ON THE PROGRESS OF AFRICAN RECOVERY

Report of the North South Roundtable

Consultation in Bommersvik, Sweden October 9-11, 1986 Rapporteur: Maurice J. Williams

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PREFACE

On October 9-11, 1986, an informal consultation was held at Bommersvik, Sweden, sponsored by the North South Roundtable and hosted and supported by the Swedish government, to consider progress and prospects for the implementation of a Programme for African Economic Recovery for 1986-1990, approved by the U.N. General Assembly's Special Session on Africa in May 1986.

This Meeting followed North South Roundtable meetings held in Khartoum and Nairobi in March 1986.

Participant& in the Bommersvik consultation included ministers and senior officials of a number of African countries, representatives of regional organizations, and senior officials of bilateral and multilateral donor agencies. All attended in their personal capacities. The following report by Maurice Williams, Secretary General of the Society for International Development, who acted as rapporteur to the meeting, is his summary of the proceedings and of the principal proposals made there. It presents a useful overview of the current state of response to the Programme for African Economic Recovery. Agreement of the participants to the contents of the report was not sought, and therefore, it does not necessarily reflect the views of all.

I would like to express special thanks to the government of Sweden for its sponsorship of this consultation, to all those who participated in it, and in particular, to Maurice Williams for serving so ably as rapporteur.

Chairman

Appen

North South Roundtable December 1986

EXECUTIVE SUMMARY

I. Though the Special Session of the U.N. General Assembly on Africa produced an encouraging consensus on a Programme for African Recovery for 1986-1990, no concrete arrangements for implementation have materialized. In order to consider this and related matters, the North South

Roundtable in cooperation with the Swedish government organized an informal consultation in Bommersvik, Sweden which was attended by ministers and senior representatives from 10 African countries, 11 donor governments, 8 international organizations and 4 NGOs.

- 2. The work done until now by the U.N. to mobilize relief was reviewed and given recognition, as was the role of the World Bank in assisting in African structural reform. For effective implementation of the African Recovery Programme, -a U.N. Steering, Committee was formulated having five principal targets.
- 1. To ensure that the priorities of the Special Session are incorporated into 'all ongoing U.N. negotiations and conferences.
- ii. To step up resource mobilization efforts.
- iii. To strengthen the existing fora. for coordination.
- iv. To expand public opinion and information support strategies and activities.
- v. To ensure that the Secretary General's annual report to the General Assembly becomes a vehicle for mobilizing further support.
- 3. The Special Session and its projected Programme for Recovery coincided with somewhat improved prospects and opportunities for. Africa normal rains, good harvests, improved export performances and lower oil prices. The Special Session also brought into focus an already perceived need for a redirection of African development priorities and programmes and for major structural reforms. Half the countries of the region have already moved to adopt World Bank- and IMF-assisted adjustment programmes.
- 4. African priorities include rural rehabilitation, support for agriculture and an emphasis on food security. African participants stressed the need for additional aid to the Frontline States, where political destabilization caused by South Africa's interventions in neighboring African states was accompanied by transport system breakdowns and economic deterioration.
- 5. Major obstacles to the implementation of macroeconomic and structural reform in Africa include:

I Lack of coordination among donors.

- ii. Lack of African input into the formulation of reform packages and the timing of their implementation.
- iii. Insistence of donors on extra priorities and conditions, beyond those agreed on between multilateral institutions and African aid recipients. Donors also show insufficient concern for the social and political consequences of adjustment measures.
- iv. Lack of African management and administrative control over adjustment programmes during the implementation phase.
- v. Lack of a follow-up process which would assure that measures advised in Roundtable and Consultative Group meetings are backed up by solid financial commitments.
- 6. It will be impossible for many African countries to achieve the objectives of the. Recovery Programme without decisive action to relieve African international debt. Debt servicing must not be allowed to absorb all resources available for economic rehabilitation and growth. Building a viable productive structure must be an intrinsic part of a longer-term solution to the African debt problem. What is required is better coordination among donors and an institutional means of assuring a net transfer of resources to a given African debtor country. Such a solution will have to be analytically thorough, imaginative, politically sensitive and backed up by international technical support to harmonize donor and recipient priorities. 7. In order to maintain per capita imports during the recovery period at 1980-1982 levels, net annual transfers of assistance should amount to \$11 billion annually for low-income IDA-eligible countries. According to the World Bank, the shortfall in projected levels of aid is on the order of \$1.5 billion annually. This shortfall can only be met by additional aid from bilateral donors, which in turn depends on the successful completion of IDA-VIII at an adequate level. In an historical context, overall global aid has been increasing at a rate of 2 percent annually. Sub-Saharan Africa's share in this aid, which has risen to 30 percent, or a gross level of \$11 billion annually, is unlikely to increase further due to development priorities elsewhere in the world. This means that support for adjustment programmes must depend largely on progressive improvements in the use of available resources by both donors and recipients. Regarding food aid, the World Bank must take a more integrated approach to the net flow of aid resources so as to increase food aid flows
- 8. While African countries are doing a better job of directing their public sector investments, further improvements can be made in this area. A better structuring of regional activities involving both the ECA and the OAU is also indispensable for continued economic development and recovery.
- 9. A 14-point Agenda for Action identifies the following priorities:

by about \$500 million annually.

