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MAKING PROGRESS IN AFRICA

AN UPDATED ANALYTICAL OVERVIEW

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SUMMARY

This analytical overview of major issues and challenges facing Sub-Saharan Africa[1], incorporates key developments since the presentation of the current Danish Africa policy in 2004. The purpose of the overview is to provide a thorough basis for a new Danish Africa policy, which will be presented in a separate document. The overview itself therefore in general abstains from drawing policy conclusions.

The overview confirms that positive trends have continued in recent years, but also that significant challenges remain. Poverty reduction is the primary objective of the international community in Africa, and most observers agree that Africa overall will not meet the Millennium Development Goals (MDGs), and that a major effort is needed to ensure continued progress. African countries are increasingly divided among good performers with high growth rates, and a group of countries lagging behind and characterised by low growth, political instability and high levels of poverty. Population growth and the increasing number of young people in Africa present a unique and growing set of challenges in an era of globalisation, where issues such as radicalisation and migration have profound regional and global implications, and are moving higher on the international agenda.

Foundations for Development

Africa is not reaping the full benefits of globalisation, and the continent's importance in the global economy is shrinking. Globalisation has caused the development challenge in Africa to become increasingly complex and has also caused a broadening of the objectives for international engagement in Africa. Development assistance cannot be seen in isolation from other policy areas such as trade, security and migration.

Poverty alleviation remains the key objective of the international community in Africa and the overriding objective of development aid. Poverty includes an important economic dimension, but the entire life situation of individuals needs to be addressed in a human development approach. This is another reason why a comprehensive approach is needed in Africa, an approach that includes more than just development assistance. Poverty is also gender-specific, and gender aspects require cross-cutting attention.

While the rate of population growth is slowing down in other continents, the African population will continue to grow rapidly, and the number of young people will rise significantly. This creates a particular set of challenges for donors and governments in Africa, in particular in West Africa where population growth is highest. To ensure education and jobs for increasing numbers of young people will be essential for dealing with other issues high on the international agenda in an era of globalisation, such as migration, conflict and radicalisation, and will demand a multi-sectoral and multidimensional approach. Young women are often marginalized and with even fewer possibilities and rights than young men.

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[1] For ease of reading, the term 'Africa' in this report denotes Sub-Saharan Africa unless it is indicated that North Africa is included.

However, the energy and flexibility of youth and demographic transition with a decreasing dependency ratio of children and elderly to the working population also presents a window of opportunity, and there are indications that Africans are becoming more optimistic about the future and more willing to endure hardship in the short run as a consequence of reform efforts.

Economic growth is crucial for employment generation and poverty reduction. A significant number of African countries have experienced robust growth rates over the last decade. The high growth rates appear to have gained momentum since 2003, driven by increasing prices of raw materials and by strengthened reform efforts. However, there is significant variation among countries, and many continue to be trapped in conditions of low growth. This has led to a stronger focus on economic growth in national development planning in recent years.

Despite a strong trend of urbanisation, agriculture remains Africa's dominant economic sector. The need to improve agricultural productivity and the challenge of generating alternative sources of income should be addressed in a comprehensive approach. The private sector more broadly plays a key role for generating economic growth and some African countries have had remarkable successes with reforms aimed at strengthening an enabling environment. This had led to recent increases in foreign direct investment and other private capital inflows, which contribute to economic growth and development of local capital markets.

Migration in response to hardship and insecurity and the prospect of a better life elsewhere is a long-term feature of the African continent. Migration takes place mainly among or within African countries. In some cases, migration can have negative economic effects and cause social tensions. Migration from Africa to Europe, while less significant than intra-African migration, has increased in recent years. Brain drain is a significant problem for many African countries, but experiences gained abroad may become valuable if these migrants return home. Remittances have also grown rapidly during the last decade as a source of financing, heightening donor interest in cooperation with diaspora organisations.

There is no doubt that long-term sustainable growth in Africa will depend on trade liberalisation. However, African countries would need to undergo considerable adjustment to benefit from trade liberalisation, and 'supply side constraints' hamper not only exports, but also the economy in general. There is growing evidence that trade liberalisation in the short run will have little or even negative impact on GDP in most African countries. Negotiations on Economic Partnership Agreements (EPAs) between the EU and the regional groupings of ACP countries are ongoing and aim at a gradual integration of African countries into the world economy. African governments see economic integration at the sub-regional level as a first step in implementation of the EPAs.

The health sector in most African countries is under-funded and struggles with insufficient staffing levels and low motivation of employees. HIV/AIDS and other infectious diseases place a huge burden on health systems. The HIV/AIDS epidemic continues to expand in some countries, with very high infection rates in particular in Southern Africa, but appears to be levelling off over all. Prevention will remain central in the fight against HIV/AIDS, but as anti-

retroviral medication becomes cheaper, it creates a need to scale up this treatment, building upon national health systems.

Education is a powerful motor of development. Literacy rates in Africa have improved, but remain well below those of other developing countries. The MDG of universal primary education will not be met, and in particular many girls do not complete primary school. Increasing attention is being given to the need to invest in vocational and higher education in order to promote economic growth. Public investment in research and development may also have a strong impact on income and poverty.

African countries have the lowest emissions of greenhouse gasses, but Africa is more vulnerable to climate change than the rest of the world. The effects of global warming, including both desertification and increased flooding, are already having an impact. Adaptation to climate change is an urgent priority, but Africans also need access to modern, clean energy sources for their long-term development. Economic growth and development in Africa depend largely on sustainable use of natural resources and ecosystem services. At least four of the MDGs will not be met in Africa unless decisive action is taken to stabilize ecosystems.

Peace-building and state-building

Effective and democratic states based on good governance are conducive to development, as they have the organisation, capacity and legitimacy to promote long-term stability and sustainable development. State-building includes a comprehensive focus on all the state's core functions, and it remains a general challenge in Africa, as some features of state fragility can be found in almost all African countries. There is also growing recognition that international donors should not disengage from fragile states despite the difficult conditions, but should work to reduce spillover risks and provide a platform for development.

Democracy and political freedom is increasingly being accepted in Africa. More and more African leaders are leaving office via peaceful elections. Nevertheless, neo-patrimonial informal power structures based on kinship or personal connections often continue to undermine modern state institutions. Democratisation is a long-term process with a high risk of setbacks and failures.

Civil society is an important factor in building democratic states. Donors also support delivery of social services by NGOs in many areas where the state fails to deliver these. Traditional governance structures have also become more important in the last decade, as they have taken over a range of basic state functions in poor and marginalized areas. States often recognise traditional leaders in the name of democracy, but the extent to which chiefs represent local accountability remains unclear.

The rule of law is a prerequisite for the respect for human rights and is also necessary for economic growth and development. However, the lack of capacity and funding in the legal sectors in many African countries remain an obstacle, and the judiciary may not be fully independent. At lower levels, customary or traditional law may often be a more affordable alternative to poor people.

The majority of African countries have ratified most key UN human rights treaties, but implementation of treaty obligations lags far behind. The lack of protection given to human rights defenders, the frequent reports of torture and the widespread application of the death penalty remain serious human rights issues in many African countries. Despite progress, gender inequalities and discrimination of women continue to be serious problems in Africa.

The public sector in most African countries has traditionally been closely associated with the ruling parties, and this has created a basic problem of legitimacy compounded by low levels of effectiveness, efficiency and accountability as well as limited funding. In recent years, political and administrative reforms have improved the situation, and there has also been a growing awareness among donors of the political implications of public sector reform, including anti-corruption measures and decentralisation.

Most conflicts in Africa occur in fragile states with weak institutions. The growing number of discontented unemployed young men poses a particular risk for the outburst of conflicts in the future. Women, men and children are affected differently by violent conflict and contribute differently to peace-building processes.

The processes leading to radicalisation and terrorism are complex, and it is uncertain to what extent radicalisation is growing in Africa. However, radicalisation appears to be linked to periods of rapid transition, and there is growing attention to the risk of radicalisation. Radicalisation is often associated with religious groups, but there is no evidence that a strengthened presence of religion is a direct cause of violence or conflict. Religious groups may often play positive as well as negative roles.

Transitional justice addresses the legacies of widespread human rights abuses in post-conflict situations. Filling the rule of law vacuum after conflict is essential to development. Balancing inherent dilemmas between transitional justice mechanisms and rule of law initiatives and long term strengthening of legal sectors is often required.

Security Sector Reform (SSR) is crucial to the achievement of overall stability and peace-building. Direct donor engagement in SSR in Africa still remains limited.

Regional trends and African integration

African political dynamics since independence has been largely defined by conflict between ethnic groups over scarce resources. However, African integration, changing economic patterns and economic growth, and the emergence of a few African countries, including Nigeria and South Africa, with the potential to influence regional developments in a positive direction, are creating new political opportunities.

The highly populated sub-region of West Africa has a long history of violent conflict and a series of inter-connected civil wars, and conflict risk remains high in the region. Ecological challenges are particularly severe due to desertification of the Sahel region. Population growth is high and

large numbers of youth lack access to education and jobs. Most illegal immigration to Europe from Sub-Saharan Africa originates in West Africa. Regional cooperation in ECOWAS on both economic and security issues is the most advanced on the continent and has been an important asset in managing recent conflicts.

Central Africa has also been through its own series of inter-connected civil wars, driven by a high degree of state fragility and poverty coupled with the presence of vast natural resources. The conflicts in Congo and in the area of the Great Lakes in Rwanda and Burundi provoked external interventions by neighbouring countries, but peace agreements in the last few years have paved the way for transitional governments and elections. Regional cooperation is practically non-existent.

In the greater Horn of Africa area, a third set of inter-connected conflicts is unfolding from Darfur in the West to Somalia in the East, driven mostly by domestic factors such as underdevelopment and marginalisation of ethnic groups. Radicalisation is an increasingly important issue. The sub-region suffers under repeated natural disasters and humanitarian crises, and the competition for fertile land and water sources contributes to conflict and the highest number of refugees and migrants in the world.

The sub-region of Southern Africa is defined by the presence of Africa's richest country, South Africa, and the historic struggle against apartheid. Some neighbouring countries are still in post-conflict transition, but most have passed the transitional stage with a high risk of resumption of conflict. The exception is Zimbabwe, where economic collapse generates migration to neighbouring countries on a large scale and threatens regional stability.

African integration is primarily driven by the need to strengthen stability and security on the continent, but cooperation increasingly covers other areas. A large number of overlapping organisations and structures – many with weak capacity – create a need for streamlining, but member states are reluctant to abandon existing structures with specific histories and purposes.

The African Union (AU) has demonstrated considerable potential in acting as the leading African multilateral organisation and is tasked with coordinating activities of the sub-regional organisations regarding the establishment of an African Security Architecture. Denmark is actively supporting these efforts. The NEPAD African Peer Review Mechanism has been more complex than anticipated, and it is still too early to evaluate its impact.

A growing number of regional human rights bodies have been established in recent years both at pan-African and sub-regional levels. This development reflects the trend towards stronger regional integration. For various reasons, including lack of funds, most of these bodies are not functioning effectively.

Sub-regional cooperation is mostly driven by political and security concerns and implementation of trade arrangements is often weak. The low level of intra-regional trade is also caused by a lack of strongly differentiated comparative advantages, which decreases the economic potential for trade between African countries.

More and better aid?

After a decline of ODA during the 1990s, future aid prospects to Africa appear promising. The high aid volume in recent years, however, is to a large extent due to debt relief, emergency assistance and other special purpose grants. The promises by G8 and the EU to scale up aid flows to Africa significantly may prove difficult to meet in terms of capacity to both deliver and absorb core aid programmes at the country level.

Development assistance to Africa has changed markedly over time. An important shift has beeen the determination of all parties to ensure nationally owned poverty strategies based on Poverty Reduction Strategy Papers (PRSP). Sector-wide approaches and budget support have become common instruments when delivering aid. The Paris Declaration from 2005 sets the framework for a coherent response to the challenge of aid effectiveness and national ownership. A number of global sector-based programmes have emerged and grown rapidly in size over the last few years, presenting a challenge to the harmonization agenda.

Adding to the complexities of implementing the Paris agenda is a group of major new donor countries, which have emerged while other donors have stepped up their involvement. This new group is not homogeneous. The group includes among others China and India, as well as Islamic countries and organizations. There is a need for additional knowledge about the work of the donors and their willingness to cooperate and coordinate within the framework of the Paris Declaration.

Modalities for Danish development cooperation have changed over the years. A broader approach is applied with a more comprehensive commitment to sector support and a focus on policy and institutional development. Promoting aid effectiveness is a priority, and the donor-recipient relation has changed to partnership cooperation. Cooperation in Africa concentrates on nine programme countries, all relatively good performers, but also includes support to two fragile states – Niger and Sudan -- and to South Africa, an emerging economic power on the continent.

Danish bilateral ODA is expected to increase over the coming years. The Danish Government has decided to provide at least 0.8% of GNI as development aid, and to allocate up to two-thirds of bilateral aid to Africa. Simultaneously, the process of implementing the Paris Declaration will result in a reduction in the number of Danish programmes in the partner countries. These tendencies pull in the same direction toward larger sector programmes, and this will pose a major future challenge.

A growing number of African countries have emerged from crisis or conflict in recent years. Poverty in these countries is often much larger than in those countries, which attract most international support. Development assistance in post-conflict countries is increasingly seen as part of international peace support packages that also include humanitarian aid, security and political components interacting together, where the typical focus is on short-term stabilisation rather than long-term development. Denmark has provided targeted support for post-conflict interventions in recent years, gaining valuable experiences.

A number of UN peacekeeping operations are active in Africa, and the Danish contribution has so far been limited. In the coming years, the number of Danish troops available for international operations globally will increase from 1100 (2005) to 2000 (2009).

Several tools for development interventions in post-conflict situations have emerged that take state fragility as their starting point. Post-Conflict Needs Assessments provide a framework for operational planning and coordination around key results and a calendar for implementation. The key determinants in the selection of aid instruments and modalities will typically be an assessment of state capacity and political will to reform.

Humanitarian aid is typically an important instrument in post-conflict situations, and work is underway among international humanitarian actors to reform the humanitarian system in order to make it more effective and facilitate the transition from relief to development.

In situations of deteriorating governance or serious human rights violations in partner countries, donors need to balance the need to demonstrate accountability with the possibility to influence the situation through continued cooperation and a desire to maintain development results. A number of challenges need to be overcome in operationalising early warning systems, and it will remain a challenge to donors to respond to deteriorating governance and human rights violations in a coherent way.

Regular political dialogue in different contexts will provide an opportunity to raise concerns, while the human rights machinery of the UN and increasingly African mechanisms, including the NEPAD Peer Review Mechanism, may be used to bring up serious violations. Early adjustments of aid programmes based on an in-depth understanding of power relations have helped move the situation in a positive direction, and maintained and protected capacity and development results.

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1. INTRODUCTION

A number of trends have given rise to cautious optimism in Africa South of the Sahara in recent years. Economic growth is taking off in a number of countries, and foreign direct investment is increasing. The number of active conflicts continues to decline, and democracy and political freedom are increasingly taking root.

At the same time, serious challenges remain: there is general agreement among observers that Sub-Saharan Africa overall will not meet the Millennium Development Goals (MDGs) and that a significant effort is needed to ensure continued progress. Africa remains marginalized in the world economy and is not reaping the full benefits of globalisation. This picture was part of the analytical overview presented by the Danish Ministry of Foreign Affairs in 2004, entitled 'Africa in the 21st Century'. The review provided a basis for the Danish Africa policy later that year, which for the first time brought together foreign, development, trade and security policies into a coherent whole.

In the three years that have passed since this integrated Africa policy, some countries appear to be on track toward sustainable development, while others, including those emerging from crisis or armed conflict, are falling further behind, with low growth rates, political instability and little progress on development. Population growth, the increasing number of young people in Africa, and uncontrolled migration flows and radicalisation have important regional and international effects. Africa's youth have an opportunity for development and progress, but only if they can gain access to sufficient employment and education.

The objectives of the international community in Africa remain focussed on poverty reduction and development, but the international community also needs Africa to help meet important challenges of globalisation such as illegal immigration and terrorism.

Since 2004, there has been a noticeable increase in the international and Danish commitment to Africa. In 2005, world leaders at the Gleneagles summit promised to double their assistance to Africa by 2010, and the EU adopted its own specific targets for Africa and an Africa Strategy. In May 2006, the Danish government followed up on the priority given to Africa in its Africa policy from 2004 by holding a high-level Africa conference with the participation of the Chairman of the African Union, Alpha Oumar Konaré, and UN Deputy Secretary-General, Mark Malloch Brown. The Danish Government has also confirmed its intention to provide a minimum of 0.8% of GNI in development aid and to allocate nearly two-thirds of its bilateral aid to Africa.

In light of this strengthened international and Danish commitment to Africa, a new Danish strategy for Africa is being launched in 2007. This analytical overview provides a basis for the new policy. The actual policy itself will be presented in a separate document. This overview builds on the analysis from 2004, highlighting those topics where there have been new developments or where we have gained new knowledge, as well as on areas where there is a need for strengthened Danish policies. While donor experiences are described, it is not the

intention of the overview to provide a systematic account of different types of bilateral or multilateral aid.

The analytical overview makes distinctions between different types of African countries, but it should be noted that generalised categories cannot replace individual country situations or analysis of particular circumstances.

The analytical overview summarises relevant knowledge about Sub-Saharan Africa in several key areas. For ease of reading, the term 'Africa' denotes Sub-Saharan Africa throughout the report. 'Region' or 'regional' also typically refers to Sub-Saharan Africa, while 'sub-regional' refers to various groupings of countries, including organisations such as ECOWAS and SADC. The overview does not provide a set of firm operational conclusions, as this will be the task for the new Africa policy.

2. FOUNDATIONS FOR DEVELOPMENT

2.1 AFRICA IS NOT REAPING THE FULL BENEFITS OF GLOBALISATION

The term 'globalisation' encompasses a range of important trends, tendencies and developments characterising the world in the 21st century. Global interconnectivity has increased dramatically, providing new opportunities for economic growth and development in most of the world. Africa, however, remains an exception. Despite its wealth of natural riches, Africa's importance in the global economy is actually decreasing, while African societies continue to suffer from poverty, instability and conflict. At the same time, the enhanced telecommunications, media access, travel and trade flows stimulated by globalisation make Africa and its problems closer to us than ever before.

These themes appear in an analysis of globalisation an aid made by the Ministry of Foreign Affairs in 2006.[2] The analysis underscores the Danish Government's commitment to helping achieve stability in fragile states and in countries emerging from conflict, while maintaining aid to a group of 'programme cooperation countries' as the core of the Danish development effort. The analysis recommends a strong focus on the Millennium Development Goals, in particular in Africa, and a strengthened focus on a limited number of key sectors in each programme cooperation country in accordance with the international harmonisation and alignment agenda.

In Sub-Saharan Africa, average per capita income declined by 1.9% in the 1980s and by 0.2% in the 1990s. Today, Africa accounts for less that 1 % of annual global capital inflows, having declined from 4.5 % roughly a decade ago, and for less than 2 % of world trade, down from 3 % in the 1950's.[3] The entire GDP of Sub-Saharan Africa (excluding South Africa and Nigeria) is about equal to that of Denmark.

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[2] The Danish Ministry of Foreign Affairs 2006, The Globalisation Analysis of the Danish Ministry of Foreign Affairs, *Diplomacy in a Boundless World*, Danish MFA, Copenhagen.
[3] Mills, G. 2006, *Democracy, growth and African Development*, Paper given at the regional meeting of the Danish Ministry of Foreign Affairs, Pretoria 2006.

The most significant foreign policy aspect of Danish relations with Africa is in Danish development cooperation and the struggle to reduce poverty. However, the complexities of poverty reduction strategies and globalisation trends pose a challenge to our traditional relationship with Africa and to our development assistance strategies. A broader holistic approach is called for, taking into account the relationship between various aspects of development as well as other issues outside the development agenda. New international actors (notably China) have become involved in Africa as both donors and trading partners. The largely western DAC countries are no longer the only important development partners for African governments. Coordination and cooperation with new donors in Asia and with growing global programmes and private charities has become more complex and demanding.

In order for Africa to reap the same benefits of globalisation as other parts of the world, development assistance needs to be expanded and strengthened and cooperation needs to be enhanced over a broad range of other issues. Development assistance strategies must be more closely connected to related areas such as trade, security and migration, both in Africa and on the global scene.

2.2 HUMAN DEVELOPMENT AND HUMAN SECURITY

There is broad agreement in the international community and among Africans themselves that the central objective of development in Africa must be alleviating poverty. While this objective must be based on economic growth and includes an important economic dimension, it has become increasingly accepted that poverty includes the entire life situation of human beings and not just their income. Poverty alleviation and development should therefore aim to ensure access for people to a range of basic resources, such as education, health services, food, housing and employment. Successful development also requires that people can make informed choices and participate actively in their societies. Since the 1995 World Summit for Social Development in Copenhagen, followed by the UN Millennium Summit in 2000, it has become clear that poverty reduction must address the needs and freedoms of human beings in a comprehensive human development approach. Poverty alleviation should thus cover the most important areas in which people are deprived and perceived as incapacitated in different societies and local contexts. Strategies for poverty reduction must be based on environmental sustainability. Furthermore, gender inequality is inextricably linked with poverty.

In summary, five different dimensions of poverty can be identified:[4]
- **Economic** –the traditional definition of poverty, based on minimal consumption, low income and limited assets, and often summarised in the 'living below one USD per day' limit;
- **Human** – focusing on limited access to education, health, nutrition and other basic human needs;
- **Socio-cultural** – highlighting low status and lack of dignity;
- **Political** – including inadequately assured rights, influence, freedom;

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[4] OECD 2001, *The DAC guidelines on Poverty Reduction*, OECD Publications Service, Paris.

- **Protective** – focusing on situations of insecurity and vulnerability.

Reducing poverty requires better coherence in the policies of both recipient countries and donors, affecting different aspects of poverty and development. Key policy areas with potentially strong poverty reduction impact include debt relief, trade, investment, agriculture, the environment, migration, research, human rights, gender, security and arms sales. It is crucial to achieve coherence between these different policy areas.

The human development perspective has led to a stronger focus on the security of human beings, and a discussion about the need to address the security of people and not just states as a challenge for the international community. The report of the Commission on Human Security, issued in 2003,[5] suggests a definition of human security that includes the protection of fundamental freedoms and rights and the protection of people from critical and pervasive threats and situations. The report recommends that promotion of human security should include the creation of political, social, environmental, economic, military and cultural systems that provide people with the basis for ensuring their physical survival, economic livelihood and human dignity. The report emphasizes that states often fail to live up to their responsibility to protect their citizens and that non-state actors are important in this regard. Human security and state security mutually reinforce and depend on each other.

Human security concerns a broad range of menaces involving violence, including terrorism, and violent conflict, as well as other threats: against freedom and well-being of people: environmental pollution, the effects of massive population movements, including infectious diseases such as HIV/AIDS, natural disasters, extreme impoverishment and long-term conditions of oppression and deprivation.

2.2.1 Africa is lagging far behind with regard to the Millennium Development Goals

In September 2000, the UN Millennium Summit defined a limited number of goals to be reached by the year 2015, with the overall objective of reducing the proportion of the world's population who live in absolute poverty by half. The Millenium Development Goals (MDGs) mainly target economic and human poverty, i.e., the first two aspects of the five different dimensions of poverty suggested by DAC mentioned above. However, the MDGs are but goals or targets to be met, and they do not include strategies for achieving them. Achieving these goals is the task of Poverty Reduction Strategies and national sector policies.

There is broad consensus that Africa lags far behind other parts of the world with regard to reaching the MDGs. The UN MDG report for 2006[6] estimates that the world as a whole will meet the overall target of reducing poverty by half by 2015. In Sub-Saharan Africa however, where 44% of the current population live on less than 1 USD per day, the MDG target of reducing poverty is not likely to be reached.

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[5] Commission on Human Security 2003, *Human Security Now*, Commission on Human Security, UN, New York.
[6] United Nations 2006, *The Millennium Development Goals Report*, UN, New York.

While Sub-Saharan African may not reach the MDGs as a whole, there remain grounds for optimism. Since the second half of the 1990s, many low-income African countries, including Burkina Faso, Cameroon, Cape Verde, Ghana, Mozambique, Senegal, and Uganda, have lifted significant parts of their populations above the poverty line. While some African countries have recently shown a moderate decline in rates of growth and poverty reduction, many countries will be able to fulfil their income poverty MDG target of cutting poverty by half by 2015.[7] This progress is shown in the following indicators (fig. 1).

