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**SHARED GOVERNANCE: COMBATTING POVERTY AND EXCLUSION**

**Roles, Responsibilities and Strategies for International and Supranational Organizations**

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## **SHARED GOVERNANCE: COMBATTING POVERTY AND EXCLUSION**

### **Roles, Responsibilities and Strategies for International and Supranational Organizations<sup>1</sup>**

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#### **INTRODUCTION.**

The main subject of the Second IIAS International Regional Conference, held in Cameroon: “Shared Governance: Combating Poverty and Exclusion” seemed most appropriate and timely. This is also true indeed for the presentations and discussion to take place in Workshop III on the Roles, Responsibilities and Strategies for International and Supranational Organizations playing its part in combating poverty and exclusion within the shared governance approach.

After the end of WWII and the colonial era the economic development became both a hope and an imperative for the so-called, subsequently, “underdeveloped”, “developing”, and “emerging” countries almost all over the world.

Economic growth and development should in “due” time produce the miracle: society should become everywhere able to provide an acceptable and ever improving standard of living for everyone. If by the early fifties the “miracle” of the European reconstruction had been achieved for the most part, why the economies of the underdeveloped world should not grow at a fast pace, as required to fill gradually the gap with the developed ones?

Let us see in the next table what actually happened, and where we were at the end of the century.

The World and Groups of Countries: Main Economic and Social Indicators

Group of Countries	Population		GNP at PPP		GNP per capita at PPP		Average GDP growth/year	
	millions	%	billions US\$	%	US\$	%	%	%
	1999	1999	1999	1999	1999	1999	1980-90	1990-99
<b>World</b>	5,975	100.0	38,804.9	100.0	6,940	28.4	3.2	2.5
Low Income	2,417	40.5	4,315.1	11.1	1,790	7.3	4.4	2.4
Middle Income	2,667	44.6	13,022.1	33.6	4,880	20.0	3.2	3.5
Lower Middle Income	2,094	35.0	8,298.2	21.4	3,960	16.2	4.0	3.4
Upper Middle Income	573	9.6	4,769.2	12.3	8,320	34.1	2.5	3.6
High Income	891	14.9	21,763.4	56.1	24,430	100.0	3.1	2.4
<b>Low &amp; Middle Income</b>	5,084	85.1	17,323.9	44.6	3,410	14.0	3.4	3.3
Latin America & Caribbean	509	8.5	3,197.1	8.2	6,280	25.7	1.7	3.4
Europe & Central Asia	475	7.9	2,654.1	6.8	5,580	22.8	2.4	-2.7
Middle East & North Africa	291	4.9	1,337.5	3.4	4,600	18.8	2.0	3.0
East Asia & Pacific	1,837	30.7	6,423.8	16.6	3,500	14.3	8.0	7.4
South Asia	1,329	22.2	2,995.1	7.7	2,030	8.3	5.7	5.7
Sub-Saharan Africa	642	10.7	929.3	2.4	1,450	5.9	1.7	2.4

Source: PEA from: World Bank: World Development Report 2000/2001 - Attacking Poverty

<sup>1</sup> Final Report, IIAS Second International Regional Conference, Cameroon July 14-19, 2003 - Workshop III, preliminary full version, to be abridged for publication by IIAS

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In an early 1980s paper published in the IRAS I had already pointed out to the deep concern because of the increasing gap in economic and social development between the main groups of countries, at the time: the first, the second, and the remaining, generically, third world.<sup>3</sup>

Confronting the data on that paper with the ones in the table above is both striking and painful: not even in the most pessimistic view the extent the gaps have reached around the end of the century could have been imagined.

As a matter of fact growth took place in most underdeveloped countries but in a most unequal way among countries. Moreover in almost all “developing” countries the pace of growth was never able to fill the ever-increasing gap, and to make things worse, the gap increased at a faster pace in the last two decades. Only the East Asia & Pacific, and the South Asia groups of countries show a rate of growth consistently higher over the last two decades than the High Income countries, so they made some inroads. But as they also have very large populations, their per capita incomes remain among the lowest ones, even when measured on Purchase Parity Power basis, allowing for some relative improvement in the purchasing power of their income resulting from the lower prices of consumption goods and services.

High rates of growth of population are leading to slower economic growth in per capita terms, what counts in terms of the social meaning of it, not only in these groups of countries, but most everywhere among the lower middle income and low income countries.