- i. The U.N. Steering Committee should continue on its present course and further equip itself to provide the centralized and sustained leadership which is warranted by the operational needs of the African situation.
- ii. A more comprehensive central monitoring and information reporting system is needed in order to provide a common information base for government and agency operations.
- iii. Further efforts through Roundtables and Consultative Groups are required to ensure the timely conclusion of negotiations and delivery of aid in support of agreed priorities.
- iv. A new initiative is required for better coordination of aid resource flows with debt relief in relation to ensuring adequate net resource transfers in support of adjustment and reform programmes. Such an initiative should be concentrated where lack of progress in coordinating debt and aid resources is clearly impeding progress in countries which otherwise are making every reasonable effort to solve their financial and economic problems through policy reforms.
- v. The United Nations should launch a special initiative on an emergency basis with respect to the problems of southern African states, similar to the action it took in setting up the Office for Emergency Operations in Africa in response to the famine emergency.
- vi. The Special Facility for Africa created by the World Bank should be renewed after the completion of IDA.
- vii. A better structuring of regional activities is indispensable for continued economic recovery and development in Africa.
- viii. Experienced and energetic officers should be charged with full-time operational coordination responsibilities.
- ix. More balanced public information reporting should highlight Africa's strengths, potentials and successes in relation to its problems and ongoing efforts to overcome them.
- x. Improved donor discipline in support of African recovery and adjustment is the responsibility of donors themselves. Tradeoffs of poor resource allocations need, to be better illuminated and understood by all concerned.
- xi. Programme aid support of World Bank coordinated adjustment reform programmes in Africa must be given top priority. New projects should be restrained in favor of the rehabilitation of existing capacities and support for adjustment reforms.
- xii. Technical assistance allocations for training and for strengthening African institutions require special priority and protection.
- xiii. The scrotal priorities for agriculture, food production and human resource development are central to the success of the African Recovery Programme.
- xiv. The timing of aid decisions and the quality of aid for well-programmed and coordinated priorities may be as important as the quantity of aid.

Recovery in Africa is the critical development assistance problem facing the world community in the next five years. To strengthen the means of cooperation - whether expressed as partnership or compact - will result in timely action and the growth of mutual confidence between African countries and the governments and agencies which seek to help them in their long struggle for full political and economic independence.

ON THE PROGRESS OF AFRICAN RECOVERY

The May 1986 Special Session of the United Nations General Assembly on Africa produced an encouraging consensus on a Programme for African Economic Recovery for 1986-1990. The programme was based on the realistic and widely commended proposals formulated by African governments through the Organization of African States Unity (OAU). However, the general endorsement which this programme received from the United Nations was not accompanied to any significant degree by immediate arrangements for follow-up implementation to assist African governments in strengthening their capacities for programme and policy design, administration, training and funding.

It is clear that special efforts will. have to be made if the quantity and quality of external assistance required by African nations to carry out this programme are to be mobilized. Countries and organizations with a particular development interest in and commitment to Africa must take the lead in providing Africa with the support and cooperation it needs in order to make the best possible use of available resources.

In order to address these issues, the North South Roundtable in cooperation with the Swedish government sponsored an informal consultation at Bommersvik - the school of the Swedish Social Democratic Youth Movement - on October 9-11, 1986. The consultations were attended by ministers and senior representatives from ten African

countries and eleven donor government as well as from eight international institutions and four nongovernmental organizations. Also present was the Special Adviser to the Secretary General of the United Nations appointed to assist in mobilizing the understanding and support of the international community for the African Recovery Programme. (See Appendix I for list of Participants.)

United Nations Follow-up Arrangements

U.N. . coordination has played an important role in worldwide relief efforts during the recent African drought and famine emergency. Also noteworthy is the role of the World Bank in assisting with structural reforms in Africa, reviewed by the Bank/IMF Development Committee in April 1986. In order to maintain the momentum of the Special Session and to mobilize international support, the U.N. Secretary General established a Steering Committee in New York comprising the executive heads, or their designated alternates, of U.N. agencies and entities most directly concerned. The Steering Committee is responsible for organizing and stimulating action by the United Nations required for the effective implementation of the programme, promoting productive consultations with the international community, reviewing and reporting on developments at the national, regional and international levels, and proposing such other initiatives as may be appropriate.

