

Notes and References

Chapter 2: Notes

- 1 Narayan et al, 2001.
- 2 Chronic Poverty Report (CPRC), 2004/5.
- 3 CPRC, 2004.
- 4 Barrientos and De Jong, 2004.
- 5 See Chapter 6.
- 6 Quite literally; malnourished girls are more likely to give birth to low birth weight babies, *ibid*.
- 7 Two thirds of child deaths are related to malnutrition. FAO, 2002.
- 8 In Zimbabwe, the drought in 2000 resulted in a loss of 7-12 per cent of lifetime earnings for the children who were malnourished in that time. Alderman et al, 2003.
- 9 World Bank, World Development Indicators Online.
- 10 UNICEF and WHO, 2004.
- 11 Both the proportion and absolute number, measured in purchasing power parity at 1993 prices.
- 12 Ravallion and Chen, 2004. Indeed, there are many who argue that in India the fall has been much faster than is indicated by World Bank figures.
- 13 Whilst the differences are smaller when we replace standard exchange rates by purchasing power parity to compare incomes across countries (in some ways more appropriate although there are difficulties with data and measurement) they are still very large.
- 14 Africa has seen an increase in absolute numbers in poverty between 1981 and 2000, from 163.6 million to 312.7million (41.6 per cent to 46.6 per cent of the population), Ravallion and Chen, 2004.
- 15 Nine countries in Africa have populations under one million, whereas others such as Ethiopia (with 67 million) have large populations. Some have low population densities (e.g. Namibia), others have high population densities (e.g. Rwanda). Some have plentiful natural resources (e.g. Nigeria), others have fewer endowments (e.g. Burkina Faso).
- 16 Note that these income figures are adjusted for purchasing-power parity (PPP), meaning that the conversions of national-currency incomes into dollars take into account the typically lower costs of living in poor economies. If instead we use market exchange rates to make the conversion, Africa's poorest economies look poorer still. Zambia's per capita income comes to only US\$160; Ethiopia's, just US\$100.
- 17 2002/03 figures. Appleton, 2003.
- 18 Data obtained from POVCALNET <http://iresearch.worldbank.org/PovcalNet>. The percentage of the population living below the commonly used international \$1 a day standard, measured in 1993 international prices and adjusted for local currency using purchasing power parities.
- 19 World Bank Indicators Online, 2004.
- 20 The result on the strong correlation between growth and poverty reduction is reflected in most econometric studies.
- 21 World Bank, 2004a.
- 22 Stern et al, 2005.
- 23 World Bank, 1999 and 2001.
- 24 These statistics are not easy to interpret. The numbers serve more to rank countries and regions than to show, in percentage terms, how much better the governance is in one than in another. In other words, an improvement from 2.9 to 3.1 on the scale need not mean the same degree of improvement as a change from 3.1 to 3.3. But the fact that Africa's scores have improved steadily is encouraging, as the indicators of better governance from other institutions (including the Economic Commission for Africa), have shown.
- 25 Herbst, 2001.
- 26 International Rescue Committee, 2003. There are 13 million internally displaced people and 3.5 million refugees, more than twice the absolute number in Asia, which has five times the population of Africa (Norwegian Refugee Council, 2003 and World Bank, 2003a).
- 27 See Chapter 5.
- 28 Many children are recruited, often by force, into armed groups as child soldiers, porters or sex slaves. Women are often subjected to sexual violence.
- 29 International Rescue Committee, 2003.
- 30 UNDP, 2003.
- 31 World Bank, 2004b.
- 32 World Bank, 2004b: 14.
- 33 The World Bank *Doing Business in 2004* report highlights the fact that cumbersome business regulation matters especially for poor people. The report finds that poor countries regulate business the most.
- 34 Loup, 2000.
- 35 UNCTAD, 1999; Asiedu, 2002; Jenkins and Thomas, 2002.
- 36 From 1980 to 2000, world prices for 18 major export commodities fell by 25% in real terms.

- 37 Khor, 2004.
- 38 UNCTAD, 2003.
- 39 Though Chile and Botswana have shown that a medium-term development strategy in which natural resources play a strong role can have some success.
- 40 Limao and Venables, 2001.
- 41 World Development Indicators, 2004.
- 42 Tibajuka, 2005.
- 43 4.87 per cent compared to 2.5 per cent annual growth. Tibajuka, 2005.
- 44 Tibajuka, 2005.
- 45 Collier, Hoeffler and Patillo, 2001.
- 46 World Bank, 2003b.
- 47 OECD DAC database.
- 48 World Bank, 2002.
- 49 Of merchandise exports only 2003 figures WTO, 2004.
- 50 Total GDP for sub-Saharan Africa is a little over US\$300 billion.
- 51 The IOM (International Organisation for Migration) uses the term "Brain drain" to describe the cross-border movement of highly skilled persons who stay abroad for a long period of time; in other words, those who possess or are in the process of acquiring a tertiary qualification. By contrast the term "human capital flight" also includes migration of less-skilled persons.

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Chapter 3: Notes

- 1 See Rao and Walton, 2004 for discussion of definitions of culture.
- 2 Walton, 2004.
- 3 Huntington (2000), Landes (2000), and Harrison (2000) differentiate between societies that observe traditional as opposed to modern cultures, concluding that "societies steeped in traditional cultures are unsuited to market-oriented development and are, thus, fundamentally hampered in their pursuit of growth" (cited in Rao and Walton, 2004:10).
- 4 See Sen, 2004.
- 5 UNDP, 2004.
- 6 Smith, A (1776) *An inquiry into the nature and causes of the wealth of nations*, cited by Sen, 2004.
- 7 Independent Commission on International Development Issues, 1980:24.
- 8 World Commission on Culture and Development, 1996:8-14.
- 9 Paragraph 5 of the Declaration (UN, 2002). Chapter VII of the Plan focussed on Africa, including objectives on science and technology, protection and application of indigenous knowledge, sustainable tourism respecting local culture and traditions, and sustainable urbanisation and human settlements.
- 10 Sen, 2004.
- 11 See for example: The Commission's e-forum (over 200 contributions) in November-December 2004; surveys of African opinion for the Commission by VSO in October 2004; and Globescan; in 2005; all available on www.commissionforafrica.org; BBC World Service on-line and broadcast debates, and the BBC's own Pulse of Africa survey (2004).
- 12 See Chang (2002) for an outline of this argument.
- 13 For discussions of this see Rao and Walton (2004:9), Sen (2004:37); and Moncrieffe (2004).
- 14 Ellis and ter Haar, 2004a.
- 15 Those who saw a Protestant ethic as the explanation for the success of early capitalism in Northern Europe were forced to then extend the notion to all Christianity when Catholic Europe took off, then in varying degrees to Japanese culture, Asian values and so on as different societies enjoyed success, as Amartya Sen argues (2004:48).
- 16 Statistics from Tibajjuka, 2005.
- 17 Scott et al, 2004.
- 18 Moncrieffe, 2004.
- 19 Karugire (1980:13), describing Uganda, cited by Moncrieffe, 2004:4.
- 20 Surveys of popular opinion reinforce this. Afrobarometer (2004) reported a strong bias towards hope among Africans, including on economic prospects. BBC World Service (2004) found 90 per cent of respondents reporting pride in Africa and a majority seeing their countries as places that can be looked up to.
- 21 <http://www.maryknollafrika.org/Facts.htm>
- 22 The differences between rural and urban areas are often particularly marked, a point that is reflected in Chapter 7.
- 23 UNDP (2004: 33 and 63) estimates 2,500 languages, with 85 per cent of Africans speaking 15 core African languages as a first, second or third language. For the challenge of Nigerian linguistic diversity, see Ngozi Okonjo-Iweala, Nigerian Finance Minister, writing in the British Guardian newspaper, 31 January 2005.
- 24 Evidence from Mali, Niger, Nigeria and Zambia shows bilingual schools can be more effective than monolingual schools, for strengthening community continuity and interactions, as well as enhancing the standing of both languages. UNDP (2004:61).
- 25 Microsoft's Local Language Programme is developing packages for several African languages, including Kiswahili and Amharic. BBC World Service website 17 June 2004, <http://www.bbc.co.uk/worldservice/index.shtml>
- 26 IDEA (2005) shows that voter turnout has been in decline in Africa since the early 1980s.
- 27 Though, of course, members of a clan group may be loyal to a political leader or elite who happens to come from their own tribe.
- 28 The Committee on African Studies, 2004. Although the experience of small businesses not outliving their founder is an African one, cross-regional data on analogous trends in other parts of the world would be necessary to show how distinctive this is to Africa.
- 29 The idea to "optimise anarchy" was expressed at Bob Geldof's New Thinking Seminar in Rome, October 2004. www.commissionforafrica.org
- 30 Ellis and ter Haar (eds), 2004a and 2004b. The same authors explore characteristics of a range of elite and secret societies, including how politicians may use such bodies not only to smooth their relations with other elites and access systems of patronage, but also to search for arcane knowledge of a religious nature (2004a:8).
- 31 Published statistics suggest that of Africa's population of around 700 to 800 million, there are roughly 350 million Muslims, 400 million Christians and some 100 million followers of indigenous religions (Encyclopædia Britannica (2004), cited by Stanford University Library, accessed via <http://www-sul.stanford.edu/depts/ssrg/africa/religion.html>).
- 32 The Committee on African Studies, 2004.
- 33 Ellis and ter Haar, 2004b.
- 34 Cheikh Anta Babou, "Brotherhood solidarity, education and migration: the role of the Dahiras among the Murid Muslim community of New York", *African Affairs*, 101, 4003 (2002) p 151-70; cited in Ellis and ter Haar, 2004a.
- 35 The Committee on African Studies, 2004.
- 36 Research in North of Nigeria indicated that Shari'a, if it is applied properly, is seen as offering greater protections for women than provided by the civil courts. Most notably in the area of support for children, protection during pregnancy, and better

divorce outcomes. FOMWAN, the Federation of Muslim Women's Organisations of Nigeria, have highlighted this in their campaigning, Linden (2004): Guest (2004) notes the initial popularity of Shari'a courts when introduced in northern Nigeria, as well as some of the associated tensions and challenges for national governance, including a constitutional challenge to a sentence to stoning to death.

- 37 An example cited by Meles Zenawi, Prime Minister of Ethiopia, during the Commission's deliberations.
- 38 Gbodossou, 2003.
- 39 Kelly, 2003.
- 40 World Health Organisation, 2002.
- 41 The president of the World Bank, James Wolfensohn has set up The World Faiths Development Dialogue.
- 42 Ellis and ter Haar, 2004b.
- 43 Guest 2004: 239.
- 44 Definition of witchcraft used by Ellis and ter Haar, 2004a:149.
- 45 Witch villages reported by Ellis and ter Haar, op cit p.151; DR Congo's child witches and 'witch' murders in Tanzania and Mozambique accessed via BBC World Service website, 17 January 2003, 29 October and 3 July 2002 <http://www.bbc.co.uk/worldservice/index.shtml>
- 46 Walton, 2004.
- 47 For example, at the 2004 Athens Olympics, African runners took all the first seven places in the men's 10,000 metres.
- 48 For an Ugandan example see UNFPA, 2004:34.
- 49 The Committee on African Studies, 2004.
- 50 Policy Sciences Center, 2004. The World Bank has also reported planned rollout in Ghana, Mali and Cape Verde (World Bank Group, 2003).
- 51 See submissions from UK Sport (2004) and Alive and Kicking (2005) which describe schemes that place health messages on footballs and other equipment.
- 52 UNESCO Sub-regional discussion workshops (Cuba, Thailand, Zimbabwe) 1999, accessed via http://portal.unesco.org/en/ev.php-URL_ID=3315&URL_++DO=DO_TOPIC&URL_SECTION=201.html
- 53 Walton, 2004.
- 54 Harragin, 2004.
- 55 Linden, 2004.

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Chapter 4: Notes

- 1 Kaufmann, 2003: 14.
- 2 Economic Commission for Africa, 2004: iii.
- 3 See proposal submitted at Commission for Africa Regional Consultation with Civil Society, Nairobi, 6-8 December 2004. Other international instruments on women's rights include the Beijing and Dakar Platforms for action, the ICPD Programme of Action and the protocol to the African Charter on Human and People's Rights on the rights of women in Africa.
- 4 Similar conclusions are reached by the Global Monitoring Report 2004, which notes that performance varies widely, that reform needs to be accelerated and deepened in many countries, and that most serious shortcomings are in transparency, accountability and control of corruption. World Bank, 2004b: xvii - xviii.
- 5 World Bank, 2004b: xviii.
- 6 The primary purpose of the APRM is to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs for capacity-building.
- 7 The first four countries to be reviewed are Ghana, Rwanda, Mauritius and Kenya. The first country review is expected to be undertaken within eighteen months of a country becoming a member of the APRM process, and then, except in exceptional circumstances, a periodic review will take place every two to four years. The APRM process from start to finish should take between six and nine months. It consists of five stages: careful analysis of the governance and development environment in the country to be reviewed; country review visit of the APR team; preparation of the mission findings and discussions of the draft report with representatives of the government; discussion and consideration of the country review findings by the participating Heads of State and Government; and, formal and public tabling of peer review reports.
- 8 Member countries are the main source of finance, and it is not possible to put a figure to the likely level of donor funding required. As capacity grows, institutions may expand their operational activities, and funding requirements may grow. Given the importance of the increasing role of the pan-African and regional institutions, pre-commitment to provide funds would be valuable.
- 9 The HIV and AIDS crisis has compounded staff shortages by increasing pressures on staff, and by infecting and killing them. In Malawi, 25 per cent of nurses are lost every year, roughly a third of these falling ill and dying of AIDS. In Zambia despite renewed efforts in teacher training, teachers are dying faster than they can be trained. See submission from Africa All Party Parliamentary Group, November 2004.
- 10 In July 2003 the AU's programme for Capacity Development for Governance of Public Administration in Africa was endorsed as a priority component of the overall NEPAD programme.
- 11 26 per cent of bilateral overseas development assistance to sub-Saharan Africa, excluding South Africa, was spent on technical cooperation in 2002, see www.oecd.org/dac/stats/idsonline.
- 12 Boesen, N and O Therkildsen, 2004; Boesen, N., 2004.
- 13 Tanzania, for example, prepares about 200 reports of different kinds and has received more than a thousand donor delegations each year. World Bank, 2004c: 207.
- 14 ECA/OECD-DAC (2005).
- 15 Levy, Brian and Sahr Kpundeh, 2004.
- 16 The State of the Ghanaian Economy Report, 2002.
- 17 Ndulu, 2004: 2
- 18 Sawyerr, 2004: 27
- 19 Sawyerr, 2004: 18
- 20 UNESCO Institute of Statistics, 2004: 3
- 21 World Bank, 2000: 6
- 22 Calculated on an average of \$10 million per annum for each of the thirty centres. In practice funding would vary by centre and over time, depending on absorptive capacity and requirements.
- 23 The programme should also tie in with the objectives and networks of the new African Leadership Council. The Nelson Mandela Foundation and the Mandela Rhodes Foundation could also have an important role to play.
- 24 World Bank, cited in International Organization on Migration, 2003.
- 25 World Bank, 2002 in International Development Select Committee, 2004.
- 26 Bennell, P, 2004.
- 27 A UNDP/UNICEF expert group calculated that, for Mozambique, a shift of around US\$100 million per year from provision of technical assistance workers (around US\$350 million per year total) to national salaries would allow salaries to double on average and finance an incentive scheme.
- 28 E-governance refers to the use of information and communications technology to improve the performance of public institutions and make them more transparent and responsive.
- 29 Article 13.2. The African Charter for Human and Peoples' Rights was adopted in June 1981 and entered into force in October 1986.
- 30 This was thought necessary to enhance implementation of development projects and give 'teeth' to the President. This paved the way for autocratic rule by Presidents for life under one party states. Moreover, in cultures that revere elders and ceremonial obligations, an Executive President may not be the best model. There are a number of possible models for change, ranging from a ceremonial President with an Executive Prime Minister who oversees day-to-day conduct of government business, to a constitution that balances power between the President and the Prime Minister.
- 31 Economic Commission for Africa, 2004:4.
- 32 The highest percentage of women in public office is in Rwanda at over 45 per cent, see proposals submitted at the Commission for African Regional Consultation with Civil Society, Alexandria, 14-16 December 2004.

- 33 World Bank, 2001: 95.
- 34 British Council, 'Women in Politics and Leadership,' 2003 cited in Helen Jackson MP et. al., 2004.
- 35 See submission from Parliamentary Labour Party International Development Committee 2004.
- 36 The African Charter on Human and Peoples' Rights; Article 9: 1. Every individual shall have the right to receive information.
2. Every individual shall have the right to express and disseminate his opinions within the law.
- 37 See submission from OSI-AfriMAP, 2004.
- 38 Economic Commission for Africa, 2004: 11.
- 39 World Bank, 2002: 10.
- 40 See submission from M. Myers, 2004.
- 41 Potentially including pan-African broadcasters or news channels. See submission from Moeletsi Mbeki, 2005.
- 42 For example see BBC World Service Trust submission, 2005.
- 43 This should include supporting AU/NEPAD's media department to build on its ongoing work.
- 44 See submission from Royal African Society, 2004.
- 45 In particular: training and accreditation of training programmes through regional networks; equipment resources; stimulation of African indigenous programming; development of public service broadcasting and provision of information to rural areas, women and youth; support for community radio and local language media; regulatory and legal reform; provision of digital skills for diversified content through internet access; and the generation of market and audience research in order to provide the data required to increase relevance of content as well targeted marketing and advertising revenue.
- 46 See submission from Sally-Ann Wilson, 2005.
- 47 For example, in Angola it takes over a thousand days and 47 procedures to enforce a contract, compared with 27 days and 14 procedures in Tunisia. (Economic Commission for Africa, 2004:20).
- 48 Estimate of the State Counsel in the Law Officers Department in Freetown as of November 2003 cited in Open Society Justice Initiatives, 2004: 57.
- 49 Economic Commission for Africa, 2004: 5.
- 50 A report by the World Bank about Uganda's Poverty Reduction Strategy (PRS) indicates that "*Decentralization helped expedite the implementation of equalization grants to enable districts to meet locally identified poverty priorities*" cited in Local Government International Bureau submission.
- 51 Economic Commission for Africa, 2004:10.
- 52 IDASA (not dated). See <http://www.idasa.org.za/>
- 53 Poor governance is not the only reason why resource-rich countries remain poor. In the abundant literature on this subject, several other explanations are offered for the phenomenon known as the "resource curse", including a long-term decline in terms of trade; revenue volatility; Dutch disease; crowding out effects; an increase in the role of the state; and certain socio-cultural and political effects associated with resource dependency. See, for example, Sachs and Warner, 1995; Auty, 2001; Ross, 2003. For an overview of the literature, see Stevens, 2003.
- 54 Gary, I and TL Karl, CRS, 2003; see also Ross, 2001.
- 55 G8 Declaration on Fighting Corruption and Improving Transparency, Evian 2003, accessible via http://www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/fighting_corruption_and_improving_transparency_-_a_g8_declaration.html. Section six deals with the extractives industry in particular.
- 56 For more information about the Transparency Directive, see http://europa.eu.int/comm/internal_market/securities/transparency/index_en.htm. Extractive industry companies are dealt with in paragraph 14 of the Directive.
- 57 The countries are Georgia, Peru, Nicaragua and Nigeria. For details of the compacts, see <http://www.g8usa.gov/documents.htm>.
- 58 Some of the better-known examples include the action taken against Shell Oil about the sinking of the decommissioned Brent Spar oil platform in the North Sea, and action against Barclays for its support of South Africa's apartheid regime.
- 59 The other five countries where EITI is being implemented are Azerbaijan, the Kyrgyz Republic, Trinidad and Tobago, Peru and Timor Leste.
- 60 For more information on EITI, see its official web site at www.eitransparency.org
- 61 The need for capacity-building among civil society was highlighted in a letter to the Commission for Africa from the Publish What You Pay coalition, 10 December 2004.
- 62 For example, in Burundi up to 90 per cent of export income during 1990-1999 came from coffee, tea and sugar; Ethiopia derived 80 per cent of export revenue from coffee, hides and skins and sesame seed over the same period; while São Tomé and Príncipe, slated to become a major oil producer over the next few years, relied on cocoa, fisheries and coffee to generate 81 per cent of total exports during the previous decade. UNCTAD, 2003.
- 63 UNCTAD, 2003.
- 64 Barrett, 2004.
- 65 In October 2001 ministers from 31 African nations, meeting in Yaoundé, signed the African Forest Law Enforcement, Governance and Trade (AFLEG) declaration. Designed to fit within the umbrella of the NEPAD, it aims to galvanise international commitment at high political levels to strengthen the continent's capacity to enforce forest law throughout Africa, with particular regard to illegal logging and the trade in illicit timber and wildlife resources. AFLEG Ministerial Declaration, 2003. <http://www.illegal.logging.info>
- 66 Experience from developing a timber procurement policy in the UK indicates that buying only legal timber could initially raise procurement costs by between 0 and 20 per cent, with premiums varying from product to product, but the increase is expected to be temporary and will fall away as the percentage of legally sourced timber on the world market increases.
- 67 AFLEG Ministerial Declaration, 2003.
- 68 For a discussion, please see Chapter 7.