Figure 1: Progress towards the MDGs in Africa
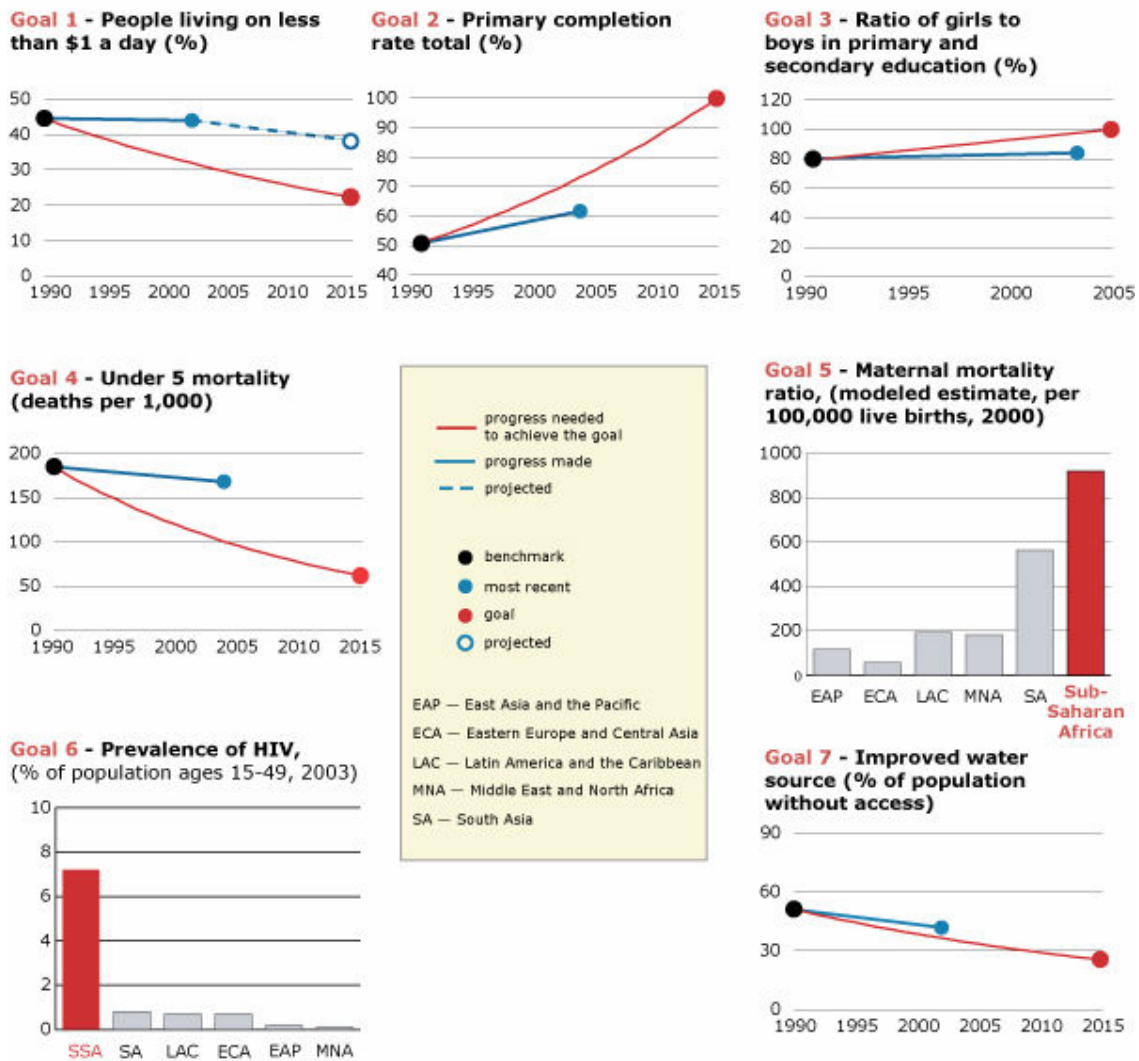
Source: World Bank 2006, *African Development Indicators 2006,* WB, Washington DC.

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[7] World Bank 2006, *African Development Indicators 2006,* WB, Washington DC.

Experts insist that much better results can be ensured with increased and improved assistance in line with MDG number eight: 'Establishing a Global Partnership'. Some scholars[8] 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, may make it possible for Africa to achieve the MDGs by 2015. Such a massively scaled-up assistance effort would assume that donors as well as recipient countries would have the capacity to deliver and absorb the additional aid; an assumption, which may not be credible.

An increase in development assistance alone, however, will not be sufficient to achieve some of the MDGs. 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 by both donors and recipient governments. Poor governance, lack of preparedness for natural disasters, political instability and conflict present important obstacles to aid effectiveness. For many African countries, increased levels of ODA can be effective only if there is also a sustained focus on state-building and peace-building.

While there are many explanations for the lack of progress in achieving the MDGs, one overarching threat has been the HIV/AIDS epidemic, which kills more people than any other infectious disease and is now the fourth leading cause of death worldwide. Studies have suggested that the GDP in those African countries with an HIV prevalence above 20% is reduced by 1.5% annually. HIV/AIDS influences efforts to achieve universal primary education, as the epidemic influences both the supply and the demand of education.

Even though an overwhelming majority of HIV/AIDS infections are sexually transmitted and associated with pregnancy, childbirth and breastfeeding, the response to HIV/AIDS was not originally linked to MDG 5 (maternal health) and to the wider sexual and reproductive health and rights efforts. However, at the UN World Summit in September 2005, this linkage was recognized, and a new sub-target on access to reproductive health was introduced under MDG 5.

2.2.2 Poverty is gender-specific

Poverty is not gender-neutral, and gender inequalities concern all dimensions of poverty. Cultures often contain deep-rooted prejudice and discrimination against women and girls, and processes causing poverty typically affect men and women in different ways and to different degrees. Women and girls in poor households receive less than their fair share of private consumption and public services. They suffer violence by men on a large scale, and they are more likely to be illiterate as well as politically and socially excluded in their communities. Such constraints on the productive potential of women reduce overall household income and aggregate economic growth. Gender inequality is therefore a major cause of both female and overall poverty and a serious obstacle to human development.

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[8] See for example Jeffrey Sachs in Draft versions of *Millennium Project, Summary of a Global Plan to achieve the MDGs,* OECD/DAC, July 2004.

The gender dimension is reflected in several of the MDGs, and African governments need to include the gender exclusion aspect when shaping legal, institutional and policy frameworks, such as the allocation of public expenditure. In several countries, household crop production, children's health and education and birth rates have already improved as a result of gender-specific national budgets.

2.3 GROWING NUMBERS OF YOUTH NEED EMPLOYMENT AND EDUCATION

Growth in the number of young people and children is increasingly being recognised as a major challenge for poverty reduction in Africa. Africa has the 3rd largest and fastest growing youth population of the regions in the world today. By 2015, it is estimated that youth (15-24 years) will constitute more than 20% of the Africa's population and that by 2050, African youth will become the world's largest regional cohort, with 400 million people.[9] Even with dramatically increased migration and higher mortality due to AIDS, the number of people seeking employment in Africa will grow at a rate exceeding 7% annually over the next 10 years, with a doubling in the absolute numbers. Population growth is strongest in West and Central Africa and on the Horn, with somewhat lower growth rates in Eastern and Southern Africa.

Figure 2: Youth populations
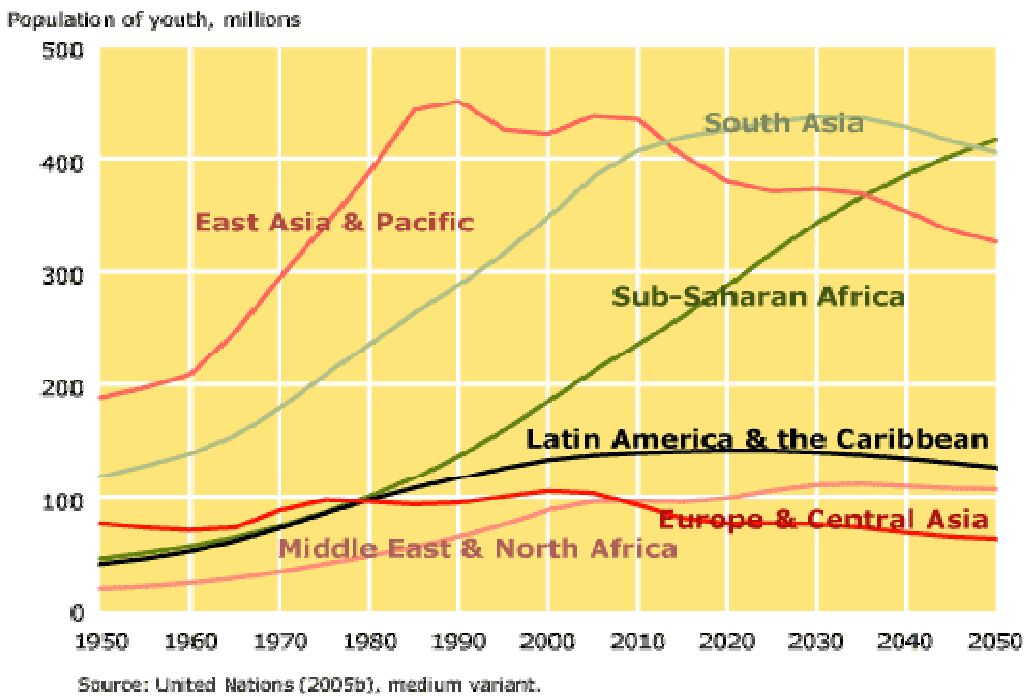
Source: United Nations 2005, *World Population Prospects: The 2004 Revision: Highlights*, Population Division, Department of Economic and Social Affairs, UN, New York.

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[9] United Nations 2005, *World Population Prospects: The 2004 Revision: Highlights*, Population Division, Department of Economic and Social Affairs, UN, New York.

Youth in Sub-Saharan Africa are 3.5 times more likely to be unemployed than adults.[10] A survey in South Africa found that almost 40% of the unemployed youth had practically stopped searching for a job. Millions of unemployed young Africans in the large cities constitute a worrying vision for many African politicians, who may fear political instability and social unrest. The unemployed urban youth thus constitute a major future challenge on the African continent. There is also a clear link to the issue of migration from Africa to OECD countries. If the challenge of the increasing youth population is not met, the current push factors of migration from the African continent will increase dramatically.

Creating meaningful job opportunities for the future labour force as well as for some of the 100 million un- and underemployed Africans will be a tremendous task, challenging almost all African governments. Over the next 20 years, countries in Sub-Saharan Africa will need to create at least 11-15 million jobs per year just to absorb the natural growth in labour supply. Poverty alleviation and political stability over the medium term will thus depend heavily on job creation, and success will hinge on private sector-led economic growth, especially in labour-intensive industries and in agriculture.

While too many young people are unemployed, many children and young people take on economic roles in the family from a very early age, which often undermine their access to education and thereby their also chances for meaningful employment in the longer term. In addition, children and youth are among the most vulnerable in situations of insecurity, being exposed to physical harm, exploitation and gender-based violence, psychosocial distress, recruitment to armed groups, family separation, and abuses related to forced displacement.

2.3.1 Demographic transition and increasing optimism create a window of opportunity

While the coming youth bulge will be a difficult challenge, it is also being argued that African youth is a major asset and a window of opportunity, with great potential for development, growth and positive change. The projected demographic transition can also generate economic benefits, as the share of working-age population will increase relative to the number of children and elderly.

In addition to these positive aspects of demographic transition, there are indications that Africans in general have become more optimistic about future economic prospects in recent years.[11] Thus, the demographic transition and resulting economic window of opportunity coincide with a psychological window of opportunity for reform and change.

Exploiting this window of opportunity will require massive investments in basic health, education, and skills development to enable the transformation large numbers of children and

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[10] International Labour Organisation 2004, *Global Employment Trends for Youth*, ILO, International Labour Office, Geneva.
[11] The Afrobarometer Network 2006, *Where is Africa going? Views from below, A Compendium of Trends in Public Opinion in 12 African Countries, 1999-2006*, Working Paper No. 60, Afrobarometer.

young people into a productive workforce as they grow older.[12] This underscores the relevance of the MDGs regarding education (with increased focus on secondary and tertiary education) and health.

The growing number of youths will also need access to sexual and reproductive health services. It is necessary to enable young women and men to protect themselves against HIV/AIDS, and to ensure an increased awareness of family planning and decide freely on matters related to sexuality and family planning. This will require strong political leadership. If population growth continues without strong improvements in employment prospects and food security, the issue of family planning will become an even more important issue for Africa in the future.

2.4 ECONOMIC GROWTH IS INCREASING, BUT INDIVIDUAL COUNTRY SITUATIONS VARY

Recent economic data gives cause for optimism. Economic growth in Sub-Saharan Africa has gained momentum since 2003 and is now believed to stabilise at approx. 5 % for a large group of countries, with projections in 2007 and 2008 confirming the positive trend.[13] However, because of the nearly 3% population growth, growth in income per capita is still relatively low. A large part of Africa's economic growth reflects increased exports of natural resources, including oil, but other factors, including market reforms leading to growth in other sectors, have also played a role in economic growth.

The existing empirical evidence confirms that economic growth generally leads to a decrease in the number of people living in poverty. However, growth must be considered as a necessary *but not sufficient* condition to poverty reduction. While well-designed 'pro-poor' policies can help ensure socioeconomic mobility for the most disadvantaged groups,[14] the increased inequality in many African countries suggests that the recent growth has disproportionately benefited the relatively wealthy part of the population. Besides socioeconomic inequality, gender inequality remains rampant. The female labour force in Africa in 2005, while representing 34% of those employed in the formal sector, earned only 10% of the income and owned only 1% of the assets.[15]

There is also an increased tendency for growth patterns in Africa to become more diverse among countries. Whereas 16 African countries have had annual GDP growth rates exceeding 4.5%, the 13 slowest growing economies have had growth rates of only 1.3 %, with some having near zero or negative growth.[16] This is shown in table 2.

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[12] World Bank 2007, *World Development Report 2007 - Development and the Next Generation*, WB, Washington, DC.

[13] AfDB/OECD 2006, *African Economic Outlook 2005/2006*, OECD Development Centre & The African Development Bank.

[14] OECD/DAC 2006, *Promoting Pro-Poor Growth – Key Policy Messages*, OECD; Lopez, H. 2003, *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.

[15] African Partnership Forum 2007, *Gender and Economic Empowerment in Africa*, Background Document for the 8th Meeting in Berlin, 22-23 of May 2007, AFP.

[16] Ndulu, B. et al. 2007, *Challenges of African Growth. Opportunities, Constraints and Strategic Directions*, The International Bank for Reconstruction and Development, WB, Washington DC.

Table 1: Divergent growth patterns

	Average GDP growth	Percent of population
Little or no growth countries	**1,3%**	20%
Slow growth countries	**3,4%**	16%
Sustained growth countries	**5,5%**	35%
Oil-exporting countries	**7,4%**	29%

Source: World Bank 2006, *African Development Indicators 2006,* WB, Washington DC.

To describe the variety of growth experiences in Africa, the following six categories have been suggested as a rough, ad-hoc analytical framework:[17]

- **High performers, set to globalise**, e.g. Botswana, South Africa and Ghana;
- **Countries on an upward trajectory**, e.g. Benin, Senegal and Tanzania;
- **Oil-producing countries**, e.g. Angola, Equatorial Guinea and Gabon;
- **Large, poorly performing countries** with a high degree of state fragility, e.g. DR Congo, Ethiopia, Nigeria and Sudan;
- **Poorly performing countries with smaller populations** and low growth rates or with severe ecological problems, e.g. Malawi, Zambia and Niger;
- **Fragile states** that are approaching or that have recently emerged from crisis or conflict, e.g. CAR, Ivory Coast, Liberia, Sierra Leone, Somalia and Zimbabwe.

The explanation of the failure of economic growth in many African countries involves a myriad of regional and country-specific factors, as well as international (or external) factors related to Africa's position in the global economy and its vulnerability to external shocks caused by economic downturn, the international terms of trade, and the distorted development processes initiated during colonialism and geo-political interests during the Cold War. Domestically, explanations for low economic growth include poor governance and weak institutions, deficiencies and shortages in human and institutional capacity, gender inequalities and social and ethnic tensions that are sometimes exacerbated and exploited by politicians in their quest for power. Repeated natural disasters or conflict may undermine often-fragile transitions and development processes.

2.4.1 Structural weaknesses persist

Despite the variety of their situations, the economies of African countries share many structural features. Most of them depend on the production and export of a limited number of primary

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[17] Presentation by Jeffrey Herbst, in Mills, G., McNamee, T., Shillinger, K. & White, L. 2005, *Globalisation and Economic Success. Policy Options for Africa.* Singapore Conference Report 7-8. November 2005, The Brenthurst Foundation, South Africa.

commodities while being compelled to import most manufactured goods. Their agricultural sectors tend to constitute more than 50% of GDP, over 50% of export earnings, and employing over 70% of the workforce. The informal sector often comprises over 50% of registered GDP, encompassing a large share of the agricultural activities, micro-enterprises and self-employment in urban centres.

Many African economies have become heavily dependent on the extraction and export of natural resources, including oil, and recent positive growth figures are to a large extent driven by growing international demand for these commodities. Dependence on export of natural resources may increase vulnerability to external shocks, and the centralised and capital-intensive character of natural resource extraction may reinforce a 'resources curse' structural pathology with poor governance, corruption and environmental degradation. While prices are high, appreciating currencies as a result of accumulating export earnings may result in 'Dutch disease' and make it increasingly difficult for other sectors to remain competitive. [18]

Economic diversification is therefore a key challenge for resource-rich African countries, but even high economic performers and examples of good governance, such as Botswana, remain acutely dependent on a single commodity, diamonds, and thus potentially fragile. While the complexity of Africa's national economies calls for differentiated responses, there is an emerging international consensus toward stimulating economic growth. Hence, whereas the first generation of the National Poverty Reduction strategies focussed largely on human capital development, the second generation strategy emphasizes economic growth, trade and investment-related issues and employment generation.

The Washington Consensus has remained the dominant aid paradigm in Africa since its formulation. It encourages open liberalised economies and has not been seriously contested since its introduction in the 1980s. As a result of the policies enacted under the Washington Consensus, inflation in Africa is today historically low, trade balances have improved and fiscal deficits have been reduced.

The attempts to 'roll back the state' through liberalisation of prices, abolishing many government controlled parastatals and reduction of the public sector has had both positive and negative effects 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 African countries has at the same time been weakened to such an extent that it is unable to provide even the most basic services, a situation that may undermine long-term growth prospects. Weak infrastructure has made many countries in Africa are prone to natural disasters; this is especially true for Mozambique, Niger, Kenya, Mali and Burkina Faso, and their lack of preparedness puts populations and economic stability at risk.

2.4.2 Agriculture is still the dominant sector in Africa

The predominance of the agriculture sector in Africa, employing nearly two-thirds of the workforce in largely small-scale farms, exemplifies the continent's low stage of development.

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[18] Kragelund P. 2007, *Udenlandske Investeringer og udvikling i Afrika*, DIIS Working Paper no. 2007/5, Copenhagen.

Africa's rich farmland in many regions suggests huge potentials. Even though food production has doubled over the last 20 years, the agricultural sector is far from reaching its full potential. Between 1993 and 2003, Africa's share of world trade declined for 9 out of its 10 major agricultural exports. The use of machinery and inputs such as fertiliser and pesticides is low and must be increased if productivity is to increase.

The problems of the agricultural sector are complex and interlinked: there is insufficient access to agricultural inputs, poorly developed physical and marketing infrastructure, little or nor 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. In some countries, these problems are aggravated by land tenure issues, soil degradation, deficiency of water for irrigation, drought, and increasing lack of fuel wood.

A particular problem for Africa's agricultural development is the neglect of the livestock sector, including pastoralism, which have substantial development potential in Africa. Many African governments need to reconceptualise agriculture as part of the business sector and to see farmers as potential investors. Improved organisation of farmers and agricultural communities is necessary in order to strengthen the influence of rural populations on the conditions for their livelihood. Only a few examples exist of farmers or pastoralists being able to mount an effective lobby, and attempts to organise into co-operatives have often been frustrated by excessive government controls.

Figure 3: Agricultural productivity is lagging behind
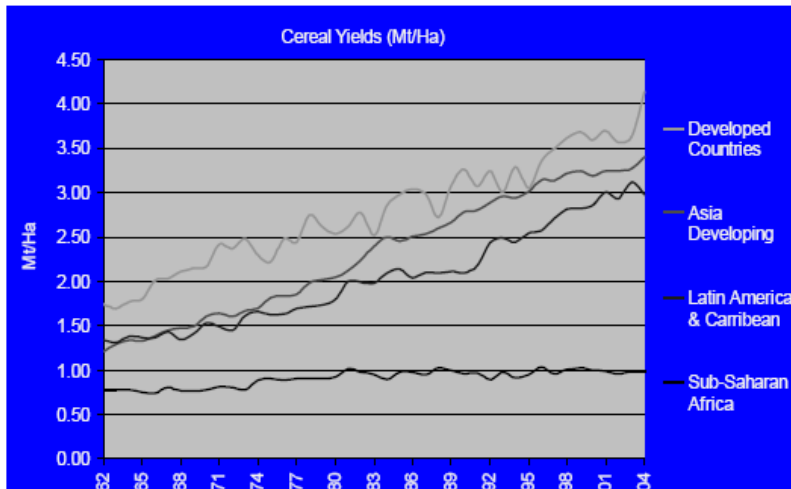
Source: African Partnership Forum 2006, Progress Report: Agriculture for the 7th Meeting in Moscow 26-27 October 2006, APF.

In addition to increasing agricultural output, it is important that opportunities exist for gender-sensitive diversification of incomes for the rural population. Small-scale manufacturing

activities, in agro-processing for example, can help raise rural incomes and create employment. There is broad agreement that the link to economic development and increased employment is more to be found in these linked sectors than in the agricultural production itself, since increasing agricultural productivity would probably entail fewer people being employed in direct production.

2.4.3 Conditions for the private sector remain difficult, but reforms are underway in many countries

African leaders, aware that private sector-led growth is fundamental for improving the welfare of the people, are making serious efforts to strengthen the enabling environment. In light of the expected demographic trends, private sector growth is essential for generating employment.

Yet few African countries have managed to transform the good political intentions into visible changes on the ground. Authoritarian and centralist traditions, poor governance, gender inequalities, lack of effective property rights, ineffective judicial systems, high interest rates, and red tape and corruption all pose serious obstacles to the development of a vibrant private sector in Africa.

On the basis of assessed private sector conditions, Africa emerges as the most difficult region in which to do business. However, recent developments are encouraging, with Ghana and Tanzania leading the way toward private sector reform. Africa as a whole moved from last place to third in regional rankings for reforms that encourage new enterprises, formal sector jobs and growth.[19]

Development of the private sector in Africa is hampered by lack of effective property rights and registration. Assets cannot be used as collateral, thus restricting access to credit and investment. Commercial laws are rudimentary and not geared to a modern market economy, and ineffective judicial systems make it both expensive and time-consuming to enforce even simple commercial contracts. Employees are often subject to adverse working conditions such as low salaries, unhealthy or dangerous working environments and suppression of labour organisation. Labour market organisations and branch and producer associations are still relatively weak in most African countries.

The informal sector, accounting for an estimated 50% of officially 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. A particular challenge will be to improve the access to financial services for self-employed poor people and small businesses in both the formal and informal sectors. Microfinance schemes have worked well in other parts of the world, particularly in South Asia, and have helped create income and employment opportunities for millions of poor people, and especially on poor women.

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[19] World Bank 2006, *Doing Business in 2007: How to Reform*, World Bank Group, Washington DC

Microfinance schemes often build on a combination of membership-based organisation of participants, which facilitates networking, joint responsibility and knowledge sharing, with access to a series of financial services including savings, insurance and small scale loans. An increasing number of successful initiatives in Africa have built on the Asian experience and adapted it to the African context. The main problem for microfinance in Africa is the lack of a formalized financial sector infrastructure, and this weakens the sustainability of microfinance schemes. A stronger formal financial sector will also be necessary to enable self-employed individuals and small informal businesses to grow.

Poor physical infrastructure and transport and logistical difficulties create high costs and uncertainties for both domestic and export-oriented economic entities. High transport and insurance costs create a heavy burden on African commerce, while poor physical infrastructure and the heavy burden of disease among the workforce lead to high real labour costs for companies, thereby eroding their comparative advantage. Inadequate skills lead to a pervasive need for expatriates in technical and administrative positions. Africa's private sector must keep pace with an international   business environment f that has become more volatile, more competitive, and more complex as globalisation proceeds.

The EU Commission is taking a leading role in supporting infrastructure development in Africa, and a substantial part of the 10th European Development Fund will be devoted to improving transport, energy, water and information and communication technologies. This effort includes the establishment of a special trust fund for financing of infrastructure programmes in Africa.

2.4.4   Some encouraging trends in financing of development

The availability of financing is a crucial determinant for macroeconomic stability, growth and poverty reduction. African countries depend on revenue and investment financing from various sources that are prone to fluctuation and difficult to predict. Recent statistics show that domestic revenues in Africa (excluding grants and including non-tax revenue) increased by almost 4% of GDP since the early 2000s, reaching an average of 25.1% in 2005. However, this positive trend should be viewed against the likely decline in customs revenues and duties due to the expected long-term development of freer trade, which will constitute a major challenge for African finance ministers in the medium term.