The U.N. Steering Committee in its first meeting on September 4-5, 1986 brought to the fore the principle that "African Governments themselves must be the center and driving force for the implementation, follow-up and monitoring of the Programme." The need for early consultations with African governments to discuss how they intended to implement the programme and to explore how the United Nations could assist in these efforts resulted in an ECA/UNDP-sponsored Extraordinary Meeting of African Ministers of Planning to discuss the follow-up of the Special Session. Further to this, the U.N. Steering Committee established an "operational strategy;' or work programme, which focuses on five principal targets:

- I. To ensure that the priorities of the May 1996 Special Session on Africa are brought to the attention of and incorporated in the work of other ongoing U.N. conferences and negotiations.
- 2. To step up resource mobilization activities for multilateral financial organizations, such as replenishment of the World Bank's IDA-VIII and the African Development Bank, IFAD and other international programmes directly concerned with development in Africa. It was assumed that bilateral resource mobilization for Africa would be handled by the OECD Development Assistance Committee (DAC). This must be closely attuned to and coordinated with the resource mobilization activities of the multilateral organizations.
- 3. To strengthen the existing privileged fora for coordination the North South Roundtables and the World Bank Consultative Groups where most of the important decisions affecting aid and related requirements should be taken.
- 4. To expand public opinion and information support strategy and activities in order to maintain the momentum generated by the U.N. Special Session on Africa and to promote long-term development initiatives. There is an opportunity to capitalize on current international public interest in human-dimension issues, as well as a need to change the image of Africa from that of a basket case of development and a famine-ridden continent to one of societies where strong and purposeful measures for recovery are under way measures which hold the promise of success and deserve to be internationally supported.
- 5. To ensure that the annual report which the U.N. Secretary General submits to the General Assembly on the progress in achieving the goals of the Special Session on Africa becomes a vehicle for mobilizing further support.

An Opening for Recovery

The Special Session and its projected Programme for African Recovery coincided with somewhat improved prospects and opportunities for Africa. During 1986, normal rains had returned to most of the continent. In many countries, good harvests had relieved shortages of food and lowered food prices. Improvements in some exports and lower oil prices had improved external balances for a number of countries. African participants recognized that these modest improvements did not constitute a decisive break in the trend of chronic decline that had afflicted their countries. However, they did provide relief from the difficult economic circumstances of the last few years and an opportunity to accelerate the pace of economic adjustment and reform.

The U.N. Special Session brought into heightened focus an already perceived need for a redirection of African development priorities and programmes and for improved donor support and assistance. African governments had already begun to formulate recovery and

adjustment programmes through the OAU, the African Development Bank and other regional institutions. Now there was a convergence of views on the need for comprehensive structural reforms and major sectoral adjustments in the economies of the sub-Saharan countries. Over half the countries of the region have now moved to adopt formal adjustment programmes with the assistance of the World Bank and in cooperation with the IMF.

African participants discussed their priorities in terms of the rehabilitation of rural areas, support for the central role of agriculture and an emphasis on food production and security. Major plans are directed to a restoration of more normal economic and social patterns, which included resettlement of drought refugees, recapitalizing rural areas, restoration of services and investment in economic infrastructure. A major implication was reversing the urban bias of past development in favor of viable patterns of rural development which would focus more attention on the needs of small farmers and the important role of women in food production, rural services and public works. At the same time, account had to be taken of the debilitating effects of continuing conflict in the region and of the growing problems being created by South Africa's interventions in neighboring African states. The threat of destabilization was increasingly serious in the Frontline States. Transport systems in the southern region, which were their lifeline to the outside world, were said to be almost completely disrupted. Further increases in aid were required to offset the resulting economic deterioration. Mozambique in particular was on the edge of complete disaster. With sanctions against South Africa, it was observed, the situation will become worse in southern Africa before it becomes better. However, sustaining sanctions would be less costly in the long run.

Obstacles to Reform

Macroeconomic and structural reform programmes are under way and being implemented, but there are obstacles.

- 1. All the African participants spoke of the difficulties imposed by the <u>lack of coordination among doors</u>. Some donors do not appear to accept the discipline of reform programmes and assistance packages even though these had been worked out in cooperation with multilateral institutions. Once structural adjustment programmes are agreed on including agreement. on objectives and on parameters for domestic policy reform then donors must coordinate with one another on the extent, nature and timing of the aid assistance necessary to implement them.
- 2. While African governments accept the necessity of structural reform in order to better manage fiscal and external deficits and to rehabilitate their economies, it is essential that they be allowed more <u>leeway in the formulation of reform packages and the timing of their aim lamentation rather than having solutions arbitrarily imposed on them from the outside.</u> African participants made a plea for better international understanding and support, and for dialogue based on specific technical knowledge and sound economic assessment.
- 3. When individual donors insist on renegotiating elements of the reform package in order to impose unilaterally their own <u>priorities and conditions</u>, the process becomes very difficult to manage, and reform programmes risk losing their coherence. Countries are forced to give way under pressure to conditions they often have reservations about. The pressure is all the greater because of the "holy alliance" of investors and commercial interests with some of the donor agencies. Donor priorities and competition for projects, often outside agreed investment priorities for recovery, create difficult problems for African governments. African participants stressed that donors should not come with their own conditions after agreement on reform packages has been reached and conditions fulfilled.

Rather, this is the time for them to offer their unconditional support.

Similarly, some donors support immediate and outright free markets, despite the predominance of no market distorting elements. While it is recognized

that the private sector in African countries does need to be developed, this sector is often weak and cannot be relied upon to function well without safeguards. The transition to more private market activity must be phased in gradually as distorting factors are relieved and social overhead investments are put into place.

The specificity of local situations and African culture also needs to be taken more into account in the negotiation of conditions for reform. Frequently, donor objectives such as decentralization, privatization of the economy and insistence on rapid removal of subsidies are pressed without sufficient regard for social and political considerations. The social cost and timing of adjustment measures are as important as their content.

4. For real success, structural reform and adjustment programmes must be part of the political process of the country concerned, and they must hold the promise of economic

growth, which is fundamental. Recovery programmes must be supported by the people themselves, who should feel they have a stake in the process. Often, adjustment programmes are not <u>subjected to the internal control of the recipient countries</u> and are not well geared to their management and administrative needs. What is important is to build confidence that there is a rational process at the center for macro management, which could tie together the programming in the recipient countries with donor views and firm aid commitments. This is the credibility gap in the structural adjustment programmes now under way.

5. The dialogue process is proving complex, with everyone discussing policy changes and reorientation at". the same time. The Consultative Group and Roundtable meetings are not yielding the necessary resources, since donor governments are often reluctant to commit themselves at these meetings. There is thus a need for some kind of <u>follow-up committee or process</u>.

The Problem of Debt

A problem closely related to the coordination of the more effective structural reform programmes is how to address Africa's heavy international debt. With such a large proportion of the import revenues of many countries directed to debt repayment, there is little left to rehabilitate the African economies for longer-term development. Unless debt problems are more adequately addressed, it will be impossible for many of the African countries to achieve the objectives of the Recovery Programme.

Debt rescheduling for African countries - or preferably, debt forgiveness - will be a continuing feature of financial planning during the five-year recovery period. Viability of the productive structure has to be an intrinsic part of a longer-term solution to the African debt problem. It is not a question of squeezing debt service out of existing structures, but of assuring the provision of additional net resources to rehabilitate, change and improve the existing production structures. Consequently, debt relief and aid must be viewed as closely related elements of adjustment programmes.

However, this is not the current pattern. Participants at Consultative Group meetings represent aid agencies which supply only part of the external finance required. Decisions on debt relief are made separately at the Paris Club and the London Club, and decisions on new loans by exportcredit agencies and commercial banks are beyond the purview of Consultative Groups. Aid levels are usually indicated before agreements are undertaken on debt relief. Using aid monies indirectly for debt relief decreases the resources available for economic rehabilitation and growth. Better harmonization of debt relief and aid involves complex considerations. Currently, there is no institutional means for dealing with adjustment of debt in relation to aid levels and structural reform programmes. It is practically impossible to achieve a target of transferring a given amount of net resources to a debtor African country. There is no institution or forum which has the overall responsibility for ensuring that this sort of target is met. This uncertainty, and the real risk that the resources available will fall short of the target, acts as a considerable disincentive to the progress of reform programmes. What is required is a mutually reinforcing coordination by debtors, bilateral creditors and donors, and the international institutions for the seriously affected African countries. Several African participants made the point that they lack the technical means to deal with these problems without international help. These countries often lack the leverage of the larger debtor countries, such as Brazil and Mexico, to compel special attention to their problems on the part of creditors. Such attention could probably only be obtained on the initiative of influential members of the donor community.

Another African participant stressed that the debt problem had to be examined on an individual country basis and each country accorded differential treatment. If countries are asked to do more than they can do, then the situation will deteriorate rapidly - which is now the case in the more heavily debt-ridden African countries.'

Adequacy of External Aid

There is deep concern that the volume of aid and related prospects for debt adjustment are not adequate', to support the financial requirements for economic' recovery in Africa. While structural adjustment programmes are under way in approximately half the countries in sub-Saharan. African, these programs are not adequately funded. The pace of reform is proceeding much too slowly in terms of translating national plans into operationally effective programmes. More money is needed in order to speed up. reforms and consolidate the progress of adjustment. One of the major areas of follow-up is for countries to prepare 'more thorough country programmes which propose precisely the actions to be taken and the costs of carrying them out. African countries are moving, but they need to move much faster. This will only be possible with adequate external assistance.

In a real sense, the less aid, the more severe the adjustment process. This is proving to be the case in many of the African countries. Structural adjustment is basically a management issue. If it moves too slowly and with mounting difficulties, the whole effort is thrown out of kilter. In such circumstances, the entire momentum for reform could be lost and development in' large parts of Africa set back for a generation.

It is recognized that the estimates of aid requirements made in early 1986 were on an aggregate basis. Nevertheless, they were appraisals by the World Bank of the minimum import requirements - specifically, of what it would take in external resources to maintain per capita imports during the recovery period, 1986-1990, at the levels of 1980-1982. The objective is thus to meet the financial gap in order to stop the decline in African economies and to facilitate a reasonable minimum performance. On this basis, net annual transfers of assistance should amount to \$11 billion for the low-income IDA-eligible African countries. According to the World Bank, the shortfall in projected levels of aid was on the order of \$1.5 billion annually - a shortfall which can only be met by additional aid from bilateral donors. It is assumed that the multilateral financing agencies will be able to provide \$4.6 billion of the requirement annually. This depends on the successful completion of IDA-VIII at an adequate level. It also assumes that there will be little or no slippage in reaching combined agreements between donors and recipient African countries, and that the aid will be available where required on a timely basis. Thus, given the difficulties of coordination on reform packages and delays in actual agreements for fund allocations, it is likely that the shortfall of essential funds could exceed \$1.5 billion annually.

Overall aid during the past ten years has increased by about 2 percent per year in real terms to a level of \$35 billion in 1984/85. During that period, aid to sub-Saharan African has increased from 20 percent to 30 percent as a share of total assistance, to a gross level of \$11 billion annually. The shift to Africa proportionally has been at the expense of low-income countries in other regions, which are now receiving less aid proportionally. The middle-income developing countries are receiving 60 percent of official aid, and that proportion has held firm over the mast ten years.

For the future, it appears likely that overall global aid will continue to increase modestly at an annual, historical rate of 2 percent. Continuing increases may, be expected from most of the members of the OECD, Development Assistance Committee (DAC), with Japan,'. France and Italy being the most important donors in',: terms of volume. But there are likely to be pauses in aid!. growth from a number of countries, with the greatest' uncertainty concerning the United States, which provides': nearly one-third of overall DAC assistance. One participant pointed out that U.S. aid to sub-Saharan Africa appears likely to decline by about 25 percent in the current year over last year. It was pointed out that the U.S. public is not strongly convinced that aid is working. This was due partly to conditions in some of the developing countries, but also to an ideological' stance of the U.S. government in seeking to shift the balance in development investment from the public to the private sector. It was observed that this is appropriate in the middle-income countries of Asia and Latin America, but much less so for the low-income African countries, where the necessary social overhead investment can be made only from public sources. The overwhelming need is to improve the scale and efficiency of social overhead investment, which will gradually open opportunities for greater private sector involvement. While recognizing that a number of African countries are undertaking bold and fundamental adjustment measures which need adequate levels of funding of the right kind over a sustained period, the prospects are for only modest increases in aid, since the proportion of total aid to Africa is unlikely to increase further in view of continuing priorities held for other developing regions of the world. In terms of individual donors, the Nordic countries are allocating about 60 percent of their aid

Africa; Canada, Germany and the United Kingdom are in the range of 30-40 percent; and the U.S. and Japan, about 10-12 percent.

In these circumstances, support of structural adjustment-with-growth programmes in African countries must be in large measure on the basis of progressive improvements in the use of available resources by both recipient developing countries and their aid partners.

Prospects for Improved African Performance

Progress is being made in at least twenty African countries (with about two-thirds of the region's people) - those that are formally undertaking reform programmes and are eligible for assistance from the World Bank's Special Facility for sub-Saharan Africa. These governments are trying to reduce the size of their public sectors and improve their management. Governments are also improving agricultural incentives, deregulating

markets, setting prices more closely to market conditions, and generally doing a better job of directing public sector investment. Progress over the last two years has been truly impressive. The main concern now is to sustain the momentum.

Of course, there are still a number of major problems. In the longer term, the population increase is worrisome, and more attention needs to be given to it. Not all the African countries will be able to deliver on reforms, and for some, no major shift in policies can be expected. Corruption is a problem for some, a process which, encourages far too many project starts. Also, interregional trade has so far been given little encouragement by the African countries. Good progress and generally satisfactory results have been attained by the SADCC countries through regional cooperation, and this under extremely difficult circumstances. More aid should be provided to the Frontline States in southern' Africa to help them sustain their economic programmes. It is important to convince the public in donor countries that Africa is not a hopeless case. While the region has been badly buffeted by climatic and economic setbacks, it has made tremendous strides in the little' more than a quarter-century since independence from; colonial rule. There have been important political and'. administrative consolidations, institutional foundations laid, a steady growth in education, and dramatic improvements in health and sanitary conditions. As one participant put it, "Africa should not be seen as a vagrant, but as an enormous success." Examples of African success need to be more widely publicized.