- 69 See, for example, the 2004 UN General Assembly Resolution A/59/L.23, available at <http://daccessdds.un.org/doc/UNDOC/LTD/N04/594/63/PDF/N0459463.pdf?OpenElement>
- 70 Royalty agreements for EU boats to fish in Africa are estimated to be worth €0.6bn. Information provided to the Commission for Africa by the UK Department for Environment, Food and Rural Affairs.
- 71 For example, African coastal states should consider using their right under international law to licence and control fishing in their waters to recover the full cost of administering and enforcing regulations for sustainable fishing, as well as generating revenue for development and other goals. This is the exercise of the "sovereign right of the sovereign state" in their exclusive economic zone (EEZ) as provided for in the articles 61 and 62 of the United Nations Convention on the Law of the Sea, 1982.
- 72 To date, 28 institutions, including the European Investment Bank and the Danish Export Credit Agency, have adopted the Equator Principles. For details, see <http://www.equator-principles.com>. The Principles have been welcomed but a number of signatory banks have been criticised for continuing to finance projects that are environmentally and socially controversial. For more information, see www.banktrack.org
- 73 In 2004 the Bank announced that, in response to the findings of the Extractive Industries Review, it would begin requiring disclosure of revenue figures for new major extractive industries projects immediately, and that this requirement would become retrospectively effective within two years. It also endorsed the EITI, and committed to use explicit governance indicators - such as the quality of fiscal management, transparency, and anti-corruption policies - in determining whether to engage in extractive industries projects. World Bank, 2004a.
- 74 Comments have been invited on a draft version of the IMF's Guide on Resource Revenue Transparency - see <http://imf.org/external/np/sec/pr/2004/pr04274.htm>
- 75 Transparency International, 2002.
- 76 Transparency International, 2004.
- 77 For a fuller discussion of these and other guidelines, see section 7.3.3 in Chapter 7.
- 78 Publish What You Pay, accessed via <http://www.publishwhatyoupay.org/english/objectives/ecas.shtml>
- 79 There are exceptions; for example, the Danish Export Credit Agency EKF has signed up to the Equator Principles - see note 72.
- 80 See www.thecornerhouse.org.uk. For more NGO views of ECAs, see also www.eca-watch.org, www.environmentaldefense.org
- 81 Adopted by the OECD Council in December 2003, the Recommendation sets out common approaches for identifying and evaluating the environmental impact of projects they support, including the impact of involuntary resettlement, indigenous peoples and cultural property. For more detail, see <http://www.oecd.org/dataoecd/26/33/21684464.pdf>
- 82 Agreed in November 2000 by the members of the OECD Working Party on Export Credits and Credit Guarantees, OECD 2000.
- 83 For a definition, refer to the Glossary.
- 84 For more detail on the Working Party's activities, see http://www.oecd.org/department/0,2688,en_2649_34181_1_1_1_1_1,00.html
- 85 Commission of the European Communities, EU Africa Dialogue, 2003: 7. As an indication of the amount that could be repatriated if financial centres implemented all the actions below, the government of Switzerland, which has taken the necessary steps, has recently completed repatriation of around US\$700 million of Abacha funds to the government of Nigeria.
- 86 G8 Africa Action Plan, June 2002, Section 2.6: "We commit to... intensifying international co-operation to recover illicitly acquired financial assets."
- 87 In October 2001, the Financial Action Task Force drew up eight special recommendations on combating the financing of terrorism to supplement the existing 40 recommendations setting the global standards on combating money laundering. A Plan of Action was also agreed to ensure global compliance with these recommendations.
- 88 Goredema, Institute of Security Studies, Republic of South Africa 2003.
- 89 Institutions like the World Bank and UN provide assistance of this kind; but to date most focus has been on countries like Kenya and Nigeria that are regional financial hubs, major oil or diamond producers, or where terrorism is perceived to be a threat. There is therefore a gap in other African countries.
- 90 Some countries have already taken appropriate steps. In Switzerland, for example, it is now possible to freeze an account when there is reasonable suspicion to suggest this course of action; the suspicion can be based on information passed in a telephone call.
- 91 See Glossary.
- 92 In Switzerland, for example, the number of possible appeals has been reduced to one, which comes at the end of the process.
- 93 See inter alia Transparency International's Global Corruption Report, 2004: 89-91.
- 94 In Zambia, for example, the Supreme Court upheld a parliamentary vote to remove immunity from former President Chiluba in February 2003.
- 95 A contract determining the terms for returning funds can be agreed between the returning and recipient states. A trust fund, as set up by Peru, can be established for the sole purpose of receiving returned stolen assets.
- 96 UN Convention Against Corruption, accessed via http://www.unodc.org/pdf/crime/convention_corruption/signing/Convention-e.pdf
- 97 See also recommendations from the regional consultation event in Nairobi.
- 98 These include PARIS21, an international network of statisticians, policy makers and development agencies that aims to improve evidence based policy making. It works through raising the profile of statistics, promoting cross-country lesson-learning and developing and implementing best practice; the World Bank Trust Fund for Statistical Capacity Building, which provides seed money to help countries develop and implement strategic plans for statistical systems; STATCAP, which provides funds for statistics programmes after countries have developed statistical strategic plans; and the IMF's General Data Dissemination System, which provides a framework for assessment.
- 99 The Marrakech Action Plan for Statistics (MAPS).
- 100 National needs: mainstream strategic planning for statistical systems and prepare national statistical development strategies for all low-income countries by 2006; begin preparations for the 2010 census round; increase financing for statistical capacity building. International responsibilities: set up an international Household Survey Network; undertake urgent improvements needed for MDG monitoring by 2005; increase accountability of the international statistical system.

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Chapter 5: Notes

- 1 "Everyone has the right to life, liberty and security of person." Article 3, Universal Declaration of Human Rights, adopted and proclaimed by the UN General Assembly resolution 217 A (III) of 10 December 1948.
- 2 As well as the many events organised and submissions received by the Commission or on its behalf, the peace and security theme conducted a fieldtrip, led by Senator Nancy Baker, to the Democratic Republic of Congo and Uganda to look into particular conflict issues. The University of Bradford's Africa Centre for Peace and Conflict Studies also organised an expert seminar for the peace and security theme in London. The discussions at that seminar helped develop many of the proposals contained in this chapter.
- 3 The UNHLP was set up by the UN Secretary General in September 2003 to examine how to make the UN more relevant to the human and global security challenges presented by the 21st century. It reported in December 2004. Its conclusions will be taken forward in 2005 and it will be a key input into the UN Millennium Review Summit in September 2005.
- 4 Carnegie Commission on the Prevention of Deadly Conflict, 1997.
- 5 Figures from Norwegian Refugee Council, 2004, on displacement in Africa and Asia, and World Bank population statistics.
- 6 International Rescue Committee, July 2004.
- 7 *Ibid.*
- 8 Institute for Peace and Conflict Resolution (IPCR) (Federal Government of Nigeria), 2003.
- 9 For a powerful description of the impact of violent conflict on poverty and human rights in the context of South Kivu, DRC, see Bernard Kitambala in Tegera, 2003.
- 10 Collier, 2004.
- 11 See, for example, Stewart, 2001.
- 12 See Chalmers and Willets, 2003: 9 and Collier, 2003.
- 13 For an overview of HIV and AIDS issues relating to peace and security see Noack, 2004.
- 14 Kinshasa has grown from a population of about 50,000 in 1940 to almost 10 million today.
- 15 Collier, 2004: 2.
- 16 UNHLP, 2004b: 3.
- 17 This includes a number of operations for which a budget for only 3-4 months has been approved, rather than the full year. United Nations Department of Public Information, 2004.
- 18 Development Initiatives, 2003.
- 19 See Chalmers and Willett, 2003.
- 20 *Ibid.*
- 21 Schnabel, 2002.
- 22 UNHLP, 2004a. This figure is for global conflict rather than just Africa.
- 23 Chalmers and Willetts, 2003.
- 24 United Nations Security Council, 2000b.
- 25 United Nations Secretary General Kofi Annan, 1998.
- 26 Collier et. al., 2003: 58.
- 27 See Richards, 2005: "At the core of Liberia's conflict lies a class of marginal young people who currently lack faith in any kind of institutions. They consider that family, marriage, education, markets and the administration of justice have all failed them. Many have preferred to take their chances with various militia groups. Successful peacebuilding, and reconstruction through community empowerment will, to a large extent, depend upon the dismantling of these institutionally embedded distinctions between citizens and subjects. A genuinely inclusive, appropriately targeted community-driven development (CDD) process could play a crucial role in shaping a different kind of society, but only if it incorporates marginalised and socially-excluded groups in the rebuilding process."
- 28 See, for example, Stewart and Fitzgerald, 2001.
- 29 According to Collier et. al., 2003, "ethnic dominance" - where the largest ethnic group is between 45 and 90 per cent of the population - increases the risk of conflict by 50 per cent. Collier et. al., 2003: 58.
- 30 Ross, 2003: 13.
- 31 For an overview and critical discussion of the evidence see Le Roux, 2004.
- 32 See glossary.
- 33 In a number of cases, rebels have been known to sell advance rights to resources that they are hoping to capture during war, using the money raised this way to finance their offensive. These advance rights to yet-to-be-captured resources are known as "booty futures". They have been used to initiate at least one, and prolong at least three armed struggles in Africa (Ross, 2003). Another form of financing using natural resources is the resource-backed loan, where future resource revenues are used as collateral for large loans to the state. For more information about booty futures and resource-backed loans, see Ross, 2003 and Collier et. al., 2003.
- 34 Ross, 2003.
- 35 For overviews of the relevant literature see Stevens, 2003; Bannon and Collier, 2003; Ross, 2003.
- 36 US State Department's Bureau of Intelligence and Research, 1999. "In some countries it is easier and cheaper to buy an AK-47 than to attend a movie or provide a decent meal".
- 37 Cross, Flew and McLean, 2004: 6.
- 38 Graduate Institute of International Studies, 2003. South Africa, for example, has an annual rate of 30 firearms homicides per 100,000 (Graduate Institute of International Studies, 2004: 192-193).

- 39 See, for example, UN Secretary General, 1998; Collier, 2003.
- 40 Commission for Africa fieldtrip to Uganda and the Democratic Republic of Congo.
- 41 See, for example, Nathan, 2004, and Joseph, 1999.
- 42 See Gurr et. al., 2003.
- 43 In the case of the World Bank, this recommendation could be implemented through revision of its operational policies. The World Bank's current operational policy on conflict (number 2.30) deals with responding to the presence of violent conflict and post-conflict reconstruction and not with the mainstreaming of conflict prevention into Bank policies. EU member states should support the revival and improved implementation of the EU Conflict Prevention Strategy (European Union Council, 2001), particularly aspects on improving the impact of development assistance in reducing violent conflict.
- 44 See Piron and McKay, 2004, and Uvin, 1998.
- 45 See, for example, IPCR, 2003.
- 46 The criteria for Official Development Assistance (oda) have been reviewed accordingly. In 2004, the criteria for oda eligibility were changed to allow for expenditure on programmes on civilian oversight of security expenditure; enhancing civil society's scrutiny of the security system, and assistance to child soldiers. Further proposed changes would allow support to security sector reform, enhancing civilian capacity in peacebuilding, and programmes on small arms and light weapons.
- 47 See World Bank, 2003.
- 48 These reforms include: the creation of a Committee on the Social and Economic Aspects of Security Threats under the auspices of the UN's Economic and Social Council (ECOSOC); and the inclusion of international financial institutions (IFIs) and ECOSOC in the membership of the Peacebuilding Commission. UNHLP, 2004b.
- 49 The proposed Framework Convention (drawn up by international lawyers and supported predominantly by international NGOs) on International Arms Transfers focuses on commitments of states in respect of the international transfer of arms (all arms not just SALW). It brings together states' existing obligations under international law. It proceeds on the basis that important related issues such as brokering, licensed production and end-use monitoring will be addressed in subsequent protocols. The principles laid down in the ATT are to be applied as a minimum and do not prejudice the application of more stringent national, regional or international rules. See Draft Framework Convention on International Arms Transfers, 2004. Alternatively, the ATT could be envisaged as a comprehensive legal regime on the arms trade, also addressing broader arms trade related issues.
- 50 Refer to Glossary.
- 51 Cross, Flew and McLean, 2004: 10.
- 52 For example in Southern Africa the SADC Protocol and in Eastern Africa the Nairobi Protocol.
- 53 The government of Finland has played a pivotal role in driving this process forward. Other supporting countries include Tanzania, Kenya, the United Kingdom, and many others.
- 54 All Party Parliamentary Group on the Great Lakes Region, 2004.
- 55 The Kimberley Process Certification Scheme now covers around 98 per cent of world diamond trade. Government of Canada, 2003.
- 56 Submission to Commission for Africa received from Global Witness, July 2004.
- 57 See www.kimberleyprocess.com
- 58 An example of a possible definition has been proposed by one international NGO: "Conflict resources are natural resources whose use or trade provokes, sustains or fuels armed conflicts which threaten national, regional or international security." Global Witness submission to the Commission for Africa, September 2004.
- 59 For example, a UN Expert Panel set up to investigate the alleged role of local and multinational companies in the conflict in the Democratic Republic of the Congo found that as many as 85 companies were guilty of violating the OECD Guidelines on Multinational Enterprises. However, in the two years since the Panel's report was released, follow-up action has been initiated against only a small handful of these. See RAID, 2004. For the Expert Panel's final report, see United Nations Security Council, 2001. See also APPG, February 2005 For an assessment of follow-up on the Expert Panel's Report.
- 60 The UNHLP suggestions build on recommendations proposed at key meetings that took place as part of the Interlaken, Bonn/Berlin, and Stockholm processes. For details, see Government of Sweden, 2003.
- 61 Submission to Commission for Africa received from Global Witness, July 2004.
- 62 Submission to Commission for Africa received from Global Witness, December 2004.
- 63 See, for example, IPCR, 2003: 23. During the Commission's fieldtrip to DRC, we heard accounts of companies hiring Interhamwe (armed militias responsible for the Rwandan genocide) to enforce claims to resource exploitation rights.
- 64 IPCR, 2003.
- 65 For details of such activities in the Democratic Republic of the Congo, see the United Nations Security Council, 2001.
- 66 Bribery of an official, for example, is illegal in many countries, while acts such as forced displacement of people could constitute crimes against humanity or, in certain circumstances, war crimes. Lunde et. al., 2004.
- 67 For a discussion of these and other guidelines for corporate behaviour, see Chapter 7.
- 68 Taylor, 2003; Lunde et. al., 2004.
- 69 G8, 2002.
- 70 Submission to Commission for Africa received from Rights and Accountability in Development (RAID), July 2004.
- 71 For a detailed analysis of problems with interpretation of the OECD Guidelines, see OECD Watch, 2004
- 72 For a summary of EU, NATO and OSCE's contributions to preventing conflict in Macedonia see German Embassy Washington DC: accessed via www.germany-info.org/relaunch/info/archives/background/kosovo.html
- 73 The Common African Defence and Security Policy adopted in Sirte in February 2004 summarises the various permanent elements of the African peace and security architecture.
- 74 See, for example, reference to human rights abuses by ECOMOG troops in Sierra Leone in Amnesty International, 2000, and the obstacles and constraints to regional interventions in Schümer, 2004 and IPA, 2001 and 2002.

- 75 The Commission for Africa commissioned a survey of views in various African countries that showed clear support for the UN in supporting peace and security on the continent. GlobeScan, 2005.
- 76 For a summary of these issues see Schümer, 2004.
- 77 Early warning systems have received growing attention in recent years. On the ground there have been attempts to develop practical "early warning systems", including in Eastern Africa, under IGAD, and West Africa, under ECOWAS. And various academics have been exploring the types of indicators such systems might best employ. (For an overview of early warning systems, see Bloomfield, 2004). The evidence suggests that speed is of the essence. The faster and greater the flow of information, the more likely that the risk of conflict can be detected early (Submission to Commission for Africa received from Laurie Nathan, 2004: 6).
- 78 European Platform for Conflict Prevention and Transformation, 1999.
- 79 UNHLP, 2004a: 2.
- 80 UNHLP, 2004a.
- 81 *Ibid.*
- 82 Nathan, 2004. See also the recommendations of the UNHLP. A number of submissions, for example from the Institute for Security Studies (ISS) in South Africa, have referred to the creation of an Africa Peace Centre in Durban, a NEPAD-approved project aimed at providing training for AU, REC and member state officials as well as direct conflict management services and support to the creation of systems and structures for the implementation of conflict management strategies.
- 83 As recommended by the "Brahimi Report", (United Nations, 2000a).
- 84 UNHLP, 2004b.
- 85 EU Battlegroups are meant to be a rapidly deployable preventive or stabilising mechanism to areas at risk of instability or threatened by state failure. They could be used in a wide range of roles theoretically at Africa's request, including short rapid deployments to stabilise hot spots (e.g. Eastern Congo); providing enhanced peacekeeping capacity by operating alongside AU Forces on UN/AU mandated missions; providing high level local security leading up to elections; over the horizon reserve forces, and more. They are thought to provide a significant multiplier effect and operational impact on the ground, sending a clear message to potential peace process spoilers.
- 86 Benn, 2004 and 2005.
- 87 The Panel of the Wise is a mechanism proposed under the Protocol establishing the AU's Peace and Security Council, and would consist of a small number of eminent Africans charged with providing independent advice and guidance on peace and security in Africa.
- 88 Some have suggested that the creation of a specialised mediation unit to support the Peace and Security Council and the Panel of the Wise, could also help strengthen the AU's mediation capacity. See submission to Commission for Africa received from Laurie Nathan, 2004.
- 89 Assessed contributions are non-voluntary contributions to the UN's budget by every member state, calculated on the basis on their GNP. Such funds are used to finance UN peacekeeping operations, but are not currently available to other organisations.
- 90 See Submission to Commission for Africa received from the ISS, December 2004.
- 91 Francis (ed.), 2005: 22.
- 92 UNHLP, 2004b: 53-58.
- 93 International Commission on Intervention and State Sovereignty, 2001.
- 94 UNHLP, 2004b: 58-9.
- 95 Collier, 2004: 2.
- 96 For a review of the challenges and experience of post-conflict reconstruction and peacebuilding see, for example, the background paper written for the Commission for Africa's second meeting by ISS (Cilliers, 2004a). Also, Collier and Hoeffler, 2002, and Addison, 2003. Many of these issues were observed first hand during the Commission for Africa fieldtrip to DRC and Uganda.
- 97 Without dismantling the war economy, spoilers, such as warlords and entrepreneurs who benefited from the war economy, remain a threat to the peace and reconstruction process.
- 98 For example, security forces and paramilitaries (identified as a high-risk group of HIV infection to themselves and to others) should be targeted in treatment and prevention programmes.
- 99 See, UNICEF, 2004: 51 on the participation of youth in truth and reconciliation initiatives in Sierra Leone as an example of their inclusion in peace processes.
- 100 Alexander, 2003.
- 101 For example, gacaca in Rwanda and customary reconciliation ceremonies in Northern Uganda.
- 102 The Commission's fieldtrip to Uganda and DRC showed that views on international mechanisms, such as the ICC, differed considerably in the two countries. This was very much linked to the differing nature of the two conflicts and local views on justice and reconciliation. Commission for Africa, 2004.
- 103 See Overseas Development Institute, 2005.
- 104 Rugumamu and Gbla, 2003: 19.
- 105 See, for example, the account of the Commission for Africa fieldtrip to Uganda and the Democratic Republic of Congo. Commission for Africa, 2004.
- 106 The Transitional Results-based Framework is "a planning tool that integrates political, economic, security and social dimensions of recovery". It aims to promote donor coordination behind government-agreed priorities in fragile or post-conflict environments where there is no single government-led development strategy, such as a Poverty Reduction Strategy.
- 107 See Cilliers, 2004a.
- 108 Under current proposals for future International Development Association financing, most post-conflict countries will gain access to 100 per cent grant financing under new proposals to link grant financing to "debt distress". International Development Association, 2004.
- 109 As recommended by the UNHLP, 2004b.
- 110 Four to seven years after the end of the conflict according to Collier and Hoeffler, 2002.

