

AFRICA IN THE 21st CENTURY

- An analytical overview

6 December 2004

Executive Summary

The overview analyses challenges and options facing Sub-Saharan Africa (SSA) at the start of the 21st century. It provides an analytical basis for the formulation of a coherent Danish Africa policy, which includes foreign, development, trade and security policy towards Africa. Recent years have witnessed new opportunities and encouraging developments in Africa, led by African countries' own initiatives. A new Danish policy is meant to support these positive developments. Despite the encouraging signs, the challenges for peace, security, growth and poverty reduction remain huge. Africa is the continent furthest from reaching the Millennium Development Goals.

The African Economy – the challenge of generating growth

Economic growth is crucial to poverty reduction. In SSA the average per capita income has declined in the 1980s and 1990s. For the majority of the countries, even the most recent growth rates are still too low to reduce the number of extremely poor men, women and children.

Private sector-led growth is fundamental for Africa. A few African countries have so far managed to transform the good political intentions into sustainable changes that create an enabling environment for the private sector. The informal sector of Africa's economies is still substantial (often equal to 50% of GDP), and encompasses both a large share of the agricultural activities, micro-enterprises and self-employment in urban centres.

The agricultural sector constitutes the economic backbone of most African countries, and this sector will remain the mainstay of economic growth benefiting Africa's poor for years to come. Increased agricultural production is necessary to fight starvation and malnutrition, and rapid growth in agricultural production and productivity is a precondition for economic take-off and sustained poverty reduction. The agricultural sectors constitute the largest part of the private sector, with agriculture accounting for more than 50% of GDP, over 50% of export earnings, and employing over 70% of the workforce.

Poverty and environmental degradation mutually reinforce each other. The environmental aspects of growth have to be addressed in order to implement sustainable solutions.

The HIV/AIDS pandemic represents a major threat to economic development in Africa. Out of the 38 million people in the world suffering from HIV/AIDS approximately 25 million live in Africa. Recent estimates of the macroeconomic costs of HIV/AIDS suggest that the HIV/AIDS related drops in GDP range between 0,3 and 1,5%. Although this appears modest it will translate into larger effects over time.

Globalisation offers an opportunity to integrate Africa in the world economy. Some barriers remain for increased international trade of African products. Industrialised countries' requirements to meet sanitary and phytosanitary standards and related food safety regulations are probably the most difficult hurdles among the many non-tariff barriers confronting African

exporters. African countries and African exporters need to develop capabilities that ensure conformity with these standards.

Closer coherence between trade policies and development and security policies is still needed at global, regional as well as country levels. While the liberalisation of world trade is expected to generate a large global welfare-improvement, it is less likely to reduce poverty in Africa. Free access to industrialised markets is not sufficient to reduce poverty. Preferential arrangements for the next 10-15 years could provide Africa with the window of opportunity to improve the productivity and competitiveness of African businesses. Job creation for unemployed and discontent youth is another area to focus on.

Peace and stability

Violent conflicts in Africa affect the lives of millions, and civilians account for more than 90% of casualties in conflict. Conflicts seriously affect neighbouring states and cause instability as well as hamper economic development in the affected country and in the sub-region. They furthermore often last for more than a decade. Most of Africa's conflicts occur in weak states with poor political and economic governance and poor development records. The root causes of most conflicts can be traced decades back, and they are often result of continued lack of development – politically and economically.

Development of democracy, good governance and respect for human rights are key aspects of nation building to prevent conflicts. Long-term political and economic commitment from international partners to assist a country in addressing social, economic and political needs add substantially to conflict prevention.

Responses to conflicts in Africa have been reinforced in recent years by Africa itself. The role of AU and the regional organisations has been strengthened and is expected to result in an operational African Security Architecture. This promising new activism has led to a significant decrease in the number of new, armed conflicts and to new, if still fragile, peace solutions in two major conflict areas.

It will be important to increase focus on the prevention of conflicts, on building a regional framework for effective crisis management in imminent or on-going conflicts in Africa, and on consolidating peace through post-conflict measures.

There are currently 4-5 million refugees and an estimated 12-13 million internally displaced people in SSA. Influxes of refugees and migrants have large social consequences for those affected and for the countries receiving them, and it lead to instability with the risk of further conflict. Special attention to this problem has to be part of the effort of resolving conflict and preventing new conflicts. Living conditions for both internally displaced, refugees and the local population are often insufficient, and the capacity to provide protection for refugees is often inadequate. This places a large humanitarian burden on many African countries, and there is no reason to believe that migration figures will decline dramatically over the next decade.

Denmark will become member of the UN Security Council in 2005-2006. One of the Danish priorities is security, growth and development in Africa. Experiences from the new Danish Africa Programme for Peace, decades of experience in development cooperation and recent Danish involvement in peacekeeping missions provide strategic guidance to this work. As part of the Danish membership it could be considered to address some of the factors that fuel or are relevant to conflicts in Africa, including natural resources, regional approaches, unemployed and discontent youth, human rights violations, and illegal trade of small arms.

Good governance, human rights and democracy

Good governance and democracy is a fundamental prerequisite for effective use of resources for poverty reduction and a corner stone for nation building, peace and stability. There are encouraging signs that several countries in Africa, both individually and collectively, show commitment hereto. However, economic, cultural, and structural factors tend to prevent the full implementation of good intentions. Corruption is a major problem, and long-term solutions will depend not least on the successful implementation of public service reform and procurement regulations.

The means to enforce human rights are often not present. Institutions such as the courts, police and prison services, human rights commissions, national administrations and parliament do not have the capacity to deal with human rights issues. A strong civil society voice on this matter has in many countries been instrumental in pressing through some of the necessary improvements.

Denmark is generally considered a consistent and qualified partner in supporting good governance; human rights and democratisation efforts and can contribute through development support as well as the bilateral and multilateral political dialogue with African partners.

Development of Human Resources

Africa needs a more well-educated and healthy workforce to be able to increase economic growth for the benefits of the poor. Health and education indicators are generally lower for Africa than for any other continent and the indicators have shown only marginal improvements over the last three decades. But even when a country succeeds in creating a well-educated and healthy workforce, this development is often undermined by a number of factors, one being HIV/AIDS.

The education systems suffer a number of problems and shortcomings due to understaffing, under-funding, poor teacher training etc. The low quality of primary schools leads to low enrolments, poor attendance and high dropout rates, especially for girls. The education sector is, moreover, heavily affected by the impact of HIV/AIDS, since teachers is a high-risk group.

The health sector of most African countries faces numerous problems caused mainly by the combination of declining resources in real terms and an escalating disease burden. HIV/AIDS, drug resistant malaria and other mainly preventable diseases have aggravated this burden. Furthermore, countries are now facing a double disease burden due to the arrival of "modern"

mainly life-style related diseases. At the same time the health situation for the poor is gravely affected by lack of access to clean water and sanitation.

Africa is by far the most severely affected region in terms of HIV/AIDS. In many countries, life expectancy is now 40 years or less. African women are at greater risk of becoming infected at an earlier age than men. This development, affecting all parts of society, poses a serious threat to the development process.

Gender inequalities impose large costs on the well being of women, men and children, profoundly affecting their ability to improve their lives. Gender inequalities reduce productivity in farms and enterprises, thus impeding prospects for reducing poverty and achieving economic progress.

Denmark has extensive experience in the field of development of human resources based on long-term sector programmes with eight partner countries in SSA and with South Africa.

A coherent approach

A coherent and strategic approach to the challenges in SSA would contribute to a more peaceful and prosperous Africa. The broad range of challenges for Africa in the 21st century demands a multifaceted and coherent approach, based on Africa's own will. The new opportunities can be grasped with new initiatives to bring about security, growth and development. The Danish membership of the UN Security Council provides an opportunity to increase the attention towards Africa in the years to come.

CONTENTS

1. INTRODUCTION	8
2. DEVELOPMENT TRENDS AND GOALS IN AFRICA	10
2.1 RICH IN RESOURCES BUT AT THE MARGIN OF WORLD ECONOMY	10
2.2 THE CHALLENGE OF ADDRESSING POVERTY.....	11
2.3 THE MILLENNIUM DEVELOPMENT GOALS.....	12
2.4 ARE THE MDGs ACHIEVABLE IN AFRICA?	13
2.5 POVERTY REDUCTION STRATEGIES AS A WAY FORWARD?	15
2.6 THE DANISH CONTRIBUTION TO POVERTY REDUCTION	17
3. THE AFRICAN ECONOMY – THE CHALLENGE OF GENERATING GROWTH.....	19
3.1 ECONOMIC GROWTH.....	20
3.1.1 Agriculture as basis for growth	20
3.1.2 Private sector development.....	22
3.1.3 HIV/AIDS as barriers to economic development in Africa.....	23
3.2 TRADE	23
3.2.1 The EU: Africa’s largest trading partner.....	24
3.2.2 Africa’s trade with the United States.....	25
3.2.3 Intra-African Trade.....	25
3.2.4 Africa, the WTO and the Doha Agenda	26
3.3 INVESTMENT AND CAPITAL FLOWS IN AFRICA	27
3.3.1 Domestic savings and investments	28
3.3.2 Tax revenue.....	28
3.3.3 Remittances	29
3.3.4 Foreign Direct Investment.....	29
3.3.5 Official Development Assistance.....	30
3.4 DEBT.....	31
3.5 THE ENVIRONMENTAL DIMENSION	32
3.5.1 Urban Environment	33
3.5.2 Natural Resource Management	33
3.5.3 Renewable Energy.....	34
3.5.4 Climate change.....	34
3.6 THE DANISH CONTRIBUTION TO THE STRENGTHENING OF AFRICAN ECONOMIES.....	35
4. PEACE AND STABILITY	36
4.1 THE CONFLICT SCENARIO	37
4.2 CAUSES OF CONFLICTS IN AFRICA.....	38

4.3 RESPONSES TO CONFLICTS IN AFRICA.....	41
4.4 SECURITY SECTOR REFORMS AND AFRICAN SECURITY ARCHITECTURE	42
4.5 THE LICUS INITIATIVE	44
4.6 CONFLICT PREVENTION	44
4.7 DANISH CONTRIBUTIONS TO PEACE AND STABILITY IN AFRICA	45
5. GOOD GOVERNANCE, HUMAN RIGHTS AND DEMOCRACY.....	47
5.1 BRIEF HISTORY AND POLITICAL CULTURE.....	47
5.2 AN APPROACH TO ANALYSING GOVERNANCE IN AFRICA	50
5.3 PUBLIC SECTOR REFORM.....	51
5.4 ANTI-CORRUPTION.....	53
5.5 DECENTRALISATION	54
5.6 DEMOCRATISATION	54
5.6.1 Constitutional reform	54
5.6.2 Elections.....	55
5.6.3 Political parties	55
5.6.4 Parliament.....	56
5.6.5 Security Sector.....	56
5.6.6 Independent institutions.....	57
5.6.7 Civil society.....	57
5.7 ACCESS TO JUSTICE AND THE RULE OF LAW.....	58
5.8 PROMOTION OF HUMAN RIGHTS.....	59
5.9 SUPPORT FOR INDEPENDENT MEDIA	60
5.10 REGIONAL AND INTERNATIONAL INSTRUMENTS.....	61
5.11 DANISH EXPERIENCES: MAINTAINING A DIALOGUE ON GOVERNANCE	61
6. DEVELOPMENT OF HUMAN RESOURCES	64
6.1 EDUCATION.....	64
6.2 HEALTH.....	67
6.3 FACTORS EFFECTING HUMAN RESOURCES	69
6.3.1 HIV/AIDS.....	70
6.3.2 Migration	71
6.3.3 Gender dimension	73
6.3.4 Vulnerable groups.....	73
6.4 DANISH CONTRIBUTIONS TO DEVELOPMENT OF HUMAN RESOURCES.....	74
7. A COHERENT APPROACH	75
ABBREVIATIONS.....	77

1. Introduction

Recent years have seen new opportunities and encouraging developments in Africa. A number of African countries have initiated ambitious reform programmes that clearly provide an opportunity for the private sector to thrive and which offer a durable starting point for strong growth. African leaders and institutions have shown a new, collective will to address the continent's conflicts and to significantly reduce their number and severity. In a growing number of African states, basic democratic principles are being entrenched. Significant progress has been achieved, and the experience has generated new strategies and models to be applied

Africa is a continent in the process of change. Led by African countries' own initiatives, the possibility now exists in a majority of African countries to reverse the downward spiral of earlier decades.

Nevertheless, the challenges remain enormous. Poverty remains profound and inequality is widespread. Peace and stability are often fragile, as tensions persist, and political corruption, violence and oppression are still common. Each year, millions of Africans die from diseases that are curable by simple, well-known treatments. Africa is the continent furthest from reaching the Millennium Development Goals (MDG's), and the challenges here are greater than for any other continent.

Internationally, there has been increased focus on the African challenges. Within the overall priorities for Danish development assistance 2005-2009¹, the Danish Government has decided to launch a forward-looking Danish Africa policy that addresses these opportunities and challenges. With more than 40 years of development experience in sub-Saharan Africa – and a current focus on eight programme countries - Denmark has an obligation and natural part in assisting Africa in its pursuit of the MDGs. There are several instruments available for this purpose, since Africa receives approximately 60% of Danish bilateral assistance. Danish membership of the UN Security Council in 2005-2006 provides another relevant framework for pursuing an agenda for Africa.

In accordance with Government priorities, a broad coherent policy is necessary in order for Denmark to effectively contribute to poverty reduction by supporting the many new possibilities for renewed economic growth and development in Africa and to tackle the difficult challenges that the continent still faces. The purpose of this analytical overview is to provide a solid basis for the formulation of such a coherent policy, which must include instruments of foreign policy, development policy, trade policy and a security policy towards Africa.

The geographical area covered by this analysis will be Sub-Saharan Africa (SSA), and statistical data will relate to this group of 48 countries. This demarcation does not ignore the importance of relations between Sub-Saharan countries and North Africa or the role that North African countries play in the regional organisations, and these countries will be drawn into the analysis

¹ 'Security, Growth – Development, Priorities of the Danish Government for Danish Development Assistance 2005-2009', August 2004

where relevant. However, the situation in the countries of North Africa is affected by a number of distinct economic, cultural and political factors that set them apart from the rest of Africa.

At the same time, selecting SSA as the area of focus does not imply that SSA is a uniform group of countries for which a single social concept can be assumed or a standard solution applied. It should be noted that the term 'Sub-Saharan Africa' covers 48 highly different countries with a total population of approximately 700 million. Each of these countries faces their own challenges. Each African country has its own unique historical background, social conditions, political structure, etc. Lessons and conclusions drawn from the analysis should therefore be applied in the specific regional and national context.

According to Danish Government priorities, Danish Africa policy takes its point of departure in the development plans of the African countries themselves. Within the overall objective of poverty reduction the aim is to create sustainable economic growth, support regional cooperation, assist the African countries in resolving conflicts, promote human rights, democratisation and good governance, and improve social conditions – children's schooling, combating HIV/AIDS and other diseases – and enhance the possibilities of African exporters to sell their goods competitively on the world market.² At the same time it is necessary to enhance the environmental sustainability so as to secure the desired global stability and development.

The chapters deal with key aspects of these development objectives.

Chapter 2 of this analytical overview presents the overall economic trends for Africa with special emphasis on the poverty issue and on the goals and strategies formulated to address this challenge.

Chapter 3 provides an analysis of key issues relating to Africa's economic potential, including growth, trade, investments, development assistance and the environmental dimension.

Chapter 4 analyses the dynamics of conflict in Africa and the challenges posed by conflicts to development.

Chapter 5 examines the state of governance in Africa and its importance for pursuing poverty reduction in African countries.

Finally, chapter 6 focuses on education and health as central factors in developing human resources.

² 'Security, Growth – Development, Priorities of the Danish Government for Danish Development Assistance 2005-2009', August 2004

2. Development trends and goals in Africa

Africa is in many respects a rich continent – rich in raw materials, natural resources, and biodiversity. It has a diversity of cultures and a large and young population pursuing a myriad of livelihood strategies. In income terms, however, Africa is not wealthy, and the number of poor people is substantial - and growing.

When assessing the overall situation in Africa, it is important to consider historical and external factors as well as those factors internal to the countries themselves

2.1 Rich in resources but at the margin of world economy

Favourable natural conditions for agriculture exist in large parts of the continent, and several African countries are rich in natural resources such as water, arable land, fish stock, forest products including timber, diamonds and other precious stones and metals as well as fossil fuels as oil and coal. Some regions contain an abundance of flora, fauna and wild life found nowhere else in the world. Although highly varying precipitation and soil degradation in some countries threaten the conditions for agriculture, and natural disasters in the form of drought and floods occur regularly, the overall picture is not that of a continent deprived of basic natural conditions for feeding its population and extracting a development dividend from sustainable management of natural resources.

Nevertheless, it is a general feature of many African countries that a large share of the total agricultural production is used for consumption, while export earnings depend on a few (often only one or two) unprocessed agricultural commodities or minerals. One of the very few new growth sectors is tourism, often based on sustainable practices. In 2001, manufactured goods accounted for only 33% of total exports (27% if South Africa is excluded), while the remaining exports consisted of unprocessed commodities. Although the share of manufactured exports has nearly doubled since 1990, it is still much lower than that of any other region of the world. The level of processing which takes place also remains very low. For some countries in Sub-Saharan Africa, oil presents another window of opportunity, although the magnitude of oil reserves is less significant on a global scale³. Gas reserves could likewise become a greater source of income.

The world demand for those commodities traditionally exported from Africa is either growing very slowly or declining. The supply has exceeded the demand and this trend has been strengthened as new producers have turned up e.g. in South East Asia. For some commodities, such as coffee, the supply has increased significantly. The stagnant demand and the increasing supply have resulted in declining prices. World market prices for traditional African commodities have fallen between 40% and 60% over the three decades 1970-2000 (except for tobacco and petroleum). These historical trends – a structural decline in commodity prices over time - are likely to continue and leave little room for export-led economic growth unless

³ Sub-Saharan Africa oil reserves account for 35-50 billion barrels of the world's 1000-1200 billion barrels. Reference: www.eia.doe.gov. Figures may be underestimated.

African countries start to both diversify the production and add value. Even with falling terms of trade, countries outside Africa (like Vietnam) have been able to achieve high growth rates in export revenue from traditional commodity exports through expanded production, increased productivity and processing. Falling commodity prices should therefore not be an excuse for not increasing efficiency and better management in export production.

- Excluding Nigeria (a major oil exporter) and South Africa, SSA countries exported around \$11 billion worth of commodities in 1999. If the real prices of commodities had remained constant between 1970 and 1999, African export levels in 1999 would have been \$30 billion. The \$19 billion loss owing to the fall in commodity prices was about twice the amount received by Africa in foreign aid in 1999.
- Rich countries subsidise their farmers to the tune of \$320 billion a year, a sum close to Africa's annual GDP.

A key aspect of the international terms of trade for Africa is the existence of subsidies on production in industrialised countries on products where developing countries have a comparative advantage, such as sugar and cotton. The abolition of these production and export subsidies is likely to result in higher world market prices, providing African producers with higher prices for their agricultural exports. The removal of subsidies given to American and European cotton farmers for instance is estimated to result in an increase in the world cotton price by 12 cents per pound. This, in turn, could increase revenues from cotton by \$250 million a year for West and Central African countries, equal to about 14% of the total development assistance received by these countries annually. In terms of people affected the figures are even more staggering. Subsidising 40–50,000 cotton producers in USA and Europe leaves 6-8 million African cotton farmers on the brink of starvation.

If un- and underemployed youth in Africa is a significant factor in armed conflicts and maybe in terror network's recruitment – as discussed in chapter 6 – such a trade policy is hardly conducive to Europe's or USA's own security agenda.

The marginal role of Africa in the global economy is demonstrated by comparing its 10% share of the world's population to its share of only 1.3% of the world's exports, 0.6% of the world's total foreign direct investment, and 1% of the world's Internet subscribers.

2.2 The challenge of addressing poverty

The economies of Sub-Saharan Africa have been in decline for more than a quarter of a century, and an increasing proportion of the world's poor people are found in Africa (29% in 2002). The number of poor people in Africa (here defined as people living for under USD 1 per

day) has increased from 227 million in 1990 (which was 44.6% of the total SSA population) to 314 million in 2001 (46.5%).⁴

While other low-income countries have on average grown rapidly, Sub-Saharan Africa has not only failed to keep up with other regions of the world; it has suffered an absolute decline. Unlike other developing regions, Africa's average output per capita in constant prices was lower at the end of the 1990s than 30 years before – falling by more than 50% in some countries. In real terms, fiscal resources per capita in many African countries were less than in the late 1960s.

Excluding South Africa, the region's income per capita averaged just \$315 in 1997 when converted at market exchange rates. When expressed in terms of purchasing power parity (PPP) – which takes into account the higher costs and prices in Africa – real income averaged one-third less than in South Asia, making Africa the world's poorest region. The total income of all Sub-Saharan African countries is not much more than that of Belgium. A typical African country has a GDP between \$2 and \$3 billion, equivalent to that of a provincial European town of, say 100,000 inhabitants.

Just as the extent and character of poverty vary among the African countries, so do the causes. Key factors include Africa's position in the global economy and its vulnerability to external shocks caused by economic trends, the international terms of trade and distorted development processes (initiated during colonialism and aggravated by geo-political interests during the Cold War). Additional causes are related to domestic factors, such as poor governance and weak institutions, deficiencies and shortages in human and institutional capacity, and social and ethnic tensions. Natural disasters, the AIDS pandemic, and violent conflicts within regions or between ethnic groups, are also very significant factors.