Investment - both foreign and domestic – is being seen as increasingly important for economic development in Africa. Foreign direct investments (FDI) to Africa are at a historical high of almost 18 billion USD in 2005, but Africa still receives only about 2% of total FDI in the world, which is a fundamental challenge for economic development. The major bulk of recent FDI in Africa is related to the oil industry, and in 2004, the top recipients of FDI in Sub-Saharan Africa were those countries with oil resources: Angola, Nigeria and Sudan.

Traditionally, FDI flows have been mostly from developed countries. In recent years, investments from other developing countries have increased. Chinese companies followed by Indian companies were the largest Asian investors, and in Africa itself, South Africa is playing

an important role. In 2006 the European Commission organised the first EU/Africa Business Forum in Brussels with participation of bigger African and European companies. The potential of FDI to transfer technology and skills depends on various factors, among others the ownership structure, repatriation of profit and the motivation for the investment.[20]

Different kinds of investment have different development impacts. Hence, investments in extractive and capital intensive industries tend to have lower development potential than investment in labour-intensive sectors with strong linkages, such as tourism and food processing.

2.4.5 Increased investor interest stimulates emerging capital markets

In addition to FDI, there are clear indications that Africa has become a new emerging market for other private capital flows, including foreign purchases of African stocks and bonds. These flows are still significantly smaller than FDI flows, but are rising and may become more important as a source of development financing. According to the IMF, there are three main reasons for the increasing trend in capital markets:[21] (1) comprehensive debt relief has enabled the governments to carry new debt and issue new bonds, (2) rising commodity prises have raised expectation of continued appreciation of currencies, and (3) investors have begun searching for new high-yield markets after a fall in the interest rate of bonds in Latin America and Asia.

While private capital flows are potentially an important source for investment and development financing, they are also volatile, and there are indications that they may move procyclically with commodity prices, increasing when prices are high and decreasing when they are low[22]. The risk of volatile prices and capital flight needs to be viewed in light of very weak financial systems in Sub-Saharan Africa and the need for stronger mechanisms for monitoring and supervising capital flows.

Two issues seem to attract attention: The emergence of domestic debt and stock markets. More that 30 countries in sub Saharan Africa have introduced treasury bill markets, replacing, in many cases, direct borrowing by governments from central banks. However, most treasury bill markets in Africa are still small and weak. It is expected that more African countries will start issuing international bonds before long, and in this respect the issue of debt sustainability and debt management also becomes increasingly important.

Many African countries have set up stock markets to help companies raise long-term financing. From just five stock markets in Sub-Saharan Africa in 1989, there are now 15. Nevertheless, African stock markets suffer from little coverage, turnover and market capitalization and are

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[20] Kragelund, P. 2007, *Udenlandske Investeringer og udvikling i Afrika*, DIIS Working Paper no. 2007/5, Copenhagen.
[21] International Monetary Fund 2006, *Regional Economic Outlook, Sub-Saharan Africa*, World economic and financial surveys, IMF, September 2006, Washington DC.
[22] World Bank 2006, *The Development Potential of Surging Capital Flows. I: Review, Analysis, and Outlook 2006*, in Global Development Finance, The International Bank for Reconstruction and Development, WB, Washington DC.

adversely affected by the lack of basic financial sector infrastructure and a well-functioning banking system.[23]

2.5 MIGRATION AND DEVELOPMENT

Migration has been a long-term feature of the African continent, reflecting people's responses to changing economic, environmental and security conditions. Existing long before formal borders were established by colonial powers, migration has been an integrated part of the family survival strategy for millions of Africans. The migration of a family member can be a valuable investment for the family and an important economic contribution to the local community. In recent years, globalisation, the widespread use of information technology and the increased knowledge of the better life in other regions and continents have contributed to stimulating migration from Africa. Migration has thus become an issue on the international policy agenda.

People either move voluntarily, because they want a better future, or they move because they are forced to. In Africa, the major pull factors fuelling out-migration are better living conditions and employment opportunities elsewhere due to demographic developments, low wages, and the poor state of rural development. The most important push factors are conflicts or fragile security situations, humanitarian disasters, human rights violations, environmental factors and depletion of natural resources.

The largest migration flows in Africa take place among or within African countries. Migration from Africa to Europe and other developed countries, while not as extensive as intra-African migration, has been on the rise in recent years. In 2005, an estimated 17 million international migrants equivalent to 1.9 % of Sub-Saharan Africa's population were thought to be residing in Africa.[24] In light of globalisation trends and the limited access to employment and government services in many African countries, migration within Africa and to other continents may increase in the coming years. In response to the challenges posed by migration, the African Union has increased its focus on migration and taken a number of initiatives to strengthen the handling of these challenges.

The overall economic picture for those African countries with inflows of people is a positive one. Immigration is a particular benefit for a country facing high growth rates such as South Africa, Ghana and Botswana as skilled migrants, investors and entrepreneurs have the potential to contribute positively to development. The potential negative impact lies in the possible consumption of limited services (including housing) and potential impact on wage levels and working conditions. Migration is also viewed as negative when it concerns migrants who do not possess adequate human resources and who are not generally welcomed by receiving countries.

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[23] Christensen J. et al. 2006, "Bankable Assets" in Finance and Development, *Africa: Making Its Move*, IMF Magazine, December 2006, volume 43, no. 4, IMF.
[24] United Nations 2006, *International Migration 2006*, UN Department for Economic and Social Affairs, Population Division, New York.

There is increasing focus on the gender dimension of migration, and on the growing number of women who have begun to migrate in search for employment and economic opportunities. Almost half of all African migrants[25] are women, and they play an important role in economic development.[26] Women who migrate are less likely to find jobs in formal sector employment, and the majority are concentrated in gender-specific niches of the labour market such as domestic service and care work, where wages and working conditions are less attractive.

Human trafficking and smuggling are global problems that are closely linked to migration. These problems also affect Africa. Human trafficking involves the recruitment and transportation of people using coercion or deception for the purpose of ongoing exploitation, for instance in the service and sex industries. The IOM estimates that globally between 700,000 and 2 million women and children are victims of trafficking annually, and that this number is on the rise.[27]

2.5.1 The impact of brain drain

Some African countries suffer a significant loss of productive labour to migration, especially people with skills or education ('brain-drain'). The IOM estimates that 40% of African countries have 35% or more of their university graduates residing outside their country of origin and that some 80,000 professionals leave these countries every year.[28] More than half of these do not return to their home countries.[29] The sectors worst affected by the depletion of skilled workers are those who are most critically needed for development, including health, education, information technology and physical infrastructure. Recent evidence[30] suggests that the effect of brain drain on economic growth is not exclusively negative. The prospect of migration can induce individuals to strengthen their human capital.

The most significant 'push factor' that motivates professionals to emigrate is an overall dissatisfaction with social, economic and political living conditions at home. This is no doubt the reason for most of the current out-migration from West Africa towards Europe. Poverty, unemployment and low wages are other important motivating factors.

2.5.2 Remittances are a growing source of financing

The losses due to out-migration are to some extent compensated by significant inflows of remittances. Remittances sent home by migrant workers and from the African diaspora have become a major source of financing, having grown rapidly during the last decade. According to

[25] African Union 2006, *Elements for an African Common Position on Migration and Development*, Experts Meeting on Migration and Development, AU, Addis Ababa 3-5 April 2006.

[26] Sørensen, N. N. (ed.) 2005, *Migrant Remittances, Development and Gender*, DIIS Brief, July 2005, Copenhagen.

[27] International Organisation for Migration 2001, *New IOM Figures on the Global Scale of Trafficking*, Trafficking in Migrants, Quaterly Bulletin, IOM, Geneva.

[28] Sørensen, N. N. (ed.) 2006, *Mediterranean Transit Migration*, DIIS, Copenhagen.

[29] Danish National Commission for UNESCO, 2006, "Tenth Afro-Arab parliamentary Conference, Addis Ababa, 8-10 Jan. 2003", quoted in *Capacity Building for Higher Education and research on a Global Scale*, Danish National Commission for UNESCO.

[30] Stark, O. 2003, *How the 'brain drain' supports the formation of human capital*, Zentrum für Entwicklungsforschung/Centre for Development Research, Bonn.

the World Bank, financial transfers to Sub-Saharan Africa in 2005 amounted to 8.1 billion USD. This represents a total increase of 72% during 2001-05, with Nigeria being the largest recipient. Explanations for the rapid growth include the increase in global migration and number of remitters; an expansion of the remittance transfer market, leading to decreased costs of remitting; the importance of laws and practices enacted in migrant-receiving countries; and the fact that informal transfers have become more visible due partly to recent anti-terrorism efforts.[31]

Figure 4: The growing importance of remittances in Africa
Millions USD
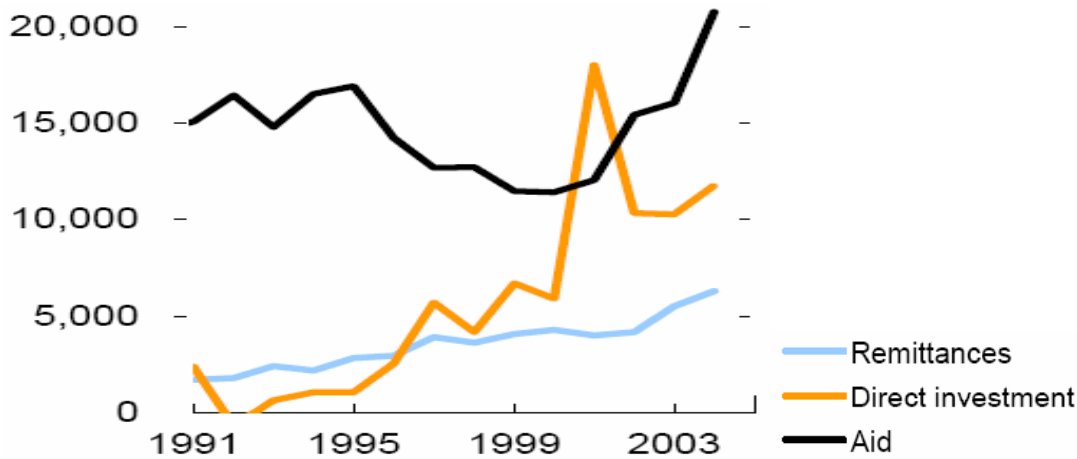
Source: International Monetary Fund 2006, *Regional Economic Outlook, Sub-Saharan Africa*, World economic and financial surveys, September 2006.

Studies[32] focusing exclusively on the use of remittances have consistently found that they are used mostly for consumption. However, remittance can also provide households with capital and income security that may facilitate the transition to more productive activities, such as commercial agricultural production or micro-enterprises. Contributions from diaspora organisations can also contribute to development in the country of origin. In recent years, there has been a growing interest among diaspora organisations in participating in African development efforts.[33]

2.5.3 The donor response

Due to recent developments and trends in migration, with en estimated 600,000 illegal immigrants entering the EU every year[34], of which a small but increasing number come from Africa, the migration issue has become more important on the international as well as the

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[31] International Organisation for Migration 2001, *New IOM Figures on the Global Scale of Trafficking*, Trafficking in Migrants, Quaterly Bulletin, IOM, Geneva.
[32] United Nations 2006, *International Migration 2006*, UN Department for Economic and Social Affairs, Population Division, New York.
[33] Sørensen, N. N. (ed.) 2006, *Mediterranean Transit Migration*, DIIS, Copenhagen.
[34] Rasmussen, H. K. 2006, *Det ny Europa – mellem kontrol og afmagt. EU's asyl- og indvandrerpolitik*, DIIS, Copenhagen.

Danish agendas in recent years. The EU is now considering migration as a key challenge for the 21st century, and a more comprehensive approach has been developed, where the focus has moved from control measures to a broader dialogue and cooperation including a focus on root causes, particularly as regards Africa. Two high level meetings were held with special focus on Africa in 2006. At the latest meeting, held in Tripoli in November 2006, the EU and the African countries agreed on an ambitious Joint Declaration that set out a broad range of commitments and concrete actions to handle the challenge of migration.

As the debate on migration has gained momentum in Denmark as well as in Europe, it has also become increasingly blurred, as it aims to cope with 'mixed flows' consisting of forced migrants, regular migrants as well as irregular migrants. This complex situation has influenced the formulation of Danish aid policies, and it has led to the formulation of the 'Regions of Origin Initiative'. This initiative, aimed at transitional situations, draws on both humanitarian and development funds. Interventions target directly affected communities as well as government-to-government cooperation about refugee and migration management. The programme is implemented in the migrants' countries of origin, transit countries and host countries in Africa, including 4 of the nine Danish programme countries.

2.6 MAKING TRADE WORK FOR DEVELOPMENT IN AFRICA

African export is highly dependent on the global economy, but the global economy is not dependent on Africa. Despite Africa's low overall share of world trade[35] – less than 2% - globalisation has begun to impact African trade patterns. High international growth and demand for raw materials, especially by Asian countries, has improved African terms of trade and its purchasing power. African export growth to Asian countries has surpassed all other regions. Today, Asia imports 27% of all African exports, three times the share in 1990, and the growth of Asian market is continuing at an average rate of 20 % pro annum. Within a decade, Asia, led by China and India, will most likely be the most important export market for Africa.

Africa still exports mainly raw materials and petroleum, while importing value-added manufacturing. There is a need to provide greater market access for African products in Western markets, perhaps combined with some form of protection for local African producers, and in particular to reduce extensive agricultural subsidies in industrialised countries.

There is no doubt that sustainable growth in Africa in the long term will depend on increasing market access. However, the key problem for African countries is not simply improving their market access, but in increasing supply capacity. The large number of supply-side constraints faced by most African producers is leading to high indirect costs of production and low relative rates of investment. These constraints are rooted in weak institutions, lack of appropriate infrastructure, red tape, lack of necessary financial instruments, lack of conformity to international standards, etc. Tackling these barriers requires international assistance.

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[35] Africa's overall export market share has continuously fallen over the last six decades from an average of 7,5% in 1948 to less than 2% in 2004. See Harry G. Broadman, 2007, *Africa's Silk Road*, World Bank, Washington DC.

2.6.1 WTO and the Doha development round – what can be expected?

In July 2006, WTO Director General Pascal Lamy suspended the Doha negotiations after concluding that it was not possible to find a solution, especially regarding agriculture. This prevented progress in other areas, notably on NAMA (non-agricultural market access) and services. The negotiations were placed on hold until the end of January 2007, when it was decided to restart the negotiations in full. The reason for optimism and the restart of the negotiations is due to greater political attention at the highest level in a number of important participating countries, including the US and the EU countries. The US president has at the same time asked Congress for extension of his fast track negotiating mandate. However it will take a concerted move by the EU, the USA and the G20 on agriculture to bring the negotiations forward.

The Doha negotiations, restarted in January 2007 after a six-month pause, give hope for the least developed countries that some of the commitments obtained at the WTO ministerial meeting in Hong Kong in December 2005 may now materialise. The international community has also been working outside the realm of the Doha Development Agenda to implement agreements on 'Aid for Trade' and the 'Enhanced Integrated Framework' for trade-related assistance to the least developed countries. This work will continue irrespective of the results of the now restarted negotiations.

It has been argued that the Doha development agenda, if successful, would help achieve the Millennium Development Goals through increased trade and associated growth. There is today overwhelming empirical evidence of a positive correlation between international trade and economic growth in the long term. However, questions have emerged regarding the extent to which the poorest countries will in fact reap the benefits of a more liberal international trade system over the short- to medium-term – despite positive long-term effects on growth of international trade. For most Sub-Saharan African countries, the effects of further liberalisation in the Doha Development round is, according to most economic models today, likely to have little or even negative impact on their national income (GDP)[36].

There are two areas where Africa can expect net losses from the Doha Round.: higher costs of food imports due to higher world market prices for food and a loss of export income for those African countries already benefiting from one of the existing trade preference schemes offered by the OECD countries. Recent studies suggest significant income losses from complete erosion of preferences for trade into the EU market alone.[37]

2.6.2 A new framework for trade relations between Africa and the EU

The European Union is still Africa's largest trading partner, taking 32 % of all African exports, but there is no escaping the disappointing outcome of the EU's longest-standing preferential

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[36] For an overview and an assesment of the trade models and data see Thygesen, T. & Friis Jensen, M. 2007, *Handel som kilde til udviklingsfinansiering, holder antagelserne om 'quick win' for Afrika*, DIIS, Copenhagen.
[37] Cf. Francois, J. et al. 2005, *Quantifying the magnitude of preference erosion due to multilateral trade liberalisation*, Centre for the Study of Globalisation, Yale University.

trade schemes. ACP exports represented 4.5% of EU imports in 1988 but had declined to 3.0% by 2005. In particular, ACP LDCs have performed significantly worse than non-ACP LDCs.

In September 2002, the overall negotiations began on a series of Economic Partnership Agreements (EPAs) between the EU and six sub-regional groupings of ACP countries, four of which are in Africa. Negotiations have focused on six main issues: 1) Legal framework 2) Development dimension of EPAs 3) Agriculture and fisheries 4) Services 5) Market access and 6) Other trade related issues. There is agreement that the EPAs should be seen as development instruments that should ensure gradual integration of African countries into the global economy.

The overall and horizontal negotiations have been completed for now, and the focus has turned toward reaching agreements with each sub-regional group. African countries have emphasized that EPAs should be seen as instrumental for development and not just as free trade agreements. African countries want long implementation periods before they have to grant reciprocal market access to the EU, while receiving assistance to alleviate supply-side constraints. To alleviate losses of revenue, African countries have suggested a special EPA Adjustment Facility.

The period of negotiation of the EPAs has coincided with a partial re-appraisal of traditionally negative views of preferences on the part of trade economists. It is increasingly recognised that preference schemes may not lead to trade creation, because the preference margins that they offer are not significant enough and because of administrative obstacles to their utilisation. Where margins of preference reach approximately 10%, rates of utilisation are high and there appear to be economic diversification effects as well.[38]

The most important obstacle for making preferential trade agreements useful is the 'Rules of Origin' criteria, which restrict eligibility for preferences by imposing conditions relating to the extent of local operations that must take place on an exported product before it can be deemed as originating in the country of export. Much uncertainty surrounds the final shape of the EPAs. While the Arrangements will involve African countries opening their markets to the EU to 'substantially all trade' without acquiring any significant gains in market access themselves, the pace at which liberalisation takes place and the extent to which they will be able to exclude certain products from market opening remains unclear.

The EPAs are also controversial for a range of other reasons, including their mixing of developing countries with LDCs into single negotiating groups, their attempt to tighten rather than relax the Rules of Origin criterion, their re-introduction of non-trade issues dropped from the WTO agenda (competition, investment and government procurement), and the nature and sequencing of their development assistance dimension.

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[38] Stevens, C. & Kennan, J. 2004, *Making trade preferences more effective*, Institute of Development Studies Briefing, IDS, University of Sussex.

2.7 AFRICA LAGS BEHIND SIGNIFICANTLY IN HEALTH AND EDUCATION

Human development indicators are generally lower for Africa than for any other part of the world, and health and education have seen only marginal improvements over the last three decades. Life expectancy at birth stood at 46 years in Africa in 2002-2005, well below the 64.9 years life expectancy in developing countries and 78.3 years in developed countries.[39] The under-5 mortality rate was 176 per thousand, compared to just 95 per thousand in developing countries and 8 per thousand in the developed countries.

There is ample evidence that investment in human resource development can yield high returns over the long term. For many African countries, however, it is difficult to mobilise the required resource inputs. 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 sectors.

2.7.1 The health sector

The health sector of most African countries faces numerous problems. In addition to HIV/AIDS, drug-resistant malaria and other mainly preventable diseases, Africans are now suffering from 'modern', life-style related problems such as diabetes, diseases linked to tobacco, and traffic accidents.

Some of the key health indicators are moving in the wrong direction, or moving too slowly to fulfil the MDGs. Life expectancy at birth for Africans has fallen drastically over the last 15 years, due mainly to HIV/AIDS, but also due to other diseases, particularly malaria and TB. In many African countries, life expectancy is now 40 years or less. The decline of life expectancy, affecting all parts of society, poses a serious threat to the development process.

The health expenditures per capita in Africa differ substantially from country to country. South Africa and Botswana are on the high end of the scale, spending USD 255 and USD 191 per capita, respectively, whereas Mozambique and Benin spent only USD 9 and USD 11 per capita. However, there is no clear-cut relation between the health budget and actual health outcomes. Priorities in the form of policies and strategies will need to be developed on the basis of the problems and conditions in each individual country.

A key challenge for the health sector is to increase financing, ensuring access to health services for the poor. Given the sector's huge financing gap, user charges, be they formal or informal, cannot be totally abolished, and effective exemption mechanisms are therefore the key to ensuring quality services for the poor. Decentralising health services is often part of a more fundamental devolution of power to lower levels. African health ministries face the challenge of ensuring the quality of services when they are no longer responsible for actually operating them. Synergy and complementarity between the public and private sectors in order to utilise all

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[39] UNESCO 2007, *EFA Global Monitoring Report 2007*, UNESCO, BREDA, Dakar.

the available resources efficiently, and proper staff levels must be maintained or increased and health sector workers kept motivated.

Controversies (esp. religiously-based) regarding sexual and reproductive health and rights led to this area being excluded from the MDGs. However, sexual and reproductive health problems (incl. HIV/AIDS) constitute 60% of the female diseases burden in Africa. Marginalized and impoverished groups need to be specifically targeted in health policies and programmes. There is also a need for better access to child and youth-friendly health care services, and for special facilities to serve indigenous communities, whose mortality rates are much higher than national averages.

Staffing levels and motivation are emerging as some of the most important challenges for improving health services, a problem now known as the 'Human Resource Crisis'. The crisis in human resources is affected by several factors: the opportunity for doctors and nurses to work abroad at much higher wages, the impact of the HIV/AIDS epidemic on staff, the problem of attracting health professionals to work in rural, remote and poor areas, authoritarian and old-fashioned management systems that provide little incentive for improving performance, and neglect of pre-service training systems.

2.7.2 The HIV/AIDS situation in Africa remains serious

Almost two-thirds (63%) of the world's HIV/AIDS cases are found in Sub-Saharan Africa. Of the 2.9 million of the world's people who died from AIDS in 2006, 72% were from Sub-Saharan Africa.[40] AIDS not only destroys families and communities. By increasing the workload on children, youth and old people, it also threatens agricultural production and food security, impeding prospects for the future development and economic and social stability in those countries most affected by the disease.[41]

While Africa remains the global epicentre of the AIDS pandemic, the epidemic appears to be levelling off – though it remains at exceptional high levels in most of Southern Africa. In Kenya and Zimbabwe, as well as in urban areas of Burkina Faso, HIV prevalence has declined. In most of West Africa, the epidemic has stabilised at an adult infection rate of around 2-5%. HIV has declined in East Africa, with a stabilised infection rate of around 5-7%. In Mozambique, South Africa, and Swaziland, however, the HIV epidemic continues to grow, with infection rates reaching 20-30 % of the adult population. South Africa has the highest number of people infected overall in Africa – about 5 million people, of which 3 million are girls/women.

With the expected growth in Sub-Saharan Africa's youth population, preventing HIV among young people and children will pose a tremendous challenge. According to a 2005 UNAIDS study, less than 50% of young people had comprehensive knowledge about HIV.[42]

[40] General data references are form UNAIDS 2006, *AIDS epidemic update December 2006*, UNAIDS.
[41] The Danish Ministry of Foreign Affairs 2005, *Strategi for Danmarks støtte til bekæmpelse af HIV/AIDS i udviklingslandene*, Danida, Danish MFA.
[42] UNAIDS 2006, *Report on the global AIDS epidemic*, 10th. Anniversary special edition, UNAIDS.

HIV infections affect more women than men. In South Africa, the most affected HIV/AIDS country, almost one in three pregnant women attending public antenatal clinics in 2005 were HIV infected, and 17% of young women were affected as compared to 4.4% of young men. Challenging negative gender roles is critical to the global AIDS response, and strategies to reduce girls' and women's vulnerability must include strategies that promote women's advancement and human rights, including sexual and reproductive rights.

Figure 5: Geographical concentration of HIV/AIDS
Prevalence of HIV among adults
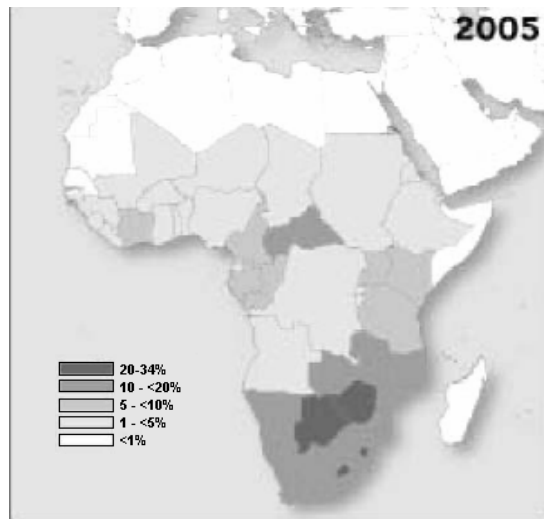
Source: UNAIDS 2006, *Report on the global AIDS epidemic*, 10th. Anniversary special edition, UNAIDS.

In the early 1990s, urban areas were the main locus for the spread of HIV, with between 25% and 33% of the urban population infected in Kenya and Uganda, while only about 5% were infected in the rural areas. HIV/AIDS strikes most among youth in poor areas. In South Africa, 50-60% of all new HIV infections are occurring in the 15-24 year group, and 60% of those infected are female. An estimated 12 million children in Sub-Saharan Africa have seen one or both of their parents killed by AIDS. Far too many orphans and vulnerable children are not properly cared for.

The use of antiretroviral therapy has expanded dramatically in Sub-Saharan Africa: more then one million people were receiving anti-retroviral treatment by June 2006, a tenfold increase since December 2003.[43] However, only 23% of the estimated 4.6 million people in need of antiretroviral therapy in the region are receiving it. To further scale up ARV use, the health system needs to be strengthened, both as regards preventive work and to manage the increasing number of people on ARV. The AIDS response must include promotion of sexual and reproductive health and rights so as to ensure more cost-effective programmes with grater impact. There will also be more need to treat chronic patients, many of them people on ARV treatment, and efforts will be needed to ensure continuity of ARV treatment and prevention of

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[43] WHO/UNAIDS 2006, *Progress in scaling up access to HIV treatment in low – and middle income countries*, UNAIDS, June 2006.

resistance. Sustained donor funding will be needed in order to avoid the risk of abandoning poor countries with expensive ARV programmes.

Financial resources for AIDS treatment and prevention, including domestic public expenditure by governments, have increased significantly since 2001. The launch of the Global Fund to Fight AIDS, Tuberculosis and Malaria, in December 2002, has been important in this respect. However, resource requirements are far higher than available resources.

2.7.3 Some improvements in education, but far from enough

Education is a part of the rights of the child, and it should be seen as a strong vehicle for change. Good quality education enables the child to make choices, and to develop self-reliance. Educational services in Africa are grossly underdeveloped. The adult literacy rate, despite improvements over the last decades, stands at 61%, far below the 77% literacy in other developing countries and the 99% literacy rate in the developed world. Public budgets for primary education are almost entirely spent on teachers' salaries, leaving the costs of buildings, teaching materials and school uniforms to the parents. On average in 2000, each teacher had 47 pupils in a class in Africa.

In most African countries, the education systems are often heavily understaffed and under-funded. The teachers are poorly trained, badly paid and inadequately motivated. Children are not always encouraged by their families to attend school; they may have to walk long distances and are often poorly fed or the parents may need the child's labour inputs. 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 inequalities. Unfortunately, we can observe a general decline in the number of children attending school, and a lower ratio of girls to boys' enrolments.

In secondary and tertiary education as well, Africa is also lagging behind other areas. In 2002, the average gross enrolment rate (GER) for secondary education was 32% in Africa, compared to 43% for low-income countries and 90% for Europe and Central Asia. GER in tertiary education was 4% in Africa compared to 9% in low-income countries and 44% in Europe and Central Asia.[44]

There is a particularly acute gap in vocational training, which was neglected by donors and governments in the 1980s, when experts and policy makers concluded that training was best left to the work place. African governments are now trying 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. The education sector is one of the areas where the gender dimension is most important. 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 often subjected to sexual harassment by teachers and boys.

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[44] Page, J. 2006, Powerpoint presentation at the launch of ADI 2006, World Bank.

The provision of special needs education for the disabled and other minority groups has improved significantly, but many countries still face a challenge in providing equal access to all excluded and marginalized groups, such as indigenous peoples and orphaned and vulnerable children In high prevalence countries in Sub-Saharan Africa, the impact of the HIV/AIDS pandemic is strong, especially as regards access to education by orphaned and vulnerable children.

2.7.4   Research and development

A robust correlation has been established between investments in vocational and higher education and economic growth. There is also a robust, positive correlation between investments in research and development and economic growth. Studies from East Africa[45] suggest that public investment in R&D has a strong economic impact on rural income and poverty alleviation. Agricultural research, in particular, is associated with very high rates of return.

2.8   CLIMATE CHANGE AND THE ENVIRONMENT: GLOBAL IMPACT AND AFRICAN VULNERABILITY

The effects of climate change have figured high on the development agenda in recent years. In October 2006, the Stern Report[46] on the economic effects of climate changes gave new impetus to the debate. There is now a growing consensus that the climate is changing and that the changes are in fact related to human activities. African countries have the lowest emission of greenhouse gasses worldwide but will be hardest hit by climate change.

Several factors make Africa especially vulnerable to climate change.[47] Water resources will decrease, especially in internationally shared basins where there is a potential for conflict and a need for regional co-ordination in water management. Food security will be at risk from declines in agricultural production. Natural resource productivity and biodiversity will also be at risk. Vector- and water-borne diseases may increase, especially in areas with inadequate health infrastructure. Coastal zones are particularly vulnerable to a rise in sea level, and roads, bridges, buildings, and other infrastructure can be exposed to flooding. Finally, desertification may be exacerbated by changes in rainfall and intensified land use.

Because of the vulnerability of African countries, adaptation to climate change must be given high priority in our cooperation with these countries. A number of African countries are in the process of preparing national adaptation strategies and plans, known as National Adaptation Plans of Action (NAPA). Well-prepared NAPAs could provide the basic climatic and socio-economic information for prioritising policies and measures in key economic sectors as part of national or regional development strategies. Agricultural planning, human settlement, and major

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[45] DFID 2005, Rates of Return to Research. A literary review and a critique, Final Report 2005, DFID, UK.

[46] Stern N. 2006, *Stern Review on the Economics of Climate change*, for the UK Government, October 2006.

[47] New Economics Foundation *2006, Africa – Up in Smoke 2. The second report on Africa and global warming from the working group on Climate Change and Development*, for the Working Group on Climate Change and Development, October 2006 (2nd edition).

infrastructure investments should not be undertaken in vulnerable areas without taking precautionary measures to allow for climate change. Adaptation also needs to be linked to relief, rehabilitation, and disaster preparedness initiatives at national, sectoral and community levels.

Furthermore, an increased awareness is required with regard to the relation between globalisation, or a new global distribution of labour and productivity, and the environment. In particular there remains a need to enable governments in developing countries to adapt their national environmental legislation, land-use planning, poverty reduction strategies etc., in order to accommodate the transfer of production facilities, hazardous waste and the associated increased pressure on eco-systems and livelihoods of local populations. On a parallel track, there remains a need to ensure that countries that are exporting such facilities and production comply with a set of environmental sustainability criteria, and that the international trade regimes and financial institutions incorporate more firmly such sustainability considerations in rules and portfolio management systems

2.8.1 Consequences of ecosystem change for human well-being and life in Africa

The Millennium Ecosystem Assessment[48], completed in 2005, focuses on the linkages between changing ecosystems and human well-being, and in particular on 'ecosystem services', which are the benefits people obtain from ecosystems. The report assesses three ecosystem services at all scales: freshwater, food and biodiversity. In addition, wood fuel and less tangible cultural services are assessed. In Africa, the dependence on ecosystem services is particularly direct, and people are vulnerable to natural disasters and environmental change and degradation. Two out of three Africans live off the land, harvesting the resources nature provides. Clean water and secure food supplies are therefore essential to human well-being.

An adequate supply of fresh water is vital to life, and a lack of safe water is a leading cause of infant mortality in the region. A large part of Southern Africa is already water-scarce by international standards. In those countries with an abundant water supply, the water often contains debilitating human pathogens.

Despite its untapped potential to produce enough food to feed its population, Sub-Saharan Africa remains insecure in food production. Insufficient protein is a serious and growing problem. Freshwater fisheries are overexploited as well as east-coast marine fisheries. Domestic livestock densities – particularly cattle – are excessive and can result in land degradation.

In a number of areas in Africa, biodiversity is under significant pressure, while in others, it remains in a fairly good condition. This biodiversity forms the basis of the burgeoning nature-based tourism industry, as well as making important contributions to food supply and traditional medicines. The largest immediate threat to biodiversity is the expansion of degraded lands into areas currently under sustainable use.

At least four of the eight Millennium Development Goals (reducing hunger and child mortality,

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[48] Millennium Ecosystem Assessment 2005, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington DC.

combating diseases and ensuring environmental sustainability) will not be met in Africa unless decisive action is taken to stabilise ecosystem services. More generally, the basis for development and economic growth in Africa depends largely on sustainable use of natural resources and ecosystem services.

2.8.2 Ensuring access to modern and clean energy sources is a development challenge for Africa

Most economic activities are impossible without energy, and substantial poverty reduction, as well as achievement of MDGs, will not take place without massively increased use of energy. Energy services such as electric light, heating and mechanical power are essential for socio-economic development and income generation. Yet only 23% of Sub-Saharan Africa's population has access to electricity. In the rural areas where the majority of Africans live, 92% of the population have no electricity. Africa's energy needs must be met by the provision of large-scale investments in power generation and distribution. What is needed are technology transfer and affordable energy services based on local renewable energy sources, as well as massive-scale low-cost and energy-efficient solutions for household cooking, heating and lightning.

Africa contributes only 3% of the worlds green house gas emissions. Africa's participation in the Clean Development Mechanism (CDM) has so far been limited. The majority of the African CDM projects have been identified in South Africa. International support to CDM in Africa includes the establishment of national capacity to participate in the emission trading.

2.8.3 Urban development

By 2005, more than a third of Africa's population was living in urban areas, with about 250 million people living in slums. Cities thus offers an entry point to tackle some of Africa's most pressing challenges, including extreme poverty, under-five mortality, HIV/AIDS, environmental degradation and gender inequality. Upgrading slums may also act to prevent conflict and radicalisation, while focusing investment in urban areas generates economies of scale.

The challenge will be to disperse urbanisation by promoting small and medium-sized towns, thus avoiding extreme primate rates (% of population living in the largest urban settlement). Urban development should be based on local ownership and local priorities, with focus on increasing the capacity of local government and resolving land tenure issues so that urban land values can be efficiently utilised.

3. PEACE-BUILDING AND STATE-BUILDING

3.1 BUILDING EFFECTIVE AND DEMOCRATIC STATES

Effective and democratic states based on good governance are essential to human development and human security. States are responsible for promoting development, ensuring peace and security, and protecting human rights under international law. States are the main partners of international donors. The fight against HIV/AIDS, environmental degradation, terrorism and illegal migration depends on effective states with committed and legitimate governments and the necessary capacity.

Figure 6: Government effectiveness
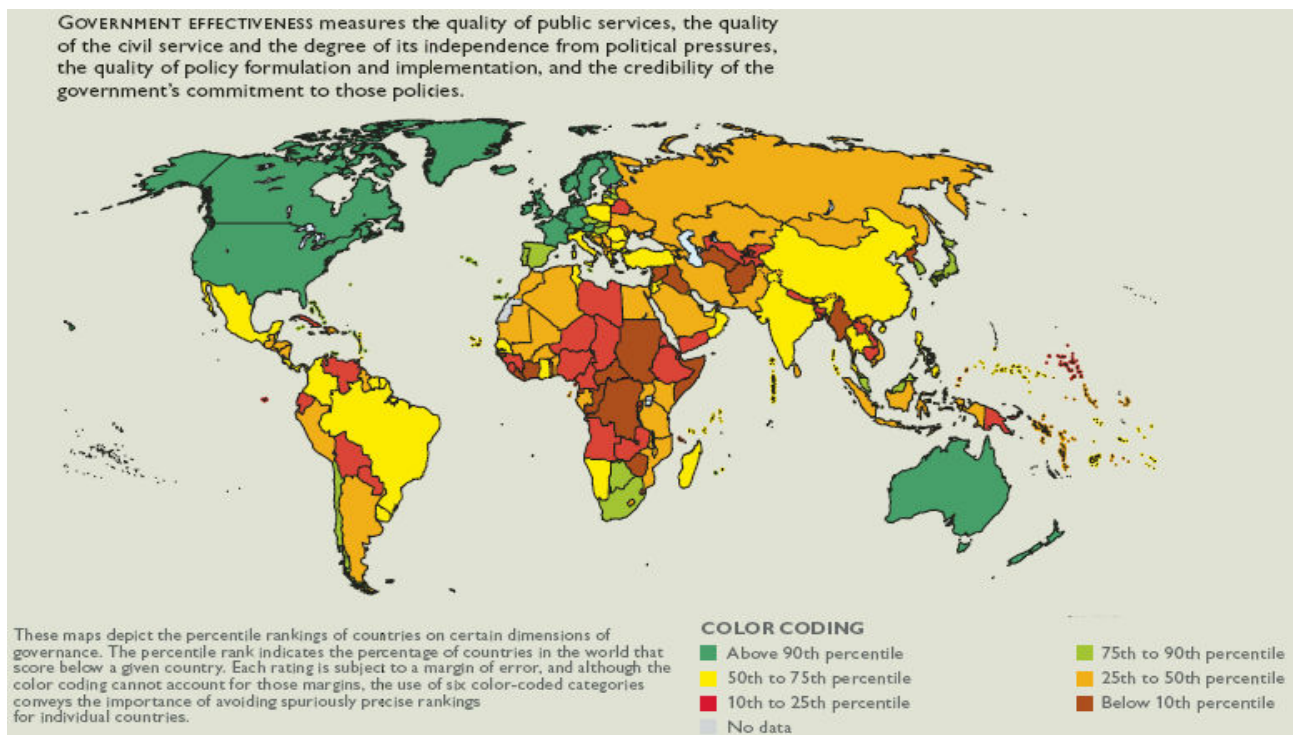
Source: World Bank 2006, *Governance Matters 2006 - Worldwide Governance Indicators*, The World Bank Institute, Washington DC.

In a development context, the state's monopoly over force and sovereignty over territory is supplemented by the functions it performs: delivery of social services, maintenance of enabling environments for the private sector and civil society, security for its citizens (and not just the state itself), and mediation between conflicting interests. Furthermore, the 'developmental state' is characterised by its determination and ability to pursue comprehensive development beyond specific functionality.[49]

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[49] Edigheji, O. 2005, *A Democratic Developmental State in Africa? A concept paper,* Centre for Policy Studies, Johannesburg.

The particular institutional and organisational configurations of states, legislation, central and local government, parliament and local councils, the judiciary, military and security forces, etc., vary significantly from country to country, depending on historical, cultural and geographic factors. However, all states must perform a whole set of core functions effectively in order to ensure political stability, economic growth and development. Weak functionality in one or more areas may endanger long-term development. Revenue generation from taxes, for instance, may depend on the legitimacy of government, which in turn depends on its capacity to deliver services at the local level.

In most African countries, the institutional strength and capacity of state structures to perform core functions is limited. Successful state-building requires a broad view of the functions of the state, and a concerted effort by international donors and African leaders and citizens to place effective and democratic states at the centre of nationally- owned development processes.

The trend towards stronger respect for democratic principles and human rights in Africa as well as some indications of improved governance are signs of progress, but much remains to be done. Management of public finances, including anti-corruption efforts, civil service reform and decentralisation, remain key issues. Service delivery needs to be strengthened, disaster preparedness upgraded, and security service reform is needed to ensure peace, stability and post-conflict recovery. Civil society participation, democratic accountability and state support for private-sector-led growth are essential for poverty alleviation.

While there is debate about the specifics of state-building programs, partly due to the normative and sometimes ideological elements of the discussion[50], four key features have been emphasized in the literature: (1) organisational design and management; (2) political system design; (3) cultural norms and structural issues; and (4) the process of legitimisation through which governing authorities gain socio-political acceptance for their role as custodians of the state.[51]

Donors, however, have tended to limit their efforts to build capacity in organisational management, i.e., improving the state's ability to perform its service delivery functions. Addressing the remaining issues outlined in the definition above, donors need to consider how to strengthen state legitimacy and accountability, and this implies a strong emphasis on working at the interface of state and the rest of society. State-building must link   capacity development, good governance and democratisation into a coherent whole at both central and local levels[52].

Successful state-building requires a long-term commitment by donors and a willingness to allow governments to set their own priorities and manage the process.

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[50] Whether the state-building paradigm is based on a normative or 'proven' base and if there are viable options are discussed in Andersen, L. 2005, *Security Sector Reform in Fragile States*, Danish Institute for International Studies, Copenhagen.
[51] Fukyuama, F. 2004, State-Building, Governance and the World Order of the 21st Century, Cornell University Press, Ithaca, NY.
[52] USAID & UNICEF 2005, *Service Delivery in Fragile States: Advancing Donor Practice*, Concept Note for the DAC Fragile States Group, OECD, 15th June 2005.

3.1.1 State fragility is a challenge in most African countries

The term 'fragile states' is being used by the international community to characterise states that are either *unable* or *unwilling* to fully perform a series of core functions regarded as essential to development and the security and well-being of their citizens. Some features of state fragility can be identified in almost all African countries. Political instability, high-level corruption and sudden deteriorations in governance are significant risks in most African countries and may threaten long-standing development programmes and pose difficult dilemmas for donors.

While few states exhibit the degree of complete state *failure* currently displayed by Somalia, many more suffer from progressive and prolonged decline of law and order and of lack of provision of public services (Guinea-Bissau, Central African Republic, Zimbabwe), or from conflict and risk of renewed fragility (Côte d'Ivoire and DRC). Still other fragile states are emerging from conflict and have yet to consolidate basic state structures (southern Sudan, Sierra Leone, Liberia). State fragility is a common conflict factor because the fragile state loses its capability to maintain security and to mediate between societal interests.

However not all fragile states are affected by conflict, especially in the early stages of state fragility. As deterioration increases, and public confidence in state institutions disappears, the population will switch to informal welfare and security arrangements or household-based coping strategies. In other words, the accountability relationship between state and citizens breaks down. Alternative security systems emerge (including vigilantism and militia). Eventually, the increasing level of state fragility will almost certainly lead to full-blown conflict. The potential for negative spill-over effects due to porous borders, migration, trafficking in people, weapons etc., and the individual state's inability to control the situation lead to regional or international issues.

In the 1990s, donors tended to concentrate their funding on a limited number of countries with adequate levels of governance, 'good performers',[53] such that certain other desperately poor countries became 'aid-orphans'. These countries became subject to conflict and instability, with accompanying regional and international repercussions (e.g., Sierra Leone and Liberia).

One such fragile state and aid orphan, Afghanistan, became the base for Al Qaeda. After the terrorist attacks of September 2001, donors began to rethink their aid to fragile states. If donor funding in countries such as Somalia and Afghanistan, which had provided refuge for terrorists, could improve chances of stability and progress, it might be well worth the investment, even if conditions are difficult and results modest. Taking into account the risks of state failure and its potential consequences in terms of conflict or terrorism, donors are increasingly revising their assessments of   aid effectiveness when applied to fragile states.[54] In addition, new aid modalities and instruments have been developed in fragile states, helping to stimulate interest in donor support.[55]

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[53] OECD/DAC 2004, *2003 Development Co-operation Report*. OECD Journal of Development.
[54] Chauvet, L. & Collier, P. 2004, *Development Effectiveness in Fragile States: Spillovers and Turnarounds,* Centre for the Study of African Economies, Department of Economics, Oxford University.
[55] Manor J. (ed.) 2006, *Aid that Works - Successful Development in Fragile States*, World Bank Publication.

3.2 POLITICAL FREEDOM IS INCREASING IN AFRICA

An increasing number of African countries have adopted political freedom and basic and shared democratic values as the major pillars of development. Key elements 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 checks and balances to regulate the power of the executive.

In the decades up to 1990, African political life consisted of political coups, factional fighting, or leaders' unscrupulous attempts to cling to power and encouraged their systematic plunder of national resources. This pattern has changed. During the 1990s and 2000s, significantly higher numbers of leaders have left office due to lost elections or voluntary retirement. Multiparty systems have been introduced and elections are increasingly free and fair. There is more press freedom and more possibility for civil society to participate in political debate. Some former leaders have acquired roles of respected elder statesmen, helping to mediate conflicts. Some members of the current African leadership generation are due to step down in the coming years, and the success of this momentous change of leadership generations will be an important indicator of the robustness of democracy in Africa.

Figure 7: Trends in freedom in Africa
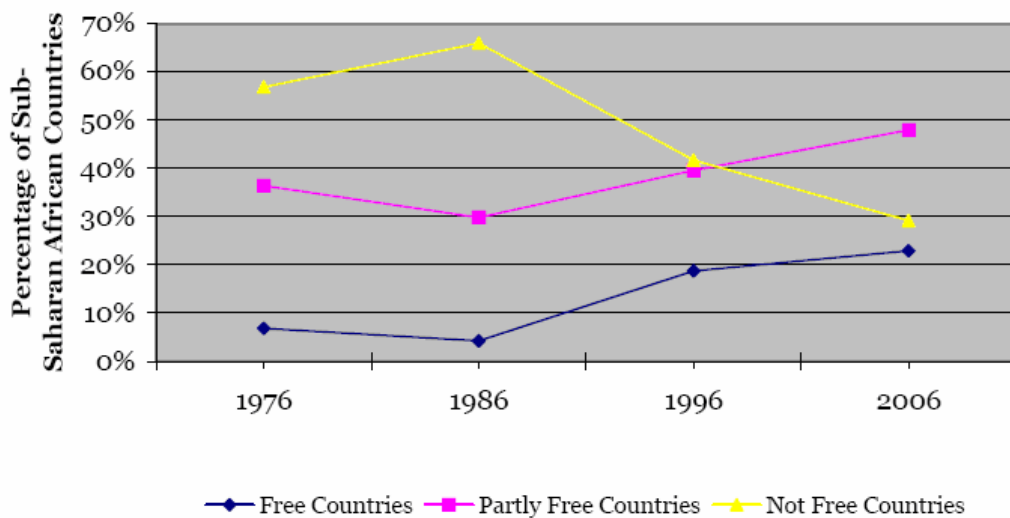
Source: Freedom House 2006, *Freedom in Africa Today,* www.freedomhouse.org, The index measures freedom according to two broad categories: political rights and civil liberties.

The institutions of democracy are not yet well established in Africa, and many African countries continue to be high risks in terms of political instability and armed conflict; a number still have authoritarian or 'neo-patrimonial' regimes based on kinship, ethnicity and personal networks,

where formal institutions of governance exist side by side with patron-client relations.[56] Even when there is a strong political will to promote democratisation and fight neo-patrimonial corruption and abuse of power, transforming neo-patrimonial politics and strengthening democracy requires reinforcing the links between state institutions, market and civil society, including at the highest level of state power.

The process of democratic change in countries with weak state institutions involves a higher risk of conflict and crisis than is typical for stagnant, authoritarian regimes.[57] In many places in Africa, the process of democratisation is no more than 10 or 15 years old, and the process of embedding democratic institutions and practices will take much longer.

3.2.1 A continued need for political reform

With demands for drastic changes in public institutions and power-relationships being made by domestic and foreign actors, debate on constitutional issues in Africa is widespread. Limiting the powers vested in the executive (reducing the terms of office for the president, increasing decentralisation) is seen as particularly important in this regard. Election reform is another issue. While the technical aspects of the conduct of elections have improved, there are still reasons to question the fairness of many elections. Typical problems are restrictions on opposition parties' access to media or to hold public rallies, bribery, vote buying and other corrupt practices.

Reform of political parties is another key issue for African democracy. Political parties are often primarily vehicles for powerful individuals outside the mainstream of government patronage networks. Rarely do they represent a specific group sharing the same interests or ideology, with the exception of ethnic communities. Opposition political parties often have weak structures and capacities, while ruling parties are typically integrated with state structures and utilise these for their own purposes.

Parliaments in Africa, despite their important role, have been rather neglected by donors. While some parliaments were once rubber-stamping bodies for the president, they have developed into genuine law-making institutions, critically examining and adjusting bills proposed by the government, while also struggling to monitor government policies and financial management. Nevertheless, many parliaments are not yet equipped to perform these tasks.

Other executive institutions which should exert checks and balances on the powers of government executives are also often weak. This is the case with human rights commissions, ombudsman institutions, auditor generals, election commissions and others. Where public administration is often ineffective or even corrupt, the importance of these independent checks and balance functions are crucial for creating the conditions for democratic governance, and for effective and transparent policy development and service delivery by the public sector.

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[56] See for example Nicolas van de Walle, 2001, *African Economies and the Politics of Permanent Crisis 1979-199,* Cambridge University Press, New York.
[57] See Jack A. Goldstone et al. 2005, *A Global Forecasting Model of Political Instability,* Paper presented at the Annual Meeting of the American Political Scientists Association, September 2005.

Donors often support democratisation in various ways. The European Commission provides financial and technical support to the preparation, holding and monitoring of elections in Africa. General budget support is often linked to good governance and reform more broadly.