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- "Geneva Conventions IV", Article 23, Protocol I Article 54, Protocol II Articles 14 and 18, Protocol I, Article 69, cited after Bouchet-Saulnier, F (2002) *The Practical Guide to Humanitarian Law*. Lanham, Boulder, New York, Oxford: Rowman and Littlefield.
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Chapter 6: Notes

- 1 Ogata and Sen, 2003.
- 2 UNDP, 2003.
- 3 2.3 million deaths and 3.1 million infections. UNAIDS, 2004b.
- 4 Submission to the Commission for Africa, received from Medicines for Malaria Venture, 2004.
- 5 Set out in the 1948 UN Declaration of Human Rights, Article 26, and reiterated in the African Charter on the Rights and Welfare of the Child (1990), entered into force November 1999.
- 6 Abu-Ghaida and Klassen, 2004.
- 7 World Bank, 2002a.
- 8 Dollar and Gatti, A 1999 World Bank study of a hundred countries has shown that increasing the number of women with a secondary education by one per cent boosts annual per capital income growth by 0.3 per cent (*ibid*).
- 9 Although the returns to primary education are much higher for boys (20 per cent) than girls (13 per cent), women experience higher returns to secondary education (18 per cent) than men (14 per cent) (Psacharopoulos and Patrinos, 2002).
- 10 UNESCO, 2000.
- 11 The commitment to universal primary completion has been reiterated in the second Millennium Development Goal.
- 12 The third Millennium Development Goal on gender equity and empowerment again reiterates this target, aiming to eliminate all disparity in primary and secondary education by 2005, and in all levels of education by 2015.
- 13 UNESCO, 2000.
- 14 www1.worldbank.org/education/efaft
- 15 Together with Ethiopia, The Gambia, Guinea, Malawi, Mali, Mozambique and Togo these countries have experienced increases in their primary completion rates of more than 3.5 per cent, well above the median 1.5 per cent annual rate of improvement for low-income countries as a whole (UN Millennium Project, 2005).
- 16 UNESCO, 2004. Overall primary enrolment in sub-Saharan Africa increased from 62 million in 1990 to 92 million in 2001; with the growth in the school age population over this period, the impact on net enrolment rates has been less dramatic, from 55 per cent to 63 per cent. The gender gap remains important, but continues to decrease slowly. In 1990, the ratio of female to male gross enrolment rate was 0.83, compared to 0.86 in 2001.
- 17 In Zambia rural children are three times as likely to start late (UNESCO, 2004) and rates of primary school completion for rural girls are less than 15 per cent in Benin, Burkina Faso, Guinea, Madagascar, Mozambique and Niger (UN Millennium Project, 2005).
- 18 Kane, 2004, UN Millennium Project, 2005.
- 19 UNESCO, 2004.
- 20 *ibid*.
- 21 For example, in Uganda the elimination of primary school fees resulted in the dramatic increase in enrolments to nearly 90 per cent for girls and boys (Kane, 2004). Primary school leavers are increasing from 400, 000 to over 1 million (Lewin, 2004). Despite increases in the numbers of school leavers aspiring for further education, secondary school net enrolment was only 21.3 per cent in 2001, the rate being lower for girls at 19.4 per cent (UNESCO, 2004).
- 22 Lewin, 2004.
- 23 UN Millennium Project 2005. Mothers trained in basic literacy and numeracy in an SOS Sahel programme, were able to run micro-financed projects, the income from which was used to send their daughters to school (pers. comm with Baroness Whittaker, Member of the House of Lords, UK). Also Submission to the Commission for Africa received from Action Aid, 2004.
- 24 Investing in all levels of education was strongly supported through our consultations (Tanzanian National Dialogue September 2004, North Africa Regional Consultation December 2004) and submissions (Council for Education in the Commonwealth November 2004, UNESCO December 2005).
- 25 NEPAD, 2002. According to UNESCO (2004) basic education is defined as "the whole range of educational activities, taking place in various settings, that aim to meet basic learning needs as defined in the World Declaration on Education for All (Jomtien, Thailand, 1990.) "Basic education comprises primary and lower secondary education, as well as informal activities to teach basic skills to people of all ages.
- 26 UN Millennium Project, 2005.
- 27 Bruns et al., 2003. Global estimates on education have been made - UNESCO estimates that an additional US\$5.6 billion per year is required to achieve universal primary education and eliminate gender disparities (UNESCO 2004). The UN Millennium Project (2005) shows global estimates ranging from US\$ 7-17 billion for putting all children into quality schooling. Estimates assume that countries will finance a significant share from domestic resources, some 80 per cent of total costs for universal primary education (Bruns et al 2003).
- 28 Lewin, 2004.
- 29 Cited in the communiqué of the 4th High-level group meeting on EFA in Brazil (8th-10th Nov 2004).
- 30 This would assist the funding of countries who already have endorsed plans - Burkina Faso, Guinea, Niger (endorsed in 2002), The Gambia, Mozambique (endorsed 2003), and Ghana (endorsed 2004). It will also contribute to the expansion of the FTI in 2005. Potential countries in Africa include Benin, Cameroon, Chad, Djibouti, Kenya, Republic of Congo, Lesotho, Madagascar, Malawi, Rwanda, São Tomé & Príncipe, Senegal, Tanzania, Uganda and Zambia (these countries have yet to have their plans endorsed). Funding for the FTI will need to increase incrementally as the countries included expand.
- 31 The Catalytic fund, a multi-donor trust fund, has been set up to provide these countries with transitional funding for two to three years until more donors come on board (FTI, 2004). This fund in particular needs stronger support.

- 32 The Education Program Development Fund (EPDF) has been set up to provide the technical expertise required to prepare a plan (FTI, 2004). Funding for sub-Saharan Africa currently comes from the Norwegian Education Trust Fund (NETF). This limited fund should be merged with the EPDF (which is modelled on the principles of the NETF) to enable the agglomeration of funds available for sub-Saharan Africa.
- 33 In Rwanda, for example, 37 per cent of the total education recurrent budget in 2003 was spent on 12,000 government-funded students in higher education (consultation with DFID Rwanda, 2004), despite being 'seriously-off track' for universal primary education according to World Bank analysis. This contrasts with the situation in Uganda outlined above.
- 34 At present OECD/DAC worldwide donor spending on higher education is 61 per cent, secondary is 10 per cent and primary is 29 per cent (UNESCO, 2004). This allocation of funds does not necessarily reflect national priorities.
- 35 Girls with primary education had HIV prevalence rates less than half of girls with no education, and girls who completed secondary school had infection rates less than one-quarter of girls without formal education. (Submission to the Commission for Africa received from Global AIDS Alliance, Dec 2004).
- 36 Evidence strongly supports the pattern that mother's education is a consistent determinant of their children's school enrolment and attainment (UN Millennium Project, 2005).
- 37 Submissions to the Commission for Africa received from the UK Parliamentarians, from SARPN and SADC Youth Movement and from Save the Children, October 2004; Policy consultation with FAWE on 'What works in girls education', June 2004; UN Millennium Project, 2005.
- 38 In 1998/99, enrolment rates were 86 per cent for boys and 72 per cent for girls as compared to, respectively, 91 per cent and 78 per cent in 2001/02 (UNESCO, 2004).
- 39 For example, the United Nations Girls' Education Initiative (UNGEI) and the Forum for African Women Educationalists (FAWE).
- 40 The Bolsa Escola program in Brazil, which provides cash transfers contingent on attendance, has reduced drop-outs and brought a third of previously un-enrolled children into school (Hertz and Sperling, 2004).
- 41 A study in 1998 in South Africa showed 33 per cent of child rape was by teachers (Jeukes, Levin, Mbananga and Bradshaw, 2002).
- 42 pers. comm. Prime Minister of Niger to Commission for Africa, 2005.
- 43 Lewin, and Stewart, 2003.
- 44 Bennell, 2004.
- 45 Kelly, 2000.
- 46 pers. comm. Minister of Education for Burkina Faso, 2005.
- 47 Lewin and Stewart, 2003.
- 48 Rose, 2002.
- 49 Crawford, 2004.
- 50 Commission for Africa North Africa Regional Consultation December 2004, Tanzanian National Dialogue September 2004, submissions received from the Council for Education in the Commonwealth, November, 2004, and Michaelowa and Ehler, July, 2004. Partian and Dasgupta, 2004.
- 51 ILO, 2004a. In South Africa employers' platforms have successfully involved youth and employers in curriculum development and in identifying internships (Jackson, 2004).
- 52 UNICEF, 2005.
- 53 The elderly, for example, are often excluded from HIV and AIDS education, and yet they play a critical role as principal carer (and therefore teacher) of many children (Submission to the Commission for Africa received from HelpAge International, December 2004).
- 54 Fentiman, 2003. Programme run in collaboration with Africa Education Trust and BBC World Service Trust.
- 55 This figure is derived from an Association for the Development of Education in Africa estimation for curricula development, at all levels, within the framework of EFA in sub-Saharan Africa.
- 56 Universities, research centres, NGO links, networks (both south-south and north-south), private sector, community-based organisations, international partnerships with schools.
- 57 Partnerships should be sustained over the long term and based upon mutual exchange (Submission to the Commission for Africa received from VOICE International, November 2004).
- 58 Including teacher training materials, on-line journals, archives of research. In Sierra Leone the Knowledge Aid project is designed to give better access by school students and teachers to high quality education materials available on the web (Submission to the Commission for Africa received by the Council for Education in the Commonwealth, November 2004).
- 59 The NEPAD e-schools initiative has been designed to equip 600,000 African primary and secondary schools over the next 10 years with ICT infrastructure.
- 60 Child mortality rates at 175 deaths per 1000 live births in sub-Saharan Africa compare to the worldwide rate of 80 deaths per 1000 live births and the developed region rate of 6 per 1000 (UNICEF 2005).
- 61 For example, measles, hepatitis B, yellow fever, diphtheria. Each year, 600,000 children die from diseases for which vaccines are available, and 900,000 die from those for which vaccines will soon be available. (The Vaccine Fund (pers. comm. 2005) GAVI (2004) estimates an extra US\$500 million a year for Africa could save over five million children's lives over 10 years.
- 62 Copenhagen Consensus, 2004.
- 63 Miguel and Kremer, 2003.
- 64 Submission to Commission for Africa received from Alex Owino, December 2004.
- 65 Health systems need an integrated fleet of vehicles (e.g. motorcycles; trucks; side-car ambulances) and proper maintenance training for health workers. Where such programmes have been implemented, mortality rates and mobility costs have dropped. (Submission to the Commission for Africa received from Riders for Health, 2005).
- 66 "The poorest and most remote people and those displaced by war and other emergencies are especially vulnerable (to disease... and have) limited access to health services, health workers and financing mechanisms" (NEPAD, 2003).

- 67 The AU/NEPAD Health Strategy was adopted by the first meeting of Ministers' of Health of the AU in April 2003 in Tripoli and by the AU in July 2003 in Maputo. It comprises an overall set of strategic directions for health and health systems and 35 projects in an Initial Programme of Action to lay the foundations for achievement of the medium term strategy. Countries and RECs, as the implementers of NEPAD, have a responsibility to take this forward. Their performance against the Strategy will be part of the Peer Review process.
- 68 For example, controlling parasitic infections - Lymphatic filariasis (Elephantiasis), Schistosomiasis (Bilharzia), Intestinal helminths (worms), onchocerciasis (River Blindness) and Trachoma (severe conjunctivitis) and vaccine preventable infections - measles, diphtheria, whooping cough, tetanus, TB, poliomyelitis.
- 69 There have also been declarations by African Heads of State in Abuja and Maputo making commitments on HIV and AIDS, TB and malaria. See Abuja Declaration and Plan of Action on Roll Back Malaria (2000); Abuja Declaration and Plan of Action on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases (2001); Maputo declaration on Malaria, HIV/AIDS, Tuberculosis and Other related Infectious Diseases (2003) Maputo decision on Polio Eradication (2003).
- 70 These countries' health budgets increased by over 20 per cent and reached above 10 per cent of overall government spending (WHO, World Health Report 2005), forthcoming.
- 71 Public expenditure as per cent of GDP 1995-2000. World Development Report (2004).
- 72 World Development Report, 2004.
- 73 UN Millennium Project, 2005.
- 74 Uganda National Consultation on the Commission For Africa, January 2005.
- 75 Submission to the Commission for Africa received from the London School of Hygiene and Tropical Medicine, December 2004.
- 76 Submission to the Commission for Africa received from Foresight, 2005.
- 77 An average 61 per cent of spending on health care in sub-Saharan Africa is private-sources include direct household expenditure, companies on behalf of employees, and private health insurance plans. (pers. comm., WHO/National Health Accounts Unit, 2004).
- 78 The Report of the Commission on Macroeconomics and Health, (WHO, 2001).
- 79 pers. comm., National Health Accounts Unit, WHO.
- 80 *Ibid.*
- 81 Pal et al., 2004.
- 82 Hongoro and McPake, 2004.
- 83 African Union, 2003 (cited by Joint Learning Initiative, 2004). 27,000 highly qualified African health workers including doctors emigrated between 1960 and 1975, an average of 1,800 per year. This annual rate had increased to 8,000 per year by 1987, and to 20,000/year during the 1990s. (Hongoro and McPake) There is variance between countries-for example, of a cohort of Ugandan medical graduates in 1984, only 30 per cent work outside the country compared with 60 per cent of a cohort of Ghanaian medical graduating between 1986 and 1995 (Dambisya, 2004). Other countries, such as Kenya, have an excess of trained health professionals yet public sector employment ceilings prevent their recruitment (Consultation with Ministry of Health, Kenya, 2004).
- 84 These include an increased perception of risk in service due to HIV and AIDS, inadequate training capacity, incentive environments that fail to reward high performing health workers, regulations that prevent cadres of health workers performing tasks they can safely perform, and inappropriate emphasis on specialist professional skills in the mix of health workers. (Hongoro and McPake) In addition, dysfunctional systems lacking resources do not attract or retain highly-skilled professionals.
- 85 WHO, 2003, as discussed by Task Force on Health Systems Research, 2004.
- 86 Geldof seminar on ICT, January 2005.
- 87 The TEHIP project in Morogoro (IDRC, 2003).
- 88 Pers. comm., NEPAD and Submission to the Commission for Africa received from Save the Children.
- 89 WHO, 2004.
- 90 DFID 2004a.
- 91 Report of the Commission on Macroeconomics and Health.
- 92 Advanced purchasing agreements guarantee the size of the market, providing an incentive to pharmaceutical companies to produce drugs. For Malaria, the market size needed to deliver the malaria vaccine is \$3 billion (CGD, 2004).
- 93 The target set in the MDGs is 2 per cent of domestic budget and 5 per cent of foreign aid (Kimanani, 2004).
- 94 Support would be directed for product development by Public Private Partnerships.
- 95 The 2001 Doha Declaration on Trade Related Aspects of Intellectual Property Rights (TRIPS) and Public Health.
- 96 Compulsory licenses allow someone else to manufacture and sell a patented product, thereby limiting the exclusive rights of a patent holder.
- 97 Originally, TRIPS required that copies of drugs produced under compulsory licensing, had to be used predominantly in the domestic market. Countries with no, or insufficient, capacity in their pharmaceutical industry, were unable to make use of compulsory licenses, and therefore unable to rely on cheap copies from countries that had issued compulsory licenses. This country would issue it's own compulsory license with the objective of exporting the drugs produced to countries with insufficient capacity.
- 98 DFID, 2002.
- 99 Joint Learning Initiative, 2004.
- 100 A consortium of governments from Africa, regional institutions, non governmental organisations and donors have set out a call for action (Oslo, 2005) which emerged from the High Level Forum on health in Abuja (2004). Africa's leaders have recognised the critical importance of Human Resources for Health in a number of decisions and actions. These include the Decision on the Development of Human Resources for Health, made at the Durban Summit in 2002; the agreement to hold an AU Extra-ordinary Summit on this issue and the declaration of 2005 as the year for Development of Human Resources. (Assembly of the African Union, Fourth Ordinary Session, 30-31 January, 2005).