The table shows extreme disparities: in one end 14.9% of the world population pertaining to the high income countries gets 56.1% of the world income even on PPP basis!; on the other end Sub-Saharan Africa with 10.7% of the world population gets only 2.4% of the World GNP on PPP basis! Not surprisingly GNP per capita are US\$ 23,430 and 1,450, respectively, the former being more than 16 times higher than the latter one!

The gap keeps widening not just for Sub-Saharan Africa: while the GNP of the high income countries is the 56.1% of the World total, the whole Middle and Low Income countries, with the remaining 44.6% of the World GNP and with 85.1% of the population, when grouped on geographical basis show the following respective percentages: East Asia & Pacific: 16.6% of GNP and 30.7% of population; Latin America & Caribbean: 8.2 and 8.5; South Asia: 7.7 and 22.2; Europe & Central Asia: 6.8 and 7.9; Middle East & North Africa: 3.4 and 4.9; and as already said Sub-Saharan Africa: 2.4 and 10.7! And GNP figures are on PPP basis, which makes the differences looking smaller!

As Professor Michiel S. de Vries says in his paper “...at the local level poverty and social exclusion themselves are the most tangible. Instead of the statistics the national level of governments and international organizations have to base their policies on, and which indicate that all over the world nearly one billion people, i.e. 27.30% of all people in non-OECD countries have to live on less than one dollars a day, (cf. World Bank group, Global poverty monitoring, 2000), the daily and severe problems of the poor are most prominently visible within the communities. This is not to say that poverty analysis on higher levels is unimportant, because as Oded Grajew said at the Annual World Bank Conference on economic development: “Global social conditions are extremely disturbing. The difference between the richest 20% and the poorest 20% of the planet was 11 times in 1913, widening to 30 times in 1960, to 60 times in 1990, and to 74 times in 1997. Just 20% of the global population holds 86% of the wealth, and in 1998, 86% of income growth was appropriated by the same 20% of the population. These same 20% own 74% of the telephone lines and are responsible for 93% of the use of the Internet. The poorest 20% receive 1% of global income, 1.5% of the telephone lines and 1% of Internet use”.<sup>4</sup>

While the traditional, conservative view on income redistribution rests on the expected “trickle down effect” of economic growth we can surely conclude that economic growth is actually not being enough and it is not coming fast enough to make a significant impact and to help effectively reversing the main trends as shown above.

At the national level, most developed countries’ governments have some proactive income redistribution programs, beyond the expected impact of progressive taxation.

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<sup>3</sup> Andrieu, Pedro E: The development of the Third World and Latin America after WWII: hopes, realities and perspectives, in International Review of Administrative Sciences, Vol. L, 1984 No.1, Brussels, Belgium. Reprinted: Interamerican Development Bank, Washington, DC, USA, Reprint Series No. 128, 1986

<sup>4</sup> de Vries, Michiel S.: Roles and Responsibilities of Local and Subnational Administrations and Communities – IIAS Second Regional International Conference – Introductory Report – Workshop IV – Cameroon, 2003

At the international level the so-called Official Assistance for Development (ODA) is intended to play such a role. The 2000/1 World Bank Report on Attacking Poverty shows in Table 21 that 1998 ODA amounted to only 0.6% of World GDP, and before in the same Report it tells that the trend over the last decade is towards lowering such an already very low percentage! Evidently it is better for poor countries having it than nothing, but not much can be expected from ODA at least in the near future.

It is also true that in the real world, multilateral financing at low rates and longer repayment periods, more open access to the high income countries markets for poorer countries exports, and last but by no means least, private direct investments, could contribute much more than ODA to better income distribution by the way of nurturing good paying jobs creation.

So, as the Group of Eight Heads of State and Government of eight major industrialized democracies and the Representatives of the European Union, says in the "G8 Africa Action Plan" released in the Kananaskis, Canada, meeting with African Leaders of June 27, 2002 "The case for action is compelling. Despite its great potential and human resources, Africa continues to face some of the world's greatest challenges. The many initiatives designed to spur Africa's development have failed to deliver sustained improvements to the lives of individual women, men and children throughout Africa."

While as shown above the Sub-Saharan Africa case is without any doubt the most urgent and disturbing one, it is by no means the only region of the world in deep trouble today because of the inability to face effectively the challenges posed by the extent of poverty and exclusion almost all over the world.

