnership.

Yes, mistakes have been made in the past

African leaders have made mistakes—mistakes involving bad policies, mismanagement and corruption.

The leaders of rich countries have made mistakes –mistakes of lending massive amounts of aid for political not development purposes.

And well meaning institutions—the World Bank, the regional development Banks, bilateral agencies, other official agencies, and some non-governmental organizations too—have made mistakes – mistakes of trying to impose one-size-fits all development.

Yet we have come a long way in our response to Africa's development challenges in recent years – thanks to the work, the advocacy and the campaigning of many of you here today and others committed to Africa.

Some fourteen countries have registered average growth rates of over 5% over the last 6 years.

There is much greater political participation, democratic transition and real progress in conflict resolution in Angola, the DRC, and Sierra Leone.

Today 22 African countries have qualified for debt relief yielding more than $800 million in cash savings for the countries, with about 80 percent of these savings earmarked for expenditures in the social sectors and all of it for poverty reduction.

Poverty Reduction Strategies are taking root. They are not perfect yet, but enough to say that homegrown and home-owned development is now more than just a slogan.

Participation in development decisions is becoming more extensive and certainly more space for dialogue has been opened up, with parliaments as well as civil society.

A community-driven approach to development is taking hold—with considerable success in countries such as Malawi and Madagascar—bringing with it more accountable and more effective development.

And a push for greater transparency and much more public information is making aid more effective -at the local level through decentralized funding for local schools, public information on where funds are going; and local tracking surveys. And in central government, through transparent public financial management, improved budget execution, reporting and audit - all components of the HIPC program. This kind of democratic accountability is key to development's long-term success. We must not let up on these efforts.

And at the continental level, there is new promise in the New Partnership for Africa's Development - NEPAD.

The agreement of African heads of states on NEPAD last year pointedly asserts African commitment to and responsibility for poverty eradication on the continent - their leadership, their programs, their Africa.

And it is being followed up by the development of specific programs, and a move toward peer review of governance that will be unprecedented.

There are other, more tangible, rays of hope in countries where once such progress would have been unimaginable:

Mozambique, once devastated by war, is now among the most rapidly growing countries in Africa.

Uganda, where the number of children in primary school has doubled, and where HIV/AIDS infection rates fell by 50% in less than five years.

Ethiopia, where despite years of conflict, 6 million Ethiopians are now benefiting from better education and health services.

Senegal, where AIDS is being confronted head-on and staunched.

Mauritius and Tanzania, where there has already been noteworthy success in promoting stronger private sectors and attracting foreign investment.

In the Africa of today, there is evidence of progress, of hope, of change, of tangible development.

To those who wish to focus on past failures or present challenges as an excuse for inaction I say: There is nothing intractable about Africa's problems unless we choose to make them so.

It will take political leadership and commitment to transform the words of Monterrey into action.

For far too long, we have satisfied ourselves with noble purpose but uneven results.

For far too long we have expected too much of others and not enough of ourselves.

For far too long we have behaved as development individualists not as a development community.

We must set ambitious goals for our efforts, and Africa must be our first test.

Other areas will claim strategic priority. Other areas will have louder lobbies.

But our sights must remain fixed on Africa. Not to the exclusion of all else. But no longer to be excluded.

Through NEPAD, African leaders have set themselves three formidable tasks:

First, improving governance and resolving conflict: so that the poor people no longer bear the brunt of mismanagement, corruption and war.

Recognizing that corruption, lack of transparency, and conflict can defeat even the most effective development schemes. And these same diseases cripple the chances of Africa's poor.

Recognizing that building up financial and judicial sectors, is crucial so that both African and foreign investments will return to Africa, so that small and medium enterprises may grow, so that the private sector may invest. And that this requires transparency, regulation and much greater accountability.

Recognizing that good governance and strong and open institutions are the cornerstones of sustainable growth and progress.

African leaders are committed to taking the lead but we must help with capacity building, training, conflict prevention – for the surest way of reducing strife is hitting hard on poverty.

Second, African governments have promised to invest in their people. They must be helped to do so.

That means improving health policies and giving priority to preventable diseases such as malaria, TB, and HIV/AIDS.

It means focusing on gender, bringing out into the open issues of sex, rape and abuse.

It means greater funding for AIDS treatment, but not at the expense of prevention.

For make no mistake, what we need are more resources, not just a reallocation of existing resources.

Ladies and Gentlemen, it also means giving a real push for universal primary education across a continent where today 50 million of primary schoolchildren are not in school.

And let me take this opportunity to applaud the advocacy efforts of many of you who have been involved in the Global Campaign for Education and Basic Education Coalition.

Many of you in this room today who have forced policymakers to take this agenda seriously

who have brought us to this point where Education for All is a top agenda item for finance ministers and heads of state.

After consultations with our clients and partners, I hope we will very shortly announce the 10 to 15 pilot countries worldwide that will be among the first to receive special grant financing to allow them to achieve the 2015 target of getting every boy and girls in school to complete a primary education.

But like HIV/AIDS let us make no mistake there is a price tag.

I hope that G8 finance ministers and Heads of State meeting later this month, will recognize that Africa must be a clear priority as they examine how best to allocate newly-pledged aid, so that we can begin to make Monterrey a reality for millions of African children.

For as it was so eloquently put by the Canadians at our Spring Meetings last April "All this is words if it is not backed up by money."

And Africa has heard too many words - especially from those who live far beyond its shores.

Third, through NEPAD African countries have agreed to work toward increasing their competitiveness and diversifying their economies. They must start putting irreversible policies in place towards this goal now.

The current state of Africa's infrastructure and human capital militates against successful competition of its products on the world market. The difficulties of a continent of 11% of the world's people, accounting for 1 percent of global GDP, only 1 percent of world trade, with its share of manufactured exports almost negligible, with only 12 percent of its roads paved, and only one in five people having access to electricity, may seem almost insurmountable.

Yet, we know that it is possible to reverse these trends. African countries are ready to put in place and implement better policies.

But Africans cannot achieve these goals alone.

As Heads of Government prepare to gather for the Economic Summit in Canada, the tasks for rich countries and for the global community are clear. Let me emphasize the four most important ones as I see them.

First, the international community must deliver on its promises at Monterrey with more and better foreign aid assistance.

I have already spoken of the urgent need to fund the Education For All Initiative.

Thanks to commitments by the US and the EU, we now have the promise of more aid. This could represent a watershed in aid flows. But these pledges must result in real, tangible increases in aid, and it must be aid properly targeted.

InterAction, has recently issue a paper on proposed guidelines for the Millennium Challenge Account. I read with interest its conclusion that this new account should be used to advance the Millennium Development Goals, should focus on the poorest countries, and should be additional and complementary to existing development and humanitarian programs.

The pledges of increased aid at Monterrey will reverse the 5% decline in aid to Africa which saw aid plummet from $18 billion to $13 billion between 1995 and 2000.

But the G8 should now go further and pledge that more than half of all new aid will be provided to Africa.

Studies suggest that the effectiveness of such aid has doubled in a little more than 10 years.

Nowhere is the need for such help more evident than in Africa.

For even under optimistic scenarios, the typical African country will need external capital resources of more than 12 percent of GDP to cut poverty by half by 2015.

Too expensive some will say. But can we honestly encourage countries to sign up to development goals and then deny them the means to reach them?

There must be a political commitment on the part of the G7 to a substantial proportion of the new resources going to Africa.

Second, rich countries must focus on more and better trade.

While aid has been at the center of discussions among donors about Africa's future in recent weeks, Africans themselves have been stressing trade.

Trade, says President Museveni, is crucial to my country's future.

Without better access to markets and lower agricultural subsidies, my country cannot fully prosper, says Prime Minister Meles.

Lack of access to trade, says Finance Minister Trevor Manuel, is what holds us back.

Give us market access, give us a level playing field for our products and goods, give us a trade partnership that is more than just in name. That is what these leaders are saying. Is anyone listening?

Yes, African countries need to follow through on the NEPAD agenda and work to break down internal barriers to trade and investment that limit the ability of farmers to market their goods.

But we cannot ask Africans more than we ask of ourselves.

At the G8 meeting in Canada rich countries must end the hypocrisy on trade that says "do as I say, not as I do."

Worldwide, agricultural subsidies in developed countries to the tune of $350 billion a year, are 7 times what countries spend on development assistance and roughly equivalent to the entire GDP of Sub-Saharan Africa. Those subsidies are crippling Africa's chance to export its way out of poverty. Rich countries must dramatically reduce these subsidies.

Rich countries' escalating tariffs which peak with processed agricultural products are stopping Africa's manufacturing in its tracks. Rich countries must work to dramatically reduce these escalating tariffs, which are huge barriers to processed products from Africa. Confining Ghana and Cote D'Ivoire to export raw unprocessed cocoa beans; confining Uganda and Kenya to export raw coffee beans; confining Mali and Burkina Faso to export raw cotton.

Rich country subsidies to cotton farmers, are increasing supply artificially on international markets and depressing export prices for African producers. Removal of US subsidies on this one crop alone would increase revenues from cotton by about $250 million in West and Central Africa.

In addition to efforts to improve market access, and reduce trade-distorting subsidies in agriculture, I urge leaders meeting in Canada at the end of the month to take immediate action on a number of fronts, which would substantially improve the potential of African farmers:

Unilateral adoption of liberal rules of origin under preference schemes such as the Everything But Arms Agreement and the African Growth and Opportunity Act especially for clothing and textiles- we estimate that in the medium term this would benefit African exports to the tune of about $500 million.

Rich countries should also give greater support to African countries, and especially to Small and Medium Enterprises to meet OECD product standards. Total gains to Africa with a truly international system of standards in place - followed by the rich and developed with a voice from the poor - would be more than $1.2 billion in nuts, cereals, fruit and beef alone.

And actions to increase competition on maritime and air transport route to/from Africa. Bank research has found that collusive practices among shipping lines push up freight rates by up to 25 percent on selected routes. A striking example is Benin, where exports face duties equivalent to 0.6 percent of total exports, but shipping costs represent 22.7 percent of trade. One step that can be taken by OECD countries is to eliminate antitrust exemptions for export cartels among transportation firms.

Yes, the lobbies are strong – but it is the role of leaders to lead. We must call on them to do so.

Yes, the vested interests will fight back, but civil society has shown how much strength it can muster internationally on issues such as debt relief.

Is it not time now for a public campaign on market access and on subsidies, with NGOs, IFIs, with the UN and with Africans making the case to the public and to consumers around the world why these policies are wrong and must stop?

Third, we must focus on More and Better partnership

NEPAD, with its call for African responsibility and African commitment to accountability offers the hope for a new compact, a new relationship with external partners. But the vision must be acted on. Africa cannot afford another failed initiative.

The principles of the PRSP, placing leadership in defining poverty reduction program squarely with African countries, offer the hope for a new aid relationship based on respect and mutual accountability.

But there is still a long way to go to move from being donors to being partners.

Being partners rather than donors means we must also work together to provide aid differently.

The PRSP process and the national, country-owned, development strategies should determine where the assistance is most needed. For most African countries, that is in health, education, and rural infrastructure.

Donors must also commit to financing recurrent costs not only investment projects. And we should not confine aid to national boundaries but use it to stimulate regional and international programs.

Being partners rather than donors means we must also deliver aid more effectively and more efficiently.

For if we do not change, we will have more and more countries - like Tanzania - forced to devote almost half of their administrative capacity not to administering development but to administering donors. If we are serious about effectiveness, OECD leaders must commit to harmonizing the procedures and requirements that impose these heavy costs on the countries we are trying to support.

If we do not change, we will have more and more flags on individual programs, more and more tripping over each other to fund the fashionable at the expense of the fundamental. If we are serious about effectiveness, we must move to better coordinate our programs with a country's real needs and unite our support behind its own strategy for poverty reduction and programs that are developed with the involvement of the people they are intended to benefit.

If we do not change, we will continue to have more than half the aid delivered to poor countries 'tied' to donor exports. If we are serious about effectiveness, we must call 'tied' aid what it is - designed more for domestic constituencies at home than developing countries and end it; and we must put effective curbs on pushing inappropriate exports tied to inappropriate financing that can only lead to a repeat of debt crises.

Being partners rather than donors mean that we must work together to do a much better job at measuring results and judging effectiveness.

Not just the Bank and the MDBs, but bilaterals, NGOs, the UN and most importantly, governments themselves.

It is for this reason that tomorrow the Bank with Regional Development Banks is hosting a two day roundtable in Washington, the first of its kind bringing together many of these groups, to do a stock taking on evaluation and discuss the way forward. This is not about finding flashy results or quick returns. Nor is it about going for the simplistic at the expense of what is meaningful. It is about seeing how we can work more closely together to manage for measurable results.

To do this successfully, we must bring all the players on board. Indeed, as I have said before, if the bilaterals have systems in place for measuring the effectiveness of their aid, we must learn from them.

But let us make no mistake partnership does not just involve governments. It also involves civil society, the private sector, trade unions, and religious organizations.

For all our studies show that, the surest foundation for development is social consensus.

And Fourth, ladies and gentlemen– we must commit to the long haul.

No walking away when things get tough, no falling back on Africa's intractability, no saying that trade matters more than aid and then making it harder and harder for Africa to receive either.

Partners for the long haul, recognizing that there are no quick fixes, that it requires a minimum of 5 years of implementation to see results. And this requires the continuity of policy, as well as the continuity of development support to these policies.

We must understand and countries need to understand that the 'time' dimension is fundamental. And we need to manage the expectation of 'quick fixes' and 'quick results'. It takes time to build an education system, it takes time to build a judicial system, it takes time to establish the regulatory framework for private sector activities, and we need to better understand the sequencing of development activities.

A long haul, Ladies and Gentlemen that will require of all of us that that we engage the development debate.

That we take on those who would argue for quick fixes or simple solutions.

That we reach out to the young.

That we argue forcefully against the notion that it has all been wasted efforts. We know, and you know from all your extraordinary work in Africa, that it has not--that the lives and opportunities available to millions of people have been made better.

--Work that helped lead to an increase in life expectancy from 36 years in 1950 to 49 years in 1990 before the AIDS pandemic so cruelly rolled those gains back.

-Work that helped lead to an decrease in infant mortality rates from 116 per thousand in 1980 to 91 over the last 20 years.

--Work that helped to increase the literacy rate for girls from 30% in 1970 to 73% in 2000.

Ladies and gentlemen, despite these achievements, we must lift our game, and the time for action is now.

In 25 years the challenge will be greater,

The poverty may be deeper,

The conflict may be higher.

We face a choice.

We can go forward with business as usual, knowing that by the next generation, in Sub-Saharan Africa.

People living on less than $1 a day will increase to almost 40% of the population by 2015.

Many more children under five will die.

Children under 15 will be more than half of Africa's total population, many of them condemned to life with HIV and then death with AIDS.

Or we can commit to change, commit to supporting Africa, commit to putting the fine words of Monterrey into effective action—and, toughest of all, commit to being held accountable for measurable results.

No one who has traveled to Africa can doubt the potential of this great continent – the richness of its resources, the dignity of its diverse cultures, or the limitless potential that beats in the heart of each African.

There is no doubt that the future of Africa lies firmly in the hands of its people.

They do not need, nor do they deserve, our pity or charity.

They do not need , nor do they deserve, simplistic solutions.

They want only a chance to determine their own futures, to take advantage of what we can offer in partnership, and to become full and equal members of the global family.

By doing so, we will enrich ourselves beyond measure, and go from words toward specific actions that can leave a better, more just, and more peaceful world for our children.

This is why we are all here. This is what we all want. We look forward to working with you to achieve it.