- 101 The World Bank and WHO are currently exploring the costs for an additional one million workers, and first estimates suggest that a steady infusion of around US\$500 million per year is needed initially. We estimate that as approaches are developed and capacity in Africa grows, this will increase to at least US\$6 billion per year.
- 102 For example, having clusters of multi-purpose clinic staff, all able to diagnose, refer and do basic care but each with a specialisation to support peers. These staff would be given broad-based training with in service training slowly raising level of accreditation.
- 103 In Senegal, to achieve these levels of health funding they would have had to spend 8.2 per cent of government expenditure in 2004. By 2034 it would be 14.3 per cent with population increases. In Tanzania, spending would go from 18.5 per cent to 20.5 per cent by 2034. (Pal et al, 2004).
- 104 Yates, 2004.
- 105 Submission to the Commission for Africa, received from HakiElimu, December 2004.
- 106 The gap in 2005 is US\$ 900 million and in 2007 it will be US\$ 3.2 billion, about 60 per cent of which is for Africa (Global Fund estimate as of February 2005).
- 107 Where possible, donor funding should be channelled through the International Financing Facility for Immunisation (IFFIm) to maximise the benefits of long-term investment.
- 108 Adult deaths would be from hepatitis B related liver disease (GAVI, 2004).
- 109 International Crisis Group, 2004. HIV prevalence in Angolan and Congo armies run between 40 and 60 per cent, (Nelufule, 2004).
- 110 Submission to the Commission for Africa received from Care, December 2004.
- 111 Expanding TB control contributes to and benefits from action to meet other targets, in particular those relating to poverty, gender, HIV and AIDS, and access to essential medicines.
- 112 Submission to Commission for Africa received from Medicines for Malaria Venture.
- 113 Recent studies suggest that worm-free children have significantly reduced frequency of malaria, while the absence of Ascaris (roundworm) reduces the likelihood of cerebral malaria by 50 per cent. (Speigel et al, 2003 and Le Hesran et al, 2004).
- 114 Intestinal worms account for 11-12 per cent of the total disease burden for children aged between five and 14, and damage the liver, intestine, and urinary tract, as well as worsening the effects of malaria and HIV. (The Lancet, 2004).
- 115 Engels and Savioli, 2004.
- 116 This is the current cost of the drug. (Fenwick et al., 2005).
- 117 Beaton et al, 1993.
- 118 (1) Lymphatic filariasis, (2) Schistosomiasis, (3) Intestinal helminths, (4) Onchocerciasis, (5) Trachoma.
- 119 Micronutrient Initiative, pers. comm. 2005.
- 120 (WHO, 2004), <http://www.who.int/en/>
- 121 Thonneau, 2001.
- 122 In 1994, 179 countries became signatories to a 20 year Programme of Action of the International Conference on Population and Development (ICPD) in Cairo. Cairo was a significant milestone because the concept of family planning gave way to the much broader concept of reproductive health and rights. ICPD recognised that people's sexual and reproductive health needs are rights that they are entitled to demand.
- 123 Consultation with NEPAD, November 2004.
- 124 The New York Call to Commitment: Linking HIV/AIDS and Sexual and Reproductive Health was made at a high-level global consultation convened by UNFPA and UNAIDS in New York on 7 June 2004. Linking HIV and AIDS and Sexual and Reproductive Health services means, for example, that development partners should work with countries to work towards 3x5 goals, and ensure universal access to MTCT programmes, paediatric ART and related services, confidential VCT especially for young people, immediate scaling up of male and female condom provision, incentives for vaccine and microbicide development and public information campaigns about sexual and reproductive health and rights and HIV and AIDS.
- 125 The legal status of abortion has relatively little impact on the extent to which it is used to stop pregnancy. For example, in some countries where abortion is not permitted, abortion rates are up to twice as high as in many of the countries where abortion is allowed. However, the legal status of abortion does have a major impact on levels of injury and death as a result of abortion. These are much worse where abortion is not permitted and therefore carried out in clandestine and unsafe conditions. Conversely, where abortion has been legalised there have been significant declines in abortion-related maternal deaths. Legal abortion services aligned with post abortion counselling or family planning can help prevent future unwanted pregnancies (DFID, 2004c).
- 126 UN Committee on Economic, Social and Cultural Rights, November 2002. General Comment No 15.
- 127 World Bank Water and Sanitation Programme, 2003.
- 128 Only 12 per cent of total aid to the water sector in 2000-2001 went to those countries in most need – where less than 60 per cent of the population has access to an improved water source. These include most African countries. OECD/DAC, 2004.
- 129 Financing Water For All, World Panel on Financing Water Infrastructure, March 2003.
- 130 WHO, 2003.
- 131 Hutton and Haller, 2004.
- 132 For example, the EU Water Initiative, the Africa Water Facility, the Rural Water Supply and Sanitation Initiative, the Water for African Cities Programme etc.
- 133 The Government of Uganda has set water as a PRSP priority, adopting a sector wide approach. It is characterised by harmonised donor operating guidelines, participatory approaches to setting sector priorities, clear investment plans which are universally known to all stakeholders and regular and transparent monitoring of sector performance. The Government has initiated strong local government reform and encouraged the private sector to deliver services. Their annual investment has increased from US\$ 30million to US\$ 100million.

- 134 In Zimbabwe, 72 per cent of carers were over 60 and 74 per cent were women and in South Africa, older people head one in three households and 66 per cent of these households care for children. Submission to Commission For Africa, received from HelpAge International, (April 2004) and HelpAge International, (2004).
- 135 UNAIDS, 2004b.
- 136 *ibid.*
- 137 The other regions' 15-24 year olds represent 18 per cent South and South East Asia, 7 per cent Latin America and the Caribbean, 6 per cent Eastern Europe and Central Asia, 3 per cent East Asia and the Pacific, 1 per cent North Africa and the Middle East, and 2 per cent in industrialised countries. *ibid.*
- 138 *ibid.*
- 139 *ibid.*
- 140 *ibid.*
- 141 ILO, 2004b.
- 142 Rosen, 2003 and Kwaramba P, 1997.
- 143 ODI, 2003.
- 144 Bell et al, 2003.
- 145 Ellis, 2003.
- 146 CHGA, 2004b.
- 147 Government of Zambia, 2004.
- 148 In Zambia 71 per cent child prostitutes are orphans, 56 per cent street children are orphans in Lusaka and 78 per cent child domestic workers are orphans in Ethiopia (Clarke, 2004). In Congo, a fifth of orphans suffer psychosocial problems (UNICEF, 2003).
- 149 Public presentation by Peter Piot, London, 8 Feb 2005.
- 150 US\$2-6 billion between 2001 and 2004. Also, in 2004 the US committed US\$15 billion over 5 years and UK committed £1.5 billion over three years.
- 151 Submission to Commission for Africa received from *Michael Walton*, December 2004.
- 152 UNGASS, 2001.
- 153 Including UN agencies, pan-African organisations, the World Bank, EC, donor governments and the Global Fund to Fight AIDS, Tuberculosis and Malaria
- 154 These are estimates are based on working papers that will be finalised for the 9th March meeting.
- 155 A proportion of the costs estimated by UNICEF for orphans and vulnerable children are included, but UNAIDS excluded broader welfare support. In the section below on social protection, the focus is on this broad support to mitigate the impacts of HIV and AIDS, conflict and other major shocks.
- 156 UNAIDS, 2004c.
- 157 G7 Finance Ministers Conclusions on Development, London 4-5th February 2005. Found at www.hm-treasury.gov.uk/otherhmtsites/g7/news
- 158 Prevention, treatment and care must be conceptualised and communicated as a right. HIV and AIDS Submissions to Commission For Africa received from Treatment Action Campaign, UK Consortium on AIDS and International Development and Christian Aid.
- 159 Submission to the Commission For Africa, received from SARPN and SADC Youth Movement 'Youth Caucus of the Commission For Africa Consultation document'.
- 160 See detail in the submission to Commission For Africa received from Treatment Action Campaign, December 2004.
- 161 Known as voluntary counselling and testing (VCT).
- 162 With the lower amount of financing by 2007, only 71 percent of those people needing treatment would receive it.
- 163 Submission to Commission For Africa received from Treatment Action Campaign, December 2004.
- 164 CHGA, 2004a.
- 165 Submissions to the Commission For Africa, received from Christian Aid, CARE and GADN and WomanKind.
- 166 The UNESCO and UNAIDS project 'A Cultural Approach to HIV/AIDS Prevention' offers some useful insights that should be taken to scale. The UN-HABITAT programme to educate local authority officials on how to manage the pandemic and the rapid increase in orphans also offers some insights as to how to bring all actors into the response.
- 167 Including uniformed services, mobile populations, sex workers, injecting drug users and prisoners.
- 168 CHGA, www.uneca.org/CHGA.
- 169 Submission to Commission For Africa from UK Consortium on HIV and AIDS and International Development.
- 170 Tackling HIV and AIDS was highlighted as a key priority in our consultations with our business contact group – and HIV and AIDS workplace programmes were one of many recommendations as well as the requirement for large businesses to report on implementation.
- 171 CPRC, 2004.
- 172 Stewart, 2004.
- 173 UNICEF, 2003.
- 174 CHGA Interactive, September, 2004.
- 175 For example, recent studies suggest that if vulnerable children are not adequately integrated into society, they will become tools in conflict and cause an increase in opportunistic crime, (Nelufule, 2004). Social protection targeted at supporting extended families with orphans will reduce the need to provide orphanages that are expensive and fail to meet children's emotional and psychological needs (UNAIDS, UNICEF and USAID, 2004).
- 176 Heyzer, (2003) in Submission to Commission For Africa, received from GADN and WomanKind.

- 177 ECA, 2004a.
- 178 Luttrell and Moser, 2004.
- 179 Agarwal, 2005.
- 180 Duflo, 2000.
- 181 ECA, 2004b.
- 182 Africa on the move: an urban crisis in the making. Submission to the Commission For Africa received from UN HABITAT, December 2004.
- 183 Clarke, 2004.
- 184 UNAIDS, UNICEF and USAID, 2004.
- 185 UNAIDS, 2004b.
- 186 Submission to the Commission for Africa received from HelpAge International, December 2004.
- 187 Submission to Commission for Africa, received from Inclusion International, October 2004.
- 188 Submission to Commission For Africa, received from World Bank, February 2005.
- 189 Tanzanian Participatory Poverty Assessment, 2002/3.
- 190 Devereux et al, 2002.
- 191 The Government of Zambia is working with GTZ and other donors to scale up cash transfers to 10 per cent of the population at US\$6 a month. This programme costs just US\$19 million a year for 200,000 households, i.e. US\$100 per household. World Food Programme has called for US\$45 million for food aid in 2005 to support 180,000 and with a total value per household below that of the US\$6 a month.
- 192 58 per cent of people in Tanzania who did not visit a health facility when sick said that they could not because of cost (Women's Dignity Project, 2003).
- 193 Barrientos, 2004 and Ellis, 2003.
- 194 Crowding in informal strategies that are constructive and transformative of gender and power relations, whilst crowding out those that contribute to exclusion or greater burdens to women.
- 195 Kaori, 2004.
- 196 Ellis, 2003.
- 197 UN-HABITAT (2002)
- 198 Submission to the Commission For Africa, received from GADN and Womankind August 2004.
- 199 Submission to the Commission For Africa received from Treatment Action Campaign December, 2004.
- 200 The clear entitlements ensured that when there was a covariant shock, increased demand for work was met (Piron, 2004).
- 201 Project d'Appui aux Initiatives in Mali has emphasised community institution strengthening as an objective as well as to maintain infrastructure (Marcus et al, 2004).
- 202 A programme looking at reducing vulnerability due to food insecurity and HIV and AIDS in Zambia is linking transfers with providing skills, knowledge of rights and HIV and AIDS awareness. (Marcus et al. 2004).
- 203 ENDA Jeunesse Action. <http://www.enda.sn/eja/>
- 204 Submission to the Commission for Africa received from HelpAge International, December 2004.
- 205 For example, Brazil's child labour eradication programme, PETI, offers transfers to households with children attending school 85 per cent of the time. PROGRESA, which gives transfers for attendance at school and health clinics, has been attributed with having reduced the poverty gap by 36 per cent, improving school attendance by 0.72 years for girls, reducing stunting in children 12-36 months and decreasing illness by 19-25 per cent in children under five. (Barrientos et al., 2004).
- 206 Barrientos, 2003.
- 207 Removing user fees in primary schools increased enrolment for the poorest quintile of girls from 46 per cent to 82 per cent Herz and Sperling, 2004.
- 208 To stimulate the local market and to ensure highest nutrient value.
- 209 UNICEF 2003; submissions to Commission For Africa, received from HomeStart International, September 2004 and GADN and WomenKind, August 2004.
- 210 Submission to the Commission for Africa, received from African European Parliamentarians for Africa (AWEPA), December 2004.
- 211 UNICEF and SCF's social protection study, the Human Rights based approach being developed for the UN Development Assistance Framework, the work on human security and on social budgeting by the International Labour Organisation (ILO), lessons emerging from WB, UNDESA, SADC and in many donor agencies as well as the Framework for the Protection, Care and Support of Orphans and Vulnerable Children Living in a World with HIV and AIDS.
- 212 However a disability grant for all the estimated disabled – 50 million – of an equivalent value would be US\$3.6 billion.
- 213 Stover et al, 2005.
- 214 UNICEF estimate from the Global Partners meeting on Orphans and Children made Vulnerable by HIV and AIDS, December 2004.
- 215 Commission on Macroeconomics and Health, Working Group 5: Improving Health Outcomes of the Poor, (Co-Chairs: Dr Prahbat Jha and Professor Anne Mills).
- 216 Hutton and Haller, 2004.

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Chapter 7: Notes

- 1 www.africa-union.org/EMPLOYMENT/EMPLOYMENT.htm
- 2 AU/NEPAD-Commission for Africa Workshop, 14 November 2004.
- 3 www.africa-union.org/EMPLOYMENT/EMPLOYMENT.htm
- 4 AU/NEPAD-Commission for Africa Workshop, 14 November 2004.
- 5 World Bank, 2004f.
- 6 46.4 per cent of the population in sub-Saharan Africa were living in households with incomes per person of less than US\$1 a day in 2001 (Chen and Ravallion, 2004). This compared to 31.3 per cent in South Asia, 14.9 per cent in East Asia, 9.5 per cent in Latin America and the Caribbean, 3.6 per cent in Eastern Europe and Central Asia, 2.4 per cent in Middle East and North Africa. In terms of absolute numbers, India had more poor people than all sub-Saharan African countries put together (358.6 million compared to 312.7 million). However, it is projected that by 2015, sub-Saharan Africa will have the largest number of poor people (366 million below US\$1 a day), and will be the region with the highest proportion of poor people (42.3 per cent) (World Bank, 2004e).
- 7 GDP growth 1993 - 2002 (World Bank, 2004c).
- 8 The following had average growth rates of around 7 per cent or over: Equatorial Guinea, Mozambique and Uganda. The following have had average growth rates of between around 5 and 7 per cent: Cape Verde, Ethiopia, Sudan, Mauritius, Eritrea, Benin and Botswana. The following countries had growth rates of between around 4 per cent and 5 per cent: Mauritania, Guinea, Ghana, Mali, Burkina Faso and Tanzania (World Bank, 2004c). It should be noted that these averages mask large variations over time for some countries.
- 9 Fafchamps et. al., 2001; Rodrik, 2003b.
- 10 World Bank, 2000b: 2.
- 11 Stern et. al., 2005; Rodrik, 2000; Dollar and Kraay, 2002; Bourguignon, 2000; Adams, 2002; World Bank, 1989; World Bank, 1999.
- 12 Ravallion and Chen, 1997; Adams, 2002; Ravallion, 2004.
- 13 A so-called "growth elasticity of poverty" that gives the percentage change in the proportion of people below the poverty line for each 1 per cent change in GDP per capita. Estimates range from an elasticity of around -3 (Ravallion and Chen, 1997) to around -2.5 (Adams, 2002) and -2 (Ravallion, 2004; UNDP, 2003).
- 14 Stern et. al., 2005; World Bank, 2000b.
- 15 Overseas Development Institute, 2004.
- 16 This is based on comparisons between a country's "Human Development Index" ranking (based on life expectancy at birth, adult literacy, combined enrolment for primary, secondary and tertiary schools, and GDP per capita) and its GDP per capita ranking (UNDP, 2004).
- 17 Ravallion, 2004; Bourguignon, 2000; Adams, 2002.
- 18 This is based on the "Gini Index" which measures inequality of income or consumption. A value of 0 represents perfect equality, and a value of 100 perfect inequality. In 2002, in Namibia the index is 70.7, in Lesotho 63.2, in Botswana 63, in Sierra Leone 62.9, in the Central African Republic 61.3, in Swaziland 60.9 and in South Africa 59.3 (UNDP, 2004).
- 19 Overseas Development Institute, 2004.
- 20 Stern et al, 2005.
- 21 World Bank, 1999; World Bank, 2001.
- 22 Overseas Development Institute, 2004.
- 23 World Bank, 2001; Wood, 2002; O'Connell and Ndulu, 2000; Collier and Gunning, 1998.
- 24 Institutions are the "rules of the game" in society (North, 1990) and can be either formal or informal. Formal institutions cover economic rules (such as property rights, the economic policy framework and market structure), political and judicial rules (such as governance, laws and constitutions), and contracts, while informal institutions include unwritten codes of conduct and norms of behaviour (such as trust in private property rights, and social relations based on race, ethnicity, kinship, religion, class or gender). The quality of the broader institutional environment - particularly a stable and predictable macroeconomic framework with clear and effective property rights, effectively functioning financial markets and a regulatory framework that promotes competition - is recognised as a primary determinant of long-term growth (World Bank, 2004a; World Bank, 2001; Rodrik, 2003b; North and Thomas, 1973). While there is a consensus that economic institutions matter, there are debates over what these should look like in practice (for example, Rodrik, 2003a; Rodrik, et. al., 2002; Chang, 2003).
- 25 The evidence on the importance of governance for growth is overwhelming (see for example, Stern et. al., 2005; Kaufmann et. al., 1999; Acemoglu et. al., 2004; Hall and Jones, 1999). The developing countries that have grown the fastest and that have the highest incomes have the strongest governance indicators whether one looks within all developing countries or within Africa. Kaufmann et. al. (1999) review empirical evidence and find that "a one-standard deviation increase in any one of [the] governance indicators causes between a 2.5-fold (in the case of "voice and accountability") and four-fold increase ("political instability and violence")...in per capita incomes".
- 26 Africa's climate (combined with poor irrigation infrastructure) contributes to low productivity and high volatility of agricultural output on which the majority of the population depend; Africa is more prone to devastating strains of malaria, estimated by Bloom and Sachs (1998) to lower growth rates by over 1 per cent a year; and Africa's geographical history has meant that it has many landlocked states, with one estimate by Collier and Gunning (1999) suggesting that being landlocked can reduce annual growth rates by around 0.5 percentage points. The region's largely land-locked geography, low population density, large rural population and low share of people living near the coast or an ocean-navigable river, make infrastructure provision costly, particularly transport, communications and electricity (World Bank, 2000b; Wood, 2002). Further, dependency on primary commodities has led, via falling terms of trade, to a lower growth rate relative to other developing countries of more than 0.7 per cent per year (Collier and Gunning, 1998).

- 27 Effective growth, socio-economic development and diversification have a vital peacebuilding function, just as much as the absence of which is a root cause of conflict. The relationship between growth and peace and security is discussed in greater detail in Chapter 5.
- 28 Ndulu, 2004.
- 29 UNDP, 2004.
- 30 Collier and O'Connell, 2005.
- 31 Doward et. al., 2004a, Fafchamps et. al., 2001.
- 32 Fafchamps, 2002.
- 33 Collier, 2002.
- 34 Bonaglia and Fukasaku, 2002.
- 35 www.agoa.gov
- 36 Heaney, A. and Williamson, B. (2004) "Reaping the Telecoms Dividend" cited in *Financial Times* 18 Feb 2004.
- 37 Te Velde, 2004.
- 38 Shisana and Letlape, 2004.
- 39 See Business Contact Group submission on HIV and AIDS. Available at www.commissionforafrica.org
- 40 UNDP, 2004.
- 41 Bell et. al., 2003.
- 42 *Ibid.*
- 43 Based on submission to the Commission for Africa from UN-HABITAT, 2004.
- 44 UN-HABITAT, 2004, submission to the Commission for Africa.
- 45 "Bankable" refers to projects that banks would consider commercially viable, able to repay the loan, and to which they would therefore be willing to lend money.
- 46 Submission from the Business Contact Group on business regulation and investment climate reform. Available at www.commissionforafrica.org
- 47 ECA (2004a) finds that a number of African countries have seen an improvement in their overall trade competitiveness over the last two decades, with competitiveness gains driven by improvement in the level and quality of infrastructure, the economic and political environment and/or the availability of labour and land inputs. Mauritius, South Africa and Namibia are among the most competitive countries assessed by the ECA study of 30 countries in sub-Saharan Africa, with Mauritius comparing favourably to countries in other regions.
- 48 World Bank, 2004a.
- 49 World Bank, 2003a; UNCTAD, 2003. However, as noted in Chapter 2, as proportion of their GDP, FDI flows are in line with, and remittances above, those for other developing country regions. In addition, remittances are heavily underreported: only a third of Sub-Saharan African countries collect data on remittances, masking their true scale.
- 50 Collier, Hoeffler and Patillo, 2001.
- 51 In 2003, domestic investment represented 96 per cent of the total in South Africa, 89 per cent in Nigeria, 82 per cent in Sudan and 80 per cent in Mozambique (World Bank, 2004f).
- 52 www.g8.gc.ca/2002Kananaskis/afraction-en.asp
- 53 World Bank, 2004a. Other important recent studies include work by AU/NEPAD and the Development Bank of Southern Africa, 'Development Report 2003, Financing Africa's Development, Enhancing the role of private finance', the 2004 Martin and Zedillo UNDP report, 'Unleashing Entrepreneurship: Making Business Work for the Poor', the World Bank's Doing Business Reports and Investment Climate Assessments, and Stern et. al., 2005.
- 54 World Bank, 2004f.
- 55 World Bank, 2004a.
- 56 Overseas Development Institute, 2004.
- 57 World Bank, 2004c.
- 58 DFID / Bannock study in 2002. Other countries were Hungary, Latvia and Poland; World Development Report, 2004a.
- 59 World Bank, 2003d: 16.
- 60 World Bank, 2004a.
- 61 Fortune, P in World Development Report 2005.
- 62 Shulpen et. al., 2001; Velde, 2002.
- 63 Submission from Business Contact Group on governance and transparency, and from Regional Business Consultations. Available at www.commissionforafrica.org
- 64 World Bank, 2004a.
- 65 *Ibid.*
- 66 Velde, 2002.
- 67 World Bank, 2004a.
- 68 *Ibid.*
- 69 Loup, 2000.
- 70 Rodrik, 2003b; Chang, 2002.
- 71 Rodrik, 2003a.
- 72 Asiedu, 2001.
- 73 World Bank, 2004a.