Africa's main problem is underdevelopment, but its resources, in human and physical terms, are immense.' Many of its new institutions are fragile, but they will progressively gain strength with more experience. In many respects, sub-Saharan African in its development' today is where the Asian subcontinent was thirty years ago: with a rapidly expanding population, inadequate food production and sluggish economic growth. In the last thirty years, India has increased its grain production from 55 million tons - about the level of production in Africa today - to 165 million tons. A similar achievement would be possible for Africa. The means for transforming African agriculture are now being put into place, but there is a need for greater emphasis on agricultural research. Overall, the need is to improve' efficiency in the use of available resources, as. exemplified by the health revolution assisted by UNICEF' and the World Health Organization.

Improving Coordination Performance

With the multiplicity of donor agencies seeking to help African countries, there is a much greater opportunity than ever before for multilateral agencies to play a more important role in coordination. It was recognized that the United Nations had done a good job in the coordination of famine relief and had facilitated the constructive Special Session on Africa. However, as several participants pointed out, in an emergency like famine, objectives are clear, there is a sense of urgency, and all parties tend to merge their particular identities to work together. That is no longer the situation, as the follow-up to date of the Special Session on Africa has demonstrated. There is an unfortunate tendency for each United Nations agency to defend its identity by casting its programme in different terms rather than working together, resulting in too many country missions and slow and ineffective action. To break the bureaucratic bottleneck, the U.N. Steering Committee for the follow-up on the Special Session should continue on its present course with a greater sense of urgency, initiative and staffing. Assisting the African recovery should be seen as the moral equivalent of a famine emergency, for in fact, the destiny and lives of millions of people do depend on improving effective means of assistance and their coordination.

As for North South Roundtable meetings and World Bank Consultative Groups, it is important to step up the 'frequency of Roundtable meetings so that they become part of an ongoing process. More attention should be paid by Roundtable meetings to overall capital relative to technical assistance requirements. The main limitation of the World Bank Consultative Groups is their inability to enforce a method of distributing the burden of providing resources among the different donor governments and agencies. Nor have the Consultative Groups been able adequately to relate debt service issues to overall aid and financial requirements. The emphasis should be on a better process of follow-up negotiations after Consultative Group meetings in order to ensure adequate coordination in the critical area of adequacy of resources to carry out African structural adjustment and sectoral reform programmes.

Regarding coordination, the soundest approach is to place the recipient. countries in a position to coordinate assistance. However, the countries which need aid most are often the least able to coordinate their own priorities in relation to donor priorities; and far too little technical assistance has been devoted to this objective. The human resource element of aid generally has not received sufficient attention. What is needed is more technical assistance

directed to training Africans in the tasks that need to be done. African governments need snore help in the training of staff for coordination offices, and these should be closely related to the coordination functions of governments themselves. Among the many dimensions of coordination are central government coordination of macroeconomic policy, sectoral planning, technical coordination and the negotiation process. Food aid represents a particular type of coordination and management problem for donor and recipient governments. While food aid constitutes 10 percent of official development assistance globally, it constitutes 20-25 percent of official development aid to sub-Saharan Africa. This high proportion is due to the failure of the region's food production to keep pace with population needs. As an addition to resources, it is possible to increase food aid flows by about \$500 million annually during the period of the recovery programme. This will require more careful programme coordination with other aid flows and with the objectives of sectoral adjustment. Given the central role of the World Bank in structural adjustment coordination, it is important for the Bank to take a more integrated approach to food aid in relation to the net flow of aid resources.

Coordination also means good management and the acceptance of discipline in the pursuit of commonly agreed objectives. While the World Bank is expected by donors to exercise an agreed discipline with African aid recipients, some donors themselves resist institutional discipline. A number of donors are pressing for increased bilateral aid, often for narrow commercial advantages. But it will not be possible to make the necessary progress in Africa with an overly bilateral project approach. Local currency funding of projects does not really solve the problem.

The choice for donors in helping African development is between projects and structural adjustment. Several participants observed that for bilateral donors to help Africa get ahead, it will be necessary to reduce aid to projects and place more aid in structural adjustment programmes under the direction of the World Bank.

One key to improved coordination is good monitoring and a reliable source of periodic reporting on essential developments, special problems and requirements. A combined effort by nongovernmental organizations might play a role in progress reporting and monitoring.

A number of nongovernmental organizations have been highly effective in field work with famine relief. Some are now undertaking more development-related activities and encouraging local African private initiatives. In particular, external NGOs have played an important role in encouraging indigenous groups to organize in such technical fields as education and public health. However, when NGOs organize people in activities bordering on politics in the broader sense, they sometimes collide with governments seeking to centralize absolute authority. Also, some NGOs seem to be losing their sense of direction and voluntary character by acting too frequently as conduits for government funding, by becoming overly commercial in their own fund-raising and by building bureaucracies. Yet the role of no state structures is important, and it would be useful to develop guidelines or "rules of the game" by which NGOs and governments might police themselves.

An Agenda for Action

The true success of the United Nations Special Session will be judged by the way in which the opening for economic recovery in Africa will be followed up. Progress in Africa will only be possible through a combined operational approach involving sustained action by African governments, coordinated donor assistance and decisive action to relieve African international debt. Much depends on the force and coherence of the actions of international institutions in assisting overall programme coordination. A good beginning has been made in some twenty African countries, but the margins for sustained effort appear to be very narrow. This places a high premium on more acceptance by all parties concerned with African recovery of commonly identified operational objectives and the discipline of improved coordination.

Participants in the Bommersvik consultation urged a number of actions, although each proposal did not necessarily evoke the support of all. The proposals are as follows: I. The U.N. Steering Committee should continue on its present course and further equip itself to provide the centralized and sustained staff leadership which is warranted by the operational needs of the African situation.

2. A more comprehensive central monitoring and information reporting system is particularly important to report on a quarterly basis on progress and special problems as

they arise in order to provide a common information base for government and agency operations. The annual reports on the progress of the recovery effort requested by the General Assembly for the years 1987 and 1988 are not sufficient for operational coordination purposes.

- 3. While progress has been made by the World Bank in revitalizing the country-focused Consultative Groups, further efforts are required to ensure that the necessary financial support is pledged and actually made available on a timely basis. More work needs to be done through the North South Roundtable and other for a in order to ensure the timely conclusion of negotiations for aid in support of agreed priorities. Roundtables and Consultative Groups should adopt similar operating procedures and criteria of effectiveness.
- 4. A new initiative perhaps by like-minded governments is required for better coordination of aid resource flows with debt relief in relation to ensuring adequate net resource transfers in support of adjustment and reform programmes. The effort would have to be analytically thorough, imaginative, and politically sensitive to overcome the many constraints now impeding action. Also, the initiative should be concentrated where lack of progress in coordinating debt and aid resources is clearly impeding progress in countries which otherwise are making every reasonable effort to solve their financial and economic problems through policy reforms.
- 5. The United Nations should launch a special initiative on an emergency basis with respect to the problems of southern African states, similar to the action it took in setting up the-Office for Emergency Operations in Africa in response to the famine emergency.
- 6. The Special Facility for Africa created by the World Bank should be renewed after the completion of IDA.
- 7. There is a need for rationalization of regional mechanisms not only to improve the exchange of planning and operational experience, but also to address critical regional issues of cooperation, such as trade and finance, and the complementarities of combined economic actions in the medium to longer term. The staff of both the ECA and the OAU should be strengthened for these essential purposes. A better structuring of regional activities is indispensable for continued economic recovery and development in Africa. 8. Improving coordination mechanisms at the overall, regional and country levels will involve some additional expenditures in the assignment of experienced and energetic officers charged with full-time operational coordination responsibilities. They need to be specifically identified and given time away from other duties to fulfill their important follow-up coordination functions. Where the requisite skills are not available within agencies, they should be sought from outside on an appropriate consultative basis. 9. More balanced public information reporting is required on Africa's strengths, potentials and successes in relation to its problems and ongoing efforts to overcome them. This is primarily a matter of providing fuller information on the human dimensions of African
- development efforts, including progress in education, health, literacy, child survival, economic recovery and reform, and the strengthening of national and cultural identity, including the struggle of the Frontline States.
- 10. The issue of improved donor discipline in support of African recovery and adjustment needs more concrete attention. Basically, improvement rests on the good behavior of donors themselves. No one expects perfection in this regard, since donors have special interests. However, the stakes for development in Africa, for donors as well as African countries, are high, and tradeoffs of poor resource allocations need to be better illuminated and understood by all concerned.
- 11 Programme aid support of World Bank-coordinated adjustment reform programmes in Africa must be given top priority. This means that generally, new projects should be restrained in favor of the rehabilitation of existing capacities and support for adjustment reforms.
- 12. Technical assistance allocations for training and for strengthening African institutions require special priority and protection.
- 13. The sectoral priorities for agriculture, food production and human resource development are central to the success of the African Recovery Programme.
- 14. The timing of aid decisions and the quality of aid for well-programmed and coordinated priorities may be as important as the quantity of aid.