While the complexity of the poverty problem calls for many different responses at the same time (dealing with production, trade, human resources, conflict prevention, etc.), there is an emerging international consensus regarding the importance of defining shared objectives and formulating and implementing policies which can address core aspects of poverty and which can prioritise available resources so that benefits reach the poor.

2.3 The Millennium Development Goals

In September 2000, 147 heads of State and Government endorsed the Millennium Declaration at the UN Millennium Summit. The declaration defines a limited number of achievable goals to be reached by the year 2015, with the overall objective of halving the proportion of the world's population who live in absolute poverty. Accordingly, the entire group of UN member states, international organisations, funds, programmes and specialised agencies have committed themselves to fighting poverty and improving people's lives.

⁴ Development Committee, joint WB and IMF: Global Monitoring Report 2004; policies and actions for achieving the MDGs and related outcomes.

The Millennium Development Goals

MDGs are a framework of 8 goals, 18 targets and 48 indicators to measure progress towards the goals:

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria, TB and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a global partnership for development

The consensus behind the MDGs was further strengthened at the WTO Meeting in Doha in November 2001, where agreement was reached on a new round of talks with a focus on the requirements of the developing countries. At the Monterrey Conference in March 2002, ODA and good governance were targeted as preconditions for sustainable development. This positive trend continued at the World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002, where the global support for the MDGs was underlined. WSSD further emphasised Goal 7 (Ensure environmental sustainability), adding further goals such as the provision of basic sanitation, implementation of national strategies for sustainable development, maintenance or restoration of the stocks of fish to achieve sustainable fisheries, decoupling of economic growth and deterioration of the environment and of natural resources and increased use of sustainable energy. These crosscutting environmental issues are especially important in the African context, as the African economies are heavily dependent on access and utilisation of natural resources.

2.4 Are the MDGs achievable in Africa?

Despite various differences in assessments of the situation, most analysts agree that Africa's prospects for reaching the MDGs by 2015 are far bleaker than the average trend for the world as a whole, as this goal is predicated on reversing the economic decline. Whereas MDG no. 1, eradicating extreme poverty and hunger⁵, is likely to be met on a global scale, this is due mainly because of a foreseen reduction in absolute poverty in China and India.

For Sub-Saharan Africa, projected dates for reaching three key targets – eliminating hunger, reducing poverty and improving sanitation - cannot be established, because the situation in the region is not just stagnant but worsening.⁶

Calculations show that in order to achieve the income MDG, GNI growth must increase to 7% or more in most African countries⁷ On the basis of current trends, only a handful of countries

⁵ Measured by halving, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.

⁶ Human Development Report, 2004, UNDP

in sub-Saharan African are likely to achieve their income poverty MDG, though with marked differences among the countries. Hence, Guinea-Bissau requires an annual growth rate per capita of 11.7%, while the figure for Benin is only 0.8%. In addition to Benin, the required per capita growth rate is less than 2% for Botswana, Malawi, Mozambique and Uganda and between 2% and 2.5% for South Africa, Côte d'Ivoire and Namibia. Finally, among countries requiring growth rates of more than 8% are Liberia, Sierra Leone and the Democratic Republic of Congo.

The figures indicate that while all the African states may not reach the MDGs, some countries may reach some of them. With the current policies, institutions, and external resources, only 3-4 countries may reach some or all the targets under the poverty reduction goal. With improved policies, institutions and additional external resources, however, a limited number of countries - representing approx. 15 percent of Africa's population - may reach not only the poverty goal, but also one or more of the targets within the education, health and environment goals.⁸

Experts insist that much better results can be ensured with increased and improved assistance. On the question of MDG 8 – Establishing a Global Partnership - some scholars⁹ argue that an additional transfer of official development assistance (ODA), combined with placing the MDGs at the centre of all national and international poverty reduction strategies would make it possible for Africa to reach the MDGs by 2015. The required level of ODA geared towards the MDGs and assuming a particular focus on Africa would thus be around USD 125-140 billion (equivalent to 0.5-0.6% of donor countries' GNP), about twice that of the present USD 58 billion (0.23%) This figure is well within the UN target of 0.7%, but still well above the EU countries 2002 collective target of 0.39% in 2006.

It is undoubtedly true that the prospects of achieving some of the MDGs in Africa will improve with increased ODA. However, increased funds in itself is not sufficient. Equally important are the quality of aid and a co-ordinated and harmonised approach to aid, improved relevance of short- and long-term national policies and enhanced effectiveness in implementation. Violent conflicts are major constraints in the pursuit of MDGs. Conflicts inevitably lead to destruction of infrastructure, and decline in economic growth and in social infrastructure. Many of those countries that have the bleakest prospects have been affected by armed conflict in recent years (e.g. Sudan¹⁰, Liberia, Somalia and Sierra Leone). The burdens due to large numbers of refugees or internally displaced people also make it more difficult to reach the MDGs.

⁷ Based on UNIDO Industrial Development Report 2004, p. 40 (the calculation of the required growth rate is based on poverty head count in 1999 assuming unchanged income distribution). Considering the high increase in population in most countries this will be equivalent to annual per capita growth rates of 4-5%.

⁸ Development Committee, joint WB and IMF; Global Monitoring Report 2004.

⁹ For example Jeffrey Sachs in Draft versions of "Millennium Project, Summary of a Global Plan to achieve the MDGs", OECD-DAC, July 2004

¹⁰ Sudan is understood to have untapped oil reserves of a magnitude that could provide the economic development needed to lift the country out of poverty (Bannon, Ian & Collier, Paul (2003): Natural Resources and Violent Conflict, The World Bank).

MDGs are but goals or targets to be met. They do not offer strategies to achieve the goals. Poverty Reduction Strategies and national sector policies represent attempts to formulate specific strategies.

2.5 Poverty Reduction Strategies as a way forward?

In most African countries, a comprehensive reform process took place during the 1980s and early 1990s, strongly directed by the World Bank and IMF. The reform had a unilateral focus on liberalisation, privatisation and macro-economic stability. After an intense dialogue in the mid-1990s with major donors, including the Nordic countries, the World Bank responded to criticism of the structural adjustments policies by adopting a much stronger emphasis on social aspects of development and governance, leading to a stronger focus on poverty reduction. It was also recognised that imposing the same global formula on countries with very different conditions and possibilities did not lead to the expected results in terms of reduced poverty. This refocusing process led to the introduction of the Poverty Reduction Strategy Paper concept, which emphasise national ownership and diversified strategies, as well as on means of achieving measurable impact on poverty and social development.

Poverty Reduction Strategy Papers (PRSP) has become central to the provision of development assistance. They were introduced by the World Bank and IMF as a condition for obtaining debt relief under HIPC II ¹¹(1999) and were based on the idea of linking aid flows to the development of comprehensive poverty reduction strategies by the recipient countries themselves.

Despite the fact that PRSPs were originally donor-driven, the intention has been to establish nationally-formulated strategies where ownership of the national planning and budget priorities and subsequent monitoring is vested in the national government, in close consultations with civil society and the private sector. The PRSP concept evolved as a response to lessons learnt with previous (World Bank and IMF) experiences and mistakes. Evaluations had pointed to a tendency to undermine national capacity by creating parallel systems and by imposing policy conditionalities; however, conditionalities did not succeed in generating more effective use of resources. Furthermore, the PRSP approach was guided by the recognised need to refocus development assistance more firmly towards poverty reduction rather than focusing only on macro-economic stability, privatisation and conditions for economic growth.

¹¹ The Heavily Indebted Poor Countries (HIPC) Initiative, launched by the World Bank and the IMF in 1996, is the most comprehensive international response to provide debt relief to the world's poorest, most heavily indebted countries. It seeks to cut external debt to a sustainable level. HIPC II was an expanded initiative.

The core principles for the PRSP approach are:

- results orientation, with monitoring targets for poverty reduction;
- comprehensiveness, via integration of macroeconomic, sectoral, social and structural elements;
- country-driven process;
- participatory process, including all major stakeholders in planning as well as in monitoring;
- partnerships between government and other actors/donors;
- long term perspective, with focus on reforming institutions and building capacity.

While the PRSPs and the MDGs have much in common and are mutually reinforcing, they are conceptually different entities. The importance of country ownership in PRSPs is crucial. The ownership approach allows for strategic choices that fit the specific national situation, whereas the MDGs have the character of globalised and aggregated goals and targets, which have to be met with whatever means or strategies are available.

Typical elements in PRSPs include infrastructure development, improving governance, and an enabling environment for private sector development and diversification of production. These elements may not themselves impact directly on the MDGs in the short run, but they may set the stage for long-term development, reaching further than 2015 and the MDGs.

By May 2004, a total of 19 countries in Africa had produced first-generation PRSPs, and some are already refining them into second-generation PRSPs based on the experiences from the first three years.

While it is still too early to draw definite conclusions about the PRSP experience, two recent evaluations¹² indicate that a considerable challenge remains for many countries to link PRSPs to the rolling national Medium-Term Expenditure Frameworks (MTEF) and budgets. PRSPs are criticised for not adequately addressing the need for macro-economic planning and for lacking feasible policies to implement. Related to this is the need for greater prioritisation of gender equality in PRSPs, not least the need for increasing the allocation of resources to interventions promoting gender equality in national budgets. Mainstreaming of gender equality has potential for improving the efficiency of poverty reduction. Screening of first generation PRSPs also revealed general weak information of environment¹³ and environmental health issues¹⁴. The strong links between poverty, environment and health justify a stronger focus on the need for

¹² The Poverty Reduction Strategy Initiative, An Independent Evaluation of the World Bank support through 2003; World Bank 2004 and Report on the Evaluation of Poverty Reduction Strategy Papers (PRSPs) and the Poverty Reduction and growth Facility (PRGF), IMF, 2004.

¹³ Bojö and Reddy 2001, 2003

¹⁴ WHO 2004

better integration of environment and health concerns in pro-poor development planning. Consultation processes prior to the formalisation or revision of PRSPs reveal that there is scope for improvement, and that not all interested parties have ownership of the strategies. On the positive side, however, the evaluation points out that most donors have agreed that the PRSPs should be the focal point around which they will administer their development cooperation, based on the principles of partnership, ownership, harmonisation and alignment. While implementation of the strategies may take some time, they are expected to improve the effectiveness and impact of government policies on long-term development, increase value for money, and contribute to poverty reduction.

2.6 The Danish contribution to poverty reduction

Danish development cooperation has always had a strong emphasis on poverty alleviation, but the modalities and criteria for cooperation have changed with the lessons learned during the past 40 years. In bilateral cooperation activities, focus on poverty reduction has been enhanced within the broader approaches to development, and isolated, short-term projects have now given way to a more comprehensive, long-term commitment to sector support with focus on policy and institutional development. In its multilateral cooperation, Denmark has played an active role in placing poverty reduction on the international agenda, including more recently in the dialogue with the World Bank on PRSP. The donor-recipient relation has changed to partnership cooperation based on principles of national ownership of and responsibility for development plans. Focus has moved to supporting effective policies, good governance and creating conducive environments for development. Efforts have been made to achieve improved quality of development assistance through better coordination and harmonisation between donors and alignment of the cooperation with the national development plans, priorities and systems.

Danish development cooperation now concentrates on a limited number of programme countries instead of the previous approach of spreading project assistance to a large number of countries. In order to improve effectiveness and efficiency, the 60 'recipient countries' for Danish bilateral assistance was reduced in the mid-1990s to 20 'main recipient countries', 11 of which were in Sub-Saharan Africa. Subsequently, the number of 'programme countries' has been further reduced to 15. Presently, Denmark cooperates with eight programme countries in Sub-Saharan Africa (Benin, Burkina Faso, Ghana, Kenya, Mozambique, Tanzania, Uganda and Zambia) and has some development activities with another two countries (South Africa and Niger). A main purpose of concentrating bilateral development assistance on a limited number of partner countries is to achieve "critical mass" as a donor, allowing Denmark to play a major role in local donor coordination and harmonisation effects.

A basic characteristic of the programme countries is that they (seen in the African context) are relatively good performers in terms of sound sector policies, a more or less holistic poverty approach and in their movement towards stable macro-economic and political frameworks.¹⁵

¹⁵ The selection of programme countries was based on seven criteria adopted by the Danish Parliament in 1989 with broad political backing. The criteria that still remain are: 1) Assessment of the level of economic and social development,

The 1990s saw the emergence of the concepts of Sector Programme Support (SPS) and Sector Wide Approach (SWAp). Denmark was among the first donors to adopt this approach, which remains the basis for Danish bilateral development cooperation. The cooperation builds on partnerships focusing on three pillars: cooperation in social sectors/human capital; investment in conditions for equitable, economic growth; and interventions to achieve good governance. During this period, the understanding of the gender dimension also developed, and the approach changed from 'remember to help the women' to an appreciation that the development process would fail without proper understanding of gender relations and involvement of both men and women.

The goals for Danish development assistance are set out in 'Partnership 2000', a policy document endorsed in October 2000 by a broad majority of the Danish Parliament.

PARTNERSHIP 2000

Poverty reduction is the overriding objective of Danish development policy. Denmark will contribute to reducing poverty in the world through long-term and binding partnerships with developing countries. The objective of these partnerships is to strengthen the ability of the developing countries to create sustainable development processes that will benefit the poor. Denmark will base its development cooperation on partners whose policies and activities create the necessary conditions for poverty reduction for the many rather than prosperity for a narrow elite.

Partnership 2000 establishes the political foundation for Denmark's development policy, emphasising that reduction of poverty through long-term and binding partnerships remains the focus of Danish development cooperation.

In recent years, the importance of harmonisation of donor procedures and alignment of interventions with national strategic frameworks and procedures has gained momentum. Several partner countries have developed first- or second-generation PRSPs, and alignment and donor harmonisation now constitute core pillars of Danish bilateral and multilateral development cooperation. The experience with this approach has so far been very positive in several countries, including Tanzania, Uganda, Ghana, Mozambique and Zambia. In Zambia, for instance, a common framework with explicit commitments is changing the relationship between the Zambia government and its development partners. One initiative – on the donor

development needs and the country's own development plans; 2) Assessment of the total donor assistance and the capacity to absorb and make good use of the assistance; 3) Possibility of improving sustainable development through dialogue with the country; 4) Possibility of cooperating with the country with a view to enhancing respect for human rights in accordance with the international standards and conventions; 5) Possibility of cooperating with the country in ensuring that gender aspects are fully integrated and centrally placed in the development process; 6) Assessment of previous experience from bilateral development cooperation between Denmark and the country; and 7) Provided the six foregoing criteria are positively met – the possibility for Danish private sector participation in the development cooperation.

side lead by Denmark - is the preparation of a joint assistance strategy, which will be completed in 2005. Under Zambia guidance, cooperation between partners is thus expected to make aid more effective and cut transaction costs.

While many so-called 'like-minded' donors (including the UK, the Netherlands, Sweden, and Norway) have moved very rapidly towards the provision of general budget support, Denmark has so far been more hesitant, particularly regarding general budget support (not earmarked to a particular sector). Budget support implies the provision of funds channelled through and administered as part of the national budget, in accordance with the national poverty reduction policy and usually based on well-defined conditions. Budget support facilitates economic management and reduces partner transaction costs. Apart from increasing national ownership, budget support enhances the predictability of funds, being that clear benchmarks 'trigger' an agreed (and usually significant) amount of funds within specified time frames. Being that external funding is very important when African countries plan and budget, predictability is most vital, not least in terms of enhancing poverty-reducing efforts. Budget support, however, also entails a reduction of the control formerly possessed by donors and the ability to track individual donor's funds, thus minimising the possibility of documenting the direct outcome of individual donors' support. Danish assistance acknowledges the many benefits of budget support, but in order to keep risks (especially 'fiduciary risks') at an acceptable level, the extent of Danish development assistance provided in the form of budget support does not usually exceed 20-25% of the country programme. The level of budget support is generally determined based on the country's financial management, track record of implementing 'good policies', reliability in meeting targets and so forth.

It remains a challenge for Danish development cooperation to improve alignment and harmonisation by ensuring that all assistance is reflected in the national budget, is managed by partners and not by Danish-controlled parallel or semi-parallel structures, and is coordinated with other donors based on national strategic frameworks.

Because of the multifaceted nature of the challenges in sub-Saharan Africa, a holistic and coherent approach is required that combines foreign and development policies, multi- and bilateral assistance, trade policy and security policy, and also emphasis on the environmental dimension.

3. The African economy – the challenge of generating growth

Despite the variety of their situations, the economies of African countries share many structural features: they depend on the production and export of a limited number of primary commodities while being compelled to import most manufactured goods. Their agricultural sectors constitute the largest part of the private sector, with agriculture accounting for more than 50% of GDP, over 50% of export earnings, and employing over 70% of the workforce. The informal sector of Africa's economies is substantial (often about or more than 50% of registered GDP), and encompasses both a large share of the agricultural activities, micro-enterprises and self-employment in urban centres.

Economic policies have changed markedly since the initiation of structural adjustment policies in the mid-1980s. The attempts to 'roll back the state' through liberalisation of prices, abolishing many government parastatals and reduction of the public sector have had both positive and negative impact on conditions for production and trade: while the reduction of bureaucratic obstacles to agricultural production and marketing has benefited the majority of agricultural smallholders, the public sector in many countries has at the same time been weakened to such an extent that it is unable to provide even the most basic services.

Around three-fourths of Africans live in the countryside. The urban areas are home to the African elite, the middle class, and the urban poor. The latter group is by far the largest and fastest growing due to significant and accelerated migration from the rural areas.

3.1 Economic Growth

Economic growth is crucial to the reduction of poverty in Africa. The existing empirical evidence confirms that economic growth generally leads to a decrease in the number of people living on less than one dollar per day. In this sense "growth is good for the poor". However, the pattern of growth also matters a great deal, and the actual impact on the poor varies considerably depending on circumstances and context. Well-designed pro-poor policies can do a lot to ensure that social and economic indicators for the most disadvantaged groups improve more rapidly than for the rest of the population.¹⁶

In Sub-Saharan Africa, the average per capita income declined by 1.9% in the 1980s and by 0.2% in the 1990s. The early 2000s show a slight improvement, but as indicated in the discussion of the MDGs in Chapter 2, for the majority of the countries, even the most recent growth rates are still too low to reduce the number of extremely poor.

3.1.1 Agriculture as basis for growth

The agricultural sector constitutes the economic backbone of most African countries, and this sector will remain the mainstay of pro-poor economic growth benefiting Africa's poor.¹⁷ Smallholders with land sizes usually not exceeding 1 hectare dominate the sector, which also includes livestock holders, small-scale agricultural processing enterprises and marketing actors.

Increased agricultural production is necessary to fight starvation and malnutrition. Most poor people live in the countryside, and experience from high-performing economies shows that rapid growth in agricultural production and productivity is a precondition for economic take-

¹⁶ Hunberto Lopez, 'Pro-Growth, pro-poor: Is there a trade off?', World Bank, draft manuscript. Lopez argues that in the long run, pro-growth policies, regardless of their impact on inequality, are likely to be pro-poor.

¹⁷ Recent research and policy initiatives have identified pro-poor growth as the most important ingredient to achieve sustainable poverty reduction. The MDGs emphasize the importance of pro-poor growth. However, it is often unclear what pro-poor growth means and how it should be monitored. One definition is that the poor should benefit disproportionately from economic growth, such that social and economic indicators should improve faster for the poorer relative to the rest of a country's citizen. It should also have a focus on both agriculture and non-farm rural growth, since the majority of the poor live in rural areas.

off and sustained poverty reduction. Agricultural production is also critical since agricultural progress generates local demand for other goods and services. It is generally agreed that for every dollar income goes up in the agriculture sector total income in society goes up by around 2.5 US\$, and agriculture will have to underpin the export performance of African countries for years to come.

Historically, agricultural policies in Africa have tended to encourage the production of cash crops for export, while local food crop prices have been kept low to avoid protests from the urban population. At times, conditions for marketing agricultural products have been so difficult that farmers have tended to produce mainly for their own consumption. Although this has changed with the economic reforms in the 1980s, serious obstacles to increased agricultural production remain. Free trade can give many advantages, but free trade in itself cannot solve the many problems faced by poor farmers. These problems include insufficient access to agricultural inputs, poorly developed physical and marketing infrastructure, the virtual abolishment of agricultural extension services in many countries, poorly developed agricultural research, limited access to agricultural credits, limited access to information on national and international commodity prices, and competition from subsidised products exported by rich countries. Low productivity levels are a further impediment to higher growth. In some countries, land tenure issues, soil degradation, deficiency of water for irrigation, drought, and increasing lack of fuel wood add to the problems. Increasing production is therefore not simply a matter of liberalisation and free trade. It is as well about overcoming a myriad of supply side constraints. Moreover, many African governments are challenged to consider agriculture part of the business sector and to see farmers as potential investors, who – like any other business sector actor – have to balance their goal of increasing income with that of spreading the risks.

A particular problem is faced by the livestock sector, which has a substantial development potential in Africa. Agricultural development policies (both national policies and donor approaches) tend to focus on crop production – even in arid and semi-arid areas, where crop production is difficult, expensive and unsustainable. The economic development potential of traditional African pastoralism is even more neglected. While pastoralism suffers from negative stereotyping and is often perceived as primitive, non-productive and environmentally destructive, research shows that pastoralism is in fact productive and contributes significantly to national economies.

In addition to increasing the volume of agricultural production, it is important that opportunities exist for diversification of incomes for the rural population. Small-scale manufacturing activities, in agro-processing for example, may contribute to raising rural incomes, while the existence of various forms of wage labour (e.g. related to marketing and transport activities) is important. Even small amounts of purchasing power among the poor will, as already highlighted, create the markets necessary to attract investments and improve the service sector. This could contribute to a reversal of the vicious circle of indebtedness in which many African farmers are presently trapped.

Improved organisation of farmers is necessary in order to strengthen their influence on the conditions for their livelihood. Although the rural population make up about three-quarters of

the population in most African countries, only few examples exist of farmers (or pastoralists) able to mount an effective lobby. They have been too scattered, badly organised and too poor to place the important challenges to the agricultural sector on the national political agenda. Attempts to organise themselves into co-operatives have often been frustrated by excessive government controls.

3.1.2 Private sector development

Although agriculture is part of the private sector, the concept is often used to refer to non-agricultural activities in urban areas only. This is unfortunate. It is encouraging that African leaders now agree that private sector-led growth is fundamental for improving the welfare of the people. These leaders are making serious efforts to create an enabling environment for the private sector. However, few African countries have so far managed to transform the good political intentions into sustainable changes on the ground. Authoritarian and centralist traditions are difficult to break, and poor governance, lack of effective property rights; ineffective judicial systems; high interest rates; red tape and corruption all pose serious obstacles to the development of a vibrant private sector in Africa.

Lack of effective property rights and registration means that very few individuals can prove that they actually own their land and houses – they do not have a title deed. Without a reliable system for ascertaining who owns what, assets cannot be used as collateral. Ineffective judicial systems make it both expensive and time consuming to enforce even simple commercial contracts. Commercial laws are rudimentary and not geared to a modern market economy and even less so to an international business environment.

Employees are often subject to adverse working conditions such as low salaries, unhealthy or dangerous working environments, oppression of labour organisation and the like. Labour market organisations and branch and producer associations are still relatively weak, and thus limited in raising political attention for these issues, although their influence is increasing. In South Africa, Ghana, Kenya, Tanzania, and Zimbabwe, e.g., they are active in raising issues politically.

Poor physical infrastructure and transport logistics create high costs and uncertainties for both domestic and export oriented economic entities. Transport and insurance costs are in general very high in Africa compared to other areas of the world. Africa has lower labour productivity even compared to other developing countries. Poor physical infrastructure and heavy burden of disease among the workforce lead to high real labour costs for companies, thereby eroding their comparative advantage in cheap labour. Inadequate skills lead to a pervasive need for expatriates in technical and administrative positions. Other areas such as vocational training and internet access also pose a challenge.

Africa's private sector also faces a number of challenges from beyond Africa's borders. The international environment for business has become more volatile, more competitive, and more complex as globalisation proceeds. Success is more difficult to achieve, and failure harder to avoid for companies from all over the world, but most companies outside Africa have the benefit of better conditions in their home markets. Africa's private sector must confront the

same hurdles, often without the benefit of a stable and supportive business environment at home. A successful outcome of the Doha development round of trade negotiations and a global reduction in trade barriers will mean an erosion of the trade preferences of many African countries, thus actually increasing their competition on the world market (cf. 3.2.4).

The informal sector, accounting for about than 50% of registered GDP in African economies, constitutes a particular challenge to private sector development. Characterised by an abundance of micro-enterprises and extensive self-employment in the cities, the informal sector has been robust because of the high costs of formalisation associated with taxes and regulatory compliance and because of the relative ease of operating informally. Although the informal sector has served as a safety valve for African countries in terms of employment and income generation, these countries need the efficiencies and institutional capacity of formal sector companies to bring their private sector into the global economy.

3.1.3 HIV/AIDS as barriers to economic development in Africa

The HIV/AIDS pandemic (ref. Section 5.3) represents a major threat to economic development in Africa. Early estimates of the macroeconomic effect of HIV/AIDS¹⁸ asserted that African economies would sustain the initial loss from HIV/AIDS due to the perceived ready supply of surplus labour and an assumption that AIDS mortality was concentrated among the low-productive poorer segments of the populations. Although no agreed method of modelling the macroeconomic costs of HIV/AIDS exists, recent attempts to calculate the costs have estimated the HIV/AIDS related reduction in the growth rate of GDP to range between 0,3 and 1,5 percent. Although this appears modest it will translate into larger effects over time. One analysis (Arndt¹⁹) finds that the GDP of Mozambique in the absence of policy interventions will be 23% smaller in 2010 due to HIV/AIDS, while another (Cuddington and Hancock²⁰) estimate that the AIDS related cumulative loss of GDP in Malawi would be around 10% in 2010. This type of analysis does not, however, take into account the above-mentioned long-term cumulative effects, leading Bell et al.²¹ to predict that the long-run effects of HIV/AIDS will be much larger – possibly ending in economic collapse.

3.2 Trade

As discussed in relation to the MDGs (Chapter 2), the position of most African countries vis-à-vis non-African countries, measured by the size of their economy, share of world trade, investment, power and influence, continues to decline – at least in the formal sector.

¹⁸ Bloom, D.E and Mahal, A.S (1997) Does the AIDS Epidemic Threaten Economic Growth? *Journal of Econometrics*, 77: 105-124

¹⁹ Arndt, C. (2002) HIV/AIDS and Macroeconomic Prospects for Mozambique, An Initial Assessment, TMD Discussion Paper no. 88 Trade and Macroeconomic Division, International Food Policy Research Institute, Washington D.C.

²⁰ Cuddington, J.T and Hancock, J.D (1994) Assessing the Impact of AIDS on the growth pat of the Malawian economy, *Journal of Development Economics* vol. 43, no. 2, pp 363-368.

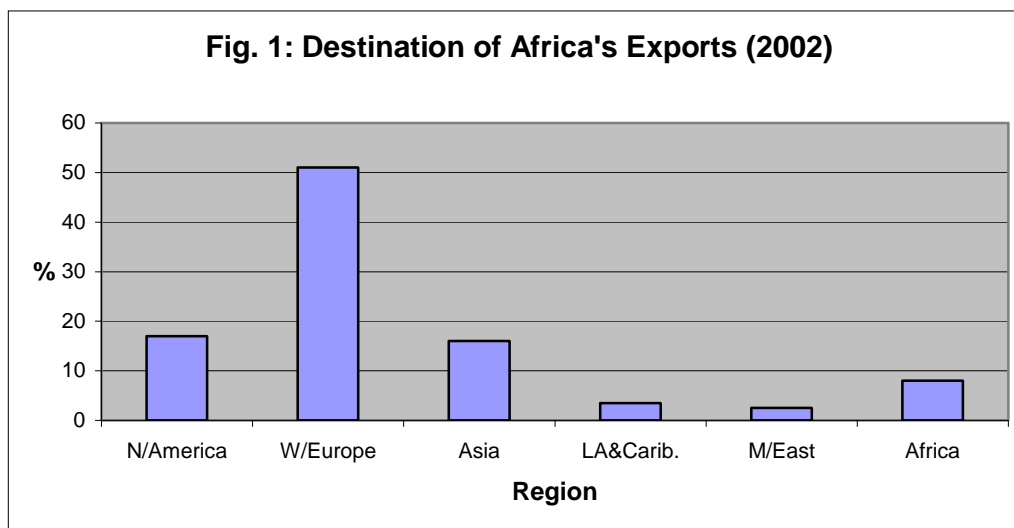
²¹ Bell, C., Devarakan, S. and Gersbach. H (2003) The long-run economic costs of AIDS: theory and an application to South Africa, World Bank Policy Research Working Paper Series no. 3152, World Bank, Washington D.C.

Many observers believe, however, that globalisation offers African states and their citizens an important opportunity to undertake the economic and political reforms necessary for economic growth, democratic development and improvement in overall living and working conditions of the people. To seize this opportunity requires effective leadership, additional input of resources and management by both the private and public sector working together at all levels of society; international assistance to develop capacity; and improved access for African products to the markets of the developed countries.

International experience suggests that outward-looking countries tend to grow faster than countries with more closed economies. Although it is difficult to compare conditions for export-oriented countries in Asia to those of African countries trying to increase their integration into the global economy, it is notable that the Asian countries in question have achieved higher growth rates, longer life expectancy and better schooling. They have also experienced rising wages and declining numbers of people in poverty, thereby improving their position to achieve the MDGs. Countries unable to integrate into the world economy face a serious risk of being left behind. However, it is equally true that free trade is not sufficient to turn present trends around, and in some cases can even make things worse. Outward oriented policies require good and well-designed supplementary actions on the supply side, and improved coherence in the trade and aid policies of the international donor community.

3.2.1 The EU: Africa's largest trading partner

Europe counts for about half of Africa's exports (see figure 1). Exports to North America are below 20%, roughly the same as to Asia.



The Cotonou Agreement, signed in Cotonou in 2000, regulates trade between the EU and Africa²². The main objective of the Agreement is to promote the progressive integration of the African countries into the global economy by enhancing production and capacity to attract investment and by ensuring conformity with WTO rules. In March 2001, the trade regulations

²² The Cotonou Agreement replaced the Lomé Conventions (I-IV, 1975-1999).

of the EU's General System of Preferences were supplemented by the so-called Everything But Arms (EBA) arrangement, which allows all least developed countries (LDCs of which 34 are in Africa²³) to export duty- and quota free to the EU all products other than arms. However, the removal of restrictions for bananas has been deferred to 2006 and for sugar and rice to 2009. During the intervening period, progressive tariff cuts will be carried out for all three products, and access to tariff-free quotas for sugar and rice will be increased. The impact of the EBA for the African LDCs has so far been limited, mainly because these countries already enjoyed preferential access to the EU, but also because of the serious supply-side constraints within the LDCs to increase the volume of their production of exportable goods. The African LDCs, thus, have generally been unable to make use of the free market access provided by the EBA.

According to the Cotonou Agreement, the future trade relations between the EU and Africa will be regulated by a series of Economic Partnership Agreements (EPAs) under which the EU and regional groupings of African countries (including non-LDCs) offer reciprocal trade preferences to each other. South Africa already has an EPA. The detailed negotiations with other African countries are likely to begin next year, as EPAs are expected to come into effect around 2007. From the EU perspective, the EPAs should also aim to increase intra-regional trade in Africa (cf. 3.2.3)

3.2.2 Africa's trade with the United States

In 2000, the US Congress passed the African Growth and Opportunity Act (AGOA), which provide duty free access to US markets for those products originating from African countries. The eligibility to AGOA's duty free access, however, is not without conditions. To qualify, the African countries must demonstrate that they are making progress towards the establishment of (i) market-based economies, (ii) the rule of law and political pluralism, (iii) elimination of barriers to US trade and investment, (iv) protection of intellectual property, (v) efforts to combat corruption, (vi) policies to reduce poverty, (vii) increasing availability of health care and educational opportunities, (viii) protection of human rights and workers' rights and, (ix) elimination of certain child labour practises. In January 2003, the US announced that 38 African countries have qualified for preferential treatment under AGOA.

3.2.3 Intra-African Trade

One of the key characteristics of trade links within Africa is the low level of intra-regional trade. In 2001, only 5.4% of exports and 3.8% of imports within the 20 countries that are members of COMESA²⁴ came from COMESA. Trade with the rest of Africa is also remarkably low.

²³ Least Developed Countries (LDCs) are countries that fulfil a) low-income criterion (3-yr. average estimate of GDP per capita; under \$750 for inclusion, above \$900 for graduation); b) a human resource weakness criterion based on indicators of nutrition, health, education and adult literacy; and 3) economic vulnerability criterion based on indicators relating to among others agricultural production, exports, economic importance of non-traditional and economic smallness. All but two of the eight Danish partner countries in Africa (Ghana and Kenya) are classified as LDCs.

²⁴ COMESA (Common Market of Eastern and Southern Africa) is made up of Kenya, Uganda, Egypt, Sudan, Swaziland, Namibia, Angola, Zimbabwe, Zambia, Malawi, Mauritius, Seychelles and the Democratic Republic of Congo.

The low trade flows between African countries reflect the structure of production characterised by concentration of exports in a few unprocessed commodities exported to international markets. In many instances African companies and farmers are competing for the same markets with identical commodities. Low levels of intra-African trade are also due to poor quality of infrastructure and financial linkages in Africa, as well as restrictions on trade and exchange regimes adopted by most of the countries in previous decades. Moreover, high tariff protections, restrictive import licensing requirements, notoriously slow and costly customs procedures and other restrictive non-tariff barriers have limited the scope of intra-African trade in the past.

The level of intra-African trade has been increasing, albeit very slowly. There has been a substantial reduction in tariffs for African goods traded within Africa. Yet, unless the multitudes of non-tariff barriers that the countries currently impose on each other are seriously tackled, significant increases in regional trade flows are unlikely to emerge. There is an urgent need to remove border barriers, which implies streamlining customs procedures, harmonising customs documentation and certificates of origin and establishing a well-functioning single transit-transport regime. These reforms are costly and will therefore require a strong political commitment on the part of the African leaders – a commitment that has been lacking in the past. Indeed, most of the regional trading agreements in Africa have not been really effective in advancing regional integration and promoting trade because ultimately, despite the rhetoric, countries were not always fully committed to the regional agendas. Implementation of treaties has been sluggish at best and simply non-existent in some cases. Lack of commitment also explains why most countries belong to more than one regional trading agreement. In this context, there definitely seems to be too many – and too inefficient – regional integration institutions in Africa.

3.2.4 Africa, the WTO and the Doha Agenda

The WTO's key mandate is to manage the liberalisation of world trade. One of the main principles of the WTO is to serve as a forum for negotiation of a development-oriented global trade regime that can better serve the interests of the poorest nations. These negotiations are currently conducted within the framework of the Doha Development Round. The impasse at the ministerial conference in Cancun, in November 2003, was a setback for the WTO. Even though the WTO succeeded in reaching the major goal set for Cancun by establishing a negotiating framework in July 2004, substantial negotiations in the Doha Round are not likely to recommence in practice before the beginning of 2005.

The main focus of the negotiations is on significantly reducing (and in some cases eventually removing) tariffs and non-tariff barriers. However, liberalisation of markets erodes the preferences given to a favoured country or group of countries. The poorest countries in Africa have favourable trade agreements with the EU and the US, two of Africa's biggest trading partners. An erosion of these preferences is likely to result in loss of African market shares to middle income and developing countries in South Asia and Latin America. For example, the clothing industry is regularly seen as a starting point for accelerated industrialisation in Africa. The poorest African countries have enjoyed a quota-free entry for their textile products to the US and EU through special agreements, while other major textile exporters such as China,

Pakistan and Bangladesh have faced quota restrictions. These privileges are likely to disappear, as all quotas on textiles are expected to be phased out by 2005. The question is whether the 'privileged' African countries have been able to take sustained advantage of this special access to European and American markets or whether their production of textiles will collapse as soon as the market is free.

The draft package for global agricultural reform – the so-called Harbinson Draft – which formed a basis for the present framework for the agricultural negotiations under the Doha Round, is expected to yield a global welfare gain of approximately \$100 billion annually.²⁵ However, the Harbinson Draft is unlikely to improve the situation in Africa, particularly not over the short term.

Africa's position in forthcoming trade negotiations in the WTO (Doha Round) and with the EU (EPAs) would be significantly strengthened if there were greater unity and harmonisation among the African regional organisations. In Cancun, African negotiators tended to align themselves with middle-income countries such as China, India and Brazil. These countries seem to be very strong competitors rather than natural allies; hence, the positions of African negotiators are in the process of changing.

Industrialised countries' requirements to meet the sanitary and phytosanitary standards (SPS) and related food safety regulations are probably the most difficult hurdles among the many non-tariff barriers confronting African exporters. Any increase in exports of non-traditional goods from Africa is likely to take place within product categories subject to SPS regulations (horticulture, fruits, livestock, and fish). Any challenge by the Africans to the status and contents of the SPS is unlikely to succeed. It is therefore important that African countries and the individual African exporters develop capabilities that ensure conformity with the SPS. As this is technically demanding and very costly, there is a clear case for donors to support capacity and institution building in this area. It is, of course, also important that Denmark and other like-minded EU countries follow this issue closely and do their utmost to ensure that SPS requirements are not used by the EU as (hidden) technical barriers to trade.

The factors underlined above reflect the importance of maintaining the Special and Differential Treatment arrangements (SDTs) in a transition period long enough to allow the poorest African countries to improve their productivity. If maintaining SDTs is not possible, the industrialised countries should find other ways to compensate Africa. Of prime importance is assisting Africa in reducing the supply side constraints for increased production and productivity that it now faces. Unless this challenge is addressed effectively, African countries will not manage to get into a self-sustaining pattern of poverty reducing growth.

3.3 Investment and capital flows in Africa

²⁵ Source: Gersfelt, B., Lind, K.M.; Frandsen, S.E.; Jensen, H.G., and Yu, W. (2003): 'Policy Note on the Harbinson Draft in an African Perspective', Danish Research Institute of Food Economics.

3.3.1 Domestic savings and investments

Both domestic savings and investments in Africa are low. The average rate of savings in Africa was 16,2% of GDP during 1990 to 2001, the lowest in the world. Africa is the only major region to see investment and savings per capita decline after 1970. The low level of savings and investment is a significant constraint for economic growth. Over the past 30 years, through the flight of capital, Africa has exported considerable amounts of its own private savings. By 1990, Africa had a higher proportion of its private wealth held outside the region than any other region, including the Middle East.

The investment ratios (to GDP) show a considerable variation among African countries. Those countries that have improved their macro-economic policy and investment climate have increased their domestic investments significantly in recent years (Botswana, Ghana, Mozambique), while countries that have experienced political and economic instability recorded poor investment performance (Sierra Leone, Burundi, Zimbabwe). The challenge is to reverse this capital flight. A good example of this is Uganda. In 1990, a large proportion of Uganda's private wealth was held abroad, a consequence of the political unrest that the country had experienced during the 1980s. In the past decade, thanks to the convincing improvements in its investment climate, Uganda has managed to retrieve a significant part of this capital. In some years, the capital repatriation flow was larger than export earnings.

3.3.2 Tax revenue

Tax revenues as a percentage of GDP have remained stable from 1992 to 2001 for Sub-Saharan Africa as a whole (excluding Nigeria and South Africa). Nevertheless, the tax burden remains lower in Sub-Saharan Africa (21% in the late 1990s)²⁶ than in OECD countries (32%). Moreover, there are substantial variations in tax rates across African countries, ranging from 33% of GDP in Swaziland to 4% in the Democratic Republic of Congo. The importance of taxation of incomes and profits also varies significantly, from 0.4% of GDP in Equatorial Guinea to 12% in Zimbabwe. These differences are often taken as evidence of untapped revenues in Africa.

Such simple revenue/GDP comparisons are often used (also by donors) for tax policy-purposes. Yet they can often be misleading. First, the average tax rate is comparatively higher in Africa than in many Western countries, when these had GDP levels similar to those of African countries today. Second, simple cross-country comparisons of tax rates ignore substantial variations in economic structure (mining, oil, peasant agriculture, industry) that have major influence on the tax base.²⁷ Third, and more seriously, it makes little sense to compare an income tax rate of 5% of GDP in Zambia, where 85% of the population is estimated to consume less than \$1 per day, with a 13% tax income rate for the United Kingdom, where there is no comparable poverty. In fact, the low-income countries, despite their manifest poverty, tend to have the highest average rates of marginal tax on income. Even worse, their highest marginal tax rate falls on a comparatively low level of income.

²⁶ If the informal sector was included in GDP, tax rates would have been considerably lower.

²⁷ According to a new review of the literature, aid appears to have no significant impact on tax effort.

High tax rates, however, hide the fact that there remain relatively substantial untapped revenues in many African states. Tax reforms in the 1990s have focused on such possibilities (although often insufficiently sensitive to local contexts). They have addressed poorly designed tax systems, inordinately complex tax codes with a multitude of exemptions, poor tax administration, high-level, institutionalised corruption and lack of political will to tax the rich. The establishment of semi-autonomous tax agencies, the introduction of Value Added Tax, the overhaul of custom services and computerisation are among the more spectacular initiatives.

The results have been mixed, but there have been unmistakable successes. In many countries which have already embarked upon such tax reforms, major institutional or policy changes are no longer needed, but the focus is now on improved tax administration – including improved relations with taxpayers and better respect for their rights. This is true for both central and local government taxation. The latter in particular is often done with a substantial use of coercion. Moreover, community mobilised resources have traditionally been important for the establishment and running of economic and social infrastructure. It is a tradition that should not be neglected but revitalised.

While income from custom and duties is likely to decline the potential seems to shift into value added and company taxes.. Tax reforms and revenue targets have become an important component of aid conditionality.

3.3.3 Remittances

Remittances from migrant workers and the Diaspora are a major source of financing in developing countries. According to the latest figures available from the World Bank, at the global level close to 73 billion USD was sent back to developing countries in form of remittance in 2001. No aggregate figures for officially registered remittances are available for Africa, but they are estimated to account for only 5% of the total global remittances. Given the inadequately developed banking systems in most of Sub-Saharan Africa, it is safe to assume that informal remittances are higher. Studies (e.g. on Sudan) show that informal remittances could double and in some cases even triple the officially registered amounts. Due to inefficiencies in the transaction process, a significant part of the actual remittances is lost to middlemen.

The International Organisation for Migration (IOM) concludes that in the African context, the remittances represent considerable financial inflows and are an economic reality not to be overlooked. In Benin, the average remittance level for the years 1980 to 1999 was 4.5% of GDP and in Burkina Faso 5.8%. Remittances are used for consumption as well as for investment in human capital (education, health, better nutrition).

3.3.4 Foreign Direct Investment

Foreign Direct Investments (FDI) to low and middle income countries increased sharply in the 1990s. Africa, too, experienced this increase, though receiving only 4% of total FDI in 2000. Although most FDI went to seven oil- and mineral exporting African countries, other countries also increased their share of foreign investment during the second half of the 1990s. With the considerable economic and political liberalisation during this period, the large increase in FDI seems to indicate that Africa's participation in the global economy is directly linked to its

economic performance, and that there is a strong potential for increased FDI and other private capital flows to play a vital role in African economies. Most foreign investments have an inherent ability to transfer technology and skills. The most recent data, however, indicate that there has been a worldwide slump in FDI flows. In consequence, the FDI inflows to Africa declined from \$19 billion in 2001 to \$10.9 billion in 2002.

3.3.5 Official Development Assistance

The 1990s saw a substantial and continuous decline in Official Development Assistance (ODA) levels as compared to previous decades, where ODA was also part of the Cold War efforts to solicit partners and clients among developing countries. Africa has been particularly hit by this decline – in real per capita terms, foreign assistance to Africa dropped by 50% during the 1990s. Since 2000, however, net ODA to Africa has begun to recover, rising from a total \$15.7 billion in 2001 to \$21.2 billion in 2002. At the same time, Africa's share of the total ODA has begun to rise and is now at the same level as in the mid-1990s (36% in 2002). This is widely attributed to the shift in development strategies where poverty reduction has been prioritised, to the growing awareness of the importance of good governance in increasing the effectiveness of ODA and to the new thinking concerning Africa's development contained in NEPAD. The rise in ODA to Africa is also in the line with promises made by donors at the March 2002 Monterrey Summit.

3.4 Debt

Africa's over-indebtedness is not attributable merely to poor governance and protracted civil wars in too many countries. Africa's debt crisis has been severely exacerbated by several other reasons. Among these could be mentioned irresponsible over-lending by private and official creditors, as well as easy access to financing when real interest rates were negative during the 1970s, while the debt burden accumulated through the 1980s with high positive real interest rates. Repeated official and private rescheduling, often at punitive terms, further increased the debt. Creditors tolerated this building up of egregious arrears in an attempt to restore disciplined debtor-creditor relationships. With the experience we have today it would have been a more sensible action to reduce debt and debt service right away in the first place. Protectionism in the world's markets for agricultural products and low technology manufactures made it particularly difficult for African countries to earn their way out of the debt trap – scheduled debt service in 1990 accounted for 70 per cent of sub-Saharan export earnings.

Moderate debt forgiveness took place in the course of the 1980s and the beginning of the 1990s, but it wasn't until the mid 1990s that the discussion gained momentum. In 1996, the World Bank and the International Monetary Fund (IMF) proposed a debt relief initiative for the heavily indebted poor countries, the HIPC Initiative, which for the first time included reduction of multilateral debt in coordination with cancellation of bilateral official debt. Out of 42 countries classified as highly indebted poor countries (HIPCs), 34 are sub-Saharan African countries. The initiative was enhanced in 1999. The initial goal was to remove the debt overhang as a constraint to economic growth and poverty reduction and the enhanced HIPC explicitly identified debt sustainability and poverty reduction as its twin objectives.

The initiative was meant to solve these countries' urgent debt problems within a short period of time. However, the implementation of the initiative has taken longer than envisaged, essentially because of interruptions in implementing economic and social programmes in the debtor countries, delays in preparing poverty reduction strategies and difficulties in complying with various conditions required at the beginning of the HIPC process.

Today 14 countries²⁸, of which 11 are African, have completed the process, while 13 countries are expected to complete the process within the next year or two. The recent extension of the 'sunset clause' of the HIPC initiative to the end of 2006²⁹ allows an additional 10 countries, of which 9 are African, to commence the process.

So far the HIPC initiative has resulted in reducing the debt of 27 countries by two thirds and budget allocations to the social sectors have increased by approximately 36 per cent on average. However, some HIPCs are again facing increasing debt levels and other low-income countries,

²⁸ With Madagascar reaching completion point shortly the 14 will become 15

²⁹ The remaining 5 countries out of the 42 are expected to obtain a sustainable debt by means of traditional bilateral debt relief.

in particular in sub-Saharan Africa, are threatened with excessive debt. The major part of the HIPC's old bilateral debt has been or will be cancelled, while there is still multilateral debt left over as a result of the policy and methodology applied. UK has, therefore, proposed to cancel 100 per cent of the old multilateral debt to eligible HIPC's and some other low-income countries with severe debt problems. The US has similar views. However, the financial consequences of such an initiative may be difficult to solve. A particular concern among creditors reluctant to support the proposal is that scarce ODA resources could be used at the expense of assistance to countries in more dire need.

The full implementation of the HIPC initiative, to which the international community is committed, is still not fully financed. Additional resources are required, multilateral as well as bilateral.

Although debt relief as implemented under the HIPC initiative was urgent and necessary, it also has a reverse – it is not the most effective mechanism for aid allocation. The HIPC initiative provides a “one size fits all” debt reduction framework for old debt. There is now a need to apply a more country specific approach in the ‘post-HIPC era’.

Empirical evidence has shown that countries with better institutional capacity are able to sustain higher debt levels, for which reason it is relevant to look at different indicators including debt service over time and different thresholds, thereby providing a country specific assessment. The recent and on going work by the IMF and the World Bank on comprehensive debt sustainability analysis will constitute an essential tool in this context. Thus, debt sustainability criteria are likely to be the deciding factors for the grant allocations under the World Bank's concessionary window, IDA. Once agreed, the same principles will also apply for the grant allocations under the African Development Fund. Grant assistance from these institutions is expected to increase, but it must be kept in mind that increased grants versus loans from the multilateral development funds today will require increased resources under future replenishments, though these problems are a decade or two away. On the other hand, by increasing grants, the multilateral institutions may prevent future debt cancellations of new loans given today and thereby reduce the risk of moral hazard through irresponsible new borrowing.

To reverse the vicious circle whereby the poor African countries may be caught by a new debt trap, it is important that support to these countries take place through grants and highly concessionary loans. Investments in social and economic infrastructure combined with efficient reform policy are necessary to pave the way for steady economic growth. But it is not sufficient. Liberalization of the industrialized countries' markets to allow increased exports from the poor countries is among the requirements to avoid future debt crises.

3.5 The environmental dimension

Poverty and environmental degradation mutually reinforce each other. The poor often depend heavily on natural resources and ecological services for their livelihoods, they are often the

most affected by unclean water, land degradation, outdoor and indoor air pollution and exposure to waste and toxic metals³⁰. To address this problem, poor people must be seen as part of the solution through the right incentives and support, the environmental quality of growth must be addressed, and environmental management must be integrated into poverty reduction efforts. The new Environmental Strategy for Denmark's assistance to developing countries 2004-2008 aims at integrating environmental concerns into multilateral as well as bilateral development efforts. Many environmental problems are not merely local but trans-boundary with regional and global consequences. All countries must live up to their commitments in the global environment conventions if the conventions are to have any effect. Developing countries need assistance to build up the necessary legislative and administrative capacity in order to comply with the conventions, including establishing secretariats and reporting systems. Combined multilateral and bilateral efforts could constitute a cost-effective approach to this challenge.

As far as the direct bilateral environment cooperation is concerned the strategy focuses on urban environment, natural resources management including water, and renewable energy. The situation in these areas is described below.

3.5.1 Urban Environment

From a global perspective Sub-Saharan Africa (SSA) is under-populated but at the same time it has some of the highest population growth rates in the world. This growth is primarily found in the urban areas, the coastal zones and along lakes and rivers. The rapid growth of population in these areas is caused by a combination of the high birth rates combined with migration from rural areas and in some cases the influx of refugees from conflict areas. This makes Africa the fastest urbanising region of the world. Urban population in SSA is expected to grow from 37.9% in 2000 to 54.5% in 2030³¹.

In the cities where the heavily polluting industry is located you will find a strong link between the state of the environment, health and poverty. Urban development plays a strategic role because change of life style and pattern of consumption combined with the lack of urban planning is creating health problems due to lack of waste collection, water and sanitation. To neutralise this requires infrastructure, education and jobs – requirements that are difficult to meet in most African countries. This eventually leads to social tensions between various ethnic, religious and social groups.

3.5.2 Natural Resource Management

African livelihoods and national economies rely mainly on extraction of mineral and biological resources³². Africa has a wide variety of habitats and ecosystems and the biodiversity is huge. Protecting and managing the natural resources base of economic and social development is therefore a key factor in the future development of Africa.

³⁰ <http://wbln0018.worldbank.org/afr/afr.nsf>

³¹ UNEP, Africa Environment Outlook, 2004

³² Making Sustainable Commitments – An environmental Strategy for the World Bank

Only about 20% of Africa's total land is arable and much of it is under pressure. A contributing factor has been a ban on traditional land distribution putting an effective hold on traditional and sustainable land management systems and farming practises³³. These methods have disappeared or are under heavy pressure from the growing population, resulting in environmental degradation. Thus, soil degradation has affected 65% of Africa's cropland.

The tropical forests in Africa have been exposed to the globally most extensive forest clearing and only 30% of the original area is left. The main reason for this is the need for farming land and production of fuel wood.

Globally, Africa has the biggest arid area covering 65% of the continent. Drought is frequent, often lasting for one to five years leading to increased desertification affecting 36 countries in Africa. Change between heavy rains giving rise to flooding and drought combined with depletion of the cambium and deforestation will lead to increased soil erosion and transportation of sediment to the rivers.

The increasing depletion of the natural resources including increasing shortage of freshwater, drought, increasing shortage of fuel wood and decline of natural resources for traditional medicine, food and building material will mainly affect the poor without getting access to the wealth that is created at the same time.

3.5.3 Renewable Energy

Africa is the world's largest consumer of biomass energy, primarily through fuel wood. This accounts for as much as two-thirds of total SSA energy consumption³⁴. The demand for other energy sources especially renewable energy sources is growing especially in rural Africa. An alternative to biomass is coal of which Africa is an important producer and exporter. However, production and incineration of coal also have environmental implications and the low-cost quality of coal that is affordable to the poor has a high content of ashes, sulphur and dust causing even more severe health problems than fuel wood.

The negative impact of global climate change will affect poor developing countries and adaptation measures will have to be incorporated in the planning of future development investments design of future infrastructure, as only mainstreaming will make it affordable.

3.5.4 Climate change

The negative effects of global climate change will in particular affect the poor and vulnerable developing countries as the general conditions of life are heavily dependent on the resources of the nature. On the African continent only South Africa have emissions of greenhouse gases to an extent that can justify a general strategy on CO₂ mitigation. The rest of the continent will have to prioritise adaptation. In practical terms this means that deforestation has to come to an end, integrated water resource management be introduced, and that coastal zones be protected against erosion and flooding. For this sort of interventions to materialise it requires strengthening of economy, infrastructure and education.

³³ IIED, Environmental Planning Issues No. 13, March 1997

³⁴ Energy in Africa. US Department of Energy

3.6 The Danish contribution to the strengthening of African economies

Denmark has a long and rich experience in supporting the agricultural sector in Africa. Currently, sector programme support to agriculture is provided to six of the eight programme countries (Benin, Burkina Faso, Kenya, Mozambique, Tanzania and Uganda), along with the funding of a major agriculture programme in Niger. While the assistance has covered a wide range of activities (capacity development, natural resource management, training, extension and support to farmers' organisations, improved seeds, and micro-credits), a key challenge in the future is to better address the linkage between production, processing and marketing of agricultural commodities. Improved and cheaper transport services are essential in this respect. Denmark is supporting upgrading of roads with increasing attention on the peripheral part of the network (feeder roads), sector reforms and establishment of sustainable mechanisms for road maintenance in five countries (Benin, Ghana, Tanzania, Uganda and Zambia). It is important that agricultural production be considered part of the private business sector and that it becomes part of the formal economy. Both governments and donors are gradually placing more focus on the pivotal relationship between agriculture, private sector, trade and poverty reduction. Through bilateral and multilateral cooperation and Danish trade policies, efforts can be made to contribute to the establishment of the most effective policy framework for this and to provide the conditions necessary to implement the policies.

Private sector support is provided to all programme countries in the form of the PS Programme, and the recently initiated business sector support programmes in Tanzania and Ghana. Whereas the objective of the PS Programme is to facilitate business-to-business cooperations between private companies in the developing countries and Danish companies, the aim of the business sector programme support is to improve the overall framework, which is of crucial relevance for private sector development. This framework support thus focuses on the legal regulations and institutions, corporate governance, credit facilities, trade related support, and private sector organisations. An evaluation of the PS Programme has pointed out the importance of considering broader aspects of development of the private sector and the role of private sector development in overall growth and development, including issues such as job creation and international competitiveness.³⁵ Although it is too early to draw general conclusions as to how the business sector programmes are working, experience so far indicates that the reforms initiated with support from the programmes are helping to reduce some of the 'sector specific' supply-side constraints and impediments for private sector development.

Private sector-led outward-oriented economic growth is among the main pillars in African poverty reduction strategies. Increased trade with the outside world is expected to result in reduction of poverty. Danish attention to the issue is reflected both in the bilateral and multilateral cooperation, including the dialogue with the World Bank and the African Development Bank, and in the attempts to ensure coherence between development cooperation and trade policies.

³⁵ Evaluation. The Private Sector Development Programme (2001/1), Evaluation Department, MFA, 2001.

On the demand side, it is important to keep in mind that the EU is by far the largest trading partner for Africa and that it will continue to be the dominant factor determining the growth and development of African countries. The upcoming negotiations of the Economic Partnership Agreements (EPAs) between EU and the African states are therefore crucial; indeed, for many African countries the EPA is even more important than the Doha Round within the WTO. As pointed out earlier, these negotiations will take place in a context where the value of the preferences enjoyed is, most likely, going to be eroded, and when the establishment of new technical barriers such as food-safety standards could hinder the prospects of developing agriculture-based industries in Africa. The EPAs are meant to be reciprocal, but it will be difficult to counter the likely revenue losses and fiscal problems for partner countries in Africa due to the overall global development, following a successful result of the Doha Round.

Closer coherence between trade policies and development policies is definitely needed at global, regional as well as country levels. A holistic approach that combines trade and development issues into one coherent Africa policy is likely to be mutually beneficial for both the developed world and Africa. The Everything But Arms (EBA) and the United States' African Growth and Opportunity Act (AGOA) represent steps in the right direction. While the liberalisation of the world trade is expected to generate a large global welfare-improvement, it is unlikely to reduce poverty in Africa. Free access to industrialised markets is not sufficient. In order to reduce poverty, Africa will continue to need preferential arrangements. The preferential access is likely to attract foreign investments to Africa, which apart from the capital involved would also bring technological change and valuable know-how in management. Preferential access for the next 10-15 years could provide Africa with the window of opportunity to improve the productivity and competitiveness of African businesses.

In sum, the real challenge in overcoming the problems of African countries is to address the reasons for their lack of growth. Domestic institutional failure has certainly played its part in the African dilemma, but this continent faces development obstacles that would defy even the most resolute governments. Insights gained about the need for and content of necessary policy reform should not divert attention from the whole complex range of domestic causes that hamper growth (including poor policy). Outside help in learning about and devising effective development policy and overcoming inappropriate governance is for this reason a worthy enterprise for aid donors. On the other hand, it is also necessary to promote investment for growth; and there are, as noted, worldwide factors of considerable importance looming in the background. The African development partners and the donor community may for quite some time to come have to try to advance on many, many fronts simultaneously to overcome the structural weaknesses and human misery of African economies.

4. Peace and stability

While a number of African states have succeeded in embarking on promising development paths, others have been beset by conflicts or have otherwise failed to establish well-functioning political, economic and social structures. Targeting the problems of states in conflict or weak or

failed states requires another set of instruments than, for instance, long-term development assistance. On the other hand, long-term political and economic commitment from international partners to assist a country in addressing social, economic and political needs remains a very efficient instrument in conflict prevention.

It is important to distinguish a 'conflict' (fundamental disagreement over issues, political conflict with possible positive developments) from 'armed or violent conflict' (disagreement turning into violent conflict). Only armed or violent conflicts are being discussed in the following.

4.1 The conflict scenario

Violent conflicts in Africa affect the lives of millions. Civilians account for more than 90% of all casualties in conflict, and a major and increasing victimised group are women. Mass rape has increasingly become visible as a means of coercion, and women are increasingly strategically targeted as reproducers of a given society. Mortality rates increase by an average of 13% during a typical conflict, and the health situation deteriorates. HIV/AIDS rates escalate, since conflicts create conditions favourable to the spread of the virus. Militias and other armed groups, for instance, use rape or sexual enslavement of women and girls systematically as a strategy of warfare. Conflicts in Africa create large uprooted populations and refugee-affected areas, as well as causing large-scale migration. In SSA 4-5 million persons are currently uprooted as refugees and those forced to leave their homes - internally displaced persons (IDPs) - currently count approximately 12-13 million persons.³⁶ Conflicts also have serious economic effects and significantly set back development in the directly afflicted countries.³⁷ The African Union estimates that conflicts have cost Africa 250 billion USD in the period 1980-1996.³⁸ Investment in the formal economy drops sharply, growth is significantly lower, exports decrease and market access is lost. Inflation soars, prices of imports skyrocket, transport access is blocked, the productive capital is diminished and the human capital is depleted. On average, countries at war will double their military spending, which drain resources from socially productive activities. War action targets the physical, economic and social infrastructure, which impedes a full resumption of economic activity after peace.³⁹ In many cases, a 'war economy' replaces normal economic activities giving rise to human trafficking, drug production and smuggling. Criminal networks often have vested interests in the continuation of conflict, which will tend to prolong instability. On average, the World Bank estimates that it takes 10 years or more to reinstate normal economic activity and regain the pre-conflict GDP level.⁴⁰

In addition, conflicts seriously affect neighbouring states and cause instability as well as hamper economic development in the sub-region as a whole. This is obviously seen in the Great Lakes region (Rwanda, DRC, Burundi and Uganda), in West Africa (Guinea, Sierra Leone, Liberia and

³⁶ www.idpproject.org and www.unhcr.ch/cgi-bin/texis/vtx/statistics

³⁷ For an exposé of the effects of conflict, see P. Collier et al.: *Breaking the Conflict Trap*, World Bank, 2003

³⁸ *Vision of the African Union and Missions of the African Union Commission*, March 2004.

³⁹ M. Knight, N. Loayza, and D. Villanueva: 'The Peace Dividend, Military Spending Cuts and Economic Growth', *IMF Staff Papers* 43(1), 1996: 1-37.

⁴⁰ *Ibid.*, p. 23.

Ivory Coast) and in East Africa (Sudan, Somalia, Ethiopia, Eritrea). Conflicts also curtail the development of the kind of regional economic integration necessary for creating larger, more viable and competitive markets in Africa and for allowing economic specialisation and diversification.

Patterns of conflict in Africa are constantly shifting and are characterised by changing linkages between global and intra-African conflict dynamics. The end of the Cold War, around 1990, unleashed a shift in the pattern of conflicts in Africa and brought about the fall of some of the continent's worst dictators. More significantly, it led to collapse and prolonged conflict in a number of states, just as other conflicts such as in Angola and the Sudan simply continued unabated – fuelled by struggle over natural resources. In 1999, Africa had more non-state combatants than the rest of the world combined⁴¹, and in 2002, Africa had half the world's estimated active armed conflicts (15 out of 31).⁴² The wars were characterised by two main factors. They were mainly fuelled by internal dynamics and were essentially intra-state conflicts. However, their negative economic, political, social and migration effects transcended national borders and seriously impeded development in sub-regions as a whole.

4.2 Causes of conflicts in Africa

The crucial element for understanding African conflicts is not primarily the root causes per se, but rather, why the same structural causes lead to armed conflict in some states and not in others – why are contentious issues resolved by political processes in some places, but not in others?

The structural causes of conflicts in Africa include a variety of political, economic, social and ethnic or religious and cultural factors. These factors interact in a dynamic and complex way. Some observers argue that economic decline, economic shocks and dependency on primary commodity exports are important triggers of conflict, and that severe declines in world market prices on primary products have contributed to fuelling conflicts in Africa. Others stress the lack of nation building, the significance of weak institutions, and a more 'rootless' political culture since the 1950s. Others again argue that the answer to why armed conflicts emerge in some but not in other countries is often the character of political leadership (enrichment regimes and power struggles). In many cases, several of these factors coincide. Economic crisis, for example, can mobilise other root causes of conflict – the effects of structural reforms (unemployment, price increases) coupled with (historically) structural inequalities (access to land, jobs, education, political influence, social status) and the political elite's exploitation of a growing tension. The conflict in Côte d'Ivoire is one such example.

Some analysts have argued that economic development significantly reduces the risk of conflict, albeit not to the extent of preventing violent conflicts once the risk is looming.⁴³

⁴¹ Small Arms Survey, 2001, p. 79 (www.smallarmssurvey.org)

⁴² Uppsala Conflict Data Project and the International Peace Research Institute, Oslo (PRIO) including all conflicts with more than 25 battle-related deaths per year (www.prio.no)

⁴³ P. Collier et al.: *Breaking the Conflict Trap*, World Bank, 2003

Natural resources make conflicts more likely in two ways: they reinforce other divisive factors in societies in rivalry over access to these resources and, most importantly, they provide a source of financing for insurgencies. Many would argue that large international corporations or neighbouring countries play their part by prompting or financing wars to facilitate their access to these resources.

To find out why structural related conflicts turn into violent conflicts in some countries one has to look at the system of dealing with conflicts as well as (political) leadership. Most of Africa's conflicts occur in weak states with poor political and economic governance and poor development records. It is important to note that states do not fail overnight. The root causes of most violent conflicts in Africa can be traced decades back. Most often the root cause is the continued lack of development – politically and economically. That makes some of the African states unable to deal with conflicts – thus allowing these to become violent. Weak institutions provide limited ability to resolve crises through political processes. Weak states are by nature unable to ensure compliance with political decisions through legitimacy and authority. In addition, efficient political manipulation of societal tension, allowing conflict to grow out of order (Ivory Coast, Rwanda, Sudan), is more likely in weak democracies where elites dominate the political debate. One factor, which is acquiring increased attention, is the Islamist missionary activities, which are on the rise in countries in East Africa, for instance. An increased competition between religious communities is being observed. A religious consciousness - Islamist as well as Christian – is securing foothold. In some cases, it has resulted in pointed and rigid discourse, which could, ultimately, impact negatively on the open and free debate. The overall impact of this development, however, remains to be seen.

Several factors may influence future conflict patterns in Africa:

- (1) Long-lasting insurgencies by rebel organisations, such as those in Sudan, Angola and DRC, may become a less dominant feature in future patterns of conflict. Since 2000, there has been a significant decrease in the number of new insurgencies and in the number of on-going conflicts. The main determinant of this trend seems to be the strengthened responses to this particular type of conflict in new cooperative arrangements between international (multilateral and bilateral) and regional African actors.
- (2) Conflict dynamics below the national level – 'local conflicts' such as pastoralist issues as well as conflicts over access to scarce land and water resources are likely to remain in the foreseeable future. There has been no significant increase, consolidation or improvements in interventions with regard to these conflicts.
- (3) Whereas the major conflicts in Africa are either formally resolved (peace agreements in Angola, the DRC, Ethiopia/Eritrea, Liberia, Sierra Leone and Côte d'Ivoire) or are under negotiation (Sudan, Somalia), there are significant stabilisation challenges relating to the unfinished post-conflict situations of these countries. Experience shows that a lack of long-term stabilisation commitment over at least a 10- year horizon significantly

increases the risk of relapse into conflict.⁴⁴ Also fundamental is political commitment amongst elites to truly cooperate for the benefit of the common good. Ensuring the latter often requires consistent mediation on the part of regional organisations, the UN and other mediators.

- (4) In addition, the enormous proliferation of Small Arms and Light Weapons (SALW) in Africa provide insurgents with easy access to the means of war. Estimates place as many as 30 million SALW in Africa alone.⁴⁵ The trade routes of SALW are reasonably well known, but are not being dealt with in any efficient manner.
- (5) The lack of re-integration of children formerly associated with armed conflict constitutes another crucial factor that may lead post-conflict societies back into cycles of conflict. Most significant is the growing number of discontented unemployed young men without hope of a decent future. Experiences from Liberia and the Ivory Coast reveal patterns of marginalized youth being co-opted into military activity due to low prospects of a viable income, education and self-reliance.
- (6) The presence of refugees affects large areas around conflict zones. Their presence can contribute to destabilising the security situation in e.g. border zones and serve as recruiting bases for insurgencies.
- (7) Urbanisation is progressing rapidly in Africa, and urbanisation tends to create new conflict dynamics, changing from elite-based to popular-based conflict dynamics. The massive migration to urban areas in Africa (the OECD estimates that more than 50% of all Africans will live in cities by 2020) coupled with insufficient economic growth to create sufficient opportunities is likely to create new, large-scale economically marginalized and politically volatile urban groups with no hope of a decent future.
- (8) The patterns of interaction between global and intra-African conflict dynamics may be changing. The processes of globalisation have brought about a resurgence of a globalised militant Islamist agenda. This primarily relates to conflicts in other parts of the world, but the stated goals are increasingly converging on the installation of Islamist regimes. Many experts seem to agree that Sub-Saharan Africa poses its main terrorist threat to the international community by offering opportunities for international terrorist groups to obtain safe havens in weak and failed states⁴⁶ and to use those and other states for transport of arms and financial transactions. The Al-Qaeda network, for example, seems to have operated in both the Sudan and in Somalia. Another issue is whether externally connected Islamist fundamentalist groups are able to mobilise more radical youth groups within Sub-Saharan Africa. Experts disagree about the potential for this. Some argue that radical Islamism has become a mobilising force especially for frustrated unemployed young urban men in Sub-Saharan Africa, and that economic and

⁴⁴ P. Collier et al.: Breaking the Conflict Trap, World Bank, 2003, pp. 7+103ff

⁴⁵ Small Arms Survey, 2001 (www.smallarmssurvey.org)

⁴⁶ "Development Cooperation as an instrument in the prevention of terrorism" by NIAS, July 2003. For another opinion see Ken Menkhaus in "Somalia: State Collapse and the Threat of Terrorism", Adelphi Papers, No.364, March 2004

political deprivation poses a considerable challenge to the containment of violent mobilisation in Sub-Saharan Africa.⁴⁷ The role of missionary activities funded by foreign Islamist organisations may also be a factor.

- (9) The continuous violation of human rights, including widespread use of torture and organised violence during inter- and intra-state conflicts (for example in the DRC, Burundi, Zimbabwe), may further entrench a culture of violence and as a consequence polarisation and conflict.

4.3 Responses to conflicts in Africa

The challenges of peace and security are complex and multifaceted. It requires renewed efforts to prevent and manage conflicts and not least, integrating understanding of conflict dynamics into development priorities. But if the challenge of peace and security is to be met effectively, it must be on the basis of a dynamic understanding of the ever-changing pattern of conflict dynamics in Africa, of the elements that generate conflicts and of how conflicts influence development.

Responses to conflicts in Africa have been reinforced and are becoming more operational in the new Millennium. This new activism has led to a significant decrease in the number of new armed conflicts and in the duration of the active phases of wars since 2002. It has also led to new, if still fragile peace solutions in two of the major conflict areas – the Great Lakes and the Mano River countries/Côte d'Ivoire.

Among the challenges that remain it is important to look at the following issues:

- Increasing the focus on preventing conflicts, both through a general mainstreaming of conflict understanding into development processes (strengthening institutions, consolidating democracy, creating jobs, etc.) as well as through building a stronger political commitment in the AU, in the sub-regional organisations and in the international community for strengthening operational conflict prevention.
- Strengthening the ability of weak states and states at risk of 'failing' to confront negative economic and political developments and to deal with conflicts through inclusive political processes.
- Building a regional framework for effective crisis management in imminent or on-going conflicts in Africa.
- Strengthening the efforts to consolidate peace through post-conflict processes – with sub-regional dimensions where relevant.

These challenges have consequences for bilateral and multilateral development partners' support as well as for the political dialogue (bilaterals, EU) with governments in Africa.

⁴⁷ "Development Cooperation as an instrument in the prevention of terrorism" by NIAS, July 2003.

New and encouraging developments in response to these challenges include the emerging development of joint (international, African regional and state actors together), combined (exploring complementarities and synergies in different phases of the conflict) and operational approaches to peace and security in Africa.

In this context, the UN and increasingly also the EU are entering into a strategic partnership with regional organisations in Africa, and a 'principle of subsidiarity' is emerging. This includes:

- Development of comprehensive peace and security platforms in Africa, primarily within the AU and in the sub-regional organisations, and the beginnings of operational mechanisms for their implementation.
- The enhanced role of the AU – compared to its predecessor – and the beginnings of a more coherent African Security Architecture.
- Reassessing the non-interference principle. ECOWAS and AU were the first regional bodies to enshrine the right of intervention under what is termed 'grave circumstances'.⁴⁸ This allows for a greater pressure on political elites to resolve conflicts.
- Operationalising the decision-making process by moving to a 2/3-majority vote on security issues (in the AU and its Peace and Security Council as well as in ECOWAS, but not yet in SADC or IGAD).
- Involving civil society, emerging as a significant factor of change, in the context of democratisation, much more operationally in complementary responses to conflict prevention and post-conflict efforts.
- A much greater focus on the need to intervene strategically and over a longer time perspective in the crucial, but fragile post-conflict situations and in weak states at risk of failing as well as in already failed states.

The emerging situation is characterised by a growing degree of strategic cooperation between (1) central actors in the international community, notably the UN and the EU, (2) major African actors, notably the African Union, as the overall pan-African institution for political and economic integration, and (3) the sub-regional organisations ECOWAS, SADC and IGAD for West Africa, Southern Africa and the Horn of Africa, respectively. This development is important as support to African institutions in conflict management, peacekeeping and reconciliation is only likely to produce tangible results if and when supported by an increased and persistent international engagement i.e. diplomatic pressure, mediation, technical expertise etc.

4.4 Security sector reforms and African Security Architecture

In crisis management, the focus is on building the African Security Architecture that ties African regional organisations into an operational cooperation with each other and with the international community, notably the UN. A central element is the establishment by 2010 of the 'African Standby Force' (ASF) as a lean structure (15,000 troops) including five sub-regional

⁴⁸ The AU Charter defines 'grave circumstances' as crimes against humanity, war crimes, genocide and lately also breaches to the legitimate order

Standby Brigades that can be deployed within 30 days in Peace Support Operations. The G8 and the UN are expected to provide the main capacity-building assistance for the ASF. Another central element is the establishment, in 2004, of the AU Peace and Security Council (PSC), entrusted with the main responsibility among African states for dealing with conflicts.

The main thrust of the UN efforts is on subsidiarity: strengthening African regional responses and seeking to complement these regional efforts where needed.⁴⁹ For this task, the UN has increased the number of political missions supporting and complementing African peace efforts. The UN currently deploys the largest number of peacekeepers since the early 1990s. An important new role for the UN is to provide follow-up peacekeeping missions to African Peace Support Operations (PSO), as was recently the case in Liberia (2003), Côte d'Ivoire (2004), and Burundi (2004). Herein, the UN is exploiting a comparative advantage, in as much as the African regional organisations can deploy PSOs rapidly, but not sustain them over long periods of time due to financial constraints, while the UN can deploy only slowly, due to internal procedures, but is in a better position to sustain missions over time.

Security sector reform, especially in post-conflict situations, is considered a crucial factor for maintaining stability. With the provision of the integration of armed groups in the national security forces, in combination with e.g. DDR operations, security sector reform is often an essential part of peace agreements. Some analysts argue that experiences from e.g. West Africa show limitations to a somewhat successful integration of armed groups in security forces (i.e. applying a technical solution to a political problem). This problem has also been seen in Northern Uganda, where children have been abducted by LRA and upon return invited by the government to join a brigade consisting of formerly abducted children and their commanders. Good practices are needed to ensure that coherent security sector reform looks beyond simply the military and police services, encompassing the overall security context including the judiciary, legislation and democratic oversight. It constitutes a very delicate sector in the heart of national sovereignty and calls for a coherent and holistic approach involving all relevant national actors and the donor community.

The European Union is emerging as a strategic actor for peace and security in Africa, not least as a focal point for mustering the necessary financial support for action. Key instruments are the political dialogue between the African States and EU under the Cotonou Agreement (2000), the direct partnership increasingly being built between the EU, the AU and the subregional organisations involved in economic integration and peace and security on the African continent, the establishment of a EU Peace facility for Africa of € 250 million in support of African peace support operations, and the operationalisation of the civil and military aspects of the European Security and Defence Policy (e.g. in Sudan).⁵⁰ Recent years have shown a considerable development in EU's engagement with Africa in the area of peace and stability, not least at the level of political dialogue (with e.g. DRC, Guinea, Togo, Ivory Coast) but also in actual missions such as the Integrated Police Unit in DRC and observers to the AU-mission in Sudan. The size of EU development aid and peace and security assistance to Africa as well as

⁴⁹ The basis for such subsidiarity is the UN Charter chapter VIII, art. 52.2 and 53.1, that gives the Security Council the option of utilising, where appropriate, regional arrangements or regional agencies.

⁵⁰ Cf. e.g. the Common Position on Conflict Prevention, Management and Resolution in Africa (last revised January 2004)

the individual countries' combined political clout provides leverage to the EU's possibilities for serious dialogue with African partners.

4.5 The LICUS initiative

The UN and the World Bank are also emerging as strategic actors in the crucial post-conflict stabilisation phase as well as in situations where weak states are at risk of 'failing'.⁵¹ The UN and the World Bank have engaged in efforts within Reconstruction, Demobilisation, Disarmament and Reintegration and enhanced natural resource management. The World Bank is now targeting countries that face intertwined challenges such as very weak policies, weak institutions and poor governance. This comprehensive approach, known as the 'Low Income Countries Under Stress' (LICUS) approach, was launched in 2002. Traditional development assistance programmes, it is argued, have fared poorly in 'LICUS -countries, primarily because states lack the capacity or inclination to implement effective poverty reduction policies.

A number of African countries have been selected for World Bank LICUS assistance in 2003 and 2004, including Angola, Burundi, the Central African Republic, Somalia, Sudan and Zimbabwe. The LICUS initiative has sought innovative approaches to re-engagement and reform in the fragile environments, including:

- A combination of top-down initiatives (policy dialogue, technical assistance and exposure to the lessons of reform programs in other countries) with bottom-up community mobilisation to implement reform priorities and accelerate poverty reduction.
- A strategy to increase the transparency of oil revenue management in Angola.
- Early engagement in leadership capacity building in Sudan.
- Support to programs to fight HIV/AIDS.

A key finding is the necessity to support post-conflict states over a much longer time perspective (10 years) in order for peace to become sustainable. In this sense, the World Bank's research underlines the basic flaw in donor downsizing of assistance 3-4 years after peace. Another finding is the necessity to phase support by responding flexibly to opportunities, as they emerge, peaking after 4-5 years rather than immediately.

4.6 Conflict prevention

In relation to improving the overall prevention of violent conflicts in Africa there is a great challenge directly related to development. The number of active conflicts has been reduced, but there has been no decrease in the high number of potential conflicts. UNSG Kofi Annan has recognised the need to 'move from a culture of reaction to a culture of prevention'. Structural conflict prevention is primarily related to reducing poverty, strengthening the socio-economic

⁵¹ WB publications on the LICUS initiative

foundation for a peaceful and sustainable development, developing an inclusive political framework to resolve conflicts before they turn into armed conflict, building vertical and horizontal relationships, improving security and establishing the rule of law, and securing respect for human rights. While development efforts in general are considered to contribute to conflict prevention in Africa, increased attention could be paid to a more systematic approach to mainstreaming conflict aspects into development efforts, and engaging civil society in these. In addition, more efforts need to be focused to create a regional and sub-regional capability for operational conflict prevention such as early warning and mediation (further developments await a UN report on early warning). The political awareness of the prevention imperative is there, but the development of an operational capacity has only just begun.

Another challenge relates to conflicts below the national level – the ‘local conflicts’, such as those with pastoralist groups, conflicts relating to access to scarce land and water resources, and clashes between ethnic groups. There are many of such on-going or potential local conflicts, but there is inadequate understanding of which of them could escalate into violent conflict. Governments and local actors are responding to these conflicts, but there is only little African regional or international support, so interventions remain fragmented and varying in effectiveness. In this respect, civil society organisations, increasingly emerging in networks of cooperation with the AU and sub-regional organisations, offer the potential to underline their comparative advantages in addressing local conflicts, regionally and at the national level. Civil society can thus play a significant complementary role to that of the regional organisations.

4.7 Danish contributions to peace and stability in Africa

Although Africa has demonstrated a remarkable determination to intervene early in serious crises, it is evident that for the foreseeable future, external assistance in terms of financial assistance, training and peacekeeping experience will be required. A larger role for African organisations does not suggest that peace and stability in Africa should no longer be a joint international effort. But some would argue that the international community today is less willing to intervene in African conflicts than earlier. Africa will need the assistance of the international community and the UN. Through the new Danish Africa Programme for Peace (APP), launched in 2004, Denmark will support the emerging potential for Africa to increase its role in preventing conflicts and managing crises. The overall objective is to promote peace and security as a basis for sustainable development in Africa, and by promoting the development of an operational African regional conflict prevention capability; strengthening the African security architecture; and promoting civil society networking across countries and between (sub)regional organisations.

Experiences from the Africa Programme for Peace as well as more than twenty years of experience in development cooperation and recent Danish involvement in peacekeeping missions in Ethiopia/Eritrea, Liberia, Sierra Leone and Sudan could provide strategic guidance to Danish membership of the UN Security Council in 2005-2006. Consideration could be given as to how Danish Security Council membership could be optimised to address some of the factors that fuel or are relevant to conflict in Africa, including natural resources (diamonds,

timber, oil), regional responses to conflict, encouraging to ratify and/or implement the major international and regional human rights instruments, effective follow up on human rights violations, gender issues and combating trafficking. Other topics could include increased protection of children and youth in armed conflicts, African participation in international anti-terrorism efforts and the participation of African countries in efforts to combat international crime.

Danish humanitarian assistance is channelled mainly through the UN humanitarian agencies and Danish NGOs, the impact of which have been generally positive. Support provided to Sudan in the 1990s proved particularly successful, as it was sustained at a time when many other donors withdrew.⁵² Through evaluations and the continued dialogue with partners on the application of best practices, Denmark plays an active role in the continued work to improve the delivery of humanitarian and relief aid.

There are currently 4-5 million refugees and an estimated 12-13 million internally displaced persons in SSA. Influxes of refugees and migrants have large social consequences for those affected and for the countries receiving them. Living conditions for both internally displaced, refugees and the local population are often insufficient, and the capacity to provide protection for refugees is often inadequate. This places a large humanitarian burden on many countries in SSA. With ongoing conflicts and natural catastrophes being part of the situation in SSA there is no reason to believe that migration figures will improve dramatically over the next decade or so. For that reason the Danish government has strengthened the assistance in the refugees' regions of origin and will continue to do so in the coming years. The focus is on strengthening the level of safety and protection in the regions of origin of the refugees and other displaced people, and at the same time ensure that the assistance also reaches the permanent populations in the migration affected areas. The strengthened efforts are to be seen in the context of the effort of resolving conflict and preventing new conflicts: when large groups of people are uprooted it often leads to instability with the risk of further conflict. The development cooperation with eight partner countries in SSA provides an opportunity to integrate durable solutions for refugees and IDPs into the development process.

The continuous improvement of responses is also reflected in the dialogue on how to assist societies in transition. This dilemma has been presented in many forms and with many names: 'relief to development continuum', 'grey zone' and 'transition gap' among others.

A number of issues could be considered in formulating a comprehensive framework for peace and stability, including:

- Standard technical and mechanistic solutions (based on a 'one model fits all' mentality) to conflict management and reconstruction have proven to be inadequate. A comprehensive approach to peace and stability continuous (e.g. UN or EU-coordinated) high-level political dialogue with African partners on how to ensure immediate and coordinated responses to crises, a strong civilian component to conflict management and reconstruction and coordination between civil and military components.

⁵² Evaluation of Danish Humanitarian Assistance no. 9/1999.

- Development cooperation is considered a key element in creating peace and stability in Africa, but a more systematic mainstreaming of the conflict dimension into development efforts (including Danish sector support in 'programme countries') could be beneficial.
- Development partners and countries should combine their efforts to ensure sustainability of post conflict interventions and it would be more efficient to utilise a mid-term perspective rather than the usual short-term perspective.
- While the readiness of African organisations to address the conflicts of the continent in an operational manner is very encouraging, a worrying tendency remains African reluctance to address blatant human rights abuses, such as the situations in the Sudan (in particular Darfur 2003/4) and Zimbabwe. African countries must address this weakness.
- Targeted efforts to include children and youth in the development process.
- Bilateral partners could consider how best to contribute to the new strategic partnership between the UN and the (sub-)regional organisations.
- Innovative approaches could be further developed to engage civil society in conflict prevention, conflict management, post-conflict rehabilitation and reconstruction, and advocacy for ratification and implementation of international human rights instruments.
- Regional approaches to Reconstruction, Demobilisation, Disarmament and Reintegration as well as combating trafficking of arms and persons could be further explored in order to help prevent future conflicts rather than isolated nationally focused processes.
- Anti-terror responses based on further analysis of the potential for terrorist mobilisation in Africa.
- Interventions in areas with large influxes of refugees should focus on human resource development (training, education, etc.) to build potential for reconstruction and state building.

5. Good governance, Human Rights and Democracy.

5.1 Brief history and political culture

Good governance⁵³ is considered a fundamental prerequisite for an effective use of resources for poverty reduction⁵⁴. Hence, good governance has gained increased attention among development practitioners and researchers concerned with African development.

There are encouraging signs that several countries in Africa, both individually and collectively, are showing increasing commitment and capability to take responsibility for their own development. This trend provides an opportunity for the international community to focus

⁵³ The longer term 'Human Rights, Democracy and Good Governance' has normally been used, probably in order to stress the importance of Human Rights and Democracy in Danish support. Here we employ the briefer term of good governance, as good governance necessarily includes HRD.

⁵⁴ UN Millennium Assembly and the UN Conference on Financing for Development.

cooperation on supporting the national and regional efforts to further democratisation and strengthen African states' capacity in key strategic areas of importance for state-building, economic growth and - ultimately - poverty reduction. A well functioning democratic political system and a strong governance record increases responsiveness to popular demands and lessens the risk of mayor conflicts. It also provides a tool for conflict resolution at a lower and more peaceful level avoiding that conflicts are played out in more violent forms.

An increasing number of African countries have adopted basic and shared democratic values as the major pillars of social and political development. These include free and fair elections, freedom of speech and expression, freedom of assembly and organisation, rule of law, protection of minority rights, responsive governments, and the limitations to the abuse of power of the executive. Likewise, there has been a trend to make public institutions more efficient and transparent in order to bring efficient services to the population. However, it should come as no surprise that in countries where spending on education is less than 20 USD per capita per year, there is a long way to go before a qualified public service has been developed. A number of economic, cultural, and structural factors also tend to prevent the full implementation of seemingly good intentions.

At independence, different forms of constitutional democracies were established in Africa. The political systems adopted were inherited largely from, or inspired by, the systems of the former colonial powers.

In the early years of independence, most countries had multiparty systems and regular elections. However, the new democratic institutions were not really embedded in African societies. Combined with the struggle for power when the colonial masters disappeared, and based on the inequalities that had been created during the colonial rule, this led to a situation where many elected governments turned authoritarian or were swept aside by the army. Parliaments became merely rubber-stamp institutions. Where civilian rule survived, constitutions were changed to introduce one-party systems, often with a lifetime president. The only allowed political party assumed hegemony over the political institutions as well as over the state apparatus. International geo-political interests, particularly during the Cold War, also facilitated the un-democratic trend by supporting one-party systems – on both sides of the political divide – and some of Africa's worst dictators.

Not all leaders lacked legitimacy. For example, President Nyerere of Tanzania and President Nkrumah of Ghana enjoyed significant popular support. At the other end of the scale, President Mobutu Sese Seko of Zaire was well known for abusing his power by enriching himself and his family or supporters.

Many regimes turned out to be unstable, which only added to further repression and the leaders' ruthless desire to stay in power and enrich themselves and their supporters. These regimes had little to do with democracy and are often referred to as patronage-based regimes. A few of these first generation regimes, e.g. Gabon, Togo and Zimbabwe, remain in power, even today.

No African leader was voted out of office in the three decades from 1960 to 1990, except in one case (Mauritius, 1982). Most leaders who left office were overthrown in coups or during war, and out of the 107 overthrown African leaders so far, more than two thirds were either killed, imprisoned or went into exile. This uncertainty of the future added to the leaders' attempts to cling to power and encouraged their systematic plunder of national resources.

The pattern of leaders clinging to power has changed. During the 1990s and 2000s significantly higher numbers of leaders left office due to lost elections or voluntary retirements, as shown in the table below.

How African leaders have left office⁵⁵:

	1960-69	1970-79	1980-89	1990-99	2000-03*	Total
Overthrown in coup, war or invasion	27	30	22	22	6	107
Died of natural causes/accidents	2	3	4	3	0	12
Assassinated	1	1	1	2	0	5
Retired	1	2	5	9	2	19
Lost elections	0	0	1	12	6	19
Other (interim regime)	6	8	4	14	1	33

* Covers only a three-year period while the other columns cover 10 years.

The trend in the table above corresponds with the (re-)introduction of multiparty system in many countries in the early 1990s and increasingly improved quality of conduct of elections, combined with a higher degree of freedom of the press and an emerging civil society participating more freely in political debate.

The apparently continuous problems in Africa have led many scholars to argue that there is a particular African political culture, where personal relations matter more than rules. Parts of the literature suggest 'neo-patrimonialism' as the core feature of politics in Africa, but other researchers have strong reservations about it or reject it as inappropriate.

The concept of neo-patrimonialism reflects cultural values that are widely respected in Africa, linking the choices of the individual to the interest of family, clan or home community. It implies that a patron, culturally anchored in a social and political order, provides followers with his 'own' resources (or those appropriated by virtue of his official position) in order to obtain and strengthen their loyalty and support. Clients, in turn, obtain material benefits and protection. The 'neo-' signifies that patrons typically are office-holders (up to the level of president) in rational-legal state institutions that use public funds to build their personal loyalty among clients so as to stay in power. Thus, neo-patrimonialism connotes a type of hybrid political system in which patterns of patrimonialism coexist with rational-legal institutions.

⁵⁵ The Economist, 17 January 2004.

There is no doubt in this analysis that neo-patrimonialism is important to understanding African politics and economic development. But there are other important forces at play, such as the so-called “drivers of change”. These include and represent interests of the private sector, trade unions, outspoken women, youth, intellectuals, “modern” politicians and underprivileged citizens who question and oppose the power of the “patrons”, and who actively attempt to organise around building a democratic and efficient state and independent institutions and organisations to safeguard it. Progressive leaders and states can also bring about change by exerting positive influence on other countries, illustrated by e.g. South Africa and other countries’ recent regional initiatives to promote democracy. As is to be expected in societies under change there is an ongoing struggle between progressive and reactionary forces.

Denmark’s Development Policy “Partnership 2000” clearly states the Danish approach to this:

“The developing countries are undergoing processes of change in which groups with different interests quite naturally seek to influence the future development and structure of their society. Not all groups give priority to democratisation and poverty-oriented development. The process of change often gives rise to conflicts of interest. Development co-operation seeks to influence this process. This requires in-depth insight into formal and informal political and economic decision-making processes and into the dynamic interaction among various interests in both government and civil society in the developing countries. Denmark will seek to support those interests that are working through formal and informal channels to ensure democratic processes of change that will benefit the poor.”

5.2 An approach to analysing governance in Africa

Research⁵⁶ indicates that macro-economic stability with a relative open economy is a key prerequisite for economic growth and poverty reduction. There are also clear linkages between good governance and poverty reduction, although no actual international consensus on which specific good governance practices are needed in order to create and sustain poverty reduction policies. Governance in Africa is often judged from a rights-based perspective rather than a poverty reduction perspective, and the performance of African states in governance are measured in terms of more or less fixed international norms, where such exists (e.g. human rights norms) and/or Western standards (e.g. parliamentary democracy). While African states, as part of the international community, have an obligation to fulfil international conventions and agreed standards, relying on fixed norms as a basis for assessments, demands or conditions may fail to take sufficient account of the historical context, and may therefore do more harm than good. Instead of talking about good governance, some scholars suggest the less normative ‘good enough government’.⁵⁷

⁵⁶ Grindle, Merilee S: ‘Good Enough Governance: Poverty Reduction and Reform in Developing Countries’ Harvard University and World Bank, November 2002.

⁵⁷ Grindle, 2002

In analysing governance in Africa, it is more useful to take a point of departure in what kind of basic state capabilities are needed to pursue poverty reduction and protect human rights. The following 7 key state capabilities have been suggested⁵⁸:

1. To operate political systems, which provide opportunities for all people, including the disadvantaged, to organise and influence state policy and practice;
2. To provide macro-economic stability and to facilitate private sector investment and trade;
3. To implement a pro-poor policy and to raise, allocate and account for public resources accordingly;
4. To guarantee the equitable and universal provision of effective basic services;
5. To ensure safety and security in communities with access to justice for all;
6. To manage national security arrangements accountably and to resolve differences between communities before they develop into violent conflicts;
7. To develop honest and accountable government that can combat corruption.

These capabilities seem to be useful guidance points for analysing the extent to which the African states are progressing towards a positive development – within the limitations and possibilities of economic and human resources. When analysing good governance in Africa, these key capabilities should be kept in mind.

Improvements in good governance cover a number of possible areas of intervention and a variety of institutions and organisations in the public sector, private sector and civil society. As a practical tool for promoting good governance, the following categories will be used:

- Public sector reform
- Anti-corruption
- Decentralisation (building local capacity)
- Democratisation (constitutional reform, elections, political parties, parliament, civil society)
- Access to justice and the rule of law
- Promoting human rights
- Supporting independent media

5.3 Public sector reform

The public administration in African countries has attracted increased attention from donor partners. This attention reflects changes in international development cooperation paradigms as well as shifts in the domestic political situation within these countries, including popular pressure for responsible government.

⁵⁸ 'Making government work for poor people – building state capabilities' DFID, September 2001.

An increasing focus of development cooperation is on national ownership to the development process as part of the PRSP process. Emphasis is on promoting coherent policies and effective institutions - characterised by responsibility, transparency, accountability, responsiveness and commitment to promoting human rights. These prerequisites are now seen as a necessity for improving service delivery and achieving sustainable institutional development. Moreover, they are needed in order to absorb increased aid efficiently and they are necessary in order for donors to move towards sector or budget support, insofar as public administration should be held accountable. The internal pressure and dynamics are related to the shift in political legitimacy, whereby those in power increasingly need to generate loyalty from their supporters through delivery of services rather than via personal favours. The impact of critical media and public debate has raised expectations of accountability.

During the Structural Adjustment period – strongly promoted by the Bretton Woods institutions – a strong emphasis was placed on changing the role of the state to create an environment conducive to private sector development and market forces, primarily by reducing the state apparatus, privatising public entities and creating macro-economic stability. The PRSP process reflects a revised view of the role of the state on the part of the international financial institutions. The PRSPs are intended to involve a high element of public participation and private sector involvement. This entails an increased role for the ministry of finance and planning bodies for long term planning, establishing monitoring mechanisms and implementing public sector reforms:

- Strengthening of the planning, budgeting and monitoring capability of the economic ministries and the central financial institutions, such as the central bank, and ensuring its independence; this helps ensure macro-economic stability and facilitates investment.
- Strengthening the planning and implementation capacity of social ministries and of the ministry of tax collection as well as oversight bodies such as parliamentary committees and the auditor general help enhance pro-poor policies while raising funds, allocating public resources and accounting for them in an open manner.
- More efficient public services and performance measurement in health and education contributes to equitable and universal provision of effective basic services.

Several African states are undertaking broad capacity development exercises and drastic public administration reforms (training, restructuring, computerisation, salary reforms to attract new and better skilled personnel, introducing performance measurements, downsizing, etc.).

Moreover, most African countries acknowledge the need to increase mobilisation of internal financial resources for development through enhanced tax-collection, private investments, remittances and resources from the NGO sector. Mobilisation of additional domestic resources and increased government responsibility of donor funds can enable governments to provide additional and better services. It can increase accountability to the taxpayers on how public resources are spent and thereby promote government accountability to the total population

rather than to a few supporters or to the donors – in contrast to the former situation, which centred on responding to the needs of foreign donors and lenders.

Apart from its revenue implications 'better' taxation may, under certain conditions, also affect governance positively. Tax practices may shed more light on some of the causes of (bad) governance in Africa. The arguments for the governance potential of taxation are straightforward. To collect taxes in a reliable and low cost manner taxpayers must be encouraged to 'volunteer' to pay, while the non-compliant must be coerced to pay if caught. If this 'bargaining process' is successful it can enhance the effectiveness and legitimacy of the state in three ways. Consultation with taxpayers promotes quasi-voluntary compliance so that taxes are collected more effectively. Revenues are enhanced as a result. Bargaining also helps to generate consensus about and coherence of national policies and priorities for revenue use. Finally, paying tax becomes a valid basis for claiming political influence, and where this takes root, it contributes towards the consolidation of meaningful electoral democracy.

Unless the power of states is constrained by legislatures, the prospects for establishing accountable, democratic governance are limited. Legislatures, in turn, will greatly enhance their counter-veiling powers if they also represent the interests of taxpayers. Politicising taxation issues is thus central to promoting good governance.

5.4 Anti-corruption

Corruption is a major problem in Africa. According to Transparency International's survey, Chad, Nigeria, Madagascar, Kenya, Angola, Zimbabwe, Uganda, Mali, Mozambique and Ethiopia are perceived to be the ten most corrupt countries in Africa. In addition, Cameroon, Sierra Leone, Sudan and Zambia are high on the list.

Corruption has serious negative impacts on the economy, the prospects of achieving poverty alleviation as well as the general political climate. It generally leads to sub-optimal decisions on allocation of resources, it is associated with wasteful spending, and it deprives weak groups of intended benefits.

Corruption takes many forms. In most countries there is a widespread misuse of power amongst low-paid civil servants, including the police, who supplement their meagre incomes with bribes in order to survive. This kind of corruption has a strong poverty bias, as it hits poor victims the most. A long-term solution to this problem will depend not only on enforcement of anti-corruption measures, but more so on implementation of public service reforms, including salary reforms. Other types of corruption take the form of systematic plundering of public resources or fraudulent allocation of concession rights (e.g. exploitation of natural resources), often with the blessing or protection from those highest in power. Apart from undermining the performance of the public institutions, plundering of public coffers also drains national resources and increases poverty. Corruption has a negative impact on effective governance and a negative effect on investment – domestic as well as foreign.

Most countries (at least those not involved in armed conflicts) have expressed their commitment to fight corruption and have established anti-corruption bodies and strengthened accountability measures and integrity systems. The single most important factor in this regard is that public procurement systems are being reformed to follow international standards. The role of the media and the judiciary are also important for this task, as is the involvement of the private sector. The moral foundations by which society can combat corruption – which Transparency International calls ‘integrity’- remains weak. Nevertheless, the private sector, religious groups and civil society organisations have now initiated campaigns in some countries.

Some of the ‘partner countries’ feature high on Transparency International’s Corruption Perception Index: Kenya, Uganda, Mozambique and Zambia. They are also among the countries that have recently emerged from civil wars or authoritarian regimes and their governance structures are weak. This constitutes a challenge for Danish development cooperation, especially in light of the recently endorsed Danish anti-corruption strategy.

5.5 Decentralisation

In conjunction with public sector reforms, the process of decentralisation is gaining momentum in many countries. Decentralisation – or in some countries de-concentration – is seen as essential to improving service delivery, especially to the rural poor. When implemented capably, decentralisation can also enhance democracy, in so far as locally elected bodies, service delivery, and mobilising and administering public resources follow one another, this resulting in a more participatory political system and more accountable government. At the local/decentralised level, however, low capacity is an obstacle. A gradual and planned process of decentralisation along with major investments in capacity building at the local level, including checks-and-balance organisations such as community-based organisations, can help avoid decentralisation becoming decentralisation of inefficiency and corruption.

Central institutions, especially line ministries, almost inevitably resist decentralisation; hence, decentralisation will probably only come about through pressure from especially the rural population and the population living in smaller towns outside the capital (organised in national and community based civil society organisations) – a pressure, which is closely linked to improved service delivery as a result of decentralisation. Decentralisation is a difficult process, which often rearranges local power structures and creates a new equilibrium between the (new) locally elected authorities, the local representatives of central government (regional commissioners and the like) and, in some countries, traditional/customary structures. Hence, it is a process that takes time and calls for careful preparation and thorough discussion.

5.6 Democratisation

5.6.1 Constitutional reform

Most African countries are fairly new democracies and have relatively easy procedures for constitutional change. With drastic changes in public institutions and power-relationships being

demanded from internal and external partners, debate on constitutional issues is widespread. Particularly limiting the powers vested in the executive (reducing the terms of office for the president, increasing decentralisation) is a heavily debated topic. A specific issue in many African countries when moving towards democracy and nation-building, is the protection of minority rights (see 5.8)

5.6.2 Elections

A prevalent view amongst African elites and Western politicians is that political parties competing in elections (must) play a vital role in democratic transition and consolidation – in Africa as elsewhere. The (re-)introduction, in the early 1990s, of multiparty systems in many African countries was generally welcomed by the national publics and the international community. Multiparty systems were seen as the ultimate and irreversible step towards democratisation, and indeed regularly held, multiparty elections have now become the norm in Africa.

Since mid-1980s, most countries have held elections of some sort, and often regularly. During the last decade, elections have become both more transparent and more efficiently administered. Modalities for voter registration have improved, thereby increasing the number of eligible voters, but registration procedures remain cumbersome. The actual conduct of elections has been refined: secret ballots are now routine, some voter education takes place, and observers often supervise the counting of votes.

While the technical aspects of the conduct of elections may have improved, there are still reasons to question the fairness of many elections. Unequal access to the state-controlled media, restrictions in the permission for holding public rallies, and access to public resources in terms of money, cars and facilities are often allocated with a clear preference to the ruling party during campaigning time. This is also the case in countries where elections are considered free, in the sense that they are not marred by violence and threats. Corrupt practices, bribing and vote buying also occur. In countries where the judiciary enjoys a reasonable degree of autonomy, a significant number of election results are often petitioned in court.

Many African countries have taken a major step forward towards popular participation in governance and establishing legitimacy for the executive and the legislature. But there is still some way to go.

5.6.3 Political parties

A great number of political parties typically register and participate in elections. Nonetheless, this generally contributes to fragmentation rather than meaningful political competition with the ruling party. In only a few African countries do political parties represent a specific class or group sharing the same interests. Very often the competing parties are not based on real differences in ideologies, policies or issues. Political parties are, in addition, characterised by weak structures – except for the ruling party, which has the possibility to utilise state resources directly or indirectly in its campaigning for support.

The weakness of many political parties – combined with the prevalent electoral systems of majority vote in single constituencies – makes it very difficult to establish whether a certain distribution of seats in parliament reflects the ‘will of the voters’. This weakness challenges the relevance of political parties as political competitors in Africa. Some countries have chosen to establish party-free democracies. The Ugandan example is often discussed, and observers disagree as to whether the political competition based on the ‘movement’ structure can be characterised as democratic⁵⁹.

Even though the party systems contain a number of limitations and imperfections in most African countries, they have at least one useful function: where political parties in opposition to the incumbent have been able to establish alliances, they have been successful in voting a president out of office and thereby laying the groundwork for a change in regime. This is what occurred in Kenya in 2002 and in Zambia in 1991. The fact that this change could take place through the ballot box represents significant progress.

5.6.4 Parliament

Parliaments in Africa play an increasingly important role and have been rather neglected by donors. In some instances, parliaments have developed from rubber-stamping bodies in to authentically law-making institutions, critically examining and adjusting bills proposed by the government, while also struggling to monitor government policies and financial management. However, many parliaments are not yet equipped to perform this role.

Many MPs and parliamentary groupings lack resources in the form of analytical and research capacity in assessing issues brought before them. However, some parliamentary committees have broadened their resource base by inviting civil society and professional associations to present their views.

A second constraint in parliamentary work is that many MPs, particularly those elected by single constituencies, tend to focus on representing the particular needs and wishes of their constituency rather than having the national interest at heart.

Finally, many MPs become part of the neo-patrimonialistic system: they strive for ministerial positions and have to stay on good terms with the president. Hence, they cannot be an effective opposition. Also, Parliaments have a tendency to grow, cf. e.g. the growth of the Ugandan parliament since 1988. This clearly illustrates a way of buying political support.

5.6.5 Security Sector

While the frequency of military coup has decreased in recent years, transitory non-democratic rule is still a risk in certain parts of Africa. An especially important and often neglected issue is the democratic control of the security sector, especially the military and police. In some countries, the military have become important political (and economic) powers, e.g. Zimbabwe, Rwanda and Nigeria. Obviously, when the control of the security forces is in the hands of a

⁵⁹ After almost two decades with a ‘movement’ based model, a constitutional reform process is now proposing re-introducing political parties ahead of the next elections. Constitutional amendments, which among many other issues propose multiparty structures, are being prepared for either a referendum or parliamentary decision by early 2005

President or a ruling party, this might be - and often has been - used to repress opposition, bring about a military coup, or keep in power an authoritarian regime. Ensuring parliamentary control of the security forces minimises this risk. In the SADC-region, research organisations, civil society, parliamentarians, governments and military leaders are networking on civil-military matters, leading to discussions and practical proposals for improving democratic control of the security forces⁶⁰.

5.6.6 Independent institutions

Other independent institutions, which should perform checks and balances of the powers of governments, are likewise weak resource-wise and/or in their political independence. This applies to human rights commissions, ombudsman institutions, auditor generals, election commissions and others. In light of a typically weak public administration, the importance of these independent checks and balance functions are crucial in creating the conditions for democratic governance, and for effective and transparent policy development and service delivery by the public sector.

5.6.7 Civil society

Civil society organisations play an important role in consolidating democracy and as 'watchdogs'. Interaction between civil society and formal democratic institutions can bring about a more vivid and dynamic political debate. Through their advocacy activities, these organisations give a voice to otherwise voiceless groups. Individual civil society organisations do not necessarily need large constituencies, as long as they are capable of articulating the views of underprivileged groups. In more repressive societies, there are attempts to restrict the movement of critical NGOs, but the general trend is a growing and increasingly outspoken civil society. In many countries, this is particularly true for women's movements, which flourish as the economy grows. Public education campaigns concerning democracy and human rights are necessary for the development of democracy and good governance.

There has sometimes been a tendency, however, to focus on the role of the civil society at the expense of the parliament. Many African politicians, e.g., object to the notion that civil society organisations with limited constituencies should be more legitimate than democratically elected parliamentarians. On the other hand, civil society and parliamentarians – especially those in opposition – often work hand-in-hand to enhance democracy, human rights and poverty alleviation.

Religious leaders and institutions have often been the key to progress on social issues despite some regressive influence (e.g. campaigns against the use of condoms). In the political field, the influence of religious leaders has also been significant, e.g. in pursuing the conduct of elections, improving human rights adherence, rehabilitation of victims of torture, and mobilisation of citizens against corruption. In Malawi, the Council of Churches forced lifetime President Kamuzu Banda to call the elections that led to his downfall. In Zambia, religious groups have been instrumental in preventing an unconstitutional extension of the term of office of the former president, and in Kenya religious organisations played an important role in ensuring free and fair elections in 2002. The strength of these groups is not solely that they can exert political

⁶⁰ Denmark is funding the Southern African Security and Defence Management Network (SADSEM) see www.sadsem.net

influence on decision-makers. More importantly, their strength lies in the fact that they represent or can reach a huge number of citizens through their institutions and networks. These networks often cut across ethnic and geographical divisions and rarely follow political party lines.

Likewise trade unions and similar interest groups (e.g. in South Africa and Zimbabwe) have performed similar roles just as the organised labour market has provided impetus to democratic values through collective action, processes of negotiation and exchange of information for instance.

5.7 Access to justice and the rule of law

The rule of law is widely recognised as a prerequisite for respect for human rights and peace and security and vice versa (right to a fair trial, avoidance of arbitrary arrests, protection of civil rights). However, rule of law is also an important precondition for economic development and investments (for example, the protection of property rights, settlement of disputes). Most countries have constitutionally enshrined the independence of the judiciary, civil and political rights as well as economic, social and cultural rights. Yet access to justice is still not guaranteed in most countries, which is particularly harmful to women and vulnerable groups.

The major problems in ensuring the rule of law are related to capacity and accountability. Under-funded and understaffed courts and prosecution, poor accessibility of defence lawyers, and inadequately updated legal framework are more the rule than the exception. In addition, poorly functioning enforcement mechanisms and institutions, e.g. police, prisons, and arbitration mechanisms, add to the problem. Police lack access to and education in modern investigation techniques. Use of violence including torture is widespread in prisons, police detentions and by the military. Prisons are inhumanly crowded, and the majority of inmates are often prisoners in custody, waiting years to go on trial.

The legal system in most African countries was normally copied from the colonial system. The system has rarely been adapted to fit the actual needs and prevailing perceptions of justice of the country. The lower levels of the legal system are most often official local courts, chiefs' courts or both. They are normally based on customary law, which is rarely codified or written. Such local legal institutions would deal with civil disputes and minor criminal matters, while major criminal cases or political/constitutional issues are dealt with at the higher tiers. Establishing and maintaining a formal court system is very costly, and various attempts have been made to develop low-cost lay courts or paralegal structures. For the individual, access to the system is costly, thus limiting access to justice for poor people. The lower court systems, especially, reflect a serious amount of gender bias.

Several countries, however, have embarked on legal or judicial reforms. In some countries, the high number of incidents of corruption in the legal system, which seriously undermines the confidence in the legal system as such, is being actively addressed. In 2002, the Kenyan government thus suspended half the country's high court judges as a result of corruption

charges, but a number of countries unfortunately refrain from taking similar measures. Prison and police reforms have also been introduced in several countries, but they take time to implement.

The establishment or improvement of commercial courts is taking place in some countries, and alternative dispute resolution mechanisms in both civil and commercial disputes is being promoted. Para-legal advisers and legal aid clinics for the underprivileged have become increasingly common.

The judiciary often plays a significant role in constitutional and other generally political issues, especially when it is perceived to be independent. A high number of public complaints and political disputes are brought before the courts as legal or constitutional matters. In other states, many of these disputes would have been dealt with administratively or within the political sphere, e.g. in parliaments, if these had been capable of assuming their independent checks-and-balances responsibilities.

5.8 Promotion of human rights

Research shows that among African countries, a high level of formal acceptance of human rights provisions (e.g. accession to the conventions) is not strongly correlated with actual human rights implementation. While political commitment may be present, the means to enforce respect for human rights may not. The courts, police and prison services, human rights commissions, national administrations and parliament may not have the capacity to deal with human rights issues. In many countries a strong civil society voice has been successful in pressing through some of the necessary improvements.

Poverty and respect for human rights are interrelated. The most underprivileged segments within countries have a higher risk of having their civil as well as economic rights violated. The uneducated poor have little knowledge of their rights and few means to fight for them.

International labour standards are not sufficiently recognised or respected. Retention of cheap labour practices, e.g., maintains a cycle of poverty, which relies on low costs and low productivity for maintaining income⁶¹.

Gender equality improved considerably across Africa over the last half of the 20th century. Today, an increasing number of African countries endorse the international instruments and standards applying to women's rights and gender equality. More tangible results have been met, such as an increased life expectancy of women and a reduction in the boy/girl disparity in school attendance. But girls' and women's rights are still inadequately adhered to in most African societies. In most cases, women do not have equal status to men with respect to legal, social and economic rights. Thus, it remains a major challenge to translate the international agreements, norms and objectives in the field of human rights and gender equality into tangible

⁶¹ Confer e.g. www.ilo.org

improvements in women's lives in areas such as inheritance rights, participation in (political) decision-making, sexual and reproductive rights, protection against violence, etc.

An often neglected aspect of human rights is how the rights of minority groups – not least ethnic groups - and other marginalized or vulnerable groups are addressed. These include e.g. Africa's 25 million indigenous peoples. There has been an unwillingness to acknowledge that some ethnic minorities in Africa could be referred to as indigenous peoples. Apart from undermining their cultural identity and self-esteem by calling them backwards and traditional, these groups have often also been deprived of their livelihood. In 2003, the African Commission for Human and Peoples Rights under the auspices of the African Union recognised the ILO-definition of indigenous peoples (self-identification).

There is a general tendency to pay special attention to protect the rights of other marginalized groups such as refugees, internally displaced peoples, the disabled and children. The focus on children has gained new momentum. There is an increasing awareness of the UN Convention on the Rights of the Child as a lever for social change e.g. through the work of NGOs engaged in support to the increasing number of orphans and vulnerable children. Some countries are improving the juvenile justice systems and the rights of the girl child have gained significant attention, particularly with regard to education. Finally, on the implementation of the UN Convention against Torture it is noted that the convention has been ratified or acceded to by some of the Sub-Saharan African states but not all.

Another challenge involves respecting the rights of people suffering from HIV/AIDS, including the right to non-discrimination in employment and the right to treatment, let alone the problem of stigmatisation.

Finally, ensuring the rights of refugees and internally displaced persons deserves higher priority.

5.9 Support for independent media

Critical, professional and investigative journalism and media pluralism are major factors and means to complement weak institutions. An independent media is an integral part of a democratic society and a means through which civil society can actively participate in the political debate. Although professionalism in journalism still leaves considerable room for improvement, conditions for the independent press and not least access to broadcasting (e.g. de-monopolising) have improved tremendously over the last decade. Only a few countries have gone in the opposite direction, for example Zimbabwe and Eritrea. Most media, though, are constrained by very limited financial resources. Denmark has traditionally worked closely with the independent media.

In post-conflict situations, independent media are vital for peace and reconciliation. An interesting development is seen in Liberia, where consolidated efforts to strengthen the independent media are taking place in collaboration with a number of overseas partners, including Danish partners.

5.10 Regional and international instruments

The end of the Cold War has resulted in an emerging democratisation, which might slowly be changing the premises for development in Africa. Two of Africa's largest countries, South Africa and Nigeria, have been instrumental in the launching of the initiative called the New African Partnership for African Development (NEPAD) in 2001 and in the re-launching, a year later, of the African Union (AU). NEPAD and the AU have put democratisation and respect for human rights higher on the agenda in Africa.

The NEPAD plan of action focuses on five broad policy areas, one of which is 'Democracy, Governance, and Peace and Security'. NEPAD distinguishes itself from past development initiatives by its explicit emphasis on African ownership of ideas and its pledge to uphold norms of democratic governance and market policies. The NEPAD Peer Review Mechanism, which is intended to serve as a means through which African leaders can monitor compliance with NEPAD principles of political and economic governance, is still evolving. Somewhat delayed, Ghana will be the first country to undergo the review in early 2005. Accordingly, doubts have been raised as to the ability and willingness of some African leaders to implement the voluntary Peer Review Mechanism effectively and to impose sufficient political pressure on their fellow heads of state⁶². According to this position, establishing effective oversight and very clear rules as to how the review should be conducted and the kinds of conclusions that can be drawn would enhance the effectiveness of the mechanism. Another challenge will be to involve African civil society organisations in NEPAD's planning and presentation processes. If the NEPAD process is to be successful, it will be important that the APRM and its supporters focus on progress achieved rather than fixed milestones, and that they keep in mind that this should be a helping hand, not a judgement about the countries assessed.

Regardless of any initial uncertainties, however, development partners commend the NEPAD-initiative and place confidence in the ability of reform-oriented African governments to forward the democratisation agenda throughout the continent. The majority of partners provide financial support to NEPAD and, most importantly, participate in leveraging the initiative politically through the African Partnership Forum⁶³.

5.11 Danish experiences: maintaining a dialogue on governance

Danish support to improving governance in Africa has three key features:

⁶² The unanimous African rejection over the past three years to even discuss the human rights situation in Zimbabwe at the session of the UN Commission on Human Rights, e.g., underscores this concern.

⁶³ A forum involving G8 countries, African representatives of NEPAD and a group of bilateral donors and multilateral/regional organisations.

- Political dialogue in bilateral as well as multilateral fora;
- Good governance as a cross-cutting issue in all development programs and projects;
- Specific programmes.

Critical political dialogue with the African countries on democracy and human rights takes place continuously, often within a wider political dialogue. Denmark conducts bilateral dialogues through its Embassies and during regular high-level consultations. This is seen as an important part of the framework, within which Danish development assistance is provided. In addition, regular contacts with the AU and the sub-regional organisations are envisaged. Within the framework of Nordic cooperation, contacts with a number of African countries take place under the 'Nordic Africa-initiative', which provides for ministerial-level consultations between Nordic countries and some of the most progressive African countries.

An increasingly important forum for political dialogue on governance in Africa is the political and security cooperation within the EU. A central framework instrument, the Cotonou-agreement, requires that the Heads of Missions in the various Africa-Caribbean-Pacific (ACP) countries, have a regular and structured dialogue with the authorities, the opposition, the civil society, etc. (the 'Article 8 dialogue'). Good governance is a key element in this dialogue, and one in which Denmark actively participates. In case of serious violations of basic values and principles, the Article 96 dialogue can replace Article 8, in which case the EU draws up benchmarks in areas where changes in the country's policy are found imperative. The EU, furthermore, conducts a regular dialogue with the AU and the sub-regional organisations. Backed by the EU's development assistance, this political dialogue on governance is a very powerful tool.

Working within the various international organisations, which are continuously refining the development framework for ODA to Africa (World Bank, IMF, , the UN agencies, OECD-DAC and like-minded groups such as Nordic+⁶⁴), Denmark has continued to advocate for the importance of good governance in development cooperation with Africa. This includes prioritising multilateral support in favour of the poor population in countries where poor governance renders bilateral development cooperation difficult or impossible.

The African countries' compliance with the human rights conventions they have signed is discussed at bilateral consultations, as part of EU's country dialogue, and at relevant international meetings, not least at the UN Commission on Human Rights.

Within its 'partner countries', Denmark actively promotes good governance reforms together with other development partners, e.g. through multi-donor budget support mechanisms built around PRSPs. Key reform areas, where Denmark is active, include public financial management, auditing, anti-corruption, improving the capacity of the civil service, decentralisation and legal reform.

⁶⁴ Nordic Plus is a group of likeminded donors, including Denmark, Norway, Sweden, Finland, Iceland, The Netherlands, The United Kingdom and Ireland, which meets twice a year at director general level to discuss current issues with regard to development cooperation.

In conjunction with the general shift towards general and sector budget support, good governance is becoming an increasingly important cross cutting issue. A well-functioning public sector is imperative in order to maintain mutual confidence between donors and recipient countries. In this respect, Denmark and partner countries have a joint interest in improved governance, as most partners prefer the move towards SWAPs and budget support. On the other hand, the close links between governance and budget support represent a potential risk. Donors can, e.g., withhold disbursements due to an unacceptable deterioration in governance capacity not directly related to the disbursement (human rights abuses of prisoners, rigged elections). This withholding of funds may undermine the capability of the partner government or institution to plan and deliver the services expected. Clear and transparent agreements involving central decision makers should therefore determine the overall governance commitments and performance - including specific benchmarks where feasible - and ensure that failure to honour commitments would have implications for the cooperation at all levels.

In all partner countries, programmes and projects in the field of good governance are significant, comprising up to 20% of the national bilateral financial frame. In some countries, thematic and coherent governance programmes are replacing individual projects, e.g., in Ghana, Benin, Kenya and Zambia. These programmes included support for the rule of law, elections, media, civic society, human rights and anti-corruption activities. In addition, general capacity and institutional development in financial management and accountability, public sector reforms, civil service reforms, decentralisation, and poverty reduction planning and execution form an increasing part of Danish development cooperation, as do the policy development and administrative reforms within the sector programmes.

The most recent evaluation of Danish support to promotion of human rights and democratisation was carried out in 1999. The major conclusions and recommendations of the evaluation are the following:

- a) There should be official Danish presence on the ground, and it should be capable of supporting human rights and democratisation in a flexible manner;
- b) Staff should have profound –country-knowledge and be trained in political analysis;
- c) Progress over time in partner countries should be measured;
- d) Closer donor coordination in support of good governance;
- e) Long-term dialogue and ownership of support to human rights and democracy.

While there has been progress in all these areas, including moves towards a more programmatic approach to good governance, the recommendations should be kept in mind for further Danish support.

Finally, it should be mentioned that Denmark often has a comparative advantage in the dialogue and cooperation regarding governance and democracy. In the partner countries as well as in the international community and amongst donors, Denmark is generally considered to be a consistent and qualified actor in the dialogue.

6. Development of Human Resources

A major element in developing human resources is a well-educated and healthy workforce. Access to adequate and relevant education and appropriate health services are fundamental rights that should be enjoyed by any population. The efficiency and productivity of the workforce forms the basis for a competitive productive sector. In this respect, Sub-Saharan Africa, with a few exceptions like Mauritius, is significantly behind other regions. The public administrations are the main suppliers of education and health to the populations, but in many African countries, private organisations such as churches and religious organisations are also important providers of these services.

Health and education indicators are generally lower for Africa than for any other continent; moreover, the population's health and education have seen only marginal improvements over the last three decades. There is ample evidence that investment in human resource development can yield high returns over the long term, but for many African countries it is very difficult to mobilise the required resource inputs. However, even at the same level of GDP there are significant variations. Namibia, for example, spends almost 25% of its GDP on health and primary education, while Benin uses only 11%. Strict and clear prioritisation in policy development and in the planning of public expenditures and donor funds is imperative in order to maximise output in the health and education.

6.1 Education

Education is a cornerstone for development in Africa. Basic knowledge, skills, and attitudes provide students with the potential to broaden his/her understanding and to develop capacities as active, participating members of society, and as future agents of positive change in African countries. In particular, education is an important way to make children's rights a reality, and should be seen as a strong vehicle for change. It enables the child to make choices, to become literate, form his/her own opinions and develop self-reliance. Good quality education improves the live conditions for children and their families by creating knowledge, which can improve e.g. health, community participation, gender awareness, HIV/AIDS awareness and general peace building.

In view of the immense challenges they face, educational services in Africa are heavily underdeveloped. Not much aggregate data are available to illustrate the situation in Africa, but the public budgets for primary education are almost entirely spent on teacher salaries (Kenya with 95.8% being the highest recorded in 2000), leaving the costs of, for instance, teaching materials and school uniforms with the parents. On average in 2000, each teacher had 47 pupils in a class in Africa, but the variations are considerable. In Botswana and South Africa, school classes had 27 and 33 pupils, respectively, while Ugandan and Mozambican teachers were on average teaching 59 and 64 pupils each. Primary school enrolment rates differ between countries.

In most African countries, the education systems suffer a number of problems and shortcomings. They are often heavily understaffed and under-funded. There is a great need for increased funding – also from the international community. The teachers are poorly trained, badly paid and inadequately motivated. Pupils are not always encouraged by their families to attend school; the children may have to walk long distances and are often poorly fed. The low quality of schools leads to low enrolments, poor attendance and high dropout rates, especially for girls. Better-off parents react by enrolling their children in expensive private schools, which further deepens the marked social differences. Some African countries have in recent years introduced free, universal primary school, resulting in dramatic increases in enrolment and even more overcrowded school classes. In many cases, the resulting drop in quality, often combined with an inhospitable environment in the schools, leads to lower attendance, as parents – needing their child's labour inputs - keep their children at home. Unfortunately, the general picture in recent years reveals a decline in the number of children attending school, and a lower ratio of girls to boys' enrolments, though with some exceptions.

Secondary schools have traditionally been exclusively focused on preparation for university education, even though the vast majority of the pupils never obtain the opportunity to attend university. Recognising this fact, African governments now try to promote vocational training and non-academic educations, e.g. nurses, teachers, artisans and social workers, but this has had little impact on mainstream secondary education, and their recognition is generally not reflected in budget increases. The presence of large numbers of disenchanted young people who have completed what they thought was a valuable secondary education only to find themselves without jobs or income, has given rise to serious social tensions in many African countries.

Good quality higher education is essential for the development of both the private and public sectors. Its level of development determines the required size of the tertiary education system in a particular country. However, the costs of maintaining an education system at the tertiary level are relatively higher for a poor country than for wealthier countries. As an example, South Africa spent 61.3% of its GDP per capita per student in 2000, while Lesotho spent as much as 962.7% of GDP per capita per student. The challenge for the African governments is to establish the most effective size of its tertiary education system, so that it reflects a realistic demand for higher education in order not to waste valuable government resources.

Technical and vocational education and training has undergone radical changes during the 1990s, as public training provision declined markedly as a consequence of structural adjustment, while at the same time donors shifted the emphasis towards basic education. Also the approach has changed, reflected in the increasing use of the term 'skills development' rather than training. The notion of training used to refer to separate institutions or was seen as a distinct part of schooling targeted at youth or people in their early adulthood. In recent years focus has increasingly been on enter-prise based training. Although the interest in training for the informal sector has grown, commitment by government and donors to the informal sector remains weak in practice.

The education sector is heavily affected by the impact of HIV/AIDS. Teachers are a high-risk group in relation to the pandemic, and in many countries the mortality is so high that it is

difficult to maintain the already inadequate number of teachers. Skilled teachers are not easily replaced. In hard-hit countries, more teachers need to be trained, but conventional teacher training will not be able to meet the demands because of the high costs related to conventional education.

Special efforts must be made in the education sector to prevent the further spread of HIV/AIDS. Almost regardless of the countermeasures taken, the death of tens of thousands of teachers across Africa will reduce the rate at which the education system is able to train coming generations. In addition, the resulting larger number of students per teacher in combination with the incurred fiscal burden of training new teachers and/or a reduction in the educational requirements of teachers will undermine the central role of education in preventing and combating HIV/AIDS.

Many governments in Africa are now realising the potential of open learning and distance education as a way of increasing access, improving quality and cutting costs at the same time. The increased access to education through open learning and distance education could include groups, which have been marginalized by disability or gender. The quality of primary and secondary education could be improved if this approach is applied for the training of teachers, and supported by policies and investments in materials and qualified staff.

Other possible strategies, besides reducing the teacher-training period, could be that of enticing former teachers to return to the education system and allowing teachers to work after retirement age. In a number of African countries, between 25% and 50% of trained teachers do not teach in primary schools for various reasons.

The education sector is one of the areas where the gender dimension is most important, which is also indicated in the MDGs (Goal 3). The World Bank has long acknowledged that investments in girls' education provide the best returns of any development effort. Not only will the productivity of women increase dramatically, but as the person responsible for family management, educated women tend to have fewer and better-spaced children, their families are healthier and better nourished, their children more motivated for education, and educated women tend to participate more in decision-making. However, such education is often attained with great difficulty. The girls are less encouraged – if not directly discouraged – to attend school, their chores in the family are more extensive, they are given little attention or status in school and are quite early subjected to sexual harassment by teachers and boys. Many parents keep their teenage daughters away from school for the latter reason. Pregnancy normally leads to termination of school enrolment.

The inclusion of special needs education for the disabled and other minority groups in the education sector is likewise important. Access to schools and literacy rates are lower for excluded and marginalized groups such as indigenous peoples than for other sections of the population. Moreover, many of these groups live in the periphery of their respective countries, where the number and quality of schools are below national averages.

6.2 Health

Protecting and promoting health is central to the process of poverty reduction and human development. A sick person is less productive; a liability both to the family members affected and to those who must support them, and expenses associated with disease is one of the major causes of impoverishment. The benefits of investing in health care in terms of poverty alleviation is well established⁶⁵, what is not well documented is whether investments in health provides more or less effect in this respect than investments in other sectors, e.g. education, agriculture or roads.

After independence most African countries adopted WHO's Primary Health Care strategy. This emphasis on cost-effective services for the most common and important diseases produced remarkable reductions in morbidity and mortality. Subsequently the recurrent cost implications of the infrastructure (buildings, vehicles, personnel etc.) that was established proved too high for the fledgling economies, a problem that was further aggravated by the economic decline following the oil crisis. The result was stagnating, often declining, performance. In order to change this situation many countries embarked on new approaches including decentralisation; user charges and health insurance; and integration of vertical programmes in general service delivery with an emphasis on district health management. All with the aim to curb government expenditure and improve efficiency. These strategies, often labelled health sector reform, were strongly supported by the donors increasingly in the form of integrated approaches supporting well-articulated government policies and plans. This assistance modality was named SWAp⁶⁶ and often included a significant element of pooled donor funding. It too was an attempt to enhance efficiency of the funds available to governments. Reducing the health infrastructure in order to achieve a better match between its size and the resources available for running it, was rarely if ever part of the reforms, except for retrenchments of staff following structural adjustment. Such radical action was deemed politically impossible to embark on. At the same time the private sector, for profit and not for profit, was expanding, and in many countries it is now responsible for around half of service delivery.

Today, the health sector of most African countries faces numerous problems caused mainly by the combination of declining resources in real terms and an escalating disease burden. HIV/AIDS, drug resistant malaria and other mainly preventable diseases have aggravated this burden. Furthermore, countries are now facing a double disease burden due to the arrival of "modern" mainly life-style related diseases like tobacco induced disease, traffic accidents and diabetes. The problems are illustrated by developments in health indicators, which are generally moving in the wrong direction, or are otherwise moving too slowly to fulfil the MDGs.

Life expectancy at birth for Africans has fallen drastically over the last 15 years, due mainly to the increase in HIV/AIDS, but also due to other diseases, particularly malaria and TB. In many countries, life expectancy is now 40 years or less. This development, affecting all parts of society, poses a serious threat to the development process. Of 35 countries rated in the low

⁶⁵ E.g. by the Commission on Macro-economics and Health (WHO)

⁶⁶ The term was coined in 1967 and first used in the health sector.

human development category of the UN's latest Human Development Index 2004, 32 countries are from Africa.

Between 1997 and 2000, health expenditures per capita in Africa (both public and private) amounted to 29 USD per year. This figure differs substantially from country to country. South Africa and Botswana are on the high end of the scale, with US\$ 255 and US\$ 191, respectively, whereas in Mozambique and Benin, only US\$ 9 and US\$ 11 per capita, respectively, was spent for health related purposes by the government or by individuals. For many the goal is that government should have 9 \$s per capita for district health services⁶⁷, although the Abuja Declaration sets a target of 15\$/cap for health services and Commission on Macro-economics and Health estimate that 30-40\$/cap are needed to reach the MDGs.

There is in fact no clear-cut relation between the health budget and the achievements in terms of health outcomes. Partly because of the multitude of weak links in the chain running from government spending to health outcomes. Partly because the effect of the money invested depends on the choices for their use, an important aspect of this is resource allocations, for example between levels (central/district), type of services (curative/preventive) and geographical (rural/urban) and social strata (rich/poor). No blueprint exists and priority setting in the form of policies and strategies will need to be developed on the basis of the problems and conditions in each individual country.

African countries are struggling with extremely difficult issues:

- How to increase financing while at the same time secure access for the poor. Given the sector's huge financing gap user charges, be that formal or informal, cannot be totally abolished, and effective exemption mechanisms are therefore key to ensuring quality services for the poor. In this context many countries are embarking on health insurance in different forms.
- Decentralising health services often as part of a more fundamental devolution of power to lower levels. This poses new challenges for health ministries on how to secure the quality of services, when they are no longer responsible for running them.
- Achieving synergy and complementarity between the public and private sector, in order to utilise all the available resources most efficient in reaching the governments ambitions for improving the health of the population, not least the poor.
- Maintaining and increasing proper staffing levels and motivation.

Particularly the latter is emerging as one of the biggest challenges for improving health services, so big that it is often labelled the Human Resource Crisis. Countries are faced with too few funds to maintain the levels of health professionals needed. This is aggravated by the opportunity for doctors and nurses to work abroad at much higher wages, with which the governments cannot compete. In Ghana, for example, the yearly exodus of doctors and nurses is almost equal to the production. To this is added the worldwide problem of attracting health professionals to remote and poor areas. Furthermore, authoritarian and old-fashioned management systems provide little incentive for improving performance.

⁶⁷ From "Better Health in Africa", WB 1994.

Millennium Development Goals are now providing the direction for developments also in the health sector. In Africa they are not achievable within the given timeframe. It is crucial to realise that those who eventually will have to deliver the MDGs are not governments but health workers private as well as public. These health workers are too few, are insufficiently paid, have ambiguous career opportunities, and are working in poor facilities. As a consequence they are often poorly motivated and management control is weak. To them the commitment of top government officials may mean little. Thus, it is important to raise the motivation of this workforce by providing decent working conditions. The solution is not only providing the additional financing for employing sufficient numbers and paying a decent salary. An important part of the solution is modernising management, and first of all making health workers at all levels responsible for target setting.

Controversies (esp. religiously-founded) regarding sexual and reproductive health and rights led to the issue being excluded from the MDGs. However, UN-agencies and a number of bilaterals, including Denmark, have been active in promoting the issue, linking it not only to the health agenda, but also to the wider discussion on democracy and human rights, not least the gender aspects hereof.

Marginalised and impoverished groups need to be specifically targeted in health policies and programmes. A special problem is indigenous communities, which often do not have access to health facilities or health campaigns, and where mortality rates are much higher than national averages, including extremely high infant mortality rates.

The cause-effect relationship between environmental and social health determinants may lead to increase in such poverty related illnesses such as diarrhoeal diseases, respiratory diseases related to in-door air pollution and vector-borne infections. Because important health determinants are related to development activities in non-health sectors such as for example water, agriculture, environment and transport, it is important that efforts to prevent adverse health effects should take a starting point in crosscutting actions for health risk prevention and management.

In order for the health sector to contribute to the building of African human resources, the problems must be addressed at many levels with further development of sound policies and systems. This reflects the realistic possibilities within the existing capacity, but without neglecting specific poverty related activities.

6.3 Factors effecting human resources

Even when a country succeeds in creating a well-educated and healthy workforce, this development will often be undermined due to a number of factors, the most important being HIV/AIDS, migration, gender inequalities and vulnerability of specific social groups.

6.3.1 HIV/AIDS

Africa is by far the most severely affected region in terms of HIV/AIDS. With only 10% of the world's population, it holds approximately 67% of the world's HIV/AIDS cases. Out of the 38 million people in the world suffering from HIV/AIDS approximately 25 million live in Africa. Of the 4.8 million people infected with HIV in 2003, three million people were living in Africa, and of the three million of the world's people which died from AIDS in 2003, 75% were from Africa.

There is a tremendous diversity across the African continent in the levels and trends of HIV infections. In Southern Africa, all seven countries have adult prevalence rates above 17%, whereas in West Africa no country has a prevalence rate above 10%. Adult prevalence in Central and East Africa ranges from 4% to 13%.

African women are at greater risk of becoming infected at an earlier age than men. At present, there are 13 infected women for every 10 infected men in Africa. The difference is even more pronounced among 15-to-24 year olds, where the ratio ranges from 20 women for every 10 men in South Africa to 45 women for every 10 men in Kenya and Mali. Moreover, women also carry the major share of the burden of caring for the sick and orphans, and young girls are often deprived of schooling, as families might withdraw young girls from school to care for ill family members. Challenging negative gender roles are critical to the global AIDS response, and strategies to reduce girl's and women's vulnerability must include strategies that promote women's advancement and human rights.

With the world's highest HIV prevalence, Africa faces the greatest demographic impact. In the worst affected countries of Eastern and Southern Africa, the probability of a 15-year old dying before the age of 60 has risen dramatically. In seven African countries where HIV prevalence exceeds 20%, the average life expectancy of a person born between 1995 and 2000 is now 49 years – 13 years less than in the years before AIDS. In Swaziland, Zambia and Zimbabwe, the average life expectancy of people born over the next decade is projected to drop below 35 years in the absence of antiretroviral (ARV) treatment.

AIDS has killed one or both parents of an estimated 12 million children in Sub-Saharan Africa. Far too many orphans and vulnerable children are not properly cared for. Those living with foster families or as street children are likely to be malnourished, underweight, short for their age. In worst-case scenarios, orphan and vulnerable children may be abducted and enrolled as child soldiers or driven to hard labour, or to sex work.

In order to reduce the effects of HIV/AIDS on the development of human resources, it is imperative to develop and implement strategies, which can deal with the disproportionate impact of HIV on women, girls and orphans, such as income generating activities, school support and food assistance and even lodging. Children between the age of five and thirteen are generally seen as an HIV/AIDS free generation. Targeting this age group is therefore of key importance.

The pandemic is also generating a serious strain on budget resources. The mortality among staff in key sectors such as education, health and the military gives rise to additional need for training. Since the late 90's international funding to combat HIV/AIDS has increased significantly, from approximately USD 400 million to USD 4.7 billion in 2003. At the same time, cheaper drugs prices and new international initiatives such as the Global Fund, Clinton Foundation, the WHO 3by 5 initiative and the US's PEPFAR (The President's Emergency Plan for AIDS Relief) have contributed to ARV treatment becoming a more realistic option for low income countries. However, as provision of and demand for ARV increases, there is a danger that prioritisation and focus changes away from support to primary health care, thereby shifting already scarce resources and creating an imbalance in allocation of funds and human resources, often to the detriment of controlling other poverty related diseases. Hence HIV/AIDS creates some very real dilemmas for service providers and donors. Some countries have extremely ambitious goals. For example is the Tanzanian government's Care & Treatment Plan aiming at 400,000 Tanzanians on ARV by 2008, the drugs alone will cost almost half of the present health budget amount. Prevention is, as shown by numerous studies, by far more cost-effective than ARV in saving life-years and stopping the spread of HIV and there has been a tendency towards focusing the funds available on prevention. Treatment with ARV has of course also a role, as governments need to provide balanced health services. But, as also pointed out in the Danish HIV/AIDS strategy, a proper balance is needed, and this implies at least that any large scaling up needs to be backed by solid evidence that it is feasible and effective under the given circumstances. This also goes for the surviving relatives and other dependents.

It is of key importance to scale up ARV use in such a way that it improves the health systems rather than distort it. Moreover, the increasing commercial and informal supply of ARV poses a challenge in terms of continuity and prevention of resistance. It is also important to ensure sustainability and avoid situations where donor fatigue in the future leaves countries with a big ARV programme that they will have to fund from their very scarce domestic resources. Experience has shown, e.g., inadequacies in efficient allocation from the Global Fund for HIV/AIDS, Malaria and TB.

6.3.2 Migration

The mobility of the African population is significant to understanding Africa's integration in the world economy. Migration is for many Africans an integrated part of the family survival strategy. The migration of a family member to work or study abroad, living with e.g. relatives, can be a valuable investment for an entire family.

At a larger scale, labour migration can potentially provide a form of development support, especially through the acquisition and transfer of skills and remittances. However, unmanaged and indiscriminate international recruitment of skilled workers is more often the case, and this has a negative impact in countries of emigration, with fragile economies and skill shortages in sectors from which workers are recruited.

Many Africans obtain university degrees outside their home countries. In Kenya, for instance, the number of university students studying outside Kenya is more than half the number

studying within Kenya. The expatriate students are studying in both the developed and developing countries.

Immigration can be a benefit for a country facing labour shortages. It removes labour scarcity for the receiving countries and facilitates occupational mobility. Labour migration can help developed countries in their effort to maintain the current workforce level. Migration flows are shaped by highly varying combinations of historical, economic, demographic, political or environmental factors within any country, region or between the continent and overseas destinations. Inter-African migration far outstrips the volume of workers or asylum seekers knocking at the doors of industrialised countries.

In the ongoing process of globalisation, labour-related migration within and from Africa is expected to remain a major social and economic force. Brain drain – an important sub-set of labour-related migration – is one of the most serious migration issues of concern to African countries, as it has profound development implications. The ‘feminisation’ of brain drain is also a noteworthy phenomenon, as a growing number of highly skilled African women, are now leaving their home countries.

No systematic data are available regarding brain drain in Africa. However, available fragmentary information on highly skilled African migrants provides an insight into the scale of the phenomenon. According to the International Organisation for Migration (IOM), West Africa has been the most important source of brain drain from Africa over the last thirty years, and from the 1980s we have witnessed a substantial brain circulation to other African countries. Until recently, Côte d’Ivoire was a magnet for skilled and unskilled labour from all of West Africa. Two small oil and mineral rich Central African countries – Equatorial Guinea and Gabon -- have recently become important destinations for both skilled and unskilled workers from other African countries. For several decades, the war-torn countries in the Horn of Africa not only produced huge numbers of refugees but also legions of highly skilled emigrants. Human rights abuses including torture carried out in some Sub-Saharan Africa states often target well-educated oppositional groups, causing them to flee, thus increasing the “brain drain” out of Africa or to other African countries. The economically buoyant countries in Southern Africa – Botswana, Namibia and South Africa, and formerly Zimbabwe – have attracted skilled migrants from neighbouring countries.

Based on the latest available statistical data, the IOM estimates that some 3.8 million Africans live in Europe, North America and Australia, including several hundred thousand high level professionals. According to the World Bank, some 80,000 highly qualified Africans leave the continent annually to work overseas.

Countries of destination hardly acknowledge migrants’ contribution to development, and brain migration can in some instances turn out to be a mere ‘brain wastage’, as skilled people might end up in either irrelevant positions or working for much lower wages than their qualification merit.

Migration may also contribute significantly to the development of African countries, if migration is viewed and understood as a development resource. The importance of remittances has been stated in Chapter 3.3.3. The migrant Diaspora, composed of unskilled, semi-skilled and highly skilled migrants, must also be seen as a development resource.

6.3.3 Gender dimension

In most African countries, women are the main producers of agricultural products, especially staple foods. They generally work longer and harder than men. If development is to be pursued in an efficient manner, women must be provided with much better opportunities and support. All societies experience gender asymmetries. In no region of the developing world are women equal to men in social and economic terms. Although legislation sometimes awards women the same formal rights as men, actual practise is to the disadvantage of women in the sense that practise originates from tradition, which prioritises the man and his family. Therefore, women and girls bear the largest and most direct costs of these inequalities, but the costs cut more broadly across the society.

The last half of the 20th century saw great improvements in the absolute status of women and in gender equality in most developing countries. With few exceptions, female education levels improved considerably. The primary enrolment rates of women nearly doubled in Africa, rising faster than boys' enrolment rates. Women's life expectancy in developing countries has increased by 15-20 years, and more women have joined the labour force.

In much of Africa, however, women still obtain land rights chiefly through their husband as long as the marriage endures, often losing these rights when they are divorced or widowed. Women continue to have systematically poorer command over a range of productive resources, including education, land information, and financial resources. The practise of female genital mutilation constitutes the worst kind of gender discrimination. Moreover, young and particularly married women are suffering from HIV/AIDS epidemic, which reduces the workforce and productivity in agriculture and leave many children as orphans.

Gender inequalities impose large costs on the well being of men, women and children, profoundly affecting their ability to improve their lives. In addition to these personal costs, gender inequalities reduce productivity in farms and enterprises, thus impeding prospects for reducing poverty and achieving economic progress. Gender inequalities weaken a country's governance and hence, the effectiveness of its development policies.

Gender inequalities also impose costs on productivity, efficiency, and economic progress. By hindering the accumulation of human capital in the home and the labour market, and by systematically excluding women or men from access to resources, public services, or productive activities, gender discrimination diminishes an economy's capacity to grow and to raise living standards.

6.3.4 Vulnerable groups

Minorities in Africa, whether ethnic, sexual or social, are often vulnerable groups whose rights are being violated by the failure to respect or recognise the values, institutions and ways of life

of those minorities. Even though such groups can represent substantial proportions of a nation's population, and hence human resources, they are being subjected to political exclusion and discrimination. These groups require adequate rehabilitation in order to be reintegrated into their societies and contribute to their development. What are needed are approaches that constructively build on the diversity of cultures in African states and thereby integrate multicultural policies with human development strategies.

Development of human resources must include all groups, and special focus must be placed on including otherwise excluded and marginalized sectors such as ethnic minorities, who typically suffer from the lowest educational levels and lack of access to skills development.

More than 10% of the African population is either disabled or have serious learning disabilities. Apart from respecting the human right to live a decent life also for these groups, nations are obliged to integrate disabled people into the development process, and policies in this respect need to be (further) developed.

6.4 Danish contributions to development of human resources

Denmark has extensive bilateral and multilateral experience in the field of development of human resources. For years, Danish development assistance has focused on improving and developing human resources through investment in education and health. Since the emergence of the Sector Programme Support and the Sector Wide Approach in the 1990s, cooperation in the social sectors has been one of the three pillars of the new development partnerships.

In the health sector, Denmark supports programmes in Kenya, Ghana, Mozambique, Tanzania, Uganda and Zambia as part of SWAP processes. In addition, water and sanitation programmes are supported in Benin, Burkina Faso, Ghana and Uganda. Evaluations⁶⁸ provide an indication of the positive outcome of shifting from project support towards Sector Programme Support. Health is an issue with strong implications for other sectors, and there is a need for devoting more attention to the health sector's interaction with sectors such as education, environment, agriculture, etc. Another lesson learned is that the effectiveness of support is strongly influenced by the degree of political commitment and ownership at the country level, and the capacity within the health sector. The importance of systematically integrating a gender strategy in activities of health sector support is an additional lesson to be learned. Finally, by focusing on Primary Health Care principles, health has been brought closer to the people and priority health problems have been addressed. Reproductive health is typically an integrated part of Danish bilateral aid to the health sector. In addition, Denmark support UNFPA managed Reproductive Health Commodities Fund, which provide contraceptives to approximately 50 developing countries.

In the education sector, Denmark supports programmes in Mozambique, Zambia and South Africa and is presently planning support to Benin and Burkina Faso. Support to vocational education and training has been part of Danish development cooperation for almost four

⁶⁸ Evaluation of the Danish Bilateral Assistance to Health 1988-97.

decades, and African countries account for a substantial share of the total support provided. The emphasis of Danish support on formal training centres and provision of technical assistance is gradually being replaced by an approach, which emphasizes support to systems reform and institutional development. A joint donor evaluation of support to basic education⁶⁹ suggests that the shift from project-based aid to programme and sector support improves the national ownership in partner countries. However, project support may represent an important supplement, particularly in the form of activities, which target marginalized groups. Though important, emphasis should not only be on the formalised primary school, but also on education of adults and young children. Particularly concerning skills development (vocational education and training), a recent evaluation⁷⁰ recommends devoting more attention to in-service rather than pre-employment training and to the informal sector. It is recommended that the activities supported should focus more on developing skills and competences useful in the rural areas (where the majority of the poor people live), and that NGOs and the private sector is becoming more involved in the provision of vocational training.

Denmark also has a track record of supporting inclusive education, which caters especially for disabled children. Major interventions have taken place in Uganda and Kenya, and the experiences have been used to influence the international organisations setting the norms for education worldwide. Denmark has been an active participant in the initiatives centred around Education for All, initiatives that have inspired the MDG goals on education.

Concerning /AIDS, a new 'Danish Plan of Action for Combating HIV/AIDS' is presently under preparation and will form the background for further interventions to assist African countries in combating the epidemic – bilaterally and multilaterally.

7. A coherent approach

The Analytical Overview has analysed challenges and options facing Africa in the 21st century. It provides a basis for the formulation of a general and coherent policy, which includes foreign policy, development policy, trade policy and security policy towards Africa. The analysis has focused on issues relating to the integration into the world economy, generation of growth, prevention of armed conflicts and organised violence, encouragement of democracy, good governance and human rights, and development of human resources.

It lies beyond the scope of the analysis to provide solutions. Nevertheless, one lesson that can be drawn from the analysis is that a coherent and strategic approach to the challenges in Sub-Saharan Africa – bringing together all partners in dialogue on lessons learnt, comparative advantages and harmonising efforts – could contribute to a more peaceful and prosperous Africa. Another lesson learnt is that any single initiative will require an in-depth analysis of the specific and coherent country/region/problem.

⁶⁹ Local Solutions to Global Challenges: Towards Effective Partnership in Basic Education, 2003/7.

⁷⁰ Evaluation of Danish Assistance to Vocational Education and Training, 2002/5.

Not only has it become increasingly recognised that coherent and concerted efforts by all parties will be needed to bring peace and prosperity to Africa. More than before it has become evident that numerous problems in different African countries concern Africa at large and that many of Africa's problems concern the world.

This recognition has created a momentum in Africa itself and among Africa's partners in Europe and elsewhere, a momentum that sensibly translates into preparedness to apply solutions so far considered of little practical value.

Denmark will have to consider this scenario carefully in preparing a new strategic framework for a partnership with Africa and make the best of experiences, opportunities and potentials - as a longstanding bilateral partner, as a member state of the European Union and as a member of the UN.

The strategic framework must be realistic. No quick solutions are present - but urgency is. The next decade is decisive if Africa is to take full advantage of the opportunities of the 21st century.

Abbreviations

ACP	African, Caribbean and Pacific Group of States
AGOA	African Growth and Opportunity Act
APP	Africa Programme for Peace
APRM	African Peer Review Mechanism
ARV	Antiretroviral
ASF	African Standby Force
AU	African Union
COMESA	Common Market of Eastern and Southern Africa
CPR	Civil and Political Rights
CPIA	Country Policy and Institutional Assessment
DANIDA	Danish International Development Assistance
DRC	Democratic Republic of Congo
EBA	Everything But Arms
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
ESDP	European Defence and Security Policy
ESCR	Economic, Social and Cultural Rights
EU	European Union
FDI	Foreign Direct Investments
GNP	Gross National Product
HIPC	Heavily Indebted Poor Countries
HRDGG	Human Rights, Democracy and Good Governance
IDP	Internally Displaced Person
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IOM	International Organisation for Migration
LDC	Least Developed Countries
LIC	Low Intensity Conflicts
LICUS	Low Income Countries under Stress
MDG	Millennium Development Goals
MP	Member of Parliament
MTEF	Medium Term Expenditure Frameworks
NEPAD	New Partnership for African Development
NGO	Non-Governmental Organisations
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PRS	Poverty Reduction Strategies
PPP	Purchasing Power Parity
PRSP	Poverty Reduction Strategy Paper
PSO	Peace Support Operation
SADC	Southern African Development Community

SALW	Small Arms and Light Weapons
SDT	Special and Differential Treatment
SPS	Sector Programme Support
SSA	Sub-Saharan Africa
SWA	Sector Wide Approach
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNSG	United Nations Secretary-General
WTO	World Trade Organisation
WSSD	World Summit on Sustainable Development