- 74 De Soto, 2001.
- 75 Wood, 2002.
- 76 UN-HABITAT, 2004, submission to Commission for Africa.
- 77 The facility should remain flexible based on progress reviews.
- 78 Regional Business consultations and Business Contact Group submission on investment climates. Available at www.commissionforafrica.org
- 79 Business Contact Group submission on capacity planning. Available at www.commissionforafrica.org
- 80 CFA/Chatham House Business Conference, London, 21 October 2004.
- 81 Finscope is an initiative, already under way in Southern Africa, which comprehensively surveys the financial service market needs and usage in South Africa and other Southern African countries. Finscope is currently underwritten and coordinated by Finmark Trust, a DFID programme, with additional sponsorship from the private sector.
- 82 Sovereign credit ratings assess a country's ability and willingness to service debt and are also a good proxy for investment climate. Official ratings can serve as an important signal to investors and enable access to international capital markets.
- 83 Africa Sovereign Credit Rating Initiative (launched April 2002).
- 84 Sovereign Credit Ratings Program (launched April 2003).
- 85 Angola, Burundi, Central African Republic, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Eritrea, Guinea-Bissau, Nigeria, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Uganda, Comoros.
- 86 The focus is economic infrastructure including energy, transport, information and communication technology, water supply and sanitation and other water resource infrastructure. Social infrastructure, such as schools and health centres, is not included here.
- 87 Ndulu, 2004; World Bank, 2004c; ADB, 1999. Submission by Business Contact Group on infrastructure. Available at www.commissionforafrica.org
- 88 Milner, et. al., 2000.
- 89 For sweet potatoes, plantain, tomatoes, bananas and citrus fruit (IAC, 2004).
- 90 WaterAid, 2004.
- 91 Based on submission to the Commission for Africa from UN-HABITAT (2004).
- 92 The World Bank suggests that on average a 1 per cent increase in infrastructure stock is associated with a 1 per cent increase in the level of GDP (World Bank, 1993), but estimates range from 0.14 to 1.12 per cent (Global Monitoring Report, 2004).
- 93 See <http://www.bhpbilliton.com/bbContentRepository/Presentations/RNiven5MEELP23Apr03.pdf>
- 94 The World Development Report 2005 notes that unreliable infrastructure features at the top of investor surveys as a source of costs (World Bank, 2004a). For example, unreliable electricity supply means firms need to invest in generators: equivalent to over a third of capital formation in one study of Ugandan firms (Reinikka and Svensson, 1998).
- 95 ILO, 2003.
- 96 Meeting of a Group of African Finance Ministers to Deliberate on the Africa Commission Consultation Documentation held on November 23rd, 2004 at the Nicon Hilton Hotel, Abuja.
- 97 The second phase of the World Summit on Information Society (WSIS) will take place in November 2005. The objective is to facilitate the effective growth of the information society, to help bridge the digital divide, and assist the meeting of the MDGs. See www.itu.int/wsis/
- 98 Connecting Sub-Saharan Africa, Global Information and Communication Technologies Dept, World Bank.
- 99 AU/NEPAD's e-schools project aims to develop a sustainable knowledge-based society in Africa by bringing ICT skills to a large number of primary and secondary schools in Africa. The plan is to convert nearly 600,000 African schools into AU/NEPAD e-schools.
- 100 Vodafone's Socio-Economic Impact of Mobile Programme. Presentation at Commission for Africa Business Conference. See www.chathamhouse.org.uk/pdf/conferences/coyle.ppt
- 101 IFPRI, 2004; Vodafone's Socio-Economic Impact of Mobile Programme. Presentation at Commission for Africa Business Conference. See www.chathamhouse.org.uk/pdf/conferences/coyle.ppt
- 102 Commission for Africa Seminar on Technology Communications and Infrastructure, London, 26 January. Costs vary widely, but in one study current costs of 12 per cent could fall to around 4-6 per cent.
- 103 Ndulu, 2004.
- 104 Hesselberth, 2004.
- 105 Estache and Yepes (2004) estimate that between 1984 and 2002, the private sector accounted for 10 to 15 per cent (around US\$26 billion) of total infrastructure investment commitments in Africa. They note that the share of countries in sub-Saharan Africa that have been able to attract some private sector finance in infrastructure has been below the figure for developing countries as a whole. Moreover, the number and total value of investments have been very low: only 213 Conference. See a snd value 9;and m70ITMDGn fil valuesaniComm [;103 m78FOTW;Ndulu, m70I99;20ThIT9;that m70IT9;betwOe. m70IT9velopiIT-;i

- 111 An indicative profile of capital spending is used with funding building up to US\$10 billion by 2008, and to US\$20 billion by 2013. It is assumed that 60 per cent of the total will be spent on capital and that this will add to the stock of capital each year, which in 2005 is assumed to be US\$640 billion. The World Bank suggests that on average a one per cent increase in infrastructure stock is associated with a one per cent increase in the level of GDP (for World Bank, 1993), but estimates range from a 0.14 to 1.12 per cent (Global Monitoring Report, 2004). A figure of 0.6 is used to estimate the levels of GDP each year with and without the extra infrastructure investment (it is assumed that annual GDP growth rates in the absence of the additional investment would be three per cent). On this basis, it is estimated that with the extra annual infrastructure investment the level of GDP would be around 4.5 per cent higher in 2015 than it would otherwise been. Studies suggest that for a one per cent rise in GDP per capita, the poverty rate should fall by between two and three per cent (Ravallion and Chen, 1997; Adams, 2002; Ravallion, 2004; UNDP, 2003). An estimate of two per cent is used, along with a population growth rate of 2.1 per cent, to derive the impact of the annual increases in the level of GDP per capita on poverty rates, with and without the additional infrastructure investment. It is estimated that with the extra annual infrastructure investment, the poverty rate would be around 2.5 percentage points lower in 2015 than it would otherwise have been, equivalent to around 20 million people (assuming a poverty rate in 2005 of 34 per cent and a population level in 2005 of 730 million).
- 112 AU/NEPAD's Short Term Action Plan (STAP) focuses on regional infrastructure development and consists of 124 projects selected by the regional economic communities (RECs) to kick-start the AU/NEPAD infrastructure programme. They include 18 capacity building, 52 facilitation, and 36 investment projects, as well as 18 technical studies. The total estimated cost is US\$8.13 billion. AU/NEPAD and the African Development Bank developed the STAP in consultation with the RECs and development partners, including the World Bank and European Union. The STAP gave an overview of the state of infrastructure in the different regions of the continent and proposed a number of facilitation initiatives consisting of policy and institutional measures, capacity building measures, and investment stimulation measures necessary to ensure the efficiency of existing and planned regional infrastructure assets in the continent. The Bank is also preparing the Medium-Long Term Strategic Framework (MLTSF).
- 113 Commission for Africa Seminar on Technology Communications and Infrastructure, London, 26 January.
- 114 Assumes total disbursement will reach US\$10 billion by 2008, and US\$20 billion by 2013. Assumes 60 per cent of the total fund will be spent on capital. Assumes 1/3 will be spent of regional infrastructure, 2/3 on national. The following sector breakdown of donor funding is used: Electricity: 20 per cent; Rail: two per cent; Roads: 38 per cent; Sanitation: 10 per cent; Water: six per cent; Irrigation: 14 per cent; Telecommunications: eight per cent; Slum Upgrading Facility: two per cent. Private sector finance is assumed to be leveraged at the following rates (as a proportion of donor funds): Electricity: 250 per cent; Rail: 150 per cent; Roads: 25 per cent; Sanitation: 20 per cent; Water: 20 per cent; Irrigation: 20 per cent; Telecommunications: 300 per cent; Slum Upgrading Facility: 20 per cent. The following best-practice unit costs are assumed: Electricity: US\$2,280 per connection; Rail: US\$900,000 per kilometre; Roads: US\$160,000 per kilometre; Sanitation: US\$80 per capita; Water: US\$45 per capita; Irrigation: costing set out in Section 7.3.3; Telecommunications: US\$270 per capital per line. SUF costings based on UN-HABITAT estimates. Irrigation costings from Westby et al, 2004.
- 115 The World Bank Research Paper estimates exclude irrigation, gas, airports, ports and urban transport, and are therefore certainly an underestimate of total need. It is also important to note that the figures reflect the levels of investment required to meet demand at predicted future growth levels, rather than the cost of fully clearing the infrastructure backlog on a sector-by-sector basis. Aggregating sectoral estimates would lead to a far higher figure: UN-HABITAT (2004) cite the cost of meeting MDG Goal 7 Target 11 of improving the lives of 100 million slum dwellers by 2020 as ranging from a total of US\$70 billion to over US\$100 billion over seven years (including all urban energy and water-sanitation needs). The

- 126 The PIDG focuses on private sector participation, brings together DFID, Swedish International Development Cooperation Agency (SIDA), the Netherlands (DGIS), Switzerland (SECO), and the World Bank.
- 127 Submission by the Africa Business Round Table on the Commission for Africa and submission by the Business Contact Group on infrastructure. Both available at www.commissionforafrica.org
- 128 The NEPAD-IPPF, proposed and elaborated by the African Development Bank and highlighted at the 2002 G8 in Kananaskis, was established to facilitate the preparation of projects in the AU/NEPAD's STAP to a bankable level in order to attract investment and to estimate more accurately their cost for implementation. The IPPF is currently operating on the CAN\$10m start-up funding provided by the Government of Canada. The NEPAD-IPPF is to be transformed into a multi-donor facility, to which Denmark has already made a contribution of US\$500,000.
- 129 For example, the Project Development Facility (DevCo) and Infrastructure Development Company (InfraCo). DevCo was set up in 2003 by PIDG to augment an existing IFC facility to give greater emphasis to the development of projects for private sector investment in the poorer developing countries. The Infrastructure Development Company (InfraCo) is a private sector developer, established in late 2004 by the PIDG, to take on the entrepreneurial risk of developing a project and then selling this on the market to an implementation company.
- 130 The ADB is the only institution of its kind in Africa delivering development assistance, and has been specifically mandated by the Heads of State and Government Implementation Committee with taking forward AU/NEPAD infrastructure projects. It is now a strong institution capable of being highly effective in promoting development in Africa and is financially sound (restored AAA rating). It is genuinely African owned. It has developed a plan of action for further internal capacity strengthening.
- 131 For example, African Union Assembly, Maputo, July 2003; AU/NEPAD, 2004; and Meeting of a Group of African Finance Ministers to Deliberate on the Africa Commission Consultation Documentation held on November 23rd, 2004 at the Nicon Hilton Hotel, Abuja.
- 132 IAC, 2004.
- 133 Abalu and Hassan, 1998.
- 134 Fafchamps et. al., 2001; Doward et. al., 2004:a.
- 135 Wiggins and Proctor, 2001; Farm Africa, 2004.
- 136 IAC, 2004; FAO, 1995.
- 137 ADB, 1998, Eicher, 1999; Kydd and Doward, 2001.
- 138 Toulmin and Quan, 2000.
- 139 Eicher, 2003.
- 140 Barret et al, 1999.
- 141 Gabre-Madhin and Haggblade, 2004.
- 142 Developed by scientists at the West Africa Rice Development Association (WARDA).
- 143 AU/NEPAD, 2003.
- 144 *Ibid.*
- 145 Hussain, I. and Hanjra, M. A, 2004.
- 146 Frequency of harvests in a given year.
- 147 The emphasis should be on both small-scale irrigation, and developing micro-irrigation for small-scale producers. Micro-irrigation refers to the use of low technology, such as treadle pumps. Small-scale irrigation refers to the size of operation e.g. irrigation based on a small community dam, water from lying wetlands, rivers and boreholes rather than big scale dams. Small scale can be micro-scale in the technology used as well but this is not always the case.
- 148 Based on Westby et. al., 2004 and submissions to the Commission for Africa.
- 149 Westby et. al., 2004; IAC, 2004.
- 150 Westby et. al., 2004: A conservative estimate of readily avoidable losses for maize in sub-Saharan Africa is of the order of 10 percent, or approximately US\$420 million a year.
- 151 Extension services in the agricultural sector refer the public or private provision of new technologies and practices, information and knowledge, to meet the needs of farmers, and improve agricultural productivity and incomes.
- 152 Eicher, 1999; InterAcademy Council, 2004; Farm Africa, 2004; Eicher and Rukuni, 2003.
- 153 AU/NEPAD, 2003.
- 154 Eicher and Rukuni, 2003.
- 155 IAC, 2004.
- 156 UN-HABITAT, 2004, Submission to Commission for Africa.
- 157 World Bank, 2004a.
- 158 Home and Lim, 2004.
- 159 UN Commission on the Private Sector and Development, 2004.
- 160 Conceptually, the informal economy stands in opposition to that part of the economy that is regulated, i.e. that operates under some accepted rules and regulations imposed by the government. Economic activities in the informal sector are not recorded in national accounts (hence often called "invisible") and are not subject to formal rules of contract, licensing, labour laws, reporting and taxation (ILO definition). Yet, the dichotomy between the formal and informal sector is largely conceptual. As pointed out by Snodgrass (2004), economic informality goes beyond micro-enterprises and "operates at all levels of the economy, including micro and large firms, in response to lax enforcement, political expediency, corruption, and avoidance of onerous tax regimes, inspections, and government red tape".
- 161 Chen M A, as quoted in Xaba J, 2002.
- 162 F Schneider, 2002.

- 163 Palmade, 2003.
- 164 African governments and their bilateral and multilateral development partners have long tackled the informal economy as ad hoc to policy making. In fact, by providing a "safety valve" for many individual firms and workers, the informal sector came to alleviate to a considerable extent governments' responsibility for the provision of employment and social welfare (Vishwanath, 2001). Structural adjustment reforms, including privatisation, in the 1980s and 1990s, also contributed to the expansion of the informal economy, as dismissed civil servants came to grow the ranks of the self-employed.
- 165 World Bank, 2004a.
- 166 African governments, notably in Burkina Faso, are now working more closely with organisations in the informal sector, including women's associations, many of which were involved in the preparation of the PRSP.
- 167 Becker (2004) has drawn specific recommendations for donors and governments on how best to approach the informal sector.
- 168 Millennium Project, 2005.
- 169 N Heyzer, quoted in GADB and Womankind, 2004.
- 170 See the African Charter of Human and People's Rights and the Beijing Platform for Action.
- 171 AU Declaration on Employment and Poverty Reduction (2004), in support of the implementation of the Declaration on Gender Equality in Africa adopted by the Fifth Ordinary Session of the AU Executive Council (2004) and Third Ordinary Session of the Assembly of Heads of State and Government.
- 172 *Susus* and *tontines* are examples of associations in the informal sector that run a wide range of savings and credit schemes in urban and in rural areas in developing countries. For latest analysis on Microfinance in Africa see Basu et al, 2004.
- 173 A good example is Tanzania, where the Household Budget Survey in 2001/02 recorded that only six per cent of the population operates a saving/current account. This is one third of 18 per cent who accessed these services in 1991/92. Only 0.6 per cent took a loan. Similarly, according to DFID fact-finding missions, in Zambia, only five per cent of the population have bank accounts, while in Nigeria, there are just under 5 million individual clients in the banking sector as a whole, which constitutes less than 10 per cent of the adult population.
- 174 www.yearofmicrocredit.org
- 175 See endnote 187.
- 176 The gap in middle-range financial services (notably equity and venture capital markets) for Africa's fast growing enterprises also calls for an integrated approach to financial markets (see Section 7.3.1 and Applegarth, 2004).
- 177 This includes for farmers, different forms of financing such as inventory credit mechanisms and innovative schemes like the warehouse receipt systems, as used in Zambia.
- 178 Basu et al, 2004.
- 179 For example, large deposit taking institutions should be prudentially regulated, with adjustments for microfinance. Yet, legal limits on microcredit rates should be avoided because they tend to restrict the supply of credit to poor people. Consumer protection rules, including fair disclosure of interest rates, can be a better approach to protecting poor borrowers.
- 180 IFPRI, 2004; Vodafone's Socio-Economic Impact of Mobile Programme. Presentation at Commission for Africa Business Conference. See www.chathamhouse.org.uk/pdf/conferences/coyle.ppt
- 181 The UN Commission on the Private Sector and Development identifies the promotion of networks and linkages as one of the most compelling ways to help private sector development. This also includes networks in the informal sector. Small enterprises can help each other to overcome weak market linkages. For example, co-operating to purchase inputs, or to produce goods at the volumes and with the regularity of supply and quality demanded by larger companies (UNIDO, 2001).
- 182 The International Business Leaders Forum (IBLF, 2004) set out interesting examples of business linkages involving multinational companies that have helped to improve local enterprises' access to markets, technology, capital and/or services.
- 183 Deloitte, 2004. The UN Global Compact is the largest voluntary CSR initiative in the world (RIIA, 2004) and provides a useful high-level overall framework. Launched in 2000 by the UN Secretary-General, Kofi Annan, the Compact involves UNDP, UNEP, ILO and UN Commissioner on Human Rights as well as the global NGOs and business associations. www.unglobalcompact.org
- 184 The proposal is articulated around three key elements: establishing a system of basic business training resulting in the award of a certificate of confidence known as SME passport; improving the interface between SMEs and lenders, by inviting one or more banks and venture capital providers to join the SME passport scheme; developing an integrated approach to build SME clusters around major public and private sector investment projects.
- 185 A challenge fund is a public financing mechanism that allocates grant funding through a competitive process. Challenge funds are set up to meet specific objectives - in this case small enterprise development. It is up to bidders to propose innovative ways of achieving the fund's objectives. Bids are assessed against transparent and clearly defined criteria, and successful bidders must match (or more than match) the grant amount. In this way, the public sector shares some of the initial risks associated with investments. The appointment of an independent panel of experts to assess proposals and select projects against approved criteria helps ensure transparent use of public money.
- 186 The Forum for the Future and Shell Foundation (2004) recently highlighted in a workshop the supporting role that the global commercial finance sector can play in reducing the risk from operating in developing countries, especially Africa.
- 187 In response to the UN Commission on the Private Sector and Development report, G8 countries in Sea Island (2004) agreed on a set of actions to "encourage and support national policies and programs that promote private sector-led development to help alleviate poverty". These are: facilitating remittances to help families and small businesses; improving the business climate for entrepreneurs and investors; providing housing and clean water by supporting the development of local financial markets; expanding access to microfinance for entrepreneurs. See www.g8usa.gov/d_060904a.htm
- 188 Long-term benefits to multinational corporations' engagement in small enterprise development are explored in Deloitte (2004). These include increasing local supply, reducing costs, improving quality control; complying with government requirements; branding benefits; increased customers database; and building markets for the future.
- 189 The UK Department for International Development has set up two challenge funds to engage the private sector in pro-poor projects. The Financial Deepening Challenge Fund (FDCF) was set up in 2000 to improve access to financial services for poor people in selected countries; the Business Linkage Challenge Fund (BLCF) was launched in 2001 to support demand-led