Recovery in Africa is the critical development assistance problem facing the world community in the next five years. To strengthen the means of cooperation whether expressed as partnership or compact - will result in timely action and the growth of mutual confidence between African countries and the governments and agencies which seek to help them in their long struggle for full political and economic independence.

APPENDIX I

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APPENDIX 11

Papers Available for the Consultation

Beyond the Famine: New Directions in Development report of the Sudan National Roundtable New York: North South Roundtable, 1986).

Beyond the Famine: New Directions in Development, report of the Africa Regional Roundtable New York: North South Roundtable, 1986).

Maurice F. 'Strong, <u>Famine in Africa</u> (New York: U.N. Office for Emergency Operations in Africa, 1986).

Extract from the President's Report to the Development Assistance Committee (OECD Document DC/86-16, September 1986), paragraphs 50-68.

Briefing Note on Follow-up to the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, mimeographed (New York: Office of the Secretary of the Steering Committee, October 1986).

APPENDIX III

North South Roundtable Publications

Books (paperback)

<u>The Informatics Revolution and the Developing Countries,</u> ed. Khadija Haq, 1986, 127 pp. <u>Human Development; The Neglected Dimension</u>, ed. Khadija Haq and Uner Kirdar, 986, 446 pp.

The Lingering, Debt Crisis, ed. Khadija Haq, 1985, 271 pp.

Adjustment With Growth: A Search for an Equitable Solution, ed. Khadija Haq and Carlos Massad, 1984, 336 PP.

Crisis of the '80s, ed. Khadija Haq, 1984, 317 pp.

Global Development: Issues and Choices, ed. Khadija Haq, 1983, 2 1 pp.

<u>Energy for Development: An International Challenge,</u> by John Foster, Efrain Friedmann, James W. Howe, Francisco R. Parra and David H. Pollock, 1981, 257 pp.

Roundtable Papers

<u>Dialogue on Energy in Latin America</u> (Roundtable Paper 9) ed Khadija Haq, 1985, 120 pp. <u>Cancun: A Candid Evaluation</u> (Roundtable Paper 8), by Roundtable Members, 1982, 88 pp. <u>Dialogue on Energy: Report of NSRT Missions to Kenya, Sudan, Tanzania, Ban ladesh, Pakistan and Sri Lanka</u> Roundtable Paper 7, 1984, 110 pp. <u>Food Security for People and Nations</u> (Roundtable Paper 6), by Hossein Ghassemi, Khadija Haq, Dale Hill and Martin McLaughlin, 1982, 76 pp.

A Global Agenda for the Eighties (Roundtable Paper 5), ed. Khadija Haq, 1981, 128 pp.

<u>Energy and Development: Policy Issues and Options</u> Roundtable Paper 4, by John Foster, Mahbub ul Haq and Francisco Parra, 1981, 98 pp.

Energy and Development An Agenda for Dialogue Roundtable paper 2, by Salah AI-Shaikhly and Mahbub ul Haq, 1980, 25 pp.

Beyond the Brandt Commission (Roundtable Paper I), ed. Khadija Haq, 1980, 95 pp.

Reports

<u>Salzburg Statement on Adjustment and Growth with Human Development,</u> from the 2nd Session of the Roundtable on the Human Dimension of Development, 1986, 23 pp.

Beyond the Famine: New Directions in Development, of the Africa Regional Roundtable in Nairobi, 1986, 16 pp.

<u>Beyond the Famine: New Directions in Development,</u> Report of the Sudan National Roundtable in Khartoum, 1986, 25 pp.

<u>Statement of the Roundtable on Money and Finance</u>, Report of the 4th Session of the Roundtable on Money and Finance, 1986, 45 pp.

<u>The Informatics Revolution and the Developing in Countries</u>, Report of a Consultative Meeting, P985, 2 pp.

Istanbul Roundtable Statement on Development: The Human Dimension, from the 1st Session of the Roundtable do the Human Dimension of Development, 1985, 24 pp.

Report of the North South Food Roundtable on the Crisis in Africa, 1985,37 pp.

Vienna Statement on World Monetary, Financial and Human Resource Development

Issues, Report of the 3rd Session of the Roundtable on Money and Finance, 1984, 20 pp.

Statement from Santiago, Report of the 2nd Session of the Roundtable on Money and Finance, 1984.

<u>Statement from Istanbul</u>, Report of the 1st Session of the Roundtable on Money and Finance, 1983, 40 pp.

<u>The Oiso Declaration</u>, Summary Report of the 4th Annual NSRT Session 1982, 17 pp. <u>Castelgandolfo Report on Renewable Energy: Policies and Options;</u> Report of an Expert Group Meeting, 1991, 25 pp.