#### **WORLD BANK APPROACHES AND STRATEGIES FOR ECONOMIC AND SOCIAL DEVELOPMENT, AND FOR DEALING WITH POVERTY**

Approaches to economic development and to reducing poverty strategies have evolved since international ideas, concerns and efforts grew in force around the mid 20th. century. From there on experiences – good and bad ones - and better economic and social information and knowledge led gradually to a deepening understanding of the complexity of economic and social development, and also to the need of confronting reality: economic growth was not progressing enough as expected, and in any event social development, regarded as an automatic consequence of it, was not following suit as needed.

In the 1950s and 1960s the predominant view was that large investments in physical capital and infrastructure were the primary means of economic development.

In the 1970s awareness grew that physical capital was not enough, and that human capital was at least as important, so health and education were given high priority too.

As a matter of fact World Development Report 1980 articulated this approach by arguing that improvements in health and education were important not only in their own right but also to promote growth in the incomes of poor people, somehow one step further in the way of reasoning about social development.

During the 1980s another shift of emphasis took place, as a result of the debt crisis and global recession, and also because of the contrasting experiences in the economic growth of East Asia in one side, and Latin America, South Asia, and Sub-Saharan Africa on the other one. At that time most attention was devoted to improving economic management and allowing a larger role for market forces. This approach became quickly known as "the Washington Consensus"

However the "World Development Report 1990: Poverty" presented a two-pronged strategy for fighting against poverty: promoting labor-intensive growth through economic openness and investment in infrastructure in one side, and giving priority to focusing in providing basic services in health and education to poor people to make them more able to enter the labor market.

In the 1990s governance and institutions – public sector, the market, and the civil society - moved toward center stage, together with the issues of vulnerability at the local and national levels in the face of natural disasters and external and internal economic and financial shocks.

As a kind of an already established sequence at the beginning of each decade, the issue of poverty came back, this time under a stronger language, in the “World Development Report 2000/2001: Attacking Poverty” issued by the World Bank in September 2000. In fact possible wide and in chain social reactions against poverty and exclusion began to be considered an increasing risk for governance, democracy and the market economy.

The report builds on the earlier strategies in the light of the cumulative evidence and experience of the past decade, and in the light of the changed global context.

### **Strategy for attacking poverty**

It now proposes a strategy for attacking poverty in three ways: promoting opportunity, facilitating empowerment, and enhancing security. It shows very clearly the long way, the wide and deep evolution reached in the concept of economic and social development, to a complex encompassing view of interrelated factors, institutional and social arrangements, policies and actions, and in the magnitude and complexity of the challenges involved in the process leading to it.

#### ***Promoting opportunity***

Poor people consistently emphasize the centrality of material opportunities. This means jobs, credit, roads, electricity, markets for their produce, and the schools, water, sanitation, and health services that underpin the health and skills essential for work. Overall economic growth is crucial for generating opportunity. So is the pattern or quality of growth. Market reforms can be central in expanding opportunities for poor people, but reforms need to reflect local institutional and structural conditions. And mechanisms need to be in place to create new opportunities and compensate the potential losers in transitions. In societies with high inequality, greater equity is particularly important for rapid progress in reducing poverty. This requires action by the state to support the buildup of human, land, and infrastructure assets that poor people own or to which they have access.

#### ***Facilitating empowerment***

The choice and implementation of public actions that are responsive to the needs of poor people depend on the interaction of political, social, and other institutional processes. Access to market opportunities and to public sector services is often strongly influenced by state and social institutions, which must be responsive and accountable to poor people. Achieving access, responsibility, and accountability is intrinsically political and requires active collaboration among poor people, the middle class, and other groups in society. Active collaboration can be greatly facilitated by changes in governance that make public administration, legal institutions, and public service delivery more efficient and accountable to all citizens, and by strengthening the participation of poor people in political processes and local decision-making. Also important is removing the social and institutional barriers that result from distinctions of gender, ethnicity, and social status. Sound and responsive institutions are not only important to benefit the poor but are also fundamental to the overall growth process.

#### ***Enhancing security***

Reducing vulnerability to economic shocks, natural disasters, ill health, disability, and personal violence is an intrinsic part of enhancing well-being and encourages investment in human capital and in higher-risk, higher-return activities. This requires effective national action to manage the risk of economy wide shocks and effective mechanisms to reduce the risks faced by poor people, including health and weather-related risks. It also requires building the assets of poor people, diversifying household activities, and providing a range of insurance mechanisms to cope with adverse shocks –from public work to stay-in-school programs and health insurance.

There is no hierarchy of importance among them: the elements are deeply complementary. Each part of the strategy affects underlