

Part 2

Analysis and Evidence



Chapter 1

Overview: The Case for Action

1 In Part 1 of this report we have set out a summary of our argument as briefly and simply as possible. That argument has been based on a careful and detailed analysis of the evidence on Africa's development, including lessons from experience on what works and what does not. It is this analysis and evidence that forms the foundation of our case for action and our plan of action.

2 In this opening chapter of Part 2 of our report, we set out the structure of the analysis on which our recommendations are based, and thus provide a framework for the detailed analysis and evidence presented in the remaining chapters. In the process, we make the case for integrated action and provide a summary of the core recommendations, while answering two key questions: why is it so important for the world to support Africa's development now, and what specifically should it do?

3 We argued in Part 1 that African poverty and stagnation is the greatest tragedy of our time. The continent has lost much of the past three decades, as conflict, corruption, and economic stagnation have replaced the hope, idealism and economic progress of the immediate post-colonial period. Poverty is rising, life expectancy is falling and millions of children still do not attend school.

4 Poverty on such a scale demands a forceful response. And Africa – at country, regional, and continental levels – is creating much stronger foundations for tackling its problems. We believe that now is the time when greater external support can have a powerful impact and that this is a vital moment for the world to get behind Africa's efforts.

5 Our focus on what the world must do to support Africa's development should not be taken as an assertion that those outside Africa can be the prime movers of African development and poverty reduction. As we will argue in Chapter 2, weak domestic governance – and its extreme form, violent conflict – is the key factor that has most devastatingly undermined Africa's progress. Thus it will be strong actions by Africans to improve governance and establish peace and security that will provide the foundation for growth, poverty reduction and human development. And it will be these actions that will determine the success of any outside support.

6 Africa's problems cannot, however, be ascribed solely to weak governance. Africa suffers from a geography that is often hostile in terms of transport, climate and disease. And many of the geographical problems have been compounded by history, with its colonial fragmentation and exploitation. Overcoming them requires strong investment and technical assistance as well as improvements in governance.

7 But governance has begun to improve, and in recent years many African governments have been strongly focused on promoting and sustaining growth and development, rather than furthering the narrow self-interest of those in power. We recognise clearly that problems of corruption and conflict remain pervasive but recognise also the reality of the progress. With that progress comes an opportunity and responsibility for the world.

8 Why must the world act? First and foremost, our common humanity binds us together. Africa is part of our world community and the world must show solidarity with the people of Africa. Common humanity and solidarity demand that we all work together

to overcome poverty, despair and death in Africa. Second, at the UN Millennium Summit, the world took on a clear obligation to act, agreeing to specific deadlines for reducing poverty and promoting human development. Third, many of the difficulties of Africa arise from a history of colonialism and of Cold War tensions; thus there is a historical responsibility to help Africa break free from this historical legacy. And fourth, we have self-interest: an Africa in turmoil and desolation will have grave consequences for the rest of the world, in terms of unstable supplies (particularly of oil and raw materials), movement of people, disease, conflict and terrorism. To put it more positively, a growing and increasingly prosperous Africa will benefit all those that have economic, social and political relationships with the continent.

1.1 Why Africa cannot wait

9 If we agree that the world has a responsibility to act, several factors make it clear that action must come now. Africa cannot wait. First, the immense scale of the suffering in Africa – much of it avoidable – should compel the world to act now. The economic and social gap that has opened up between Africa and the rest of the world (see Chapter 2) places Africa's plight in stark contrast. The world crisis of poverty is now in Africa, whereas 25 years ago, at the time of the Brandt Commission report on development, the focus was on Asia with its much larger population and higher population density.

10 Poor governance, a lack of growth, and slow human development have already levied huge costs on Africa, relative to what could and should have been. These losses are mounting steadily and that alone should be enough reason for urgent action. In human terms, people are needlessly suffering and dying from HIV and AIDS, malaria, tuberculosis and malnutrition, with every year of inadequate action costing millions of lives. The recent UN Millennium Report, which this Commission supports, has shown convincingly that on current trends Africa will miss more of the Millennium Development Goals – and by a wider margin – than any other developing region.

11 Second, delay is magnifying the crisis that Africa and the world will have to face in the years ahead. Viewed on a global scale, Africa's problems are deeper than simply economic stagnation. As Chapter 2 will discuss, other countries' economies and international trade have grown strongly in recent decades. Africa has become increasingly uncompetitive, as a result of its weaknesses in governance and infrastructure, low capacity in science and technology and lack of innovation and diversification from primary products. Catching up has become more difficult. Barring significant and swift progress, the marginalisation of Africa will become an ever-greater problem to overcome and an ever-greater threat to global stability.

12 Extreme poverty harms not only those who suffer today, but also future generations. Malnutrition in the womb and early in life does permanent damage to children's health and productivity; AIDS deaths leave behind orphans who lose forever the benefit of parental teaching and support; failed educational systems hobble a generation of students throughout their working lives; and poverty leads to actions for short-term survival, such as selling assets or cutting down trees, that undermine conditions for future recovery. Finally, current patterns of development are doing severe and often irreversible damage to the natural environment, threatening the future of agricultural production, the security of food supplies and the health and livelihoods of Africans. In short, we are storing up problems in a systemic way.

13 Yet Africa is changing, in ways that make external support for development more effective. This change is a third major reason for acting now. Democracy has spread in Africa and the continent has new political leaders, many of whom are committed to

reform. While economic governance remains weak by international standards, it has improved notably over the past several years (as Chapters 2, 4, 7 and 9 will document). By taking responsibility for their own development and laying the foundation for success, many countries in the continent are now demystifying failure and growth has restarted in many countries (as Chapter 2 will show). After only 3 years of existence, the African Union is beginning to show that it means business – particularly in the crucial area of peace and security. The pan-African Parliament is up and running. And the AU's New Partnership for Africa's Development (AU/NEPAD) and its African Peer Review Mechanism (APRM) are powerful vehicles for promoting further improvements in governance. All these initiatives and bodies have still to prove their worth, but the first signs are encouraging. Backing now from the international community could make the difference on whether they succeed or fail.

14 In many countries, the conditions are now in place for a strong expansion of aid and assistance to make a powerful difference. Critics are no longer justified in making universal claims that aid to Africa is wasted. Even in other countries—those that are not yet likely to use aid so effectively—we now know that outsiders can do a great deal to help create the preconditions for progress.

15 Finally, and related, the world has another reason to move quickly: reforming African leaders risk being evicted from office if their people do not see returns on their reform programmes. Procrastination will feed cynicism about the commitment of foreign partners and the prospects for progress. "All we hear are words," Africans cry or "More promises, little action". Some reforms that will improve life in the medium to long term – such as combating corruption, maintaining macroeconomic stability and reforming economies – have been politically difficult and could be reversed. A lack of support for reforming countries could also deter other leaders from trying to improve governance and generate growth. Future reforms may wither on the vine.

16 The risks from delay far outweigh the risks from acting strongly and swiftly. What is required is no less than a re-casting of the relationship between Africa and the rich world, in which both, as partners, have responsibilities to discharge in the interests of real and long-lasting change.

1.2 What needs to be done: a big push to break vicious circles

17 It will not be easy to break with the legacy of Africa's difficult history, which we explore in Chapter 2. That history, and the circumstances in which Africa now finds itself, mean that Africa will have to break out of a set of vicious circles that reinforce each other and shackle the continent. Without simultaneous and effective action on several priority fronts, successful development is unlikely. Chapters 4 to 8 lay out the Commission's recommendations for action in key areas. Chapter 9 explores the details and Chapter 10 examines ways of promoting implementation of the external support required and the better meeting of promises than we have seen in the past. Underpinning all the recommendations is our analysis of *culture* (Chapter 3); culture is both an end in itself and a way of thinking about the many other issues covered in the report.

18 The first priorities must be achieving *good governance* (Chapter 4) and *peace and security* (Chapter 5), which together provide the foundation for development in all its aspects. Along with the infrastructure required to support economic activity, these factors are the key elements of the environment for growth. Without better governance and growth, Africa will not achieve any of its other goals; it will not achieve sustained

improvements in health and education, nor will it successfully involve its poorest women and men in the economic and social life of each country.

19 *Better governance* must be at the heart of the African resurgence and it must be managed by Africans. This lesson of experience has been emphasised most strongly by Africans themselves. It is a core idea both of AU/NEPAD and of the governments and leaders of Africa working to improve their own governance and to implement the AU/NEPAD initiatives. And it is felt more strongly still by the populace: surveys increasingly find that poor governance is viewed as the most important cause of Africa's struggles.

20 Africa's colonial history of exploitation, the manipulation of social divisions, arbitrary borders and fragmentation has created profound challenges in the building of nations and the creation of effective states. This Commission argues that the building of an effective state is vital for development: a state that delivers an environment for growth, fosters delivery of education, health, and other services, and provides security for its people. Slashing the state indiscriminately will not build effective development. We learned this in the 1980s and 1990s when – to take one example – many development agencies and bilateral donors withdrew, or cut back sharply on, financial support for public infrastructure. The mantra then was that infrastructure financing should be a private sector activity; in fact not much more than 25 per cent of infrastructure in developing countries – and probably even less in Africa – is likely to be privately financed for the foreseeable future. The attack on the role of government and the neglect of the building of institutions not only had medium-term economic costs in many countries⁴, –6SN7;but it has also severely damaged the difficult long-term process of building an effective state. It left public servants bewildered, disillusioned, and demotivated, sometimes breeding corruption. Chapter 4 details ways in which the international community can support African efforts to build states and nations and to improve governance.

21 *Peace and security* is an absolute prerequisite for a healthy and dynamic economy. Far too many countries in Africa – from the Democratic Republic of Congo to Sierra Leone, from Ethiopia to Mozambique, from Angola to Côte d'Ivoire – have seen a complete breakdown of governance and outbreak of hostilities at times over the past three decades. Civil and cross-border conflict have had huge direct costs in human lives⁴, –6SN7;but have exacted far broader long-term consequences by making sustainable growth impossible. Chapter 5 lays out key measures to prevent the emergence and re-igniting of conflicts.

22 The report then turns to key direct determinants of development: the health and education of people and an enabling environment that allows them to use their entrepreneurship. Investment in *human development and inclusion* (Chapter 6) – particularly through health⁴, –6SN7;education, and social protection – is an end in itself⁴, –6SN7;but it also has instrumental value: human development drives growth and creates the conditions for all women and men to develop their full potential and participate fully in the economy and society.

23 A vibrant economy requires both an effective state and a strong private sector. The evidence of history clearly shows that successful growth will be led by the private sector. Thus policies and governance should be focused on creating the conditions where growth can flourish. This means that African governments⁴, –6SN7;and their external supporters⁴, –6SN7;should not see the private sector, a competitor, a menace that needs to be tightly circumscribed; on the contrary⁴, –6SN7;it is the key driver, growth. On the other, the private sector, a duty to contribute to and avoid undermining the building of the state on which, depends for the environment for growth.

24 Africa needs successful African entrepreneurs and capitalists to provide the innovation and productivity growth necessary for long-term poverty reduction. Chapter 7 discusses

how to release Africa's *entrepreneurial energies*. Large firms may often be best placed to explore new foreign markets and invest in product development, but creating the conditions for the growth of small and medium enterprises (SMEs) is also essential. These firms provide the vast bulk of employment and may be more creative and more nimble in responding to opportunities. For medium-term poverty reduction, the most important of SMEs in Africa are the family farms. Africa's growth requires the growth of Africa's agriculture, both to improve livelihoods immediately and to promote the growth of the off-farm rural economy. That will not happen without investment, changes in technology, and an investment climate in which Africa's farmers – particularly the women who do much of the farming – are ready to improve their own land, methods, and crops. Chapter 7 therefore includes specific proposals for generating a good investment climate for Africa's diverse private sector, investing in infrastructure, urban development and agriculture, helping small and medium-sized enterprises, and promoting youth employment. It also proposes action to ensure environmental sustainability and to manage climate change. This combination of measures, together with investments in health and education, will drive not only growth but also the participation in growth which is so vital to poverty reduction.

25 The recommendations on *trade* (Chapter 8) focus on investments in capacity to trade and on market access. Trade is crucial to growth and Africa's problems of governance and infrastructure have severely constrained its ability to compete on world markets. Africa in 20 years saw its share in world trade fall from six to two per cent; just one percentage point of that fall represents more than US\$70 billion in foregone revenues annually. Chapter 8 examines African countries' opportunities and capacities to engage in the international trade that will drive growth and provide further outlets for the products of Africa's entrepreneurship. To increase the returns to the investment and to the removal of domestic barriers to trade expansion, developed countries must open their markets to Africa's products. This means giving African countries the opportunity not only to sell agricultural products in rich-country and world markets on fair terms, but also to diversify beyond traditional exports into new exports of manufactures and services. History suggests that these new products are ultimately likely to be bigger drivers of long-run growth than are traditional agricultural exports.

26 If the problems facing Africa are interlocking, so are the recommendations and actions to overcome them. Moving ahead on all of these fronts, whilst taking careful account of the practical problems of implementation, will increase the returns to action in each area. This is why the Commission has called for a 'big-push' approach to supporting Africa's resurgence. The Commission believes strongly that for all its risks – which can be mitigated by actions described in the next section – the big-push approach is the only one that can address Africa's challenges with the urgency and effectiveness required. Partial and limited action cannot reverse the deadly and dramatic advance of HIV and AIDS, or turn back malaria; it cannot generate an infrastructure in Africa that will allow it to compete in the near future; it cannot rebuild Africa's education systems; it cannot overcome the stagnation of Africa's agriculture; and it cannot deal with the most rapid urbanisation the world has ever seen. But with concerted action and the support of the international community, Africa can generate the virtuous circles of rapid growth and development we have seen in so much of Asia.

27 We can see the virtuous circles at work when we examine the relationship among governance, growth and human development. Improving governance requires building an effective state, which then can create an environment in which economic activity and entrepreneurship can flourish. The emergence of a strong and growing group of entrepreneurs will, with other stakeholders in the growing economy, in turn generate further pressure for improving governance. Similarly, in the area of human

development, health and educational systems suffer from myriad governance problems, and poor governance and low growth reduce the incentives for families to invest in better education. Better governance can also ensure that public services, particularly for health and education, are delivered to all people, especially those who previously have been excluded from them. Better educated, more informed, and healthier women and men will in turn constitute both a force for growth and a strong constituency for better governance.

28 Similarly, efforts to promote peace and security interact strongly with action to improve the investment climate and promote growth. We have already emphasised the economic costs of wars; conversely, a leading risk factor for civil war is a lack of development progress. Statistically, low-income countries have a far higher likelihood of conflict than do middle-income countries – those with more to lose are less likely to risk losing all by waging war to achieve other aims. Thus if international action can help a poor country stay out of conflict and spark growth, action in the two spheres will reinforce each other. Investing in development is investing in peace and security and vice versa.

29 Africa and African countries must set their strategies for development and the world community must craft its support so that together they foster these mutually reinforcing effects rather than exacerbating the vicious circles that are the cause of Africa's problems. This is what we mean by '*policy coherence*'. Africa's strategies and action and policy and aid from developed countries, should constantly focus on the challenges of improving governance and security, fostering human development, and creating the conditions for growth. Developed countries must scrutinise their actions so that, for example, an expansion in aid is not undermined by irresponsible behaviour in extractive industries or damaging trade policies. And African governments must similarly examine their own actions: for example, in proposing support for rural development, a government must ask whether it is creating the conditions on governance where road building, irrigation or new technology are likely to work.

30 *The ambition and goals of the big push.* The ambition, we argue, should be to generate a growth rate of output for Africa of seven per cent by the end of the decade and a strong acceleration towards the Millennium Development Goals. With a sustained seven per cent growth rate, output would double in a decade, and income per capita would grow at four to five per cent per annum. The growth rate may sound ambitious, but some African countries have already attained it, and much of Asia has grown even faster for extended periods of two decades or more. And the drive to counter Africa's falling life expectancy and get its children to school surely requires us all to set our sights high and make a powerful response. Specific goals must be set by and in individual countries and take careful account of specific circumstances, but the Millennium Development Goals must continue to provide the framework for the ambition of the partnership.

1.3 Working in partnership

1.3.1 Africa in the lead: responsibilities and priorities

31 Our analysis of Africa's challenges and our call for a big push together imply that success will depend on partnership between Africa and the world community. That has been clearly recognised at the G8 summit in Kananaskis in 2002, when the G8 gave its initial response to the plans of AU/NEPAD. Both the plans and the G8 response emphasised that partnership was essential, that Africa must be in the lead, that better governance was at the core of Africa's challenges, that responsibility for governance lay with Africa and that governance was the highest priority.

32 What is the nature of the partnership? What are the responsibilities of Africa, its people and its countries and what are the responsibilities of the world community? The

are presented in Chapters 4 to 8, together with a discussion of the results they can yield. A summing (see Chapter 9) of those recommended investments and expenditures points to a need for a tripling of external support from 2004 levels, matched by a large increase in domestic revenues. This would mean an additional US\$50 billion per year in aid to Africa, and an additional \$75 billion in overall public expenditures. Of this amount, about half would be dedicated to human development, including HIV and AIDS, and around a third to growth, infrastructure, and trade (see Table 1.1a, taken from Chapter 9).

39 But the Commission was determined to be not only visionary, but also severely practical, and our recommendations on aid levels reflect this determination. In the immediate future – that is, over the remainder of this decade – the practical difficulties of delivering and absorbing such a large increase would be insurmountable: Africa does not yet have the governance, administrative, or technical capacity (or ‘absorptive capacity’, in short) to use the full projected expansion of flows effectively. Thus in Chapter 9 we recommend a two-stage approach to scaling up support to Africa. During the first stage, over the next three to five years, Africa would add US\$35-40 billion of annual expenditure (see Table 1.1b). We suggest that two-thirds (or US\$25 billion annually) be financed by the international community through *aid increases*, and one-third (or US\$10-15 billion) comes from African sources, arising from higher revenues from growth and better administration. The two-stage approach includes in the first stage a careful assessment of governance and absorptive capacity and of revenue generation in Africa, reflecting the emphasis throughout the Report on African leadership and responsibilities.

40 This represents a doubling of aid from 2004 levels. Much of this increase is already expected on the basis of prior commitments that donor countries have made to expand aid, but a doubling would require both delivery on these commitments and the generation of further resources. The extra aid beyond existing commitments for 2010, to fund the expansion for Africa proposed here, would add around US \$15 billion (or an extra 15 per cent) to the existing commitments for global aid that year. Our analysis of the amount of aid Africa can absorb, which we set out carefully and in detail in Chapter 9, and of the effectiveness of that aid, indicates that Africa could indeed use the additional US\$25 billion of external aid effectively – assuming that governance and aid delivery continue to improve over the next few years. The risks of failing to act on this scale are far greater than the risk that some modest fraction of these extra resources might be wasted.

41 After the initial phased-in doubling of aid, we recommend an interim assessment toward the end of this decade. Donors and recipients can learn much during this three- to five-year first-stage expansion of expenditure, which should be a period of both delivering and learning about what works. To make this learning possible, it will be crucial to build in strong systems for measuring development results and evaluating impacts. Through such efforts, it should become clear whether or not governance and aid quality have improved sufficiently for effective use of aid and whether they are likely to continue to improve fast enough to allow further aid increases. Thus the Commission recommends a reassessment in 2009-10 of whether a second-stage expansion of aid would be warranted.

42 Even after this period of further expansion, aid flows could be accommodated well within an overall increase of development assistance to 0.7 per cent of GNP, a level that many donors are already committed to reaching. In the meantime, developed countries should resist the temptation simply to cite aid absorption problems as a reason for delay. The two-stage structure will allow adequate opportunities for mid-course correction, and there is a great deal that donors can do themselves to increase absorptive capacity rapidly, most notably by improving the quality of their aid and lightening the burdens it imposes.

Table 1.1a: Costings of the Commission's Recommendations Taking No Account of Constraints of Absorptive Capacity

Additional annual public expenditure needed to implement each item of the Commission's package in full (US\$ billion, per annum)	75.0
Composition of Commission's Expenditure Recommendations	(per cent)
Governance (Chapter 4)	4.0
Peace and Security (Chapter 5)	2.0
HIV and AIDS (Chapter 6)	13.0
Education (Chapter 6)	10.0
Health (Chapter 6)	26.0
Social Inclusion (Chapter 6)	5.0
Growth, Infrastructure and Trade (Chapter 7, 8)	27.0
Mitigation of Shocks (Chapter 9)	5.0
Contingencies	7.0
Commission's Package of Recommendations (US \$ 75 billion):	100.0

Table 1.1b: Costings of the Commission's Recommendations Taking Account of Constraints of Absorptive Capacity

First Stage: 2006-2010 (in US\$ billion per annum)*	
Additional public expenditure, by 2010	37.5
Total financing needed	37.5
Domestic resources**	12.5
Extra aid (double 2004 volume)	25.0
Second Stage: 2010-2015	
The Commission recommends proceeding to a second stage (2010-2015) of similar expansion based on an assessment of experience of the first stage	

Notes: * Breakdown across sectors would be similar to Table 1.1a

** Assuming an annual five per cent real growth rate of GDP, and a tax to GDP ratio of 15.7 per cent (based on an average for the period 1993-2002), the extra tax revenue generated domestically within sub-Saharan Africa would amount to US\$12.3 billion. If the expected growth rate of seven per cent is achieved, the extra generated domestic revenue would rise to US\$18.6 billion. Domestic revenues should also arise from efficiency improvements in tax collection. We assume such gains rising to 0.5 per cent of GDP by 2010. This would provide a further US\$1.8 billion (based on assuming five per cent economic growth), or US\$2.1 billion (if the seven per cent expected rate is realised). For realism, in the table above we use a slightly lower amount (US\$12.5 billion) as sub-Saharan Africa's domestic resource contribution. (Given South Africa's high shares in sub-Saharan Africa's key macroeconomic aggregates, these estimates exclude South Africa.)

Source: Reproduced from Chapter 9, Table 9.2

43 There is a final point which we must emphasise in arguing that there is a compelling case for aid expansion and that is the tragedy of HIV and AIDS, which constitutes an enormous, urgent and growing crisis for Africa and the world. Our recommendations include more than US\$10 billion per annum for HIV and AIDS. HIV and AIDS is an emergency on a global scale. It therefore requires a global response. Indeed, there is a powerful case for placing and resourcing the response to HIV and AIDS in a special category over and above the other challenges of development.

44 If all parties to the expansion – African countries, bilateral agencies, and multilateral institutions – are to be in a position to gear up for their first-stage expansion of support, the decisions must be taken in 2005. Without emphatic decisions now, the necessary institutional advance toward scaling up development assistance is very unlikely to be in place before the end of the decade.

45 It is not only the levels of aid that must change. In Chapter 9 we identify and recommend other key means of supporting Africa's development – improvements in aid delivery, debt reduction and cancellation, and improved behaviour of other countries. First, *aid delivery* must be reformed. We are not recommending that donors and recipients do twice as much while following the same patterns as before. As aid is structured at present, it places great burdens on the limited administrative capacity of Africa's public services – particularly where bureaucratic requirements vary among donors. Excessive conditionality together with demands for constant reporting risk making African governments feel more accountable to foreign donors than to their own people. And aid is often 'tied': it comes with a requirement to buy goods and consulting services from donor countries, which forces the recipient country to spend scarce funds on high-cost or inappropriate inputs. Finally, aid is often unnecessarily unpredictable, for a number of reasons, including narrow interpretations of conditionality. This makes it more difficult for African governments and their finance ministers to make the long-term commitments required, for example, to build their health systems. In summary, Africa needs aid that promotes accountability to its own people; that is supportive rather than dictatorial and burdensome; and that is long-term, predictable, and untied. The improvements in aid quality will increase aid effectiveness and lay a foundation for further aid expansion in the next decade.

46 In addition to improvements in the quantity and quality of aid, progress on *debt relief* is essential. In recent years, for every US\$1 given in aid, nearly 50 cents have gone to the rich nations in debt-service payments. The majority of this debt is public sector, and the need to service it places great burdens on Africa's public finances. Past efforts to reduce the debt burden on poor countries, most notably through the Highly Indebted Poor Countries (HIPC) initiative, have made a substantial difference to many countries in Africa. But, while well intentioned, they have not been enough and many poor countries have been excluded. For poor countries in sub-Saharan Africa which need it, the objective must be 100 per cent debt cancellation as soon as possible. This must be part of a financing package for these countries to achieve the MDGs, as promised in Monterrey and Kananaskis. The key criterion should be that the money be used to deliver development, economic growth and the reduction of poverty for countries actively promoting good governance. Accordingly, work should begin immediately to establish a transparent debt compact to include all sub-Saharan African low-income countries, including those excluded from current schemes. It should cancel debt stock and debt service by up to 100 per cent, and cover multilateral and bilateral debt. As an urgent measure, financing should immediately be put in place to provide 100 per cent multilateral debt service cancellation, where this is necessary to achieve the MDGs. And, in the future, assistance to the poorest countries should be provided to a much greater extent in the form of grants, rather than loans, to prevent more debt building up in the years ahead.

47 Beyond aid, debt relief, and trade, *developed countries* can do much to promote better governance, peace, and security in Africa through their policies and behaviour. The big-push package of support for Africa should include requirements for much greater transparency in the behaviour of rich-country firms. It must include measures to promote repatriation of assets stolen by African leaders, or indeed others. It should promote the advance of codes of conduct and standards for firms operating in Africa. It must include closer co-operation between institutes of learning, including on science and technology. And it must cover assistance with the building of the capacity of African data systems to gather and analyse statistics. There are many other ways that we recommend in this report. *A big push for Africa is not just a matter of resources and trade.*

48 Neither are the issues solely a matter of developed countries and sub-Saharan Africa. There is much the *rest of the developing world* can do to support Africa. It can share the lessons of its own experience – in nation-building and anti-corruption efforts, in promoting higher education and technological progress, in advancing agriculture, urban development and in building health and education delivery systems. This experience is often much more relevant than the development experiences of the rich countries, who developed at a different time and in a very different context. Other developing countries can also invest in Africa and can lower their own barriers to the import of African goods into their growing markets.

49 Further, we should not confine our attention to governments. *Ordinary people in developed countries* can do much to help the people of Africa, and we discuss possibilities in Chapter 10. Above all, they can press their own governments and firms to do much better and sustain their commitments. The whole population – working with its schools, media, and parliamentarians – can deepen its understanding of how its actions affect Africa and what they can do to help. Insisting on trade policies that give far better opportunities to developing countries and understanding (and acting on) the consequences of climate change for Africa are examples of special importance.

50 Responsibility lies also with the *private sector*. Rich-country firms often undermine good governance, most notably through participating in corruption. Some financial institutions in developed countries are complicit in harbouring African assets. And few of the arms used in African conflicts are manufactured in Africa; most are imported, many illegally, from outside the region. Codes and standards – and their observance and enforcement – do matter.

51 Fortunately, civil society and aid agencies now apply constant pressure on governments to assist African development much more strongly and private-sector firms from developed countries have also begun to improve their own behaviour in their host countries. In our consultations with both civil society and the private sector, we were very encouraged by initiatives in these areas but also saw great potential in taking such measures forward. The people of the developed countries must build on the momentum. In addition, there is a great deal of experience and analysis of development that can be shared and much that skilled workers, professionals, scientists, universities and others in the developed world can offer. There is special potential in Africa's diaspora, which has both the necessary skills and an understanding of the environment in which they can be applied.

1.3.3 A changing of ways

52 We have argued both that the developed countries can do a great deal to support Africa's resurgence and that the action required must be prompt, sustained, coherent and large-scale. And we have emphasised constantly, as we do throughout this report, that the effectiveness of this action depends critically on what Africa is doing and will do, particularly in the area of governance. The leadership must be with Africa. In the

concluding section of the chapter, we will summarise the key recommendations of the Commission explaining how the elements of the package complement each other and how the idea of a big push should be understood. Chapters 4 to 10 will provide the detailed justification for the recommendations.

53 But first we must emphasise that this Commission is not simply recommending throwing money at the problems. We would not be proposing large increases in aid unless we were also proposing both coherent policy packages across the board, in Africa and outside, and fundamental change in the way in which aid works. Our proposals represent a radical changing of the ways. Whilst they build on the improvements of the past few years in development strategy and approaches to aid, they go much further. The best way to illustrate this point is to define not only what the big push entails – which we sketched out in the previous section, and will return to in the next – but also what the big push is not.

54 First, it is *not a matter of doing 'the same, only more'*. Greater support from the world will not help Africa reach development goals if donors and governments continue working as they have until now. The big push involves radical change in our ways in key respects. Most importantly, it is built on African change and improved governance and policies. In this respect, it stands in marked contrast to the approach in the 1980s and much of the 1990s, when aid was often used to try to compensate for poor governance, simply ignored governance issues, tried to force policies on reluctant countries, or aimed primarily at advancing the economic or political interests of the donor.

55 The approach advocated here differs from past approaches to development assistance in other key respects as well. It advocates investment in higher education and in science and technology, which have been neglected in recent years. It urges support for the African Union's role in promoting peace and security. The AU's development and initiatives offer a great new opportunity to do much better in promoting peace and security, which are essential but often overlooked prerequisites for development. It rejects the theory that the private sector will be willing to finance most of Africa's infrastructure (even though private finance clearly has a role in some areas) and instead advocates a major increase in infrastructure investment financed by African governments and aid agencies. It advocates that the international community place less emphasis on debt sustainability criteria for appropriate levels of debt relief, and more on developmental criteria. And it calls for a doubling of aid flows over the next five years, which would require a radical change in the way that aid agencies do business (including a shift to much greater use of grants in low-income countries).

56 Second, the measures proposed here are not intended to replace other international actions, nor do they ignore past lessons, nor do they call for the creation of a plethora of new institutions. These measures support the work of the AU and AU/NEPAD on peace and security, governance, and other areas, as well as the actions that individual African countries are taking. They also aim to give additional support to mechanisms and structures that are already in place to respond to Africa's needs, including the G8 Africa Action Plan and the Africa Partners' Forum. The starting point for our work is necessarily the commitments already made by the international community (including at Kananaskis and Monterrey), many of which have not yet been delivered. And the Commission supports the strong efforts being made by the United Nations, particularly in 2005 and through the Millennium Project, to generate an acceleration in action on development. The Commission has also been careful to recommend very few new institutions; the challenge is to make existing institutions work much better. Chapter 4 on governance places great emphasis on changing African institutions and in Chapter 10 we set out requirements for reform of the international institutions.

57 Third, a big push does *not mean an un-coordinated wave of initiatives, taken all at once*, that will overwhelm Africa's limited administrative capacity. The report does emphasise that Africa's major problems are closely interconnected, and hence the actions

to attack them must be as well. But the Commission recognises that governments and donors have constraints on their capacities and attention, and therefore must set priorities within an advance along a broad front. It does not argue that each initiative will fail unless everything is done at once. The priorities for action will depend on the circumstances of each region, country, and sector, and must be set there.

58 Fourth, given the tremendous diversity of Africa, this package of actions is *not a uniform template* to be applied to all countries. Instead, it is a package of clear principles to be applied flexibly in different contexts. No set of recommendations can be equally applicable to all African countries. Different countries have different circumstances, geographies and histories. And particular models of governance or social policies developed in rich countries cannot simply be pasted on to an African canvas. Country-specific approaches should be constructed through processes that will work best if they follow certain general principles – they should be participatory, country-led and based on a long-term view of development, and they should embody partnership and mutual accountability. These are the principles of the Poverty Reduction Strategies that have been adopted by many African countries to guide and shape their partnerships with donors, as well as to structure their own action.

59 Finally, this package is *not to be applied in a top-down fashion*. Most projects and programmes work when they are designed locally with strong participation, and where they reflect local aspirations – both because local people understand local circumstances better, and because they will be more motivated to help these approaches succeed. That is a lesson of development experience which must be applied ever more strongly. The Commission therefore envisions a development process in which countries and communities chart their own course. The Commission also recognises – and this has strongly influenced our approach – the importance of culture in shaping development goals and instruments. It must also take careful account of basic human rights. Different communities will have different notions of property rights, different dispute-resolution mechanisms, and different manifestations of authority and leadership. But while the development solutions will come largely from African countries and communities, the world and especially the developed countries must take responsibility for helping Africa to fund these actions. The scale of Africa's need is far too great for the continent to provide all the additional funding itself.

1.4 A plan of action to support Africa's resurgence

60 In this chapter, we have outlined the case for acting now and the rationale for and outline of the big-push approach. With this understanding of the big push kept in mind, our summary of the recommendations in this section builds on the analysis we have sketched above and follows the structure of the overall report. Detailed proposals, the logic behind them, and the evidence base are set out in Chapters 4 through 10. The full list of recommendations was provided at the end of Part 1 of this report. Here, as an introduction to the detailed analysis and evidence which follows, we present the Commission's major recommendations in broad terms, and sketch the rationale given for each set of recommendations. The costings have been summarised in Table 1.1 and further detail on costs is provided in the relevant chapters and in Chapter 9.

Summary of Key Messages

Building Effective States, Governance, and Nations (Chapter 4):

61 Effective states – those that can promote and protect human rights and can deliver services to their people and a climate for entrepreneurship and growth – are the foundation of development. Without progress in governance, all other reforms will have limited impact. While there have been improvements in many African countries, weakness in governance and capacity is the central cause of Africa's difficult experience over the last decades. Improvements in governance, including democracy, are first and foremost the responsibility of African countries and people, and they take time and commitment. But there are also actions that outsiders can take both to support and to avoid undermining good governance. Two areas are crucial: **capacity** (the ability to design and deliver policies) and **accountability** (how the state answers to its people). This chapter proposes:

- Providing strong political and financial support for the **pan-African and regional organisations**, particularly the African Union and its programme NEPAD;
- Making changes in **donor behaviour**, to get fully behind a comprehensive **national strategy** for capacity-building;
- Building up **professional skills and knowledge**, including by revitalising Africa's higher education, especially in science, engineering, and technology;
- Broadening participation and strengthening institutions that improve accountability, including **parliaments, local authorities, the media, and the justice system**;
- Increasing **transparency** of revenues and budgets, especially in countries rich in natural resources; this also makes a powerful contribution to conflict prevention;
- Tackling **corruption**, including **repatriation of stolen state assets**;
- Strengthening the quality and management of **data**.

Establishing Peace and Security (Chapter 5):

62 The right to life and security is the most basic of human rights. Without **increased investment in conflict prevention**, Africa will not make the rapid acceleration in development that its people seek. Investing in development is itself an investment in peace and security, but there is much more that should be done directly to strengthen conflict prevention:

- Building the **capacity of African states and society to prevent and manage conflict** by tackling its root causes, including steps to make aid more effective at building the foundations for durable peace, to improve the management of natural resource revenues, and to tackle the trade in small arms and 'conflict resources';
- Strengthening **African regional organisations' and the UN's ability to prevent and resolve conflict through, for example, more effective early warning, mediation and peacekeeping**. We propose to do this by providing flexible funding for African Union and regional organisations' core capacity and operations; and by supporting the creation of a UN Peacebuilding Commission;
- Improving the co-ordination and financing of **post-conflict peacebuilding and development**, so that states emerging from violent conflict do not slide back into it.

Promoting Human Development (Chapter 6):

63 Strong and sustained progress in human development requires fundamental change. That change will happen only if women and men are at the centre of the action. The world has made inspiring commitments, including Education for All and the UNGASS Declaration of Commitment on HIV and AIDS. Delivering on these commitments is fundamental to meeting the MDGs. But that should not be through yet more competing initiatives. Sustained advance requires financing that aligns behind national health and education systems and is harmonised with and complementary to other assistance. Effective use of the large new resource flows will require careful attention to mechanisms for delivering and monitoring results, and accountability to the poor communities that are being served. Practical actions include:

- Providing the funding for all boys and girls in sub-Saharan Africa to receive free **basic education** that equips them with skills for contemporary Africa. Secondary, higher, vocational education, adult learning, and teacher training should receive appropriate emphasis within the overall education system;
- Strengthening health systems in Africa so all can obtain **basic health care**. This will involve major investment in human resources, in sexual and reproductive health services, in the development of new medicines, as well as supporting the removal of user fees. Through coherent, integrated strategies, this approach could effectively **eliminate diseases that devastate poor people**, such as tuberculosis and malaria and other parasites;
- Delivering the UNGASS Declaration of Commitment on **HIV and AIDS** urgently and as a top priority to ensure that appropriate services are available to all. Mobilising and integrating the international response behind coherent, comprehensive yet bold national strategies that take account of gender and power relationships;
- Enabling families and communities to continue to protect **orphans and vulnerable children**, through providing predictable financing streams for national social protection strategies;
- Meeting the G8 **Water Action Plan** commitments through increased funding for the Africa Water Vision to reduce by 75 per cent the number of people without access to safe water and basic sanitation by 2015, monitoring progress in 2007.

64 Of all the issues addressed in this report, the health, education and inclusion challenges are the most demanding in terms of resources. We recommend that these resources be provided in predictable, long-term streams, with a carefully sequenced steady increase in step with improvements in African governments' capacity to deliver effective services.

Accelerating Growth and Poverty Reduction (Chapter 7):

65 Accelerating growth, and ensuring the participation of poor people in that growth, is fundamental for poverty reduction. The proposals across this Report – on infrastructure, investment climates, governance, peace and security, trade, human development, culture, the environment and the quality of aid – should both boost participation and contribute strongly to increasing sustainable growth, investment and employment. **The goal should be to increase the average growth rate to seven per cent by the end of the decade, and sustain it thereafter.** These growth rates have been attained across Asia and in parts of Africa and can be achieved across the continent – but only if the obstacles of a weak infrastructure and a discouraging investment climate are overcome, releasing Africa's entrepreneurial energies. This will require:

- Committing to **double infrastructure spending** in Africa, with an initial increase in donor funding of US\$10 billion a year up to 2010 and, subject to review, a further increase to US\$20 billion a year in the following five years. This will require careful management and build-up to avoid corruption and cost escalation, and should extend from rural roads, small-scale irrigation, and slum improvement to regional highways and larger power projects.
- Public and private sector working together to identify the obstacles to a favourable **investment climate**, together with outside support to fund the necessary actions.
- Fostering **small enterprises** through ensuring better access to markets, finance, and business linkages, with a particular focus on youth and women, as well as the family farms that employ so many people in Africa.
- Action by the **business community** to contribute in each of these areas and in other areas set out in this Report, working in partnerships with each other, with donors, with national governments and with civil society, as part of a sea change in the way it engages in the development process.
- Action to ensure that **environmental sustainability** is integral to donor interventions and to manage and build Africa's resilience to climate change.

Breaking into World Markets (Chapter 8):

66 Africa will fail to achieve sustainable growth and poverty reduction, and fail to meet the Millennium Development Goals, unless it increases its diminishing share of world trade. Growing global competition makes this even more challenging than in the past. African countries and the international community, working together, can make progress possible, by:

- Increasing Africa's **capacity to trade**. The investments in infrastructure and the enabling climate for the private sector (described in Chapter 7) are at the top of the agenda. Further measures described here focus on **trade facilitation**, including: customs reform; removal of regulatory barriers, especially in transport; improved governance; air and sea transport reform; and regional integration.
- Removing the **trade barriers** in developed and other developing-country markets that frustrate the fulfilment of Africa's trade potential. Progress requires the successful completion of an ambitious Doha Round, with specific and timebound goals for ending appalling levels of developed-country protectionism and subsidies. Development must be the priority in all trade agreements, with liberalisation not forced on Africa.
- Providing **transitional support to Africa** as global trade barriers are removed. First, this requires making current preferences work more effectively – expanding schemes to cover all low-income countries in sub-Saharan Africa, and ensuring that rules of origin requirements are not vexatiously applied. Second, the rich countries must finance 'aid for trade' to help meet the economic and social costs of adjusting to a new global trading environment.

Financing and Supporting Africa's Resurgence (Chapter 9):

67 To accelerate income growth towards seven per cent, and to spur strong progress towards the Millennium Development Goals, the volume and quality of external aid to sub-Saharan Africa must change radically. To ensure effective absorption, increases in aid over the next three to five years should be strong and measured. They must also be accompanied by continued improvements in governance in aid-recipient countries, by substantial changes in donor behaviour, and by learning and evaluation. Past experience

shows aid can be provided and used badly. But more and better aid can support positive changes, as demonstrated by recent advances in many African countries, including Senegal, Mali, Burkina Faso, Ghana, Benin, Ethiopia, Uganda, Tanzania, and Mozambique.

This chapter proposes:

- **Doubling aid levels** over the next three to five years, to complement rising levels of domestic revenue from growth and from better governance;
- **Financing increases in aid** by meeting existing commitments to move toward the 0.7 per cent ODA/GNI target, by raising additional finance from an International Finance Facility (IFF), and by developing international levies (for example, a tax on airline tickets) with revenues dedicated to development;
- For poor countries in sub-Saharan Africa which need it, **the objective must be 100 per cent debt cancellation** as soon as possible. This must be part of a financing package for these countries – including those excluded from current debt schemes – to achieve the MDGs, as promised in Monterrey and Kananaskis. The key criterion should be that the money be used to deliver development, economic growth and the reduction of poverty for countries actively promoting good governance;
- Improving radically **the quality of aid**, by:
 - Strengthening the processes of accountability to citizens in aid-recipient countries;
 - Allocating aid to countries where poverty is deepest and where aid can be best used;
 - Providing much stronger support to advancing governance where conditions for effective use of aid are currently weak;
 - Channelling more aid through grants, to avoid the build-up of debt;
 - Aligning more closely with country priorities, procedures, systems, and practices;
 - Providing aid more predictably and flexibly over the longer term;
 - Protecting countries better against unanticipated shocks.

Delivering and Implementing (Chapter 10):

68 Effective and sustained action that can deliver results will come only if African countries and institutions and Africa's external partners make and deliver on commitments. There are a number of complementary ingredients that are key to stronger implementation and delivery of results:

- Building a **global partnership** around **African leadership**;
- Setting out a clear **programme of action**, with responsibilities and timetables, based on sound evidence about what works and what does not;
- Strengthening **institutions**, both inside and outside Africa, so that they are **capable of delivery**. This must include reorienting the international financial institutions so that they give higher priority to accelerating African development and are more accountable, including to their clients and partners;
- Ensuring a **stronger African voice** in the multilateral organisations;
- Putting in place **effective independent mechanisms to monitor** and report on progress on implementation;
- Generating and sustaining strong commitment to Africa's development by the people and civil society of the developed countries, as well as Africa, to keep the **pressure on political leaders** to deliver.