- business linkages from "for profit" private sector companies. The FDCF has fully allocated its funds and BLCF is completing its last round of funding in early 2005. Both funds have attracted substantial response from the private sector in Africa and include a wide range of actors, partnerships and products. www.challengefunds.org
- 190 Including the World Bank private sector arm, International Finance Corporation (IFC), and UNIDO SME Programme.
- 191 The principle of commercial viability, or profitability, is key in guaranteeing private sector -led projects are outcome-focused and will be sustained in the long run.
- 192 By being demand-led, challenge funds minimise the risk of "picking private sector winners" and introducing distorting incentives. Careful selection, the relatively short-term grant support (three years maximum) and the need to address issues of commercial sustainability from the outset ensure that long-term subsidy is not a feature of supported projects.
- 193 World Bank, 2004b.
- 194 African Union, 2004.
- 195 ILO Technical meeting on Youth Employment, Geneva, Switzerland, 14-15 October 2004, and Social Partners Forum of the African Union Summit on Employment and Poverty Alleviation (September 2004), North Africa Regional Consultation for the Commission for Africa, Submission to the Commission for Africa received from Michaelowa and Ehler, July 2004.
- 196 The four "E's" concept was developed by ILO as part of its "decent work" agenda for developing countries and further developed under the Youth Employment Network initiative (see below).
- 197 ILO, 2004.
- 198 *Ibid.*
- 199 *Ibid.*
- 200 Kanyenze, 2000.
- 201 Report of the UN Security Council mission to West Africa, 26 June-5 July 2003 (S/2003/688).
Paragraph 76. "In every country visited, the mission heard about the problem of unemployment, especially among young people, and how this was a perennial source of instability in West Africa. The mission hopes that the Office of the Special Representative of the Secretary-General for West Africa will undertake a major collaborative effort with the peace-building and peacekeeping operations as well as the rest of the United Nations system and its partners in the sub-region, to devise a practical and concerted regional approach to this pressing problem."
- 202 The Millennium Declaration notably commits Governments to "develop and implement strategies that give young people everywhere a chance to find decent and productive work" (MDG16). The African Union Summit on Employment and Poverty Alleviation (September 2004) reinforced this commitment.
- 203 Kofi Annan launched the UN / ILO / World Bank Youth Employment Network to support MDG 16. A High Level Panel identified four priority areas or the four "E's": *Employability, Equal opportunities, Entrepreneurship, and Employment creation*. Roadmaps have been developed for each area. (For details, see www.ilo.org/public/english/employment/strat/yen/publ/recomm.htm#1). There have been two UN General Assembly Resolutions: a December 2002 Resolution on promoting youth employment and a January 2004 Resolution concerning policies and programmes involving youth. These Resolutions call on countries to prepare National Action Plans (NAPs) on youth employment. Eleven countries (Azerbaijan, Brazil, Egypt, Indonesia, Iran, Namibia, Nigeria, Mali, Rwanda, Senegal and Sri Lanka) have volunteered to be Lead Countries. It is planned that governments in the lead countries will prepare NAPs in time for the five-year review of the MDGs in 2005.
- 204 Presentation on the Senegalese National Action Plan given at the ILO Technical meeting on Youth Employment, Geneva, Switzerland, 14-15 October 2004.
- 205 ECA, 2004b.
- 206 www.africa-union.org/EMPLOYMENT/Conclusion%20Social%20partners%20en.pdf
- 207 In South Africa, "employers platforms" have been successful forums for gathering employers in key growth sectors, young people and youth agencies to provide information on job placements and input into curriculum development (cited in Jackson). The National Open Apprenticeship Scheme (NOAS) in Nigeria attempts to link education with the workplace through practical training under master craftsmen in key industries such as docking and railways. Since its inception in 1992 over 600,000 young people have been trained in over 80 trades, 400,000 of which have started their own micro enterprises (Haftendorn and Salzano, 2004). Entrepreneurial skills should be integrated within the school curriculum as, for example, the applied technology module introduced in Malian secondary schools (Haftendorn and Salzano, 2004).
- 208 Submission by the Business Contact Group on capacity building. Available at www.commissionforafrica.org
- 209 Youth Business International (YBI), a unit of The Prince of Wales International Business Leaders Forum (IBLF), has been set up to facilitate this, operating in 20 countries globally including South Africa and Nigeria. YBI is a world-wide network of youth business programmes providing mentoring and access to start-up funding to help disadvantaged young people become entrepreneurs. YBI brings together people in the corporate sector, civil society and government, who make their skills, expertise and facilities available on young people's behalf to provide access to finance, business mentoring and support to young entrepreneurs during the start-up and early development of their businesses. To date more than 50,000 young people have been set up in business by twenty YBI programmes around the world; and over 60 per cent of these young people are still successfully in business in their third year. For more information see www.youth-business.org (Chambers and Lake, 2002). YBI is a partner organisation to the Youth Employment Network.
- 210 Burkina Faso, September 2004. The AU declaration on employment and poverty alleviation in Africa, 2004 (8b) refers to "developing and implementing strategies that gives young people in Africa a real chance to find decent and productive work and encourage African member states to support and adapt the Youth Employment Network (YEN) Initiative and implement its recommendations therein with the support of the UN, ILO, the World Bank and other competent agencies as well as development partners".
- 211 Support will be directed in the first year to lead YEN countries that have demonstrated high-level political commitment. Over three years, the regional capacity of the YEN Secretariat and its partnership between the ILO, World Bank and United Nations will be reinforced to support formulation and implementation of NAPs in a total of twenty-five sub-Saharan

- African countries. An estimated US\$4.7 million will be allocated for the organization of national consultative processes and peer review around the preparation of a National Action Plan. This will also involve the dissemination of guidelines, good practice and technical support materials, an African Social Partners initiative to consult with trades unions and civil society and participation of African youth. Start-up funding totalling US\$20 million will be allocated for activities with the potential to be scaled-up in the future. US\$4 million would be allocated to core support for the YEN over three years to support this process and to organize peer review and exchange of experience amongst participating countries.
- 212 The Business Contact Group and regional business consultations highlighted the key role that the business community can play in promoting African development, ranging from supporting SMEs to working more closely with governments on national development priorities. A full set of submissions is available on the Commission for Africa website (www.commissionforafrica.org).
- 213 www.weforum.org/pdf/Africa_2002/NEPAEndorsement.pdf
- 214 www.weforum.org/site/homepublic.nsf/Content/Annual+Meeting+2005
- 215 At the international level, philanthropic activities include the US\$1 billion committed over ten years by Ted Turner to United Nations and which has supported the establishment of the United Nations Foundation and the United Nations Fund for International Partnerships. Donations by the Bill and Melinda Gates Foundation have helped leverage millions of dollars of public and private funding into health, including the Vaccine Fund. Meanwhile, a wide range of medical product donations have been made by pharmaceutical companies to UN agencies such as the WHO, UNFPA, UNICEF and the World Bank (UNDP, 2002).
- 216 Recent OECD DAC work on pro-poor growth highlights the fact that the transmission of growth benefits to poor people is sector-specific (EME, 2002; EME, 2004). For example, while the extractives sector has a large impact on growth, its main impact on poverty is indirect, via taxation and royalty payments to the state, which can then be used to fund social sector spending and infrastructure investment. In contrast, labour intensive industry has a large direct impact on the pro-poor nature of growth, but a smaller impact on growth.
- 217 Workers organisations and trades unions play an important role in increasing the bargaining power of the most disadvantaged labour market participants and ensuring that core labour standards are adhered to (Submission from the Trades Union Congress, January, 2005).
- 218 DFID, 2004.
- 219 The World Commission on the Social Dimension of Globalization, 2004.
- 220 Submission by the Business Contact Group on capacity building. Available at www.commissionforafrica.org
- 221 Submission by the Business Contact Group on SMEs. Available at www.commissionforafrica.org
- 222 IBLF, 2002; UNIDO, 2002; Feachem and Gambon, 2003.
- 223 IBLF, 2002.
- 224 UN Commission on the Private Sector and Development, 2004.
- 225 CFA/Chatham House Business Conference, London, 21 October 2004.
- 226 See submission from Business Contact Group on HIV and AIDS. Available at www.commissionforafrica.org
- 227 The Business Contact Group set out a number of recommendations on this area (see submission from Business Contact Group on HIV and AIDS. Available at www.commissionforafrica.org), including: taking forward Shell/UNAIDS pan-African scenario work on the impact of HIV and AIDS; public (including donor) investment to support effective healthcare systems, education programmes, the development of vaccines and the development and distribution of microbicides; and actions to spread workplace best practice, including a proposal for major companies operating in Africa to have an HIV policy and publicly report on their implementation.
- 228 See submission from Business Contact Groups on governance and transparency. Available at www.commissionforafrica.org
- 229 OECD DAC, 2004.
- 230 Overseas Development Institute, 2004.
- 231 Overseas Development Institute, 2004.
- 232 See submission by the Business Contact Group on capacity building. Available at www.commissionforafrica.org
- 233 "Business and the Millennium Development Goals: A Framework for Action" available at www.iblf/csr/csrwebassist.nsf/content/f1d2b3aad4.html
- 234 www.businessfightsaids.org/site/pp.asp?c=nmK0LaP6E&b=89994
- 235 www.bsr.org
- 236 www.wbcasd.ch
- 237 Strengthening the implementation of these initiatives was raised strongly in our regional consultations and, in the case of the OECD Guidelines on Multinational Enterprises, could involve extending the current network of "National Contact Points" into sub-Saharan Africa. Chapter 5 sets out our proposals to incorporate into them, *guidelines for operating in situations of (or at risk of) armed conflict*.
- 238 www.unglobalcompact.org; See also at this site. McKinsey & Company report, Assessing the Global Compact's Impact.
- 239 www.oecd.org/document/28/0,2340,en_2649_34889_2397532_1_1_1_37461,00.html
- 240 www.globalreporting.org
- 241 www.ilo.org/public/english/standards/norm/sources/mne.htm
- 242 www.oecd.org/document/21/0,2340,en_2649_34855_2017813_1_1_1_1,00.html
- 243 www.undp.org/business/gsb/
- 244 UN Commission on the Private Sector and Development (2004).
- 245 A forum for business, government and civil society to discuss and act on corporate sustainability policy and practice. (See www.aiccafrica.com/african%20corporate%20sustainability%20forum1.htm).
- 246 Submission by the Africa Business Round Table on the Commission for Africa. Available on www.commissionforafrica.org

- 247 Brockelsby & Hinshelwood, 2001.
- 248 UNEP, 2003b.
- 249 Africa accounted for 56 per cent of global deforestation between 1990 and 2000 (44 per cent in Sudan, Zambia and DRC alone) (FAO, 2003).
- 250 World Bank 2004a.
- 251 Convery Rank and Kwadwo, 1991.
- 252 Kundzevicz et al, 2001.
- 253 World Development Indicators, 2003, and Mozambique's PRSP (http://poverty.worldbank.org/files/Mozambique_PRSP.pdf).
- 254 UN Commission on Sustainable Development, 2004.
- 255 The need to consider both growth and environmental protection is reflected in the international commitments on protecting and managing the natural resource base of economic and social development agreed at the World Summit for Sustainable Development (WSSD) in Johannesburg in 2002 (WSSD Plan of Implementation).
- 256 The Action Plan of the AU/NEPAD Environment Initiative covers land degradation, drought and desertification, wetlands, invasive species, marine and coastal resources, cross-border conservation of natural resources and climate change, and is closely linked to issues of pollution, forests, fresh water, capacity building and technology transfer.
- 257 Hulme, 2001.
- 258 Intergovernmental panel on climate change (IPCC) Third Assessment Report, 2001.
- 259 UNEP, 2003a.
- 260 Parry et al, 1999.
- 261 Nyong, 2005.
- 262 World Resource Institute Climate Analysis Indicators Tool (CAIT) (www.cait.wri.org)
- 263 For example, the Marrakech-Bonn agreements agreed under the UNFCCC.
- 264 ADB Vision Statement 1999 and Strategic Plan 2003-2007.
- 265 Since the ADB commenced lending operations in 1967 to the end of 2004, its Boards of Directors have approved a total of Units of Account 12,530 million – equivalent to roughly US\$18,795 million at January 2005 exchange rates – which is almost 33 per cent of overall Bank Group approvals over that period, for transport, communications, water supply and sanitation, and energy and power in 52 African countries (not including Libya, a non-borrowing member). This does not include approvals for infrastructure components in operations in support of agriculture and rural development, education and health.
- 266 Around 600 million Units of Account, equivalent to around US\$920 million.
- 267 Hesselbarth, 2004.

Chapter 7: References

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Chapter 8: Notes

- 1 World Bank, 2003a.
- 2 World Bank, 2004a.
- 3 World Bank, 2002.
- 4 This is partly the point of extra exports and aid.
- 5 Chang, 2003.
- 6 SDT for developing countries has three main aspects: exemptions from specific WTO rules, including freedom to protect markets; provision of technical assistance to help countries implement rules, and increased aid to help build supply side capacity.
- 7 Limao and Venables, 2001.
- 8 World Bank, WDI on-line, 2004.
- 9 World Bank, WDI on-line, 2004.
- 10 ECA, 2004a.
- 11 Estache, 2004.
- 12 ECA, 2004e.
- 13 Kripali Manek, personal communication.
- 14 World Bank, 2003c.
- 15 Adopted on 3 July 1991 by 48 Member States of the OAU at its 27th summit. The Abuja Treaty builds on the philosophy of the 1980 Lagos Plan, and came into effect in May 1994.
- 16 Out of 53 countries, 26 are members of 2 Regional Economic Communities, 20 are members of 3, 1 belongs to 4, and only 6 belong to 1.
- 17 ECA, 2004g.
- 18 World Bank, 2005b.
- 19 Helena McCloud, personal communication.
- 20 Orden et al, 2004.
- 21 This includes staples such as livestock and livestock products, cereals, roots and tubers, and peas and beans.
- 22 This has already taken place within SADC and COMESA.
- 23 Based on *Resolution CM/464* of the Twenty-Sixth OAU council of Ministers, the Abuja Treaty breaks the continent into five regional communities: North Africa, West Africa, Central Africa, East Africa and Southern Africa. Following these regional divisions two definitions of rationalisation have been proposed: Strong form - defined as the absorption and mergers of regional institutions and communities, so as to be synchronised with the five regional communities proposed under the Abuja Treaty. Weak form - defined as the absorption and mergers of the programmes of the communities. This form sets a lower threshold for the integration process and may not lead to a successful achievement of the goals of the Abuja Treaty. ECA, 2004a.
- 24 Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.
- 25 Agreements based on open regionalism have low barriers to trade, non-restrictive rules of origin, liberalised service markets and a strong focus on reducing transaction costs at borders. This principle is a way of making regional agreements complementary to a non-discriminatory multi-lateral system. The CBI has an outward orientation and is based on a flexible design, based on the cooperation between countries to jointly implement specific projects (World Bank, 2004a).
- 26 ECOWAS and WAEMU signed a cooperation agreement for regional integration in May 2004. Consultations between the two regional organizations entail plans of action to harmonize their sector activities (including agriculture, transport and energy); accelerate the convergence of economic and financial policies of member states through multilateral surveillance mechanism; and create a West African custom union.
- 27 Amjadi and Yeats, 1995.
- 28 UNCTAD, 2001.
- 29 CBC Consultations for the Commission For Africa available at www.commissionforafrica.org
- 30 OECD, 2003b.
- 31 The overall gains from improved trade facilitation, vary widely depending on conditions. Singapore implemented an electronic declaration system for traders that generated savings estimated at one per cent of GDP, with an expectation that the cost would be covered within 3 years (UNDP, 2003).
- 32 It was intended that Ministers would agree negotiating modalities at Cancun in September 2003, but this meeting broke up with no agreement. The two main stumbling blocks for developing countries, including those in Africa, were the lack of serious progress on agriculture, and the insistence of the EU and others on including additional issues - so-called "Singapore Issues" since they were mandated at the 1996 Singapore Ministerial - of investment, competition policy, transparency in government procurement and trade facilitation - of lower priority to developing countries. Lack of progress at Cancun threatened to undermine multilateral trade negotiations, but recent progress has been made, with agreement on a framework achieved in July 2004 in Geneva which allows multilateral negotiations of the Doha Round to continue.
- 33 Tabled at the Shanghai Ministerial of October 2001.
- 34 At 1997 prices, Australian Foreign Affairs and Trade, 2002.
- 35 APEC, 2002.
- 36 ECA, 2004b.

- 37 Business Contact Group Consultation with Commission For Africa, November 2004.
- 38 Dunn and Bradstreet Country Report for Mozambique, January 2003 in Crown Agents 2003
- 39 Crown Agents, 2003.
- 40 WTO, 2004.
- 41 Wilson et al, 2002.
- 42 The LRA is a statutory body that incorporates the functions of the Income Tax, the Customs and Excise and VAT Divisions. Its primary function is to assess, collect and account for the tax revenues on behalf of the Government and to promote voluntary compliance.
- 43 SSA data-points are for Zimbabwe, South Africa, Nigeria, Mauritius.
- 44 UNCTAD, 2003c, estimates.
- 45 Amjadi and Yeats, 1995.
- 46 The decision accelerated the liberalisation of access to the air transport market in Africa, prompted reforms aimed at boosting competition and allowed multiple airlines to operate on specific routes and deregulates traffic. The decision did not address aviation outside of Africa, since it was seen as necessary to clean up the situation within Africa. 23 states agreed to liberalise air transport in Africa in over two years. It received strong support from donors, with CEMAC, ECOWAS, COMESA, SADC, and WAMEU the main beneficiaries.
- 47 Allowing all airlines to fly on all routes between two countries without any ex ante controls on capacity.
- 48 WTO, 2004.
- 49 UNDP, 2003.
- 50 WTO members pledged US\$18 million to the Doha Development Trust Fund, which is almost twice the amount requested by the WTO secretariat in its 2002 Technical Assistance Plan.
- 51 Between 1996-2003 US\$68 million was committed to 13 World Bank trade facilitation projects in 22 SSA countries. For FY 2004-2006, \$374 million has been approved and projected for 24 projects in 29 SSA countries.
- 52 In Nigeria, poor customs and border controls attracted a lot of smuggling in the import market. Counterfeiting was estimated to be about 25 per cent of the market at the beginning of 2002. Due to the significance of the market, BAT built a major manufacturing plant and provided extensive support and training to customs which led to increased revenue yield for the government. A consumer and retailer awareness campaign "Be Correct", was also launched. By Dec 2002 the incidence of counterfeit BAT brands had dropped to 10 per cent. BAT signed an MOU with Nigerian customs at a high profile ministerial meeting on 17th December 2004.
- 53 Within the Integrated Framework, ongoing trade facilitation related diagnostic work is done through Diagnostic Trade Integration Studies, and Trade and Transport Facilitation Audits are carried out. The Audits aim to identify procedural and operational constraints to external trade and international transportation services. An action plan is the most important output of the Integration Study and lists the key priorities that need to be addressed to improve the national trading climate. In 2004 the Audits were carried out in Benin, Chad, Malawi, Mozambique, and Zambia. Donors have generally failed to fund these action plans
- 54 14 African HIPC countries generate more than 90 per cent of their export earnings from a few primary commodities. Seventeen out of twenty most important non-fuel exports are in primary commodities and resource-based manufactures, with manufactures only increasing share of total exports by 10 per cent in the past 20 years, to 30 per cent. The value of manufactures has only grown at six per cent annually over this period, compared to twice that in Latin America and Asia (UNCTAD, 2004a).
- 55 UNCTAD, 2003a.
- 56 UNCTAD, 2003a.
- 57 The fisheries sector is of increasingly high value and potential to Africa, particularly due to rising world demand. Export fisheries provide more regular income than agriculture in many countries, where low prices in traditional commodities and increased fish exports mean that net revenues received from the fish trade now exceed revenues from coffee, tea, cocoa and rice combined. In Uganda fish is as important for foreign exchange earnings as coffee and in Senegal fish has overtaken groundnuts as the country's primary export. Although niche markets in non-traditional export sectors (e.g. fresh vegetables, cut flowers and fish) have proved a successful growth strategy for countries like Kenya, Zimbabwe and Zambia, these markets are highly specialised, competitive and have rigorous quality standards. *Product differentiation* (e.g. in coffee) could potentially, but not significantly, increase income from traditional incomes.
- 58 Primary Commodities, unless otherwise specified, means total non-fuel primary commodities – the sum of agricultural primary commodities and mineral commodities (UNCTAD definition).
- 59 UNCTAD Commodity Yearbook, Online.
- 60 IMF, 2000.
- 61 There are estimated to be between 20 and 25 million rural coffee growers in Africa. 10 million workers are directly employed in cocoa production and 15 million in the cotton sector.
- 62 IMF study reference. Common Fund For Commodities Consultation with Commission For Africa, at the Secretariat of the African Union, New York, 19 October 2004.
- 63 Page and Hewitt, 2001.
- 64 Oil exporters are Nigeria, Angola, Congo-Brazzaville, Gabon, Equatorial Guinea, Cameroon, Chad, DRC and Sudan. Exploration licenses have been issued in Sao Tome and Principe, Mauritania and Madagascar.
- 65 AFR estimates in IMF, 2003.
- 66 Changing market conditions, lack of contribution to the stabilisation funds and International Commodity Agreements etc.
- 67 ICAs aimed at achieving the two simultaneous goals of (1) reducing the variability in prices (2) raising depressed price levels. They were designed to protect both producers and consumers.
- 68 The European Commission outlined its vision for support to CDDCs, in a proposal for a joint 'EU Action Plan on Agricultural

Commodity Chains, Dependence and Poverty and a specific action for cotton'. The specific action was a EU-Africa partnership on cotton. This was adopted by EU ministers in April 2004.