3.2.2 Promoting civil society organisations is essential to democracy

Civil society is an important factor in building of democratic states. Through their advocacy activities, development NGOs, popular organisations, trade unions, farmers associations, religious groups, grassroots organisations, social movements and cultural associations all give voice to otherwise voiceless groups and contribute to an increased awareness of human rights and democratic institutions. Along with civil society groups are the media, who serve as a platform for communication and debate, and act as a watchdog over government performance.

Although civil society has grown significantly and become more outspoken in many African societies over the past decade, particularly women's groups, civil society remains too weak to effectively play this role. Instead of acting as an independent social voice, NGOs are often formed by political parties, corrupt government officials or opportunists for personal benefit. Abuse of NGO legitimacy threatens the civil society sector as a whole and may be used by government to repress the sector. Such attempts to restrict the activities of critical organisations have been seen in many African countries in recent years.

While many bilateral donors have a growing interest in supporting the advocacy work of NGOs a thorough understanding of the sector is needed. Without careful monitoring, there is a risk that this support will end up strengthening the less credible elements, further corrupting and weakening the sector.

Of crucial importance in Africa is the influence of religious organisations, through the moral authority of leaders. The extensive networks of such religious groups often cut across ethnic and geographical divisions. Religious groups have been a force for progress in democratisation and good governance in Malawi, Zambia and Kenya.

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

In areas where the state fails to deliver key services, NGOs often become implementing organisations for donor agencies and service providers for the citizens Because of the importance of foreign donors in funding NGOs, their accountability may often be more towards their donors than towards their local constituencies. In some cases, NGOs are simply a vehicle for entrepreneurship and initiative that in other circumstances would have gone into the private sector.

3.2.3 The increasing role of traditional governance structures

In the 1990s, traditional leaders and chiefs took over a range of basic state functions in many African communities, including justice, policing and tax collection, as well as representing these communities to the donors and NGOs.[58] The role of traditional leaders reflects both the democratisation dynamic in Africa following the Cold War, the increasing strength of social organisations at the community level, and the difficulties of several African states in providing services to their rural populations.

It is questionable, however, whether the new role of traditional leaders is a true break with state centralism and authoritarianism. From one perspective, it is argued that chiefs represent an authentic African form of governance that was corrupted by colonial regimes, and that it may be possible to revive communitarian democratic governance based on traditional structures. Other observers point out, however, that power relations at the local level in Africa are driven by patronage and privileged access to resources. In this view, the chiefs are simply neo-patrimonial rulers at local levels rather than true local representatives. In Zimbabwe for example, ZANU-PF has consolidated its power base since 1999 by increasing the salaries and material benefits given to chiefs.

3.3 SOME IMPROVEMENTS, BUT MANY CHALLENGES IN ACCESS TO JUSTICE AND THE RULE OF LAW

The rule of law (right to a fair trial, avoidance of arbitrary arrests, protection of civil rights) is an important precondition for economic development and investments (e.g., the protection of property rights, settlement of disputes). The major problems in ensuring the rule of law are related to capacity and accountability. Courts in Africa are under-funded and understaffed, prosecution offices are inadequate, clients have little access to defence lawyers, and legal frameworks are often out of date. Adding to this problem are poorly functioning enforcement mechanisms and institutions, such as police, prisons, and arbitration mechanisms. Police lack access to and training in modern investigative techniques, and the situation has become one where large sections of society, especially the poor and marginalised, have no means to attain justice or compensation.

The legal system in most African countries, originally copied from the colonial system, has rarely been adapted to fit the actual needs and prevailing perceptions of justice of the country. 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 ordinary citizens seeking legal redress, access to the system is costly, while the lower court systems, based as they are on un-codified or customary law are particularly marked by a serious amount of gender bias.

With the introduction of democracy, most African states are undergoing a process of state-building that requires drastic changes in the public institutions. There seems to be a pressing

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[58] Kyed H. M. & Buur L. 2006, *Recognition and Democratisation. New Roles for Traditional Leader in Sub-Saharan Africa*, Danish Institute of International Studies, Working Paper 2006/11, Copenhagen.

need for judicial reform: securing the independence of the judiciary, access to justice and fair trial, as well as updating legal frameworks so as to bring them into line with international standards.

Although most African citizens are now formally ensured civil and political as well as social, economic and cultural rights, and the independence of the judiciary is constitutionally enshrined in most countries, the judicial powers remain under the direct influence of the executive powers in many states. In politically sensitive cases, investigations are either not carried out at all or are highly negligent, resulting in a failure to convict the perpetrators. Politically elected judges are still commonplace, leading to biased decisions.

To promote the rule of law, judicial reform and capacity-building of the judicial system should be complemented by a more general institution-building effort. Independent watchdog institutions such as human rights commissions and ombudsman institutions and strong civil society organisations can play a crucial role in upholding democratic values, not least where the public administration is weak.

3.4 IMPLEMENTATION OF HUMAN RIGHTS OBLIGATIONS IS LAGGING BEHIND FORMAL RECOGNITION

In the majority of African countries, most of the key UN human rights treaties have been ratified, but the treaty obligations are not being implemented. Table 2 below presents a summary of the human rights situation in Africa using aggregate human rights indicators.

Table 2: Human rights indicators for African sub-regions

	Formal Acceptance		Civil and Political Rights		Economic, Social and Cultural Rights	Gender Discrimination
Year:	2000	2005	2000	2005	2005	2005
Great Lakes Region	1.6	2.1	6.7	6.5	5.7	3.7
Southern Africa	1.6	1.6	4.2	5.1	5.0	3.8
West Africa	1.5	1.3	5.1	4.8	5.6	5.4
Northeast Africa	-	1.5	-	7.5	5.7	5.7
Northern Africa	-	1.7	-	6.6	2.3	4.6

Source: Sano, H-O. et al. 2000, *Human Rights Indicators*, Danish Institute for Human Rights, see http://www.humanrights.dk/departments/international/PA/Concept/Indicato/.

Note: The scale runs from 0-8, with 8 representing the worst human rights situation and zero the best. The scale is an index of systematicity; it does not count the number of violations.

Focusing on individual Danish programme cooperation countries, significant improvements have taken place in Kenya and Ghana over the past five-year period. The West African countries of Mali, Benin and Ghana appear to have the best situation with regards to civil and political rights, with scores of around 3 on the indicator scale.

Despite the emergence of various grassroots initiatives and a freer media in many African countries, the governments across the region remain hostile towards human rights advocates. Many of these individuals and groups face harassment, assault and arbitrary detention and arrest for denouncing human rights violations or criticizing their governments. Several states have banned human rights organisations or otherwise prevented them from carrying out their work, e.g. preventing them from free movement within and outside the country. In June 2004, the African Commission on Human and People's Rights passed a resolution on human rights defenders, appointing a special rapporteur on human rights defenders in Africa.

Reports of torture from African countries are still common; especially notable is the widespread use of torture and other ill-treatment by police and security forces. Prisons are overcrowded, and prison conditions are inhuman and constitute serious health hazards, with large numbers inmates waiting years simply to go on trial.

The death penalty is still widely used in African countries, but the number of states practicing the death penalty *de facto* or *de jure* has decreased over the past decade. By 2006, 13 countries have *de jure* abolished the death penalty, and 20 others are abolitionist in practice.

3.4.1 Promotion of gender equality needs to address the roles of both women and men

Gender equality is a goal in itself and a means by which to achieve other development objectives. In Africa, as elsewhere in the world, gender relations are decisive for the behaviour of individuals, households and communities, and for the cohesion of the social fabric of societies and countries. The gender dimension cuts across all other categories and themes used to differentiate individuals, such as religion, ethnicity, race, income, age, health, education, poverty, political orientation or nationality.

Non-discrimination is a fundamental principle in all human rights instruments. It is a core element in the international legal and normative frameworks on gender equality to which both Denmark and almost all African countries have committed themselves. These frameworks include the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); the Convention on the Rights of the Child; the Beijing Platform for Action; the Cairo Plan of Action and the MDGs.

Despite the progress made, African countries still do not provide women and men with equal rights, equal access to resources and equal opportunities to obtain social, political and economic influence.[59] On all three variables, women and girls are discriminated against either formally or informally by tradition or customary law. Promoting gender equality requires changes in existing power structures, and religious and cultural values and norms must never be allowed

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[59] This is also true for many countries outside Africa.

to serve as an excuse for depriving the individual – woman or man, girl or boy – of her/his freedom or rights.

3.4.2 Indigenous peoples' issues are often neglected

An often-neglected aspect of development work in Africa is the human rights of indigenous peoples, of which there are 25 million in Africa. The Indigenous Peoples of Africa Co-ordinating Committee (IPACC), one of the main trans-national network organizations recognised as a representative of African indigenous peoples, has identified three key problems facing indigenous peoples in Africa: political and economic marginalization, discrimination in access to education and health care, and discrimination based on their life-style as hunter-gatherers and pastoralists perceived as 'backward' or primitive by the dominant groups in society. Some indigenous peoples, e.g. the San and Pygmy peoples, are physically distinct, which exposes them to specific forms of discrimination.

At an African inter-governmental level, a working group established under the African Commission on Human and Peoples' Rights (ACHPR), has adopted a report recognising the rights of indigenous peoples. The extent to which individual states are mobilising to implement these recommendations varies enormously, however, and most indigenous groups continue to agitate for improvements in land rights, use of natural resources, protection of environment and culture, political recognition and freedom from discrimination.

3.5 A BROADER VIEW ON PUBLIC SECTOR REFORM

Traditionally, the public sector in most African countries has suffered from its political association with the ruling parties and by low levels of effectiveness, efficiency, and accountability. The donor community, while supporting public sector reform, has often focused on 'technical' management issues but has failed to see their political character. Insofar as public sector reforms shift centres of control over financial and human resources, it is a means of redistributing formal as well as informal power. Hence, it alters the opportunities for patronage and creates new possibilities for the building of political platforms.

Yet the public sector cannot be reformed on its own. In addition to parliamentary oversight, effective reform of the public sector requires the vigilance and awareness of the citizens, the media, and the private sector, all of whom can pressure the public sector to improve its effectiveness.

Over the past 10 to 15 years, the importance of the public sector for development has been re-evaluated, leading to more emphasis on and donor assistance to improved public sector legitimacy, effectiveness, and accountability in line with the principles of New Public Management (NPM) toward more flexible, result-oriented management in the public sector. The PRSP approach, the MDGs, and the Paris Declaration have all shown this renewed emphasis on the public sector as a key player in supporting economic growth and development. With the intended increases in foreign aid to Africa over the next 10 years, there will be increasing pressure on the African countries' public sectors to become legitimate and high-

performing partners and to strengthen their accountability toward African citizens. If this increased demand for domestic accountability does not develop, the additional foreign assistance may be counter-productive in terms of governance and thereby in terms of long-term performance.

3.5.1 Capacity development

Historically, the donor community has undergone a learning process in its attitude toward building state capacity: from providing tools, equipment and training in the 1960s and 1970s, to organisational restructuring in the 1980s, to restructuring the institutional environment through incentives, norms and values in the 1990s. It is now recognized that organisational capacity is a necessary, but not sufficient, component of building state capacity.[60] Capacity is defined as 'the ability of people, organisations and society as a whole to manage their affairs successfully', while capacity development is 'the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.'[61] It is now considered more effective to focus on the functions of organisations and their capability to produce appropriate and effective outputs,[62]

A World Bank evaluation of its own capacity-building activities in Africa over the last ten years concluded that overall, donor support to capacity development for the public sector in Africa has had 'limited impact'.[63] We now acknowledge that capacity development has a 'non-technical' or 'political' dimension, and that the success of capacity development depends on both formal and informal rules and norms. It is now realized that 'capacity development is necessarily an endogenous process of change'[64], which can be adversely affected by fragmented projects, off-budget mechanisms to channel aid resources, and reliance on project implementation units.[65] This understanding is reflected in the Paris Declaration, where donors commit to 'align their analytical and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly'.[66] Finally, while many countries face similar challenges, the general lesson is that solutions selected should fit to the particular prevailing circumstances.[67]

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[60] Teskey, G. 2005, *Capacity Development and State Building: Issues, Evidence and Implications for DFID*, Department for International Development, Governance and Social Development Group.

[61] OECD/DAC 2006, *The Challenge of Capacity Development. Working Towards Good Practice*, A DAC Reference Document, DAC Guidelines and Reference Series, OEDC.

[62] Boesen, N. & Therkildsen, O. 2004, *Between Naivety and Cynicism A Pragmatic Approach to Donor Support for Public-Sector Capacity Development*, DANIDA, Copenhagen.

[63] World Bank 2005, *Capacity Building in Africa*, World Bank publications; Johnson, R. 2006, *Evaluation of Danish aid to Uganda 1987-2005, Thematic Paper 10: Organization and Management of Danish Aid to Uganda*, Volume 4, Mokoro.

[64] OECD/DAC 2006, *The Challenge of Capacity Development. Working Towards Good Practice*, A DAC Reference Document, DAC Guidelines and Reference Series, OEDC.

[65] Boesen, N. & Therkildsen, O. 2004, *Between Naivety and Cynicism A Pragmatic Approach to Donor Support for Public-Sector Capacity Development*, DANIDA, Copenhagen

[66] OECD/DAC 2005, *Paris Declaration on Aid Effectiveness - Ownership, Harmonisation, Alignment, Results and Mutual Accountability*. OECD publication.

[67] OECD/DAC 2006, *The Challenge of Capacity Development. Working Towards Good Practice*, A DAC Reference Document, DAC Guidelines and Reference Series, OEDC.

3.5.2 Anti-corruption

Corruption has serious negative impacts on the economy, on the prospects of achieving poverty alleviation as well as on the general political climate. Corruption takes many forms, from bribery and speed payments in the police and bureaucracy, to high level plundering of public resources, favouritism in awarding public contracts, or protection of high officials from public scrutiny, sometimes with the complicity of foreign firms. In most countries, the police and other low-ranking officials supplement their meagre incomes with bribes. This kind of corruption hits the poor victims the most. A long-term solution to this problem depends on a combination of anti-corruption measures and public service reforms, including salary reforms. Most African countries have expressed their commitment to fight corruption. They have established anti-corruption bodies and strengthened accountability measures and integrity systems. The single most important factor in this regard is upgrading public procurement systems to conform to international standards. The role of the media and the judiciary are also important for this task, as is the involvement of the private sector.

3.5.3 Decentralisation

Decentralisation – or in some countries de-concentration – is now acknowledged as being essential to improving service delivery, especially to the rural poor. 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. When implemented properly, decentralisation can also enhance democracy, resulting in more accountable government. A gradual and planned process of decentralisation, combined with capacity-building at the local level and political reform, can help prevent a decentralisation effort from becoming the decentralisation of inefficiency and corruption.

3.6 LESS VIOLENT CONFLICT IN AFRICA, BUT THE CHALLENGES OF PEACE-BUILDING REMAIN HUGE

Since the 1950s, Africa has experienced a series of armed conflicts, the highest number of any continent, and few African countries have escaped war after independence. After the end of the Cold War, the number of conflicts at first declined but then rose sharply in the late 1990s. Today the number of conflicts is again at its lowest level since the end of the Cold War. A number of peace agreements are being implemented, supported by international peacekeeping operations and by international aid for recovery and reconstruction. Regional African mechanisms are playing an increasing role in support of peace processes and peace diplomacy, as well as in conflict prevention.

Figure 8: Number of armed conflicts, by region, 1990-2005.
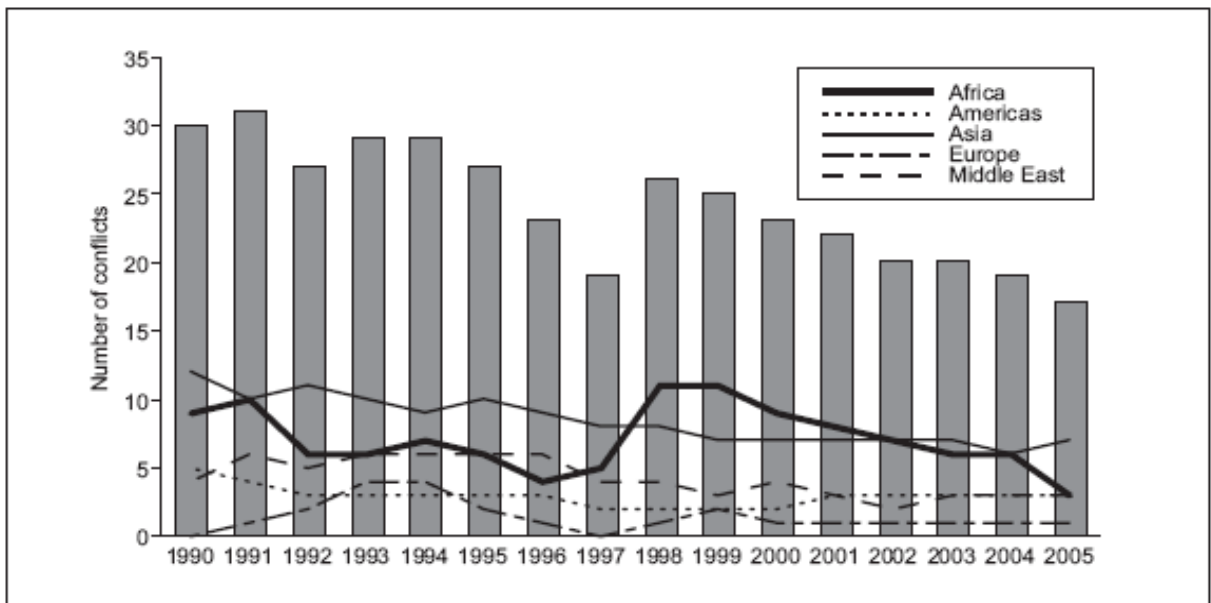
Source: Stockholm International Peace Research Institute 2006, *Sipri Yearbook 2006 - armaments, disarmament and international security*, Oxford University Press.

Armed conflicts have significantly set back development in the directly afflicted countries.[68] Investment drops, markets are unreliable, prices increase, and infrastructure is destroyed. [69] In many cases, a 'war economy' replaces normal economic activities, giving rise to human trafficking, drug production and smuggling.[70] Criminal networks with an interest in continuing the conflict contribute to prolonged instability.

Neighbouring states are often seriously affected by conflicts, causing instability and impeding economic development in the sub-region. Conflicts uproot populations, causing large-scale migration. In Sub-Saharan Africa, 4-5 million persons are currently refugees in other countries and an additional 12-13 million are internally displaced persons (IDPs).[71]

Gender issues in armed conflict constitute special challenges to all actors working in times of crisis and conflict in Africa. UN Security Council Resolution 1325 on women, peace and security calls for the integration of gender perspectives in all efforts at prevention, crisis management and post-conflict transformation. Women and men are affected differently by violent conflict and contribute differently to peace-building processes. The female body has become part of the battlefield through systematic rape, sexual enslavement and deliberate

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[68] For an exposé of the effects of conflict, see Collier, P. et al. 2003, *Breaking the Conflict Trap: Civil War and Development Policy*, World Bank Research Report, vol. 1, WB.
[69] Knight, M., Loayza, N. & Villanueva, D. 1996, *The Peace Dividend, Military Spending Cuts and Economic Growth,* IMF Staff Papers 43(1).
[70] Lock, P. 2005, *War Economies and the Shadow of Globalisation*, Berghof Handbook Dialogue Series, NO. 3, 2005, Berghof Centre for Constructive Conflict Management, Berlin.
[71] See www.idpproject.org and www.unhcr.ch/cgi-bin/texis/vtx/statistics.

infection with HIV/AIDS. Children generally suffer most from the impact of armed conflict and displacement.[72] The Optional Protocol to the Convention on the Rights of the Child sets an age-limit of 18 for compulsory recruitment.

Women and children, however, are not only victims. They can act as soldiers, instigators and perpetrators of violence, and they can act as mediators in reconciling communities, and their engagement must be at the centre of peace-building initiatives and reconstruction efforts. Nevertheless, due to discrimination and low status, women are generally excluded from formal peace negotiations and peace building processes. In times of crisis and conflict, men can be both perpetrators and victims of violence, and they, too, are affected by gender roles.

3.6.1 Causes of armed conflicts in Africa

The current 4-5 armed conflicts in Africa are fuelled primarily by internal dynamics and are essentially intra-state conflicts. Political, economic, social and ethnic or religious and cultural factors interact in a dynamic and complex way.

Rivalry over valuable natural resources can reinforce other divisive factors, and these same resources can help finance insurgencies. Diamonds and oil have fuelled conflicts in Angola, the DR Congo, Sierra Leone, and Sudan. From the 1960s and onwards, conflicts have occurred in both resource-rich and resource-poor countries. Declining access to natural resources appears to fuel low-intensity conflict, as has been seen mainly in Southern and Eastern African states. The combination of acute needs with abundant mineral resources appears to be a cause of conflict, as seen mainly in West and Central Africa.

Most of Africa's conflicts occur in fragile states with poor political and economic governance. Lack of development – political and economic -- makes some African states unable to deal with incipient conflicts, which eventually escalate into full-scale violence. Weak institutions are incapable of resolving crises through the political process. Lacking legitimacy or authority, fragile states cannot ensure compliance between competing groups. Political manipulation of tensions by unscrupulous leaders can cause minor conflicts to become violent. Massive urban migration coupled with lack of job opportunities generates large groups of economically marginalized and politically volatile people with no hope of a decent future.

In post-conflict situations, the lack of re-integration of children who have been associated with armed forces or groups may lead societies back into cycles of conflict. The growing number of discontented unemployed young men poses a growing risk. In some cases marginalized youth have no choice but to join military units or armed gangs.

3.6.2 Growing attention to the risk of radicalisation

Political extremism and violence are found across the African continent, as are instances of domestic terrorism. Since sub-state terrorism is already endemic to the continent, most observers and analysts agree that Africa may be subject to increased levels of sub-national and

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[72] Human Security Centre 2005, *Human Security Report 2005*, University of British Columbia, Vancouver, Canada.

international terrorism.[73] Hence, growing attention is being paid to the spread of radical ideologies in Africa. By promoting narrow interests that more often than not disregard basic rights of other groups within society, some radical groups deliberately set out to polarise society. Such radicalisation not only hinders development; it threatens to destroy the social fabric of nations and increases the risk of violent conflicts.

The extent to which radicalisation is actually growing in Africa and the threat it poses to Africa's development is uncertain. Lack of knowledge is compounded by the fact that some governments deliberately try to re-cast their political opposition as dangerous radicals in order to stigmatise them in the eyes of the population and the international community.

When radicalisation occurs in Africa and elsewhere, it is always a complex and dynamic process. Radicalisation appears to be linked to periods of rapid transition and change, rarely occurring in static societies. The dislocations caused by globalisation, urbanisation and political and economic reforms can increase the appeal of radical movements, especially when combined with feelings of despair, humiliation and deprivation.[74] Unemployed, potentially 'angry young men' living in the suburbs and swelling cities of Africa may find identity and purpose in radical ideologies that provide a simple explanation to their grievances alongside the promise of a better tomorrow.

Radicalisation in Africa is often religiously based. Both Islam and Christianity are on the rise on the continent, but there is no evidence that a strengthened presence of religion is a direct cause of violence or conflict.[75] There is, rather, a recognition that religious organisations may in some cases contribute positively to development and peace-building.

Both Christianity and Islam exist in various forms in Africa. Islamic Sufi brotherhoods are particularly dominant in West Africa and on the Horn, while Swahili Islam is common in East Africa.[76] Common to both forms is that they have adapted to the existing African culture to a high degree. Sympathy for radical Islamist organisations is not widespread but exists to a limited degree in different places in Africa, including in South and Southeast Africa, and in Somalia.

Like many Christian missionary organisations, Muslim organisations increasingly offer a broad range of social services to poor people, including health, education, and support for agricultural activities, water supply and transportation. Development agencies are increasingly recognising the challenge of working with religious organisations for service delivery as part of a broader effort to engage with civil society In addition to delivering social services, religious groups, imams and church leaders often play roles that have a clear relevance to development.[77] Such a

[73] Cilliers J. 2003, *Terrorism and Africa*, Institute for Security Studies, Pretoria; Mair, S. 2003, *Terrorism and Africa. On the Danger of Further Attacks in Sub-Saharan Africa*, Stiftung Wissenschaft und Politik. Berlin; Shillinger K. 2005, *After London: Reassessing Africa's Role in the War on Terror,* American Enterprise Institute for Public Policy Research, Washington DC.
[74] Richards, A. 2003, *Socio-Economic Roots of Radicalism? Towards Explaining the Appeal of Islamic Radicals*, Strategic Studies Institute, Carlisle.
[75] Bertelsmann Stiftung (ed.) 2006, *Violence, Extremism and Transformation*. Verlag Bertelsmann Stiftung, Gütersloh.
[76] Rosander E. et al. 1997, *African Islam and Islam in Africa: Encounters Between Sufis and Islamists*, C. Hurst & Co. Publishers. London.
[77] Marshall, K. et al. 2004, *Mind, Heart and Soul in the Fight Against Poverty*, World Bank Group, Washington DC.

dialogue will require recognition by religious leaders that development involves social change, including change in gender relations; for their part, development agencies will have to recognize that religious groups are not simply implementing NGOs but have broader goals that are not part of the development agenda.

Many of the fastest growing religious movements in Africa comprise small, inward looking groups structured around charismatic leaders. Such groups help poor people by providing coping mechanisms at a basic level, but they do not comprise a strong basis for long-term institutional development.[78]

3.6.3 Transitional justice is an important element in peace-building

Transitional justice refers to a range of mechanisms that the international community and affected societies apply in order to deal with the legacies of widespread human rights abuses as they move from conflict towards peace. Thus, international prosecutions of those bearing the greatest responsibility for crimes may be combined with truth and reconciliation commissions, traditional justice initiatives and institutional reform programmes.

Transitional justice mechanisms serve a variety of purposes. One of these is to 'obtain justice' in the sense of an ideal of accountability and fairness in the vindication of rights. The second purpose is to address grievances so that a sustainable peace process can be implemented. An additional consequence is that transitional justice mechanisms will often provide a prelude to security sector reform, rule of law programmes and good governance.
The challenges of post-conflict environments necessitate an approach that balances a variety of goals, including accountability, truth and reparation, preservation of the peace and the building of democracy and the rule of law. The international community and local stakeholders must develop comprehensive strategies that pay special attention to those most affected by conflict, including minorities, women, children, prisoners and displaced persons. Close scrutiny should be given to how transitional justice mechanisms interact with other development initiatives.

3.6.4 Support for security sector reform remains limited

Security Sector Reform (SSR) is crucial to the achievement of overall stability and peace-building. Peace agreements increasingly contain paragraphs on SSR that can provide an entry point for donors, as has occurred in Sierra Leone, Liberia, and the Democratic Republic of Congo, where the international community is attempting to dismantle irregular militias that compete with the state and is trying to build new national security forces under civilian control. Security sector reform must involve the overall security context, including the judiciary, legislation, democratic oversight and the application of a gender perspective. Security Sector Reform requires a coherent, holistic approach involving all relevant national actors and the donor community.

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[78] Lehmann, D. 2006, *Can the religious upsurge contribute to institution-building towards sustainable development?*, Conference paper for, Religion, the Environment and Development: The potential for Partnership, Oslo 7-8 November 2006.

Direct donor engagement in security sector reform in Africa remains limited, however.[79] Donors' dialogue with recipient countries focuses mainly on limiting security budgets rather than on the efficiency and effectiveness of the security sector and the need for security as an element of poverty reduction, and this leads to a number of unintended negative consequences.[80] While there has been a willingness to fund UN peacekeeping operations in Africa to support post-conflict transition, only small amounts are spent by donors on supporting African security forces in their primary, domestic, roles.

A key challenge for post-conflict countries is the strengthening of democratic control of the security sector. Some of these countries, such as Uganda and Ghana, have shown receptivity toward international engagement in various forms.

4. REGIONAL TRENDS AND AFRICAN INTEGRATION

4.1 NEW POLITICAL PATTERNS ARE EMERGING

An understanding of African politics and conflict dynamics must include a detailed analysis of local conditions and conflict factors and an understanding of the complex patterns of ethnic identities. Conflict in Africa has mostly been synonymous with intra-state conflicts and independence movements. Tensions between states have typically been driven by external involvement in on-going civil wars.

African integration holds the promise of a system of collective security in the future that will be able to support stability and peace in individual member states. The AU also has an aspiration to set standards and provide an overall framework for political governance on the continent. At the same time, economic integration is moving higher on the agenda of African political leaders driven by the global free trade agenda. Renewed economic growth and the role of new economic actors, including China, and the growing role of post-apartheid South Africa on the continent, are breaking up the economic patterns inherited from colonialism, and creating new political opportunities.

A handful of larger African countries, including Nigeria and South Africa, have played a special role in leading integration initiatives on the continent, and in providing troops for peacekeeping operations. However, the political future of these two important countries is not certain. It will be a challenge to balance the role of emerging pivotal powers against the interests of smaller African countries within an institutional framework that is not yet fully developed.[81]

For donors and for the international community at large, emerging pivotal powers are potential partners for a joint effort to promote stability and development. Sub-Saharan Africa is usually

[79] Chalmers M. 2005, *Supporting Security in Fragile States*, University of Bradford, Paper presented to LICUS Learning Seminar, World Bank, Washington DC, September 2005.
[80] Omitoogun W. et al. 2006, *Budgeting for the Military Sector in Africa Project: Research Findings, Challenges and Future Trends*, Oxford University Press.
[81] Adebajo, A. 2005, *The Course of Berlin: Africa's Security Dilemmas*, Internationale Politik und Gesellschaft, Vol. 4., 2005, Bonn.

divided into four sub-regions, West Africa, Central Africa, the Horn of Africa, and Southern Africa, defined by their history and separate conflict dynamics. These sub-regions are the basis for most of today's sub-regional organisations and cooperation structures.

4.1.1 West Africa

The West African sub-region is largely composed of the 15 countries, which are members of the Economic Community of West African States (ECOWAS)[82]. The region, containing a third of Sub-Saharan African's population, has been characterised by unrest and conflicts since independence. The artificial borders drawn by the colonial powers at the Berlin Conference in 1884-85 have been a key reason for this. The conflict potential has been compounded by state fragility, widespread poverty, scarce land and water resources coupled with the presence of rich natural resources including oil, diamonds, gold, etc, which have been exploited by conflict actors. Stability cannot be ensured unless the region is lifted out of poverty and education and jobs are offered to the increasing numbers of youth.

Poverty is widespread in West Africa and individual countries are to a large extent dependent on international development assistance. 11 out of the 15 countries are classified by the UN as Least Developed Countries. The 250 million inhabitants live on average on less than 1.5 USD a day. The region is unlikely to meet the Millennium Development Goals.

The economies in West Africa are all vulnerable, since they are often based on the export of a few products, such as cotton, mineral resources or oil. International trade conditions are thus central to West African states, including the question of market access and western subsidies to its own agricultural producers. Eight million cotton producers in West Africa are now suffering from unfair competition from producers based in the EU and the USA.

Unemployment is a huge political challenge for the region, and urbanisation is increasing despite the lack of jobs in cities. Migration has traditionally been a key survival strategy in West Africa, and migration is more common here than in other parts of Africa. Migration has contributed significantly to economic growth, but has also led to serious tensions between the 'original' population and the migrants, most notably in Cote d'Ivoire.

The Sahel belt covers the larger northern share of the West African sub-region, and has the most difficult challenges regarding ecological systems and development. One third of the Sahel is covered by growing dessert and millions live permanently on the brink of starvation. The increasing population and related pressure on land resources have resulted in a migration from the Sahel region towards the coastal areas where the water resources are available, agricultural potential is at hand and social and economic infrastructure is better.

Recent forecasts by climate experts predict that Sahel will be one of the areas hardest hit by global warming leading to less rain and even stronger desertification. Increasing pressure on

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[82] Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

land and water resources and subsequent further migration from Sahel to the coastal region will lead to further conflict potential.

Integration in West Africa is more advanced than in any other African sub-region and has a direct positive impact on the daily life of citizens. The cooperation is organised within the Economic Community of West African States (ECOWAS), founded in 1975, and including the eight francophone countries in West Africa. The economic cooperation in ECOWAS is the most sophisticated in Africa with a common currency and a customs union.

The integration process is challenged by the fact that the sub-region is divided into a Francophone and an Anglophone part with different administrative and political cultures and procedures. There is also a clear political difference between the two blocks, including foreign influences from either France or the UK and the USA. The rich natural resources in the region are increasingly drawing international political attention to the region, including a stronger engagement by China and the USA.

Nigeria is by far the most important country in the sub-region. Due to its size and economic potential with very large oil resources, Nigeria has a strong influence on the political agenda of the continent. Like South Africa, Nigeria is campaigning for a permanent seat in the Security Council. President Obasanjo's term in office has been synonymous with stable international relations, and Nigeria has been one of the driving forces behind the AU and NEPAD. In Darfur, Nigerian troops form one of the largest contingents of the African Union (AU) peacekeeping forces.

Despite its oil wealth, Nigeria's importance is hampered by its poverty and by various internal tensions based on divisions between nomads and farmers, Christians and Muslims, competing ethnic groupings, political competition over territory and struggles over resources including oil. Since 1999, it is estimated that more than 50,000 people have been killed in various conflicts in Nigeria. This gives Nigeria a casualty rate from internal conflict among the highest in the world, even without an actual civil war.

The West African sub-region has since independence been plagued by a number of conflicts, notably in Liberia, Sierra Leone and Cote d'Ivoire. A solution to the current conflicts is central to the political and economic development of the region.

ECOWAS has proved itself an important and effective organisation in solving conflicts in the region. In recent years, the organisation has played an important mediation role in Togo, Cote d'Ivoire and Liberia. However, the possibilities of ECOWAS to act are often hampered by competing national interests, Anglophone-Francophone tensions, and by the Francophone states' resistance to Nigeria's special influence.

Two of the major violent conflicts in the region, in Liberia and Sierra Leone, have ended, and ongoing peace processes give reason for some optimism. Armed conflict erupted in Cote d'Ivoire in 2002 and since then the country has been divided into a southern government-controlled area and a northern rebel-controlled area. In 2006, the conflict erupted again after a

period of relative calm. The central element of the conflict is the status of migrants primarily from Burkina Faso and Mali. It is estimated that 25% of the total population of Cote d'Ivoire are migrants or descendants of migrants. There is a significant risk that Guinea Conakry will become the next West African country to suffer from conflict. A potential conflict between the military and democratic forces may break out at any time, as indicated by recent outbreaks of anti-government violence.

While West Africa is home to some of Africa's poorest countries with most conflict and state fragility, the sub-region also includes some of the best performers in Africa. These include Benin, and the current presidency of the AU, Ghana, both stable democratic states which respect human rights and have reform-oriented economic policies, paving the way for growth and job creation.

Out the nine Danish Sub-Saharan programme countries, four are situated in West Africa; Benin, Burkina Faso, Ghana and recently selected Mali. In addition, Danish support to Niger is increasing.

4.1.2 Central Africa

Central Africa, also known as the Great Lakes Region, consists of the Democratic Republic of Congo, Southern Sudan, Uganda, Burundi, Rwanda, Central African Republic, Congo-Brazzaville and to some extent the northern parts of Angola and Tanzania. Since gaining independence, the countries of Central Africa have been prone to conflict, often based on ethnic tensions and exclusion from political influence and economic opportunities. Favouritism of one ethnic group over another goes back to colonial times, when European rulers used ethnicity as part of a political scheme to control the population. This pattern is strongest in Burundi and Rwanda between the Tutsis and Hutus, but is also noticeable in other parts of Central Africa.

The 1994 genocide in Rwanda resulted in the death of almost 800.000 Tutsis and moderate Hutus within a time span of just 100 days. This event became the beginning to a wider conflict in the Great Lakes Region that took 4 million lives – more than any other conflict since the Second World War. Much of the fighting took place in and around the Democratic Republic of Congo (DRC). The conflict in the Great Lakes Region has included a number of African countries as warring parties and has become known as Africa's 'first world war'.

In 1999 a peace accord was concluded in the DRC, and the UN put 2000 troops on the ground. However, the fighting continued, leading to a peace accord in 2002, and a Transitional Government in August 2003 under DRC president Joseph Kabila. By that time the UN presence in Congo had swelled to almost 17.000 troops, the largest contingent of peacekeeping troops currently deployed. War continued in the eastern part of Congo, however, leading to the deployment of 1500 EU soldiers to the area Today, a democratically elected government is in place in Congo although the previous division between west and east Congo to some extent still prevails.

Parallel to the fighting in DRC, another war was going on in Burundi between the Tutsis who are a minority of the population but still politically dominant and the majority Hutus. Peace was eventually established and democratic elections held in 2005 and negotiations are ongoing with the last remaining militia group. Democracy in Burundi is still precarious, human rights violations common and poverty widespread.

The conflicts in the Great Lakes Region have in many ways been a testing ground for the African Union's peacekeeping force, the European Union's Security and Defence Policy as well as the UN Security Council and the newly established UN Peace Building Commission.

More than ten years of brutal conflict have had a devastating effect on regional cooperation in Central Africa. The 'Commounaute Economiques des Pays des Grand Lacs' (CEPGL) consisting of Burundi, DRC and Rwanda has not been functioning during the conflict. Poverty in the region is among the worst in Africa, employment scarce and government institutions are struggling to fulfil their mandate. The area is highly dependent on foreign aid, despite the areas vast natural resources, fertile land and access to fishery in the region's lakes. Infrastructure is almost non-existent. The Great Lakes area remains one of the most conflict prone areas of this world.

4.1.3 The Horn of Africa

The greater Horn of Africa is home to about 195 million people and comprises the 7 member states of the Intergovernmental Authority on Development (IGAD): Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda. Political instability, interstate conflict, and civil strife continue to be salient features of the region, the results reaching from challenges to the unity of the state – Sudan – to a collapsed state – Somalia.

Since the 1970s, almost all conflicts in the region can be said to have primarily internal origins related to economic underdevelopment, political neglect or marginalisation. However, they have often been amplified by a pattern of external linkages. As such, the Horn of Africa is characterised by a regional system of insecurity in which political crises and conflicts feed into and fuel one another.

In Darfur, for example, various groups feel marginalised in the national distribution of power, wealth and access to natural resources, social services, security and justice. Because the state lacks institutions for the peaceful resolution of these disagreements, the conflicts have led to violent rebellions followed by repression.

The Horn of Africa has some of the world's highest levels of malnutrition and is continuously threatened with a major humanitarian crisis. The region has repeatedly been struck by natural disasters, such as floods (Somalia) or droughts (Ethiopia) and between 1982 and 1992, approximately two million people died due to a combination of war and famine. Competition over natural resources such as fertile land, water and oil has contributed to the conflicts in the region. Access to limited water is particularly acute across the region, particularly between

Egypt and the other Nile states. The Nile Basin Initiative (NBI) has emerged as a promising institution for regional cooperation on resource sharing.

The many internal conflicts have become interlinked with states instigating or supporting rebel movements in neighbouring countries. Conflicts in Sudan, Somalia, Eritrea and Ethiopia, have consistently failed to remain within state borders, increasing the insecurity of the entire region. The authoritarian character of the regimes in the region has led opposition groups to organise externally and rely on armed revolt. Setting up military bases and governments in exile, they have operated across borders, with neighbouring states encouraging, allowing or being powerless to prevent them.

As such, the conflicts constitute a form of trans-national warfare involving states as well as armed groups who frequently possess ties to neighbouring states or criminal networks. Cross-border dynamics, such as arms trafficking and illegal migration, have also been contributing factors to the regional instability. Powerful networks of state and non-state actors sometimes benefit from these war economies, which they to some extent control and have an interest in maintaining, even if it prolongs or escalates the conflict. The Horn of Africa has one of the highest numbers of migrants and refugees in the world and the great number of internally displaced people (IDPs) affects all countries and is a significant destabilising factor.

The conflicts in the region reflect the arbitrariness of borders inherited from colonial rule, and with the inevitably resulting problems of state- and nation-building among disparate peoples and contested territories. Religious radicalisation is becoming an increasingly important issue because fragile state institutions make the region a target for fundamentalist groups. From 1991 to 1996, Sudan hosted bin Laden and various terrorist related groups including al-Qaeda. Somalia has recently seen an increase in radical Islamist activity, which led to Ethiopia's recent intervention in Somalia.

Attempts to solve the conflicts in the region and bring about further democratisation have seen some progress – and some setbacks – in recent years. The Comprehensive Peace Agreement for Southern Sudan ended a decade long civil war, but the conflict in Darfur remains unresolved.. In Somalia, the situation following the Ethiopian intervention remains highly volatile and positive developments will depend both on establishing an inclusive political process and sufficient security for the population. The still unresolved border-conflict between Ethiopia and Eritrea is a continued security risk and also contributes to the difficulties in furthering democratic political processes in the two countries.

The need to strengthen regional security arrangements is one of the most pressing priorities in the Horn of Africa today. Denmark has supported capacity building measures to strengthen the two key regional organisations, IGAD and the African Union (AU). The Inter-Governmental Authority on Development (IGAD) is a sub-regional initiative whose main aim is to bring peace and economic development in the Horn. IGAD consists of Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, and Uganda and has played a key role in the Sudan and Somalia peace processes. In the past few years, the African Union (AU) has made significant progress in

developing its capacity to engage in conflict resolution and peacekeeping, notably in Darfur and in Somalia. However, the AU peace and security structures are still in their early development.

4.1.4 Southern Africa

Southern Africa is a sub-region normally defined by the 14 countries, which are members of the Southern African Development Community (SADC) [83]. The development of Southern Africa has since the end of the cold war and of apartheid in South Africa in the early 1990s been relatively peaceful. Some of the so-called frontline states opposing the South African apartheid regime went through civil wars, partly driven by external support for conflict actors motivated by super-power interests and the struggle against apartheid. Today most have overcome the first difficult years with high risk of resumption of armed conflict, although Angola is still in post-conflict transition. The collapse of Zimbabwe represents an exception.

In the area of economic integration, SADC has followed a broadly based and gradualist agenda towards regional development and integration, culminating in the launching of a free trade area in September 2001, which envisaged a high degree of free trade in the region by 2008, a customs union by 2010, a common market by 2015 and the launch of a regional currency in 2018. However, it is questionable if SADC will be able to meet these benchmarks due to lack of institutional capacity and lack of complementarities between the economies of the countries.

Political cooperation in Southern Africa has been formalised in the SADC Organ on Politics, Defence and Security. It is a common view that the SADC Organ has not been able to fulfil its mandate, a case in point being the difficulty in dealing with the situation in Zimbabwe.

South Africa plays a very important role – economically and politically – in the region. Developments in South Africa – positive or negative – have a significant impact on the rest of the region – indeed in some instances on the continent as a whole. More than two-thirds of the GDP of SADC is generated by South Africa, and South Africa is a major exporter to the other countries in the area.

Since the first democratic elections in 1994 South Africa has been going through an impressive transformation process – politically and economically. The political transformation has resulted in a stable democracy. A long process of economic consolidation has now yielded very positive results as reflected in the most important macro-economic parameters. This has given the South African government new opportunities to expand its social programmes and public investment programmes.

Despite the potential offered by the positive economic transformation, the unemployment rate remains at a high level of 30-40% and economic disparities remain among the highest in the world. High crime rates and a high HIV/AIDS infection rate add to the challenges. The shortage of skilled staff and the lack of capacity at all levels of the government structures,

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[83] Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. Seychelles left SADC in August 2004.

which is a legacy of the apartheid-regime, represent a serious constraint in the government's ability to alleviate the situation.

The experiences gained through its positive political and economic transformation has reinforced South Africa's role as a legitimate and credible partner in advancing the African agenda, first and foremost expressed through the notion that Africa should be able to solve its own problems. South Africa has supported the African Union, the NEPAD development initiative and the African Peer Review Mechanism (APRM) for advancing good governance in Africa.

Seen from a South African perspective, the establishment of the African Union structures have provided the multilateral platform from which South Africa can be formally mandated to play the role as an emerging regional pivotal power, which the country is already doing in many ways. South Africa has been able to apply its political, military and administrative capacity and its relative financial strength to assist in mediation efforts. A relatively new element in the South African AU-mandated engagement with other African countries in post-conflict situation is the provision of substantial technical assistance to key administrative entities. The burden of involving senior officials from South African government departments, which have provided this kind of technical assistance, has given raise to a new kind of "trilateral" cooperation between the traditional DAC-donors and South Africa, whereby development assistance is provided to a third African country in cooperation with South Africa.

From a regional perspective, the economic collapse and human rights violations in Zimbabwe is a threat to the stability of the region. Five million migrants have left Zimbabwe. There are 15.000 documented cases of violence and torture since 2001. The life expectancy has decreased to 37 years for men and 34 years for women – the lowest in the world, and down from 60-70 years little more than a decade ago.

4.2 THE MOMEMTUM FOR REGIONAL INTEGRATION IS BECOMING STRONGER

The African Union (AU), established in 2002, has begun to play an important role as the common organisational framework. The main issues driving African integration are security and stability, followed by economic issues and trade, and support for democracy and human rights. There is recognition that if Africa is to succeed in its peace and security and governance initiatives, an effective African Union, including its Commission, will be key to this.
There are many competing visions for the objectives and design of regional integration arrangements, ranging from a pan-African union, to those that favour trade facilitation with the private sector being the driver..[84]

There exist a large number of overlapping organisations and structures in Africa, often with very little capacity, leading to competition and wasted resources. Nevertheless, significant progress in regional integration has occurred. Many African regional initiatives have developed

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[84] Matthews, A. 2003, *Regional Integration and Food Security in Developing Countries*, UN Food and Agricultural Organization, Prepared for the Agricultural Policy Support Service, Policy Assistance Division, Rome.

good policies. Implementation, however, is lacking due to funding constraints, absorptive constraints, inadequate capacity, and at times a lack of political will.

The question of streamlining of African cooperation structures was discussed at the AU summit in Banjul in June 2006 without much progress. There are various local interests operating, and donors want to avoid a mechanistic top-down approach. The EU is currently negotiating Economic Partnership Agreements with groups of African countries, and the result of these negotiations may create a need for even more structures.

The security area is an important and positive exception to this picture, with the AU having been given a clear mandate to coordinate the activities of sub-regional organisations and to establish an African Security Architecture to cover the whole continent. . The AU has carried out successful conflict prevention activities and established a mediation group (the Panel of the Wise) and a Continental Early Warning System (CEWS). The Peace and Security Council (PSC) Protocol now provides the AU with an intervention capability, and has acted in the crises in Darfur, Cote d'Ivoire, Togo, etc.

The AU coordinates the sub-regional early warning systems, linking the continent to the UN early warning system. The AU is in the process of establishing an African Stand-By Force (ASF) as a lean structure, including sub-regional Stand-By Brigades that can be deployed within 30 days in peace support operations. The ASF financial and staff resources have been severely tested in Darfur, which constrains its conflict management ambitions. It is uncertain whether the new Security Architecture will be ready by 2010, as planned.

4.2.2   NEPAD – vision or reality?

The launching, in 2001, of NEPAD (New Partnership for Africa's Development) and the establishment of the African Union in 2002 are historic events demonstrating the commitment of African leaders to assume leadership. NEPAD is based on the idea that responsibility for African development lies in Africa and not with the international donors. The NEPAD principles stress that political and economic good governance, the rule of law, respect for human rights and democratisation are the only basis for development and thus, the only way of achieving the MDGs.

There is a strong overlap between NEPAD's programmes and the programmes of the AU's eight commissions on social policy, peace and security, democracy and governance, economic and trade policy, science and technology and others. At the moment, these programmes are not well coordinated. As the agenda of NEPAD has not been taken forward in the form or at the speed originally envisaged and as the AU has developed substantially since 2002, it seems to be the overwhelming perception that over the longer term, NEPAD is best suited to a role as a programme under the AU, also administratively.

The introduction of the African Peer Review Mechanism is the most innovative element of NEPAD. It is structured around assessments of democracy and political governance, economic governance and management, corporate governance, and international human rights treaties

and standards. It remains unclear as to whether the Mechanism has led to actual progress in the respective countries.

4.2.2 There is a strong need for continued international support for the security architecture

Support for the development of the African Security Architecture is vital in order to ensure an African capacity to participate in crisis response operations. The G8 provides the main capacity-building assistance for the ASF, but other actors such as the UN, EU and NATO are also supporting efforts to reach full operational capability by 2010.

The European Union provides growing support for peace-building and peacekeeping activities in Africa through the European Commission, the EU Military Staff and personnel contributions from EU Member States. The Danish Africa Programme for Peace (APP 2004-2009) supports these efforts with assistance from the Danish military. The programme supports development of conflict-prevention strategies, post-conflict reconstruction, early warning systems, building the ASF as well as concrete activities such as field missions.

Despite major efforts on the part of the AU and the regional organisations to create security mechanisms to manage conflicts, notably the AU mission in Darfur (AMIS), the UN's role remains significant to Africa's evolving security architecture. There is a pressing need to establish a proper division of labour between the UN and Africa's emerging capacity in the security field. In Sierra Leone, Liberia, Côte d'Ivoire and Burundi, the UN took over peacekeeping duties from African regional institutions. The willingness of Western peacekeepers to continue to contribute to UN missions in Africa remains essential. The role of the new Peace Building Commission in the UN will be important in coordination efforts and for mobilising resources.

4.2.3 Obstacles to economic integration in Africa

The EU is currently negotiating Economic Partnership Agreements with four sub-regional groups of ACP countries in Africa, and these are seen as important vehicles of regional economic integration. Existing trade arrangements in Africa include ECOWAS, the Common Market for Eastern and Southern Africa (COMESA), SADC, and The West African Economic and Monetary Union (with the French acronym UEMOA). With the exception of UEMOA, which has evolved in the direction of a customs union, the implementation of sub-regional trade agreements has been weak and long-delayed, partly because they are based on political and security concerns rather than economic ones.

The results of these trade agreements have been largely disappointing. After rising during the 1980s, inter-African trade has subsequently stagnated at around 10% of total African trade. Only trade within UEMOA has grown consistently since its inception, although according to the latest data this has reached only about 15% of the total trade of member states.

Furthermore, none of Africa's current trade agreements appears to have any broader dynamic effects.[85]

While increased intra-African trade is certainly desirable for export-led growth, intra-African trade agreements may not be the best instrument for achieving this. The African economies are not diversified enough to stimulate trade. To promote growth, technology and knowledge transfers are central. The African countries are very similar in their level of technology, which makes trade relations with countries outside the continent that much more important.

For sub-regional trade agreements to be of benefit to the African countries they require deeper internal integration than has been the case to date. A deeper integration can be facilitated by development assistance in regional physical and trade infrastructure. The existing trade agreements must be streamlined and rationalised. Implications from a recent OECD study indicate that African states can benefit from freer trade with similar countries in other regions, pointing to the importance of multilateral negotiations.[86]

4.2.4 A growing system of African complaint mechanisms

A growing number of human rights bodies and complaint mechanisms have been established in recent years at both continental and sub-regional levels.[87] Prominent among these is the African Commission on Human and Peoples' Rights, established in 1986 in accordance with the African Charter on Human and Peoples' Rights. The Commission reports to the AU heads of state and government and has its own secretariat in Banjul, The Gambia. In addition to having the right and duty to interpret the Charter on request, the mandate of the Commission is to promote and protect human rights in Africa through discussion of reports, adopting resolutions, acting on complaints, holding seminars, and carry out field visits. A general problem for the Commission, however, is its lack of funds, which both impedes its routine work and reduces the number of missions.

The African Charter on the Rights and Welfare of the Child is the only African human rights treaty with its own treaty body, the committee, modelled on the various UN conventions. The mandate of the committee is to promote and protect the rights of the African child, and in this respect it may receive individual complaints. However, the committee has had a very quiet existence since the Charter entered into force in 1999 and does not have its own secretariat. In July 2005, it was decided by an AU summit that the African Court on Human and Peoples' Rights should be merged with the African Court of Justice, which operated under the AU. The first 11 judges of the Court were appointed in January 2006, and it has been decided that the Court shall have its seat in Arusha, Tanzania, eventually being located at the International Criminal Tribunal for Rwanda. At present, most of the cases presented to the Court will be brought by the Commission.

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[85] Yang, Y. & Gupta, S., 2005, *Regional trade arrangements in Africa: past performance and the way forward*, IMF Working Paper WP/05/36.
[86] OECD 2006, *South-South Trade: Vital for Development,* OECD Policy Brief august 2006.
[87] Danish Institute for Human Rights 2006, *African Complaints Handling Mechanisms*, DIHR publications, Copenhagen.

At the sub-regional level, a new protocol concerning the ECOWAS court was adopted in 2005, covering the ECOWAS member states in West Africa. The court can decide on alleged human rights violations and has its domicile in Abuja, Nigeria. The Court of Justice for the Common Market for Eastern and Southern Africa (the COMESA Court) has reached a number of decisions, but it is not clear whether the COMESA court will consider itself to be competent to make decisions on human rights matters.

The treaty of the East African Community (EAC) contains a reference to human rights, including the Charter. At present, the EAC court does not have a human rights mandate, but the Council of Ministers may decide to broaden the scope of the court's mandate to include human rights. The EAC court recently issued its first judgment.

5. MORE AND BETTER AID?

5.1 AID TO AFRICA IS INCREASING AGAIN AFTER YEARS OF DECLINE, BUT SERIOUS CHALLENGES REMAIN IN IMPLEMENTATION

Since the decline in aid during the 1990s, the past five years have seen aid to Africa move up on the international development agenda. Key landmark events since 2000 have been the adoption of the MDGs in 2000; the Monterrey Consensus in 2002; the endorsement of the Paris Declaration in 2005; the G8 commitments at Gleneagles in 2005 to increase official development assistance (ODA) to Africa by USD 25 billion a year by 2010; and the EU-15 decision to scale up ODA to 0.56% of GNI by 2010. Adding all these commitment together, aid prospects to Africa appear to be promising.

While total aid flows by OECD Development Assistance Committee (OECD/DAC) donors have risen sharply in recent years, much of this increase consists of debt relief emergency assistance and other special purpose grants. Africa received the largest share of DAC humanitarian assistance by region.

5.1.1. Debt relief is a large part of recent increases in aid

Debt relief will remain a key factor in the medium term. In addition to debt relief by the Paris Club and under the HIPC Initiative, eighteen African countries that have reached HIPC completion point have also begun to benefit from more comprehensive multilateral debt cancellation under the Multilateral Debt Relief Initiative (MDRI).

Once fully implemented, the HIPC Initiative will have provided an estimated 63 billion USD in debt relief to 40 HIPC countries, of which 34 are African. As of the beginning of 2007, 18 African countries have reached their completion points, 8 have reached decision points and 8 countries have not yet commenced the process. Thus, the bulk of African countries have received substantial debt relief.

Figure 9: Trends in global ODA and ODA to Africa
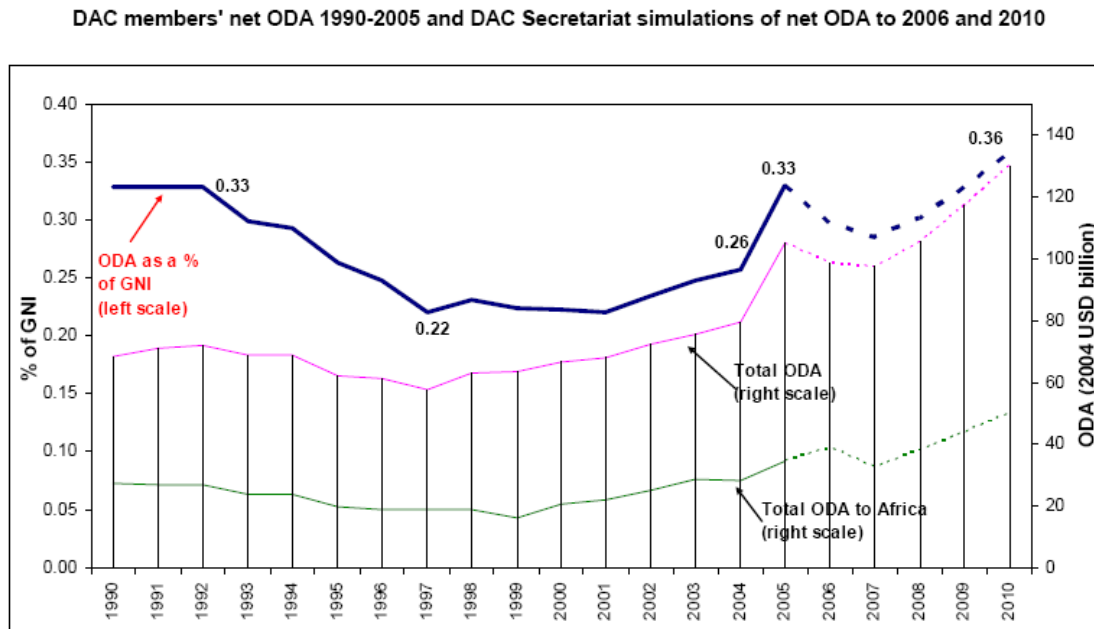
Source: OECD 2006, *African Economic Outlook 2005/2006,* OECD Publication.

An important and beneficial effect of the HIPC Initiative has been the link to PRSPs. These strategies have tended to emphasize social sector spending by channelling funds freed up by debt relief into the social sectors. Studies have confirmed this link, showing that the poverty-reducing expenditures of completion point countries have increased from about 7% of GDP in 1999 to more than 9% in 2005.

The Multilateral Debt Relief Initiative (MDRI) was launched in 2005 to further reduce the debt of HIPCs and to provide additional resources to help them meet the MDGs. Under the MDRI, three multilateral institutions – the IDA, IMF and AfDF – provide 100% debt relief on eligible debt to countries having completed the HIPC Initiative process. Together, HIPC Initiative and the MDRI are expected to provide USD 88 billion of debt relief to HIPC countries.

Although the primary responsibility for avoiding debt re-accumulation lies with borrowing countries themselves, the success of the Debt Sustainability Framework depends to a large extent on the use of this framework by creditors, including emerging lenders and non-Paris Club creditors. Therefore, an important challenge will be to improve creditor coordination and transparency in order to avoid irresponsible lending and accumulation of unsustainable debts.

New innovative financing mechanisms may help to scale up aid, but progress has been modest. Examples include the pilot initiative for immunization of the International Finance Facility (IFF) that will help raise the front-loaded, reliable funding to expand global immunization efforts; pledges by the UK, France, Italy, Spain and Sweden to guarantee bond issues in the

very near future; and the French-led initiative to finance the purchase of medicines for Africa through a tax on airline tickets.

To sum up, the promise to double aid to Africa from 2004 to 2010 may be extremely difficult to meet. Donors will have to undertake major expansions of their core development programmes. DAC chairman Richard Manning has expressed concerns about donors' ability to meet this challenge.[88]

Aid to Africa has been concentrated in the social sector, debt relief and emergency aid, with the social sectors alone accounting for one- third of all aid flows to Africa.[89] Support for productive sectors (including agriculture) and economic aid has diminished since 1990. Donors' aid has also focused on a relatively small number of countries, with 50% of all aid going to 10 countries in 2004, though much of this was in fact debt relief.[90] Several African countries receive up to 50 % of their fiscal budgets from donors, which may lead to absorption problems. Even though the literature is scarce on the subject, arguments are being made regarding diminishing returns of scale of aid. The challenge of a significant increase in aid to Africa makes the debate on aid effectiveness crucial.

5.2 EFFECTIVE AID

Different modalities have been used to make aid more effective: individual projects, sector programmes, budget support and various hybrid forms. An important shift was the development of the national Poverty Reduction Strategy Papers (PRSP), which emerged in connection with the HIPC debt relief initiative. The PRSP process places ownership of the national planning and budget priorities and monitoring with the national government – in close consultation with civil society and the private sector.

The PRSP concept is a reaction to earlier tendencies for aid to undermine national capacity by creating parallel systems and by imposing policy conditionality that did not succeed in generating more effective use of resources.[91] In addition, the PRSP approach helped refocus development assistance more firmly towards poverty reduction rather than simply macro-economic stability, privatisation and conditions for economic growth. In the second generation PRSPs, however, focus has come back to economic growth and development. Since their beginning in 2000, the Poverty Reduction Strategy Papers have become central to the provision of development assistance and now constitute the basis for most foreign donors' involvement in African countries.

In the mid-1990s, the aid effectiveness agenda has evolved away from individual projects towards sector-wide approaches and budget support. This is especially true for aid to the social sectors. Emphasis here is on coordination, alignment and harmonisation, often labelled Sector

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[88] Manning, R. 2006, *DAC Chair calls on donors to deliver on their Gleneagles commitments.*
http://www.oecd.org/document/54/0,2340,en_2649_33721_37799158_1_1_1_1,00.html. Downloaded 09/05/07.
[89] OECD/DAC 2006, *2005 Development Co-operation Report,* OECD Journal on Development vol. 7 no. 1.
[90] OECD/DAC 2007, *2006 Development Co-operation Report*, OECD Journal on Development vol. 8 no. 1.
[91] For an African perspective and criticism of structural adjustment lending, see Mkandawire, T. & Soludo, C. 1999, *Our Continent, Our Future -African Perspectives on Structural Adjustment,* CODESRIA, IDRC, African World Press, Ottawa.

Wide Approach (SWAp). SWAp often includes pooled funding modalities and sector budget support.

5.2.1 The Paris Declaration sets the stage for future aid delivery

As a coherent response to the challenge of aid effectiveness, more than one hundred donors and developing countries signed the Paris Declaration in 2005.[92] The agreement marks an unprecedented level of consensus and resolve to reform aid and to make it more effective in increasing growth, building capacity and achieving the MDGs. The commitments are organised around five key principles:

- **Ownership**: Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.
- **Alignment**: Donors base their overall support on partner countries' national development strategies, institutions and procedures.
- **Harmonisation**: Donors' actions are more harmonised, transparent and collectively effective.
- **Managing for results**: Donors and partners manage and implement aid in a way that focuses on the desired results and that uses information to improve decision-making.
- **Mutual accountability**: Donors and partners are accountable for development results.

The Paris Declaration explicitly recognises the need for a coherent approach to policy dimensions of aid. The harmonisation section of the Paris Declaration identifies the need to work more coherently on the governance agenda in fragile states and for a harmonised approach to environmental assessments and other cross-cutting issues. It offers substantial entry points for human rights-inspired approaches by promoting a model of partnership that explicitly addresses accountability gaps and which focuses on stronger and more balanced mechanisms for accountability.

Changing modes and modalities of development co-operation will pose both challenges and opportunities for promoting gender equality, as the focus shifts away from individual projects with a strong gender focus towards more general interventions at sector and national levels. However, gender objectives and indicators may be better integrated in the PRSPs and sector strategies, and sex-disaggregated data may be used to track development effectiveness.

Monitoring reports are being established in order to take stock of how far partners have come in the actual implementation of the Declaration. In a relatively small number of countries, where there has been either a strong donor community or strong government ownership advancing the agenda, tools to further aid effectiveness have been developed. In a larger group of countries, the aid effectiveness agenda has not yet been taken very far. In the more advanced cases, the harmonisation and alignment agenda has led to the elaboration of Joint Assistance Strategies. Efforts to establish a baseline and to monitor progress will help focus both countries and donor agencies on harmonization and management for results.

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[92] OECD/DAC 2005, *Paris Declaration on Aid Effectiveness - Ownership, Harmonisation, Alignment, Results and Mutual Accountability,* OECD publication.

5.2.2 The rapidly growing role of global programmes and partnerships complicates the aid effectiveness agenda

In the last few years, a number of global sector-based programmes and partnerships have emerged and grown rapidly in size. The Fast Track Initiative in education has adopted modalities that are in line with the longer-term holistic systems approach, while most of the new vertical funding initiatives in the health sector have not. There are currently between 75 and 100 Global Health Partnerships (GHPs), and global programmes in other sectors such as water and transport have recently emerged.

On the one hand, it is now acknowledged that GHPs have mobilized important new resources to combat major health threats and have brought political and technical focus to priority diseases or interventions. GHPs have also supported the private sector and community-based organisations so that they can play a more prominent role in the provision of health care. On the other hand, the rapid creation of new institutions in health has complicated donor harmonization efforts at the global level. In particular, GHPs may intensify the 'vertical' nature of health financing by focusing large amounts of new funding on specific, relatively narrow programs and interventions leaving recipients little flexibility to reallocate funds according to their priorities. Furthermore, the very large funding available for and focus on certain interventions threatens to draw away scarce human and other resources from other priority areas of service delivery and may easily result in unbalanced health services and severe negative effects on morbidity and survival.

5.2.3 New donors are becoming more important

In addition to the growing role of global programmes, a number of major new actors (or actors who have significantly increased their aid to Africa) have also emerged since the mid 1990s, adding to the complexities of implementing the Paris agenda. One group of new emerging donor countries are the middle-income countries such as Brazil, Mexico and South Korea, plus the twelve new EU member states. This group is expected to largely follow the DAC agenda and the Paris Declaration. Another category is represented by the Arab countries and Muslim organisations, which emphasise development funds and social services. A final, separate category consists of the two Asian large developing countries, India and China.

Aside from new donor states, Muslim organisations and networks offer a wide range of social services targeted towards the poorest segments of the populations, including health care, primary and secondary education (including Koran schools and madrassas, sometimes combined with opportunities for further studies in the Middle East), and livelihood support within the agricultural sector and water facilities.

In some instances, support from international Muslim organisations and Islamic countries are part of Islamic efforts to recruit new members or keep members within certain Islamic networks. In other instances, Muslim organisations are primarily development organisations

aimed at providing services to the poorest segments of the populations. This pattern is not much different from that found in the work of Christian organisations in Africa.

China has a long history in Africa and has been a provider of aid to the continent since the mid-1960s. Over the past decade, China's involvement has increased rapidly, not least due to its quest for oil and other natural resources. Although China's trade with Africa has increased to 37 billion USD by 2005, this amounted to only 3% of China's total foreign trade.

Oil is by far the most important African export to China. In addition, China has interests in extraction of minerals, such as aluminium, copper, nickel, iron ore and timber. Chinese exports to Africa consist mainly of electronics and textiles. In 2004, Chinese investment in Africa amounted to 900 million USD out of a total of 15 billion USD, and the figure is expected to increase markedly in the coming years.

China has established development cooperation programmes with several African countries. Figures on the size of the Chinese assistance are not publicly available, but estimates suggest that the total volume of assistance amounts to between 0.2-0.3 % of GDP or about 5 to 7 billion USD. The majority of the assistance is made up of soft loans, debt cancellation and humanitarian assistance. Technical support and traditional project assistance may amount to less than 10 % of the total Chinese assistance. The areas of development assistance are diverse, but the emphasis is on larger infrastructure and energy-projects.

It is often asserted that China does not follow the same procedures as most other donors when providing aid, and China is rarely represented at donor meetings at country level. It is also claimed that China offers aid without conditions related to human rights or good governance. African countries consider the strengthened cooperation with China to be very positive. By offering aid without governance-related preconditions, China has presented an attractive alternative to Western aid while gaining valuable support in defending its international interests. The enthusiasm by both sides was expressed at the China/Africa Summit in Beijing on 3-5 November 2006, where 41 African Heads of State participated.

On the other hand, the absence of China in country-led coordination efforts makes it difficult to align Chinese assistance to broader development planning and to the aid effectiveness agenda. Furthermore, the Chinese non-interference principles undermine Western donor conditions on anti-corruption measures and offer convenient financing alternatives for pariah states such as Zimbabwe. There is also some African criticism of the assymetrical trade relationship between China and Africa. President Mbeki, in a speech to a student congress in Cape Town in December 2006, warned against the risk of a relationship with China that resembled colonialism.

5.3 DANISH DEVELOPMENT COOPERATION IN AFRICA

Danish development cooperation has always had a strong emphasis on poverty alleviation. Formerly isolated, short-term projects have now given way to a more comprehensive, long-term commitment to sector support with a 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 the recent dialogue with the World Bank on PRSPs.

The donor-recipient relation has changed to partnership cooperation based on principles of national ownership of and responsibility for development plans. The focus of Danish assistance has moved to supporting effective policies, good governance and creating conducive environments for development.

Danish bilateral development cooperation in Africa now concentrates on nine 'programme countries' in Sub-Saharan Africa: Benin, Burkina Faso, Ghana, Kenya, Mali, Mozambique, Tanzania, Uganda and Zambia. Denmark also provides support for two additional fragile states in Africa: Niger, a country with very low capacity but steady progress on governance, and Sudan, which has recently ended a long and devastating civil war, and still struggles with the conflict in Darfur. Finally, Denmark provides support for South Africa, an emerging economic and political power with an important stabilising role on the continent. Support for South Africa is a continuation of Danish 'transitional support' following the end of apartheid, with a focus on governance, vocational training and research.

Danish bilateral project and programme assistance to Africa accounted to 360 million USD in 2005. By concentrating bilateral development assistance on a limited number of partner countries, Denmark seeks to achieve 'critical mass' as a donor, allowing it to play a major role in local donor coordination and harmonisation efforts. The nine Danish programme countries have relatively sound sector policies, a more or less holistic poverty approach and are moving towards stable macro-economic and political frameworks.[93]

Denmark was among the first donors to adopt the concepts of Sector Programme Support and Sector Wide Approaches, which remains the basis for Danish bilateral development cooperation. Cooperative partnerships focus 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 gender dimension of aid has evolved from isolated support to women's projects into a broader understanding of the role of gender relations in the development process and the involvement of both men and women.

The basic 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. This document sets out poverty reduction as the overriding objective of Danish development policy.

Alignment and harmonisation based on the PRSP-approach now constitute core pillars of Danish development cooperation. Danish aid policy, in line with the Paris Declaration, is striving to integrate its development assistance into the national budgets of the recipient

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[93] Selection criteria, adopted in 1989, consisted of 1) economic and social development level and assessment of future development needs, 2) total donor assistance and the capacity to absorb aid, 3) potentials for improving sustainable development, 4) prospects for enhancing respect for human rights, 5) assurance that gender aspects would be integrated into the development process, 6) previous experience of development cooperation between Denmark and the country; and 7) potential for Danish private sector participation.

countries, is focusing on fewer and larger initiatives and coordination with other donors, is endeavouring to conduct joint missions and offices, and is open to participate in the formulation of joint country strategies in the programme countries.

5.3.1 A balanced approach to budget support

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 presented a more balanced approach. 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 it is usually based on well-defined conditions.

Box 1: Danish criteria for assessing the effectiveness of budget support

The decision to provide general budget support will be based on an overall assessment of ten criteria, where the distinct characteristics of each country will affect the weight given to the different criteria. In the overall assessment, importance will be attached to the recipient country's strength and will to implement difficult political reforms.

1. Good governance, encompassing a minimum respect for human rights, a free press, pluralistic democracy and rule of law, including independence for the judiciary
2. Responsible anti-corruption with implementation of prevention and control measures as well as follow-up, with a view to improving the country's standing in the international corruption league table
3. Solid poverty reduction strategy and the will to implement it
4. Positive experiences with development cooperation generally and budget support specifically, as well ongoing documentation of concrete development results
5. The Finance Act process, with publication of budget and accounts, as well as parliamentary consideration
6. Rules for public procurement broadly in accordance with international standards
7. Presence of an independent National Audit Office or similar functioning inspection body
8. Expert appraisal of quality and capacity in public finance management
9. Mutual observance of agreed obligations
10. Consensus among all budget support donors regarding approach (incl. rules for transfer and monitoring) and conditions for general budget support

Source: The Danish Ministry of Foreign Affairs 2006, *Commitment to Development - Priorities of the Danish Government for Danish Development Assistance 2007-2011,* Danish MFA, Copenhagen.

A major evaluation of general budget support has been found it to have several benefits[94]: it improved macroeconomic stability, improved donor harmonisation, made for better alignment between donor policies and recipient government policies, budgets and financial management systems, helped facilitate implementation of the poverty reduction strategy, strengthened the budget process, and led to reduced transaction costs. However, budget support also entails a reduction of the control formerly possessed by donors and the ability to track and account for

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[94] OECD 2006, *Evaluation of general budget support: Synthesis report. Joint evaluation of General Support 1994-2004*, IDD and Associates, Birmingham.

the funding of individual donors, thus minimising the possibility of documenting the direct outcome of individual donors' support.

While Danish assistance acknowledges the many benefits of budget support, continued political attention to tractability, visibility and especially fiduciary risks have led to a limit of budget support within Danish development assistance so that it will usually not exceed 20-25% of a given country programme; moreover, whether or not programme co-operation entails general budget support depends on the partner country's financial management, track record of implementing 'good policies' and reliability in meeting targets, willingness to implement reforms, and similar factors.

5.3.2   Fewer and larger sector programmes will be a key challenge for Danish bilateral development corporation

The amount of Danish bilateral ODA is expected to increase substantially over the coming years for two reasons. First, the Danish government has decided that Denmark will provide 0.8% of GNI as development assistance. Furthermore, the government has decided that approximately two-thirds of the bilateral ODA will be allocated to Africa.

Simultaneously, the process of implementing the Paris Declaration will result in a reduction in the number of Danish sector and cross-cutting programmes in the nine partner countries. At present, Denmark is involved in 36 sector programmes and 18 cross-cutting programmes – i.e. a model of 4+2 (4 sector programmes + 2 cross-cutting programmes per partner country). Within the collaboration between the Nordic+ countries, Denmark has endorsed the principle of 3+1 as a goal for the number of programmes in which donor countries should be involved. If this non-binding principle were fully applied in Africa, Denmark would end up with only 27 sector programmes and 9 cross-cutting programmes, channelling a substantially larger amount of aid than today.

These two tendencies pull in the same direction – larger sector programmes. Initial calculations point to programmes allocating almost 100 million DKK a year to the recipient countries – on average. This will add significantly to the Danish contribution in the sectors. However, in view of management burdens and planning factors, there will be a need to assess how such a significant scaling up will be implemented. The discussion on scaling-up is not limited to the question of fewer and larger programmes. It also includes the question of country involvement. Both in relation to the Paris Declaration and internally within the EU, discussions point to the need for donors to be present not only in fewer sectors, but also in fewer countries.