- 69 Outcome of the 2004 UNCTAD XI Sao Paolo Consensus. Member states agreed to launch a partnership on commodities, the 'International Task Force on Commodities' (consisting of interested stakeholders from the public and private sector, NGOs and international organisations. The Report of the Meeting of Eminent Persons on Commodity Issues identified a series of practical proposals (UNCTAD 2003b).
- 70 Address to the Twenty-Second Summit of the Heads of State of Africa and France on 20 February 2003.
- 71 UNCTAD, 2004a.
- 72 Dorward et al., 2004:7.
- 73 Diao and Hazell, 2004.
- 74 There are 24 International Commodity Bodies which cover most of the commodities of interest to Developing Countries.
- 75 The Common Fund for Commodities (CFC) is an autonomous intergovernmental financial institution established within the framework of the United Nations. The Agreement Establishing the Common Fund for Commodities was negotiated in the United Nations Conference on Trade and Development (UNCTAD) from 1976 to 1980 and became effective in 1989.
- 76 The International Coffee Council (of the International Coffee Organisation) adopted Resolution number 407 in February 2002. This aims to improve marketable standards and divert lower grades to alternative users, as a means of raising overall quality to encourage consumption and contribute to a more balanced market (ICO 2003).
- 77 Coffee represents 75 per cent of the total exports of Burundi, 62 per cent of Ethiopia, 54 per cent of Uganda and 43 per cent of Rwanda (Source: Common Fund For Commodities).
- 78 FAO, 2004.
- 79 In September 2001, the leading European distributors and retailers, as members of EUREP (EUro REtailers Practice), introduced the EUREPGAP standard, a quality management system for agricultural production.
- 80 DFID and IIED, 2004.
- 81 These will set traceability requirements through all stages of production, processing and distribution for all fruit and vegetables coming into the EU.
- 82 DFID, 2004.
- 83 Musoke, et al. 2004; Kleih et al, 2004.
- 84 Private conversation with Stephen Haggblade, IFPRI, Lusaka, Zambia.
- 85 Existing exchanges in Africa – Maize, Wheat, seeds and Soya beans traded on SAFEX; maize contracts on ACE (Zambia Agricultural Commodity Exchange) and ZIMACE (Zimbabwe Agricultural Exchange); cereal, dairy products and cotton on KACE (Kenya Agricultural Commodity Exchange).
- 86 The idea of an African Commodity Exchange, which aims to protect the prices of export commodities on the international market, is being explored by the AU and Common Fund For Commodities.
- 87 A pilot project on Price Risk Management in Eastern Africa for the coffee and cotton sectors has been developed by the Common Fund For Commodities in cooperation with the World Bank.
- 88 Preferences are more limited in the case of Japan. Although LDC preferences are the most generous of Japanese schemes, they only provide limited access to the food sector in Japan. Items of African interests affected are cocoa, coffee and hides and skins.
- 89 Brenton and Ikezuki, 2004.
- 90 However, this is hindered by the lack of capacity to process and complicated by the fact that only a handful of multinationals dominate the roasting process.
- 91 Africa has had some success in value-adding in the cocoa sector, as exports in their processed form represent 22 per cent of the exports of cocoa beans. The market for cocoa butter has been weakened further by competition from "cocoa butter equivalent", when the EU relaxed its regulations on the use of fats derived from other sources to replace some of the cocoa butter in chocolates. Although, Côte d'Ivoire and Ghana (two of the most important cocoa exporters) are not LDCs, hence ineligible for Everything-But-Arms duty- and quota-free access to the EU market when the beans undergo further processing, they benefit from Cotonou preferences.
- 92 In the EU, this can range from 7-10 per cent in later stages. In the US, cocoa paste, butter and powder (unsweetened) can enter at zero rates.
- 93 Multinationals like Nestle, Cadbury, Starbucks, and Unilever dominate the trade of leading commodities such as cocoa, coffee and tea. Small-scale farmers who grow the bulk of the world's coffee, remain at the bottom rung of a multi-billion dollar business. The four major coffee roaster companies – Kraft, Sara Lee, Nestle and Procter & Gamble, each have coffee brands worth US\$1 billion or more in annual sales. The value of retail sales is US\$70 billion, but coffee producing countries receive only 8 per cent, some US\$5.5bn. 10 years ago producer-country exports captured one-third of the value of the coffee market.
- 94 UNCTAD XI advocates the creation of a new International Diversification Fund, which would help countries to move away from excessive dependence and focus on developing private sector capacity (long-term). This includes developing strong producer associations, key infrastructure and stimulating investment. This could be funded through the second account of the Common Fund For Commodities. The Commonwealth Secretariat proposes a Joint Diversification Fund (JDF) which would make additional grant transfers to enable them to diversify their exports and enable structural change. The JDF could be funded annually by OECD donors in a multi-lateral framework.
- 95 This was endorsed by the African Union in July 2004. It has the buy-in from various African governments, many of whom have made initial voluntary contributions to demonstrate ownership. Main report available at <http://exchange.unido.org/pdf/mainpage/fulldraft.pdf>
- 96 Priority sectors such as food processing, textiles and garments, mineral products, including metals, wood and wood products, automobile equipment and assembly, pharmaceuticals and building materials.
- 97 New plant and equipment (at least US\$50 million), upgrading of present equipment (at least US\$10 million) and hiring food technologists (at least 25) and specialist production engineers (at least 10) (UNIDO, 2003).

- 98 Calculated with the assistance of UNIDO.
- 99 The Joint Integrated Technical Assistance Programme (JITAP) of the WTO, UNCTAD and ITC (International Trade Centre) provides support in this area, and could be expanded.
- 100 For a handful of countries that are not yet WTO members, entry should be made easier, so that all of Africa can engage in trade negotiations. Current observers - Cape Verde, Equatorial Guinea, Ethiopia, Somalia, Sao Tome & Principe, Seychelles, Sudan; others - not members - Comoros, Eritrea, Somalia and Liberia.
- 101 World Bank, 2003b.
- 102 Anderson and Martin in World Bank (2005c, Global Monitoring Report, forthcoming). 2 per cent of HS6 tariff lines in developed countries, and 4 per cent in developing countries.
- 103 <http://www.goldentianjin.net.cn/EN/news/01.asp?sele=1310>
- 104 UNCTAD 2004b.
- 105 The 11th session of the United Nations Conference on Trade and Development (UNCTAD XI) on 14 June 2004 in Sao Paulo opened with a call by leaders of developing countries to build a 'new geography of trade' which stresses the role of South-South trade and cooperation in a globalising world. Making the call, Brazilian President Luiz Lula da Silva said a 50 per cent reduction in tariffs among developing countries could generate an increase of US\$18 billion of trade for them. (UNCTAD, 2004b)
- 106 ECA 2004d.
- 107 IAC, 2004.
- 108 OECD, 2004b, PSE/CSE database.
- 109 World Bank, 2005a.
- 110 Messerlin, 2004.
- 111 HMT/DTI, 2004. UK£800 for a family of four.
- 112 Charged at a given sum per unit quantity, e.g. Euro 303.4/100kg for beef imported into the EU (Stevens, 2003). Such duties increase protection when commodity prices fall, at just the moment when developing countries would benefit from increased exports.
- 113 US Farm Security and Rural Investment Act, May 2002. The Act will last until 2007. The previous act was the 1996 Federal Agricultural Improvement and Reform Act.
- 114 OECD, 2002.
- 115 Watkins, 2003.
- 116 Reidl (2004) notes that US farmers have higher incomes than non-farmers, with 136,000 households with annual farm sales over US\$250,000 having incomes 2 times average incomes. These farmers also receive the largest subsidies, with the top 10 per cent of recipients receiving 65 per cent of all subsidies in 2002, and where 80 per cent of recipients received only 19 per cent of subsidies.
- 117 Gresser, 2002.
- 118 Producer Support Estimate (PSE), OECD definition: the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm-gate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income. It includes market price support and budgetary payments, i.e. gross transfers from taxpayers to agricultural producers arising from policy measures based on: current output, area planted/animal numbers, historical entitlements, input use, input constraints, and overall farming income. The % PSE measures the transfers as a share of gross farm receipts.
- 119 Through increased EU exports (increasing supply), and by denying developing countries access to the EU market (reducing demand) (Stevens, 2004a).
- 120 By insulating a large proportion of the world's consumers and producers from the full effect of market forces, world prices can become unstable.
- 121 Oxfam, 2002.
- 122 Agenda 2000 continued the agricultural reforms of 1988 and 1992, with increased focus on the environment, food quality and rural development. It also included preparations for EU enlargement.
- 123 Producer Support will remain at around 36 per cent. (OECD, 2003a).
- 124 Thurston, 2002.
- 125 World Bank, 2005a.
- 126 *Ibid.*
- 127 According to the International Cotton Advisory Committee (UNCTAD, 2004).
- 128 WTO Ref: WT/DS267/R.
- 129 Sugar is a good example of how subsidies can benefit some developing countries through preferential access to higher priced markets whilst discriminating against others. ACP preferential access to the EU sugar market has led a range of countries to specialise in sugar production. Key African producers include Congo, Cote d'Ivoire, Madagascar, Malawi, Mauritius, Swaziland, Tanzania, Zambia and Zimbabwe; some could be competitive at world prices, others cannot.
- 130 Agricultural Trade Reform: The Role of Economic Analysis, Remarks by Anne O. Krueger, First Deputy Managing Director, International Monetary Fund. To Conference Organized by the Department of Foreign Affairs and the Australian Bureau of Agricultural Research, Canberra, November 3-4, 2004.
- 131 Krueger, 2004.
- 132 LMC & OPM, 2003.
- 133 For African LDCs seafood exports are worth US\$570 million - Senegal 28 per cent, Tanzania 19 per cent, Mozambique 12 per cent, Uganda 11 per cent Angola 6 per cent (ref)
- 134 Mutume, 2002.
- 135 Anderson et al, 2005.

- 136 Cline, 2004.
- 137 FAO, 2005.
- 138 Achterbosch et al, 2004; ECA 2004c.
- 139 Achterbosch et al, 2004.
- 140 Stevens, 2003.
- 141 FAO STAT agriculture and food trade database and Diao, X and P Hazell, 2004.
- 142 Walmsley and Winters, 2003.
- 143 Although countries have worker programmes for low skilled workers e.g. seasonal workers and tourism workers, these have not been not been included in any WTO member country's commitment under the GATS.
- 144 Wilson et al, 2003.
- 145 <http://www.standardsfacility.org/>
- 146 World Bank, 2003d.
- 147 Personal communication from Martin Doherty, SPS expert, CEREX.
- 148 NEPAD, 2001.
- 149 AU/NEPAD has particularly focused on issues of intellectual property protection in the field of indigenous knowledge, which is not currently covered in the TRIPs agreement, although AU/NEPAD are working with the World Intellectual Property Organisation in the hope of achieving suitable legislative frameworks. They also support African cultural industries and have particularly stressed the importance of African music and film industries and African publishers. The AU intends to establish an African Union Publishing House in the near future.
- 150 World Bank, 2003e.
- 151 Many of the ACP countries are poor or vulnerable and have very limited capacity to handle the significant adjustments that trade liberalisation may bring. Some ACP industries may not be competitive with their competitors in neighbouring countries, and in particular in the EU, and many ACP countries derive a considerable proportion of their government revenue from tariffs. The World Bank estimates that removing all tariffs from EU exports would reduce sub-Saharan African government revenues by up to 10 per cent, and reduce GDP around 1 per cent in the short term, generating significant short-term losses. The ACP countries will need considerable support to restructure their government revenue base and to adapt to a more open trading environment.
- 152 ECA, 2004g.
- 153 WTO, http://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm
- 154 Hoekman, 2004.
- 155 Doha Ministerial Declaration, para. 44. http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm .
- 156 WTO, http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm
- 157 Following the 2003 triennial UN review, Cape Verde became a non-LDC.
- 158 Brenton (2004) observes only seven countries really benefit from AGOA (accounting for 96 per cent of exports to US under the scheme), and mainly in oil, e.g. Nigeria and Gabon.
- 159 Ianchovichina et al (2001) calculate that fully unrestricted access to all the Quad countries would provide substantial gains for sub-Saharan Africa, an overall growth in exports of US\$2.5 billion, boosting real incomes by around one per cent - some US\$1.8 billion. Unfortunately this model did not factor in the benefits of current preferences. Their model shows gains coming from EU and Japanese markets, especially the heavily protected market in Japan for meat and cereal grains. They note one concern, as do others below, that Africa may specialise in goods in which it does not have comparative advantage, where future erosion of preferences could lead to adjustment costs.
- 160 Ben Hammouda et al (2004). Early work from the ECA on Unrestricted Access to Quad markets, using the latest Global Trade Analysis Project (GTAP) model, provides important findings. Exports from sub-Saharan Africa would grow by US\$1.9 billion, with substantial income gains, particularly for unskilled labour, of up to US\$4 billion.
- 161 Fugazza and Peters, 2005.
- 162 These models are quite limited in their use, and also have not modelled dynamic gains – gains from reinvestment and increased supply side capacity – which if factored in would show substantially increased gains.
- 163 The policy was promised by Chinese Premier Wen Jiabao at the second ministerial meeting of the Sino-African Co-operation Forum held at the end of 2003.
- 164 See for example, the EU 'list rules' for fisheries:"1. The following shall be considered as wholly obtained in a beneficiary country or in the Community: (f) products of sea fishing and other products taken from the sea outside its territorial waters by its vessels;(g) products made on board its factory ships exclusively from the products referred to in (f); 2. The terms 'its vessels' and 'its factory ships' in paragraph 1(f) and (g) shall apply only to vessels and factory ships: which are registered or recorded in the beneficiary country or in a Member State; which sail under the flag of a beneficiary country or of a Member State; which are at least 50 per cent owned by nationals of the beneficiary country or of Member States or by a company having its head office in that country or in one of those Member States, of which the manager or managers, Chairman of the Board of Directors or of the Supervisory Board, and the majority of the members of such boards are nationals of that beneficiary country or of the Member States and of which, in addition, in the case of companies, at least half the capital belongs to that beneficiary country or to the Member States or to public bodies or nationals of that beneficiary country or of the Member States; of which the master and officers are nationals of the beneficiary country or of the Member States, and of which at least 75 per cent of the crew are nationals of the beneficiary country or of the Member States."
- 165 Numerous studies, by the World Bank (Brenton, 2004), UNCTAD (2003) and others, such as the US Commission on Capital Flows to Africa (2003); Matoo et al (2003) and Stevens et al (2004b) all highlight the barriers caused by restrictive and unnecessary rules of origin. Rules of origin can tie African producers into expensive sources of raw materials in order to qualify for preferences, again hindering their competitiveness.
- 166 Brenton, 2004a.
- 167 Brenton, 2004b.

- 168 US Commission on Capital Flows to Africa, 2003.
- 169 Such revenue makes up around 2 per cent of GDP in the median SSA country, some 15 per cent of total government revenue, for some countries up to 25 per cent of government revenue (Hinkle, 2004).
- 170 Commonwealth Secretariat, 2004.
- 171 IMF, 2004.
- 172 HMT/DTI, 2004.
- 173 World Bank, 2004b; Capra, 2003.
- 174 The Integrated Framework for Trade-Related Technical Assistance now has seventeen bilateral donors (including Canada, the EU, Japan and the USA); and the USA chairs donor co-ordination. Given the demand by LDC countries a small IF secretariat has recently been established funded by the EU, Denmark, Switzerland and Sweden. A small trust fund (US\$20 million) finances the trade assessments and small scale technical assistance arising from the action matrices. The larger identified and prioritised trade capacity building plans are presented within the context of the consultative group meetings and round tables associated with the PRSP process. However, against an aid resource constrained environment, prioritised trade action plans have had to compete, justifiably with other priority sectors namely health, education, and to date implementation on the ground in these prioritised areas has been limited (World Bank, 2004b and 2004c).

Chapter 8: References

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Chapter 9: Notes

- 1 Guidolin and La Ferrara, 2004.
- 2 World Bank, 2004a.
- 3 Collier, Hoeffler and Pattillo, 2001, 2004.
- 4 World Bank, 2004b.
- 5 Loayza, Schmidt-Hebbel and Serven, 2000.
- 6 Ogaki, Ostry and Reinhart, 1997. For a clear argument showing that higher savings follow economic growth and increases in per capita income, see also Elbadawi and Mwegu, 2000.
- 7 See for example evidence in Kelly and Mavrotas, 2004.
- 8 In 2000, the share of military expenditure in GDP was 1.9 per cent for sub-Saharan Africa compared with 3.2 per cent for Europe and Central Asia; 6.2 per cent for North Africa and the Middle East; 2.5 per cent for South Asia; 1.9 for East Asia and the Pacific; and 1.2 for Latin America and the Caribbean (World Bank, 2004b). These averages mask differences between countries and do not necessarily imply that military spending in some countries may be regarded as being high.
- 9 Figures taken from World Bank, 2004c and do not include South Africa.
- 10 Teera and Hudson, 2004.
- 11 The estimate for sub-Saharan Africa includes South Africa. The tax-to-GDP ratio for sub-Saharan Africa excluding South Africa was on average 15.7 per cent between 1993 and 2002 (see also Table 9.2).
- 12 With increased trade liberalisation, Africa's current reliance on trade taxes should diminish, and the gap in public resources will need to be filled by other means - i.e. aid and/or other taxes.
- 13 There is considerable scope for increasing tax revenues by ensuring greater compliance from eligible taxpayers. More stringent measures against corruption, both among tax collectors and among tax evaders, should also be implemented. Successful examples of the latter include Uganda and Ghana - see Annex 9.1.
- 14 Since the 1970s, Africa has been the only region to have experienced a decline in real exports per capita in dollar terms. According to Alan Gelb, "the erosion of Africa's world trade share in current prices between 1970 and 1993 represents a staggering annual income loss of \$68 billion-or 21% of GDP" (Gelb, 1999:10; and World Bank, 2000:208). A substantial portion of aid to Africa has gone towards compensating Africa for these terms of trade losses, thus leaving insufficient amounts for channelling into productive investments in agriculture, infrastructure, health and education.
- 15 This is for a sub-set of projects in the more quantifiable sectors, e.g. infrastructure (OED, 2004a).
- 16 Other aid agencies have also reported high returns to the projects they are funding in developing countries, including in sub-Saharan Africa (see for example the evidence cited in Foster, 2003).
- 17 Daima Associates Limited and ODI, 2004.
- 18 Oxfam, 2004.
- 19 OED, 2004b.
- 20 Government of Ethiopia, 2003.
- 21 Kane, 2004.
- 22 Government of Uganda, 2004.
- 23 WHO and UNICEF, 2003.
- 24 Government of Zambia, 2004.
- 25 HMT/DFID, 2004. More detailed examples are provided in Chapter 6.
- 26 Aid to Mozambique increased in 2002 and 2003.
- 27 Data for Mozambique taken from Republic of Mozambique, 2004.
- 28 Data for Uganda taken from Government of Uganda and UNDP, 2003.
- 29 Data for Ghana taken from Government of Ghana, 2004.
- 30 Government of Rwanda, 2004.
- 31 See McGillivray, 2004, for a survey.
- 32 Clemens, Radelet and Bhavnani, 2004a.
- 33 The main recent 'outlier' paper is by a team from the Center for Global Development (Easterly, Levine and Roodman, 2003.) but the work of Clemens et al. which reaches a radically different conclusion is a more recent contribution by a team from the same Center. Application of their approach for sub-Saharan Africa shows that an above-average amount of short-impact aid in sub-Saharan Africa (5.3 per cent of GDP) compared to the world average of 2.8 per cent of GDP had the effect of raising growth rates by an extra 1.2 per cent (Clemens, Radelet and Bhavnani, 2004b).
- 34 Collier, Hoeffler and Pattillo, 2004.
- 35 Chauvet and Collier, 2005.
- 36 Miguel, Satyanath and Sergenti, 2004, and Collier and Hoeffler, 2004a.
- 37 Collier and Hoeffler, 2004b.
- 38 Collier et al, 2003.
- 39 Recall that on average, during civil wars GDP per capita only falls at an annual rate of 2.2 per cent. In Rwanda in 1994, the corresponding figure was 24 per cent (Collier et al, 2003).
- 40 Demekas, McHugh and Kosmax, 2002.
- 41 Chauvet and Guillaumont, 2004; and Collier and Dehn, 2001.
- 42 Gunning, 2004.

- 43 A summary reporting a recent discussion of African Finance Ministers stated: "Ministers noted that resource flows must be predictable for the scaling up of spending. If expenditures are increased on the basis of grants, then there must be binding agreements between donors and grant recipients for predictability to be maintained." They also noted "Ministers agreed that if Africans demand predictability of resource flows from partners then they must develop coherent and predictable policies themselves." (Group of African Finance Ministers, 2004).
- 44 Johnson, Martin and Bargawi, 2004.
- 45 Elbadawi and Gelb 2003:53 cite a rigorous study by Elbadawi and Randa, 2003.
- 46 A move towards more grants within IDA will imply a loss to IDA in the longer term from reflows arising out of loan repayments. In order to ensure IDA's long-term survival as a key development finance institution, compensation for the loss of reflow income might best be achieved through periodic replenishments by shareholders at the regular three-yearly replenishment meetings.
- 47 SPA, 2003 and ECA and OECD/DAC, 2005.
- 48 OECD/DAC, 2005.
- 49 Birdsall, 2004.
- 50 Birdsall, 2004.
- 51 Miguel, Satyanath and Sergenti, 2004.
- 52 Collier and Dehn, 2001.
- 53 This is based on combining an IMF (2004:34) estimation of the occurrence of natural disasters every 2.5 years (with an average impact of five per cent of GDP), and commodity-related shocks every 3.3 years (with an average impact of 3.5 per cent of GDP). Assuming independently occurring shocks, and a combined probability of 70 per cent in a given year, Martin and Bargawi, 2004, deduce such shocks would strike in low income countries every 1.4 years. This excludes the occurrence of other types of shocks, notably from aid shortfalls and conflict.
- 54 Gunning, 2004; World Bank, 2002; Chauvet and Guillaumont, 2004; Collier and Dehn, 2001.
- 55 The cost figures have been extrapolated by Martin and Bargawi (2004) from assumptions and analysis made by the IMF (2004:34) regarding the incidence of shocks in LICs, i.e., not only in Africa. In reality the incidence and frequency of shocks may differ from the average noted for all low income countries. The cost estimates are calculated as follows: for all IDA-only countries, the cost of a shocks facility would be US\$49 billion for a commodity shock and US\$89 billion for a natural disaster shock. Over an 11 year period this would amount to US\$12.4 billion per annum (US\$4.3 billion and US\$8.1 billion for commodity and natural disaster shocks respectively). Less than half (US\$23 billion and US\$40 billion respectively) would be for African IDA-only countries. Over an eleven-year period (i.e., to 2015) a total of US\$5.6 billion per annum would compensate countries by one hundred per cent for shocks-related annual GDP losses - US\$2 billion for commodity-related shocks and US\$3.6 billion for natural disaster shocks.
- 56 The proposed Shocks Facility might be financed in a number of ways, from: a reallocation of existing ODA; additional ODA; new finance from the International Finance Facility; Special Drawing Rights; funds raised from voluntary or compulsory international taxes.
- 57 Foster 2003, Annex 3 for an extended discussion.
- 58 This is included as contingencies in Table 9.2a.
- 59 Note this excludes South Africa as indicated in the notes to Table 9.2b.
- 60 This assumes a five per cent real annual growth rate. If, as the commission expects, growth rates increase to seven per cent in sub-Saharan Africa, and in response new investments from higher resource inflows, the share of domestic contribution could rise further.
- 61 This assumes aid to sub-Saharan Africa would be about 25 billion in 2005.
- 62 It should be noted, however, that a considerable proportion of the nominal increase in global aid since 2001 (including to Africa) can be accounted for by inflation in donor countries and large exchange rate changes, especially against the US\$ (World Bank, 2004:32, estimates these factors account for more than half of the nominal increases in aid).
- 63 Without being unduly pessimistic, it should be noted that in the past, disbursed aid flows have almost always been less than what had been committed. This underscores the importance of donors delivering on the commitments they have announced publicly. (According to the OECD/DAC database, for the 1994-2003 period, average gross aid disbursements from all donors to all developing countries amounted to 92% of commitments - OECD/DAC, 2005:Table 1).
- 64 If the 2004 amount were to be doubled by 2010, an extra US\$15.4 billion (i.e. above projected amounts) would be required. These are own estimates based on a revision of OECD/DAC projections (OECD/DAC, 2004), taking into account changes announced by Spain and Ireland in their timetables for reaching the 0.7 ODA/GNI target. The projections assume a similar rate of expansion for bilateral and multilateral ODA. The final increase announced for IDA-14 is therefore not included in our estimates.
- 65 Many countries (especially in Francophone Africa) are receiving less assistance than they should for tackling growth and development problems (Levin and Dollar, 2005). If one compares aid flows to post HIPC-completion point countries in Africa as a per cent of GNI, francophone countries got 11%, compared to non-francophone countries getting 19% (OECD/DAC, 2005).
- 66 Chauvet and Collier, 2005.
- 67 See for example suggestions made in Christiansen, Lockhart and Coyle, 2005.
- 68 Chauvet and Collier, 2005.
- 69 Channelling aid through non-state actors can make a real difference at grass-roots level, but by definition cannot help create the capacity within Government to improve its governance or fulfil its role in supporting economic growth, both of which are prerequisites for long-term, sustainable development.
- 70 NEPAD, 2003.
- 71 The Collaborative Africa Budget Reform Initiative (CABRI) was initiated in early December 2004 in Pretoria, South Africa, at a seminar hosted by the National Treasury of South Africa in collaboration with the Ministries of Finance and Planning of Uganda and Mozambique. The meeting was attended by Senior officials from 16 African countries.
- 72 See Economic Commission for Africa, 2004, for a synopsis of the forthcoming governance report.
- 73 IDA and IMF (2005). The 2004 survey considered various benchmarks for 16 key indicators of public expenditure management, covering budget formulation, execution, and reporting, and public procurement. Countries were deemed as

- requiring 'little or no upgrading' if at least 11 indicators were met; requiring 'some upgrading' if between eight to 10 indicators were met; and requiring 'substantial upgrading' if less than seven indicators were met.
- 74 See IDA and IMF, 2005:15.
 - 75 IDA and IMF, 2005:14.
 - 76 Osei et al, 2003:25.
 - 77 Fagernas and Roberts, 2004: 28.
 - 78 Fagernas and Roberts, 2004: 30.
 - 79 Fagernas and Roberts, 2004: 32.
 - 80 World Bank, 2003.
 - 81 Stronger growth achieved through various measures: more and better quality aid; higher public and private investment in infrastructure; better mitigation and management of shocks (saving up to three per cent of GDP annually in affected countries); stronger changes in human development.
 - 82 This would provide total projected benefits of US\$35.2 billion after 10 years for a total investment of US\$193 billion (see reference in Chapter 7).
 - 83 This would substantially reduce the number of children (currently 400-500 million) who are affected by malaria each year.
 - 84 UNAIDS, 2005:4 (see Chapter 6 for reference).
 - 85 UNICEF, 2004 (see Chapter 6 for reference).
 - 86 African Finance Ministers gave this high priority during consultation meetings in Abuja (23 November 2004) and Cape Town (16-17 January 2005).
 - 87 According to Charles McPherson: "Evidence of the (Dutch) disease has been subsequently identified in almost all countries where petroleum exports play a major economic role. Nigeria again provides an example. The arrival of oil devastated all three of Nigeria's traditional agricultural export industries. Cocoa exports dropped by 30 percent over the last five years; ground nuts exports by 95 percent; and palm oil exports, once a major export, have disappeared." (McPherson, 2003).
 - 88 African Development Bank, 1999.
 - 89 For Uganda see Nkusu, 2004, for the period 1991/92 to 2001/02; and for Ghana, see Sackey 2001, for the period 1964-1996.
 - 90 See for example Adam and Bevan, 2004; Agenor, 2004.
 - 91 Excluding South Africa, the aid-to-GDP would fall from 14.5 per cent in 2015 to 10.5 per cent in 2020. The equivalent numbers by including South Africa, however, would be 9.0 and 6.5 per cent respectively.
 - 92 This inconsistency was noted by African Finance Ministers at a recent meeting: "The present methodologies, especially the so called debt sustainability analysis are woefully inadequate because they fail to take into account the particularities of the African economies, especially external shocks, domestic debt, pensions and other arrears, and a fragile revenue base." (Group of African Finance Ministers, 2004).
 - 93 If paid, this would come at a cost, for it be at the expense of indebted countries diverting expenditure away from that needed for achieving the MDGs.
 - 94 World Bank, 2004a.
 - 95 Of this US\$4.2 billion, half was paid by South Africa.
 - 96 These figures exclude Nigeria and Zimbabwe. Estimates done by Commission for Africa Secretariat based on information from World Bank, ADB and IMF.
 - 97 Details regarding the relative importance, and significance, of debt service (and stock) relief are provided in a background paper commissioned by the Commission for Africa Secretariat - Martin et al (2004).
 - 98 Clemens, Radelet, and Bhavnani, 2004a.
 - 99 Elbadawi, Ndulu and Ndung'u, 1997.
 - 100 Collier, Hoeffler and Pattillo, 2001.
 - 101 Martin et al, 2004.
 - 102 Clements, Bhattacharya, and Nguyen, 2003.
 - 103 Martin et al, 2004.
 - 104 By aid we mean all forms of concessional finance (i.e. at zero, or below market, interest rates) provided to recipient countries by multilateral (World Bank, Regional Development Banks, the International Monetary Fund, the European Commission, and UN agencies) and bilateral organisations.
 - 105 World Bank, 2004d.
 - 106 Collier and Dollar, 2002.
 - 107 See Clemens, Kenny and Moss, 2004, for a discussion of various estimates of costs for reaching the MDGs. US\$50 billion is generally considered to be at the lower end of the range of estimated costs.
 - 108 Atkinson, 2003.
 - 109 Landau et al, 2004.
 - 110 For an extended discussion of financing modalities and the viability of alternative options, see the following important texts: Reisen (2004), Mavrotas (2003), UK HM Treasury-DFID (2003), World Bank (2003), (2004d), (2004e), Landau (2004) and Technical Group on Innovative Financing Mechanisms (2004).
 - 111 At a recent meeting of African Finance Ministers, there was a call: "to commence the implementation of the IFF with a 'coalition of countries that are willing'". They also noted: "The frontloading component of the IFF is extremely critical for the predictability of resources." (Group of African Finance Ministers, 2004).

Chapter 9: References

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Annex 9: Notes

- 1 Standard deviation of 5.82 (1966-1983) compared to 1.82 (1984-2003).
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- 5 Government of Ghana (2004) Ghana Poverty Reduction Strategy 2003 Annual Progress Report, Government of Ghana: Accra.
- 6 See UN Millennium Project (2005), Investing in Development – Chapter 17: Resources required to finance the MDGs, accessed via <http://www.unmillenniumproject.org/reports/index.htm>
- 7 The IMF (2001) calculated the loss in foreign exchange for the Ghanaian economy due to this terms of trade shock: US\$308 million (4 per cent of GDP) in 1999, US\$597 million (12 per cent of GDP) in 2000 and US\$680 million (14 per cent of GDP) in 2001. For 2001-2002 this is more or less equivalent to the amount of aid flowing into Ghana. "Hence, at the margin, donor financing is basically plugging the hole in Ghana's BoP position" (Foster et al,2003)
- 8 Recent reports laud the improvements in the management of Ghana's economy. For example HIPC completion point document, 2004, ECA (2003) Economic Report on Africa 2003 – Chapter 5: Ghana, ECA: Addis Ababa or OECD and ADB (2004) African Economic Outlook – Ghana, OECD and ADB: Paris and Tunis.
- 9 For example, in 1992 a budgeted surplus of 1.6 per cent turned into a 8.2 per cent deficit; in 1996 a 0.5 per cent surplus became a 9.6 per cent deficit; and in 2000 a 7.1 per cent projected deficit increased to 9.7 per cent.
- 10 Standard deviation 0.9 (1966-1983) vs. 2.6 (1984-2002).
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- 16 Data are for 2002 and taken from African Development Indicators, 2004.
- 17 IMF (2004a) Staff report for the 2004 Article IV Consultation and Sixth Review Under the 3-year Arrangement Under the PRGF, August 18, 2004 accessed via www.imf.org.
- 18 Government of Ethiopia (2001) Sustainable Development and Poverty Reduction Programme, MOFED: Addis Ababa and World Bank (2003) Risk and Vulnerability Assessment, June 2003, World Bank: Addis Ababa. It should be noted that the poverty headcount ratio did not alter significantly between 1995/96 and 1999/2000 (according to the main household surveys). However, per capita adult equivalent expenditure increased at a rate of 1.14 per cent during the last five years. Also, "income, as a core indicator of well-being in the Ethiopian context, is not that effective in tracking changes", implying the need to track also non-monetary and non-marketable assets. (see MOFED and UN Country Team (2004) MDGs report: Challenges and Prospects for Ethiopia, March 2004: Addis Ababa).
- 19 Taken from Foster et al ,2003
- 20 World Bank (2004) Ethiopia: Accelerating the Progress Towards the MDGs – Impact on Aid Requirements, World Bank: Addis Ababa.
- 21 It should be noted that the 2002 aid level of 21.6 per cent of GDP, does not correspond to the aid level required to meet the SDPRP targets, as a lot of the current aid is not aligned with the SDPRP. Also, in the light of the drought, emergency assistant grants in 2002/03 were 5 per cent of GDP (See OECD and ADB (2004) African Economic Outlook 2004 – Ethiopia, OECD and ADB: Paris and Tunis).
- 22 Source: African Development Indicators, 2004.
- 23 Again, it should be noted that doubling here means doubling from 11 per cent of GDP in 2003/04 as that is the current amount of on-budget receipts of foreign grants.
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- 25 This is the conclusion of a recent study modelling the future effects of increased aid, and in which the beneficial effects of aid-induced public investments override exchange rate effects. See Agenor, PR, K El Aynaoui and N Bayraktar (2005) Roads Out of Poverty? Assessing the Links between Aid, Public Investment, Growth, and Poverty Reduction, Working Paper No.3490, Washington DC: World Bank.
- 26 IMF, World Bank and Government of Ethiopia (2004) Ethiopia: Tracking Poverty-Reducing Spending: Second Assessment and Action Plan (AAP), Final Mission Draft, April 2004: Washington D.C. and Addis Ababa.
- 27 DFID (2004) Fiduciary Risk Assessment, October 2004, DFID: London and Addis Ababa.
- 28 The debt stock/exports ratio is expected to be above the 150 per cent HIPC target until 2022.
- 29 Allaying negative weather and Terms of Trade shocks is another area where donors can provide support – see the proposed shocks facility.
- 30 IMF (2004b)
- 31 Foster et al (2003).
- 32 Banque de France (2004) Rapport Annuel de la Zone Franc, accessed via www.banque-france.fr.
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- 35 See the IMF's June 2004 PRGF renewal.
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- 41 See recent paper by Ravi Kanbur for a trenchant critique. Kanbur, R (2004) Reforming the Formula: A Modest proposal for Introducing Development Outcomes in IDA Allocation Procedures, Paper presented at the AFD-EUDN Conference 25-27 November, 2004, Paris. Accessed via www.people.cornell.edu/pages/sk145, First draft: October 2004.
- 42 See draft summary papers prepared for OECD/DAC's Learning and Advisory Process on Difficult Partnerships (accessed via http://www.oecd.org/document/15/0,2340,en_2649_33721_34407567_1_1_1_1,00.html). Defining characteristics of Difficult Partnership Countries (DPCs) are those with (a) low incomes (by World Bank classification), and (b) weak institutions (based on World Bank's bottom two quintiles of the CPIA).
- 43 Group of African Finance Ministers (2004) Notes of a meeting of a Group of African Finance Ministers to Deliberate on the Commission for Africa Consultation Document, November 23, 2004, Nicon Hilton Hotel: Abuja.
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- 45 See for example the wealth of information contained in the two volumes by Foster, M et al (2003) The Case for Increased Aid, DFID Final Report: London.
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- 54 ECA and OECD/DAC (2005) 2005 Mutual Review Report, Economic Commission for Africa and Organisation for Economic Co-operation and Development/Development Assistance Committee: Addis Ababa and Paris.
- 55 Many countries (especially in Francophone Africa) are receiving less assistance than they should for tackling growth and development problems (Levin, V and D Dollar (2005) The Forgotten States: Aid Volumes and Volatility in Difficult Partnership Countries (1992-2002), paper presented at the OECD/DAC Senior Level Forum on Development Effectiveness in Fragile States, 13/14 January 2005, London). If one compares aid flows to post HIPC-completion point countries in Africa as a per cent of GNI, francophone countries received 11 per cent compared to non-francophone countries which received 19 per cent (OECD/DAC International Development Statistics, accessed via <http://www.oecd.org/dataoecd/50/17/5037721.htm>).
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- 65 Channelling aid through non-state actors can make a real difference at grass-roots level, but by definition cannot help create the capacity within Government to improve its governance or fulfil its role in supporting economic growth, both of which are prerequisites for long-term, sustainable development.
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