5.4   THE CHALLENGE OF ARMED CONFLICT AND RECOVERY

In recent years, a growing number of African countries have emerged from crisis or conflict and have begun recovery and reconstruction processes, often with the support of large-scale peace-keeping operations to provide security during the transition period. Poverty and the need for international aid in these countries is often much larger than in the relatively well-functioning countries, which receive most international support. Considerable evidence now

exists that early, well-targeted development assistance may significantly reduce the risk of renewed conflict and may help countries re-establish a basis for development.[95] Development assistance in post-conflict countries is increasingly seen as part of integrated peace support packages that also include humanitarian aid, security and political components. Working together, these components can achieve both immediate relief and build the foundations for effective and democratic states, peace and long-term development.

Donor objectives in post-conflict transition and in fragile states often reflect a large number of concerns that go beyond the traditional focus on poverty reduction. Hence, it may be difficult to bring the views of various ministries or agencies in the same donor-country together in a coherent whole. This danger of inconsistency underscores the need for internal donor coordination and a 'whole-of-government' approach in our engagement with fragile states. Post-conflict transitions are typically supported by peacekeeping operations. Such operations have security as their immediate objective, and security is a necessary condition for other support activities.

The humanitarian imperative is often another primary motivation for donor action in conflict and crisis. It declares that citizens and other countries have the duty to assist people in immediate need and to take humanitarian action in accordance with international law and established practices. In some fragile states, where there is an unaccountable or illegitimate government, serious human rights abuses will often be occurring – e.g. at present in Zimbabwe. Restoring human rights is a legitimate policy objective in itself.

In these types of post-conflict situations, peace-building and state-building typically take centre stage, and a narrow focus on poverty reduction and the MDGs will not be sustainable.[96] In view of the risk of relapse into conflict, it becomes important to ensure consistency and synergy between humanitarian, development diplomatic and security interventions.

5.4.1 Peacekeeping operations

Member states of the African Union have shown increased willingness to prioritise development of peacekeeping capacities and deployment of peacekeeping units within the AU to provide security components of post-conflict support. However, there is a strong need to strengthen financing of African peacekeeping efforts and to strengthen the response of the UN to the need for cooperation with the AU and the sub-regional organisations on peacekeeping missions. UN missions will remain the core of peacekeeping in Africa for the foreseeable future. Although peacekeeping operations are not considered to fall under the category of development assistance and cannot be reported as ODA, they are nevertheless a crucial and integrated part of support for most recovery and reconstruction efforts in post-conflict countries in Africa.

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[95] Collier, P. 2003, *Breaking the Conflict Trap: Civil War and Development Policy.* World Bank policy research report, Vol. 1, WB.
[96] In the *Practical Guide to Multilateral Needs Assessments in Post-Conflict Situations* by the UNDG, WB & UNDP, 2004, the objectives of Post-Conflict Recovery are outlined as follows: "In order to create the enabling conditions for sustainable and peaceful development, post-conflict recovery assistance is generally oriented toward the following goals: Political stability; Security and respect for human rights; Reduction of social exclusion and social healing; Access to services; and Adequate standard of living".

As member of the UN Security Council in 2005-06, Denmark worked actively for garnering support among UN member states for a strong UN involvement in Sudan. Denmark actively supported the founding of the UN Peace-Building Commission in 2006. Active support for solving armed conflicts in Africa is a priority for the Danish government, in line with Denmark's overall priority given to Africa. This policy includes limited direct support to peacekeeping operations in the form of military units and military observers. In January 2007, Denmark supported five out of the seven UN peacekeeping operations in Africa with a total number of 26 military observers and experts.

Table 3: Danish contributions to current peacekeeping operations in Africa

	Name of operation	Initiation	Number of personnel	Danish contribution (January 2007)
Congo	MONUC	1999	22,167	2
Liberia	UNMIL	2003	18,382	2
Sudan	UNMIS	2005	13,021	16
Cote d'Ivoire	UNOCI	2004	11,150	
Burundi	ONUB	2004	3,142	
Ethiopia and Eritrea	UNMEE	2000	2,687	4
West Sahara	MINURSO	1991	459	2

Source: Danish Ministry of Foreign Affairs.

Although limited, the Danish contributions have been highly valued by other contributing nations and by the UN Department of Peacekeeping Operations. Apart from its direct military troop and expert contributions to UN peacekeeping operations, Denmark also fully supports the financial, expert and other assistance provided by the EU and NATO to peacekeeping operations run by the African Union.

In the coming years, the number of Danish troops available for international operations will increase from 1,100 (2005) to 2,000 (2009). The government has indicated to the UN that if requested, Denmark is willing to consider contributing peacekeepers to a possible operation in Darfur.

5.4.2 Aid instruments and modalities in conflict affected countries

In the immediate aftermath of conflict, it has become an established practice to carry out Post-Conflict Needs Assessments (PCNAs) jointly among donors, agencies and the transitional government. Such assessment reports typically form the basis for pledging conferences, where financial support for reconstruction and recovery is discussed. The PCNA is structured around a technical assessment of recovery needs and development of a post-conflict transition strategy. The PCNA provides a platform for national and international actors to agree on joint priorities, define their commitments and prepare their activities. PCNAs may subsequently form the

conceptual basis for an Interim Poverty Reduction Strategy Paper (I-PRSP) and for donor strategies.[97]

The PCNA provide a basis for an operational planning and coordination framework structured around key results and a calendar for implementation, typically covering a period of up to 2-3 years. The process of establishing security with the support of international peacekeepers, and the implementation of the political and wealth-sharing provisions of peace agreements must be closely coordinated with development and humanitarian aid.

The key factors in selecting aid instruments and modalities in conflict and post-conflict recovery will typically be an assessment of state capacity and political will to reform. Where there is political commitment but little capacity, there will be a need for an overall strategic framework working with the transitional government so as to support the development of key state capacities and social protection. In cases where there exists adequate state capacity but little political will, as may be occurring in an on-going conflict or political crisis, off-budget or decentralised approaches will be preferable, using joint programmes and support to (legitimate) non-state actors such as civil society organisations.[98]

Budget support remains inappropriate in countries with no political will to implement pro-poor policies. However, budget support has been provided with some success in early stages of state formation (e.g. in South Sudan) and in post-conflict countries with new regimes (e.g. Sierra Leone, Rwanda) where the objective was to maintain operation of government through sensitive transition periods.

[97] United Nations Development Program, World Bank & United Nations Development Group 2004, *Practical Guide to Multilateral Needs Assessments in Post-Conflict Situations*, UNDP, WB & UNDG.
[98] Leader, N. & Colenso, P. 2005, *Aid Instruments in Fragile States,* UK Department for International Development, PRDE Working Paper, March 2005.

Box 2: Liberia in transition after decades of civil war

The Liberian conflict, which dates back to 1989, had immense social, political, and humanitarian implications. In August of 2003, the Economic Community of West African States (ECOWAS) organised peace talks in Accra, Ghana. The peace talks culminated in the signing of the Comprehensive Peace Agreement by three warring factions. As a result, the National Transitional Government of Liberia was formed.

This marked the start of a two-year transitional period within which the UN, including a 15,000-strong peace keeping force. The planning for the recovery and reconstruction effort during the transitional period was initiated with a joint Post-Conflict Needs Assessment with the participation of the transitional government and a range of both bilateral and multilateral agencies. The resulting Results-Focused Transition Framework (RFTF) outlined key interventions and expected results in the critical period leading up to and around the elections.

The task of reconstruction was daunting, as 14 years of war had destroyed the social and economic infrastructure and decimated the country's social fabric. Hospitals, schools and roads at the local level were undergoing reconstruction with the support of a Community Driven Development (CDD) initiative, and the government had made headway in reinstating the rule of law and eradicating corruption. The free and fair elections in 2005 resulted in the election of the first woman as a head of state and government in Africa: Ellen Johnson-Sirleaf.

During her first year as president, Mrs. Johnson-Sirleaf has enjoyed widespread support and continued to build on the results of the transitional period and the continued large-scale international presence, which is expected to remain for some time. The RFTF has now been succeeded by a draft interim poverty reduction strategy paper (i-PRSP). Transition to a full, MDG-based poverty reduction strategy is envisioned for July 2008.

Liberia's development partners, led by the World Bank, have adopted an innovative, robust approach to economic governance, the Governance and Economic Management Assistance Program (GEMAP), aimed at strengthening public financial management. GEMAP provides for a number of international experts to be placed within key Liberian government institutions to oversee management of revenue inflows and expenditures.

A key challenge will be to reengage Liberian youth in the development of their country and create employment opportunities. Liberia's youth constitute about 50% of the population, and it is estimated that about 85% of the country's young people either participated in the fighting during civil war or were forced to flee their homes. Many have lost confidence in institutions, including state, schools, churches and even family.

Pooled funding - such as that provided through Multi-Donor Trust Funds (MDTFs) or joint programming – can promote harmonisation and, where possible, alignment. MDTFs have become important instruments for resource mobilization, donor coordination and policy dialogues in several African post-conflict transitions in recent years, including in Sudan. However, actual performance on the ground has been uneven and difficult.

There is a need to set clear objectives for MDTFs as early as possible, as this can affect the governance structure and type of funding required. In a post-conflict situation, it may be useful to distinguish clearly between short-term needs for early recovery and medium-term needs for investments for development, even though it will be necessary to initiate both processes simultaneously. National governments are key actors in MDTFs, but the MDTF structures also

need to reflect a broad range of non-government national voices and the multiple role that civil society plays in society.[99]

Box 3: The Peace-Building Commission

The creation of a UN Peace-Building Commission (PBC) in 2005 is an important initiative to address the challenge of bringing together different actors in post-conflict reconstruction and ensuring synergy and coherence. The PBC will marshal resources at the disposal of the international community to advise and propose integrated strategies for post-conflict recovery, focusing attention on reconstruction, institution-building and sustainable development in countries emerging from conflict. Among the first countries to figure on the agenda of the PBC will be Burundi and Sierra Leone.

The PBC will bring together all the relevant parties in specific conflict situations (the country, the region, bilateral and multilateral donors and NGOs). The PBC will draw upon the UN's broad capacities and experience in conflict prevention, mediation, peacekeeping, respect for human rights, rule of law, humanitarian assistance, reconstruction and long-term development. Specifically, the PCB will:

- Propose integrated strategies for post-conflict peace-building and recovery.
- Help to ensure predictable financing for early recovery activities and sustained financial investment over the medium- to longer-term.
- Extend the period of attention by the international community to post-conflict recovery.
- Develop best practices on issues that require extensive collaboration among political, military, humanitarian and development actors.

Denmark has actively supported the establishment of the PBC during its membership of the UN Security Council. Denmark has a seat in the PBC in its first year (2006-2007), and Denmark will use this seat to further promote cooperation between the UN and the AU and regional organizations. Another particular focus area for Denmark has been involvement of the civil society and local research institutions in regional conflict prevention and resolution. Denmark will also support the new Peace-Building Fund financially. The Fund will seek to provide rapid funding to fill gaps in peace-building work in the first 12 months after the end of conflict. It will take strategic directions from the PBC.

Individual projects can be designed in line with the aims of alignment and ownership. Interventions at the local level, including Community Driven Development (CDD) projects, are widely used by the World Bank and other donors. Such projects can be an effective way of reaching communities directly and providing quick relief.

Support through civil society organisations is often a preferred option when state structures are weak or illegitimate. A large proportion of aid for service delivery in fragile states typically goes through NGOs. However, great care must be taken to avoid undermining existing legitimate government structures or attempts to build these. Service delivery NGOs must be brought into the planning and coordination mechanisms that support state-building.[100] Furthermore, support through local NGOs should build upon thorough fieldwork and civil society assessments so as to ensure that NGOs and community-based organisations support

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[99] The Hague Conference on Post-Conflict Multi-Donor Trust Funds (MDTFs), December 7-8, 2006, Co-chair's summary.
[100] Room Document 9, Workstream on Service Delivery, Phase 3, 2006, *Synthesis paper on good practice: the challenge for donors,* Draft, 29th September 2006.

peace-building objectives and have strong downward accountability towards their constituencies.

Humanitarian aid and early recovery efforts are essential for preventing or mitigating the human suffering that results from conflict or disaster and for ensuring the fastest possible transition to longer-term recovery and development efforts. Work is underway among international humanitarian actors to reform the humanitarian system to make it more effective and to facilitate the transition from relief to development. This involves making humanitarian aid better planned and financed through pooled funds under UN OCHA control and making it more demand-driven by moving it away from commodity-driven interventions towards cash-based, social protection and CDD approaches.[101]

There is widespread agreement among donors and the research community working on fragile states that thorough analysis of political and conflict dynamics is needed for prioritising and designing effective aid interventions. Many donors (e.g., DfID, Sida, WB, UNDP) also draw upon a range of conflict analysis tools to help guide their strategies. Joint donor analysis may be used as a means of early coordination, leading towards joint needs assessments and strategies.

A recent review of lessons learnt from Power Analysis and Drivers of Change Analysis for DAC[102] noted that political economy analysis can help improve aid effectiveness and relevance. However, the operational implications for planning and programming often seem to be limited. This may be because donors are applying different analytical 'lenses', and there has been little agreement among them as to how to design the studies, including how to link them to work on conflict, gender, social exclusion or human rights.

5.4.3 Lessons learned from Danish support for conflict-affected countries in Africa

Danish *bilateral* aid has tended not to focus on conflict-affected countries. Instead, Denmark has chosen to channel its support for post-conflict recovery and reconstruction through *multilateral* agencies and NGOs. In addition, Denmark has provided humanitarian aid in response to appeals by international humanitarian agencies, which often extends well into the recovery phase.

In recent years, a number of more targeted Danish initiatives aimed at reconstruction, peace-building and conflict-prevention have taken shape, and valuable lessons have been learned. In particular, there is a need for more flexible approaches that can ensure timely and targeted interventions. There is a need to base interventions on detailed conflict analysis, and to ensure a wide range of interlocutors, particularly non-state actors. Direct Danish influence depends on the presence in the country and participation in local Heads of Missions meetings and technical group mechanisms.

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[101] Leader, N. & Colenso, P. 2005, *Aid Instruments in Fragile States*, UK Department for International Development. PRDE Working Paper; March 2005.
[102] Dahl-Østergaard, T. et al. 2005, *Lessons learned on the use of Power and Drivers of Change Analysis in development co-operation*. Review commissioned by the OECD/DAC Network on Governance, COWI, Copenhagen.

The Africa Programme for Peace is providing support for African regional organisations to play a role in fragile and conflict-affected states. Key lessons are the importance of aligning initiatives with local priorities (ownership) and more donor coordination so as to avoid parallel systems.

Key lessons from **the Southern African Defence and Security Management (SADSEM) Network** include the value of deep understanding of the local contexts in framing and timing interventions, use of respected and legitimate local partners, external sparring (SADSEM works well as a network), effective locally-based leadership, and realistic objectives. In cases where the legitimacy or reliability of local partners is (or appears) threatened, appropriate quality assurance standards need to be in place.

Denmark has supported the **Multinational Demobilisation and Reintegration Programme (MDRP)** financially, an MDTF managed by the World Bank in the Great Lakes region. Danish participation in the 2004 Joint Supervision Mission of the MDRP found that the programme's most significant advantages were that it offers a regional approach, involves the majority of the actors working on the promotion of peace in the region, spreads risk and allows small donors to participate and is able to offer specialised technical assistance.

Denmark has provided support for activities in **Somalia** within the 'regions of origin initiative' aimed at assisting refugees close to their home areas or helping them when they return to these. These activities have been targeted geographically, but it has been crucial to build and maintain relationships at all levels and in all regions of the country. Participation in UN and/or NGO missions has been highly useful, helping to leverage Danish influence. In difficult and volatile environments, small projects can sometimes be an effective means of gaining experience and testing approaches before scaling-up.

Danish aid to **Sudan** has been channelled through the World Bank administered MDTFs and through UN organisations and NGOs. At the same time, Denmark has maintained a limited and flexible presence in the country, monitoring monitor implementation and participating in aid coordination. From an aid harmonisation perspective, channelling funds through MDTF and UN organisations increases coordination, lowers transaction costs and strengthens collective international leverage. In Sudan, however, these mechanisms have also been criticised for their relatively slow response. NGOs,   while able to respond more rapidly, are less adept at supporting the state-building needed for a long-term solution.

5.5 DETERIORATING GOVERNANCE AND HUMAN RIGHTS VIOLATIONS ARE AMONG THE MOST DIFFICULT CHALLENGES FOR DONORS

Poverty, state fragility and a history of instability and conflict in the region make African countries prone to political crisis and violent conflict. In some cases, decades of political progress and building the foundations of development have been overturned within months, and countries have descended into a downward spiral of human rights abuse, corruption and violence that has in some cases led to open conflict.

For donors, such situations of deteriorating governance and approaching crisis present a dilemma: to protect development results and maintain influence through dialogue and continued cooperation with government authorities; or to demonstrate accountability and create incentives at a more general level for improving governance. In some situations in the past, donors have reacted to deteriorating governance by reducing aid programmes dramatically and even withdrawing altogether. Such international isolation may have serious negative impacts on the population and may even increase the risk of state-failure with serious spill-over effects. Moreover, donor pullout may have no positive effect on specific partner countries. An evaluation by Danida of the lessons from the Rwanda conflict indicated that the international community failed to prevent the escalation of the conflict, and that we remain slow in recognizing and acting on emerging conflicts.[103]

There is an increasing interest among donor governments in preventing such failures through early, targeted adjustments of aid programmes so as to achieve maximum positive influence on crisis dynamics, in addition to the influence that can be achieved through political dialogue and mediation efforts. However, there are no easy answers to the challenges of reacting to an approaching crisis, nor in selecting the appropriate responses. The complexities of such situations are difficult to communicate to the media and the public in donor countries. Public demands on donor governments to halt aid and show firmness toward African governments who are violating human rights often overshadows a serious and balanced analysis of the situation.

Effective aid responses to deteriorating governance may be facilitated by early warning mechanisms that help alert decision-makers to signs of negative change, thus triggering responses at a point when corrective action may be more cost effective, rather than later when damage has already been done.

NGOs, private companies and multilateral agencies and donors have all developed early warning systems. There is no lack of sources for early warning and information about approaching crises. In practice, however, the incentives for responding to early warning are often weak and unclear, and accountabilities within donor organisations remain blurred.[104] Unwillingness to adjust or scale down otherwise successful programmes may impede quick and flexible early reactions and programme restructuring. Once the crisis is full blown, the need to respond in a quick and highly visible manner is often paramount, and opportunities for medium- and long-term responses may tend to be overlooked. Furthermore, donors' programme planning and financial disbursement cycles may interfere with the need for quick and flexible responses.

5.5.1 Political dialogue provides a first opportunity to respond

Like most other bilateral donors, Denmark maintains a continuous critical political dialogue with African countries on democracy and human rights, often within a wider political dialogue.

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[103] Danida 2004, *Lessons from Rwanda – Lessons for Today. - A follow-up to the Rwanda-evaluation carried out in 1996*.
[104] OECD 2006, Draft Concept Note/Work Plan Document, *Early Warning, Preventative Action and Collective Response.* OECD/DAC, Room Document, 7th Meeting of the FSG, October 2006.

This dialogue is an important part of Danish development assistance and will normally be the first instrument to be used in response to deteriorating governance. In some cases, engagement with a range of political or conflict actors for mediation and conflict resolution may be required, and bilateral donors may sometimes be able to play important roles in this regard.

Within the framework of Nordic cooperation, contacts with a number of African countries take place under the 'Nordic Africa initiative', while at the EU level, political and security cooperation provides another important forum for addressing governance conflicts as they appear. A key framework instrument, the Cotonou Agreement, requires that the Heads of Missions in the various Africa-Caribbean-Pacific (ACP) countries, conduct regular and structured dialogue with the authorities, the opposition, the civil society, etc..

5.5.2   International human rights mechanisms

Serious human rights violations may be taken up by international human rights mechanisms, where governments can be held accountable for their implementation of international human rights treaties and conventions. Within the UN, the UN Human Rights Council was established in June 2006 as a successor body to the Human Rights Commission. The Council   has the mandate to engage in all human rights issues, thematic as well as country-specific. The Council consists of 47 members, with the African group holding 13 seats. However, some of the same problems that prevented the effective functioning of the former Human Rights Commission may be persisting in the Human Rights Council. In addition, many African countries have shown an unwillingness to extend invitations to the UN special mechanisms, working groups and special rapporteurs working on particular issues, limiting the opportunities to provide expert advice and assistance.

The regional and sub-regional human rights mechanisms established by African countries have the potential to supplement the human rights work of the UN. The NEPAD African Peer Review Mechanism has the potential to become a key forum for early, sensitive discussions on deteriorating governance. Because of its unique status as an African initiative promoted by African leaders themselves, the Peer Review Mechanism has a special legitimacy and an important potential for positive influence and crisis prevention.

5.5.3   Aid in situations of deteriorating governance

It will remain a challenge for donors, including the EU and the USA, to respond to deteriorating governance and human rights violations in a coherent way. Coherent, coordinated action by donors will require great efforts. In addition, there is a need to involve and engage new aid actors such as China and India in concerted action.

As a crisis unfolds, donors tend to change their perspective from long-term results to preservation of short-term stability and protection of social and human capital. Existing strategies may become obsolete, making coordinated or joint approach by donors in situations of deteriorating governance imperative. [105]

In situations of early deterioration, governments may be open to cooperation with donors on improving governance through targeted support for strengthening accountability and transparency or for reform of judicial or penitentiary systems. However, continued deterioration of governance will typically cause donors to consider reducing or withholding budget support. Clear and transparent agreements are needed, which can clarify the overall governance commitments and performance -- including specific benchmarks that can make clear to both donor and partner that failure to honour commitments will have implications for cooperation.

Finally, donors may consider alternative mechanisms to preserve existing capacity, including specially designed training programmes, or alternative channels of support which can reach beneficiaries without going through central government offices (via NGOs or social funds). Such programmes, often aimed at vulnerable groups, and may help reduce conflict risks by reaching out to precisely those segments of the population who may feel excluded or threatened by crisis.

6. CONCLUSION

The overall picture of trends and challenges in Africa is highly complex and increasingly differentiated. The generally positive picture that has emerged in recent years in economic growth, democratisation and peace-building includes both notable success stories and grave failures. The differences between the successes and failures have become larger and more important.

Greater political and economic engagement with Africa and an enhanced aid effort by donors in the coming years will need to reflect these different circumstances. More diversified approaches need to be applied to different country situations. In some countries with growing economies and good governance, the regular political dialogue on the bilateral level and through the EU and the Nordic+ cooperation can become an effective forum for discussions about a range of regional and global issues. Strong country ownership and robust capacity in these countries will allow donors to proceed from harmonisation to alignment and continue the transition to sector budget support. In those countries suffering from more acute state fragility or even conflict, a stronger peace-building effort will be required, and this will involve both he UN and the AU.

Different modalities will have to be identified to deliver growing aid flows to these countries in an effective way. Aid will often need to build more strongly on the capacities of civil society or the private sector, but without undermining the state. A greater sensitivity to the risk of deterioration of governance and human rights violations – even in the most stable and democratic countries in Africa -- will strengthen the ability to use aid and other instruments for prevention.

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[105] World Bank, 2005, International Development Association, *Fragile States: Good Practices in Country Assistance Strategies*, IDA/R2005-0252, December 2005.

Recent years have seen an increasing awareness of the fact that economic development requires not just a few "quick fixes", but a large and diverse set of well-crafted policies and implementation strategies, tailored to local conditions. Successful development policies cannot be designed and imposed by outside donors. Although outsiders can play a role in helping to formulate these policies, the key players are the competent, well-intentioned national and local governments working in concert with an active civil society and private sector.

Every country is unique and faces its own circumstances that need to be reflected in national development strategies. Increasingly, democratic politics and the emphasis on PRSPs and nationally-owned donor coordination will lead to policies suited to the individual needs and capacities of each African country. For donors, the key challenge is to understand the nuances of individual country situations, including the emerging democratic politics and state-building processes. In doing so, they can engage in a more informed policy dialogue, on a strong mutual basis, and support progress on good governance. Donors and Africans themselves need to place effective and democratic states firmly at the centre of development processes.

A strengthened effort will also need to recognise the effects of globalisation in Africa and the increasing interdependence between Africa and the rest of the world, but also between African countries themselves. Population growth, immigration, infectious diseases, including HIV/AIDS, instability and violent conflict, environmental degradation, as well as a small but growing flow of intra-African trade and investment are all part of this picture. The negative spillover effects of failed and fragile states, however, must be viewed in light of the growing positive potential for regional cooperation structures and emerging pivotal states to promote regional stability and development.

The growing number of young people is a unique challenge to Africa that will in many ways define the success of development efforts on the continent. Youth represent both potential and risk, and nowhere else in the world are the stakes as high as in Africa. If enough jobs and access to education can be generated, the demographic transition will become an advantage that will help boost progress. If not, the energy and aspirations of young people may be channelled towards other, less constructive goals, and an important opportunity will be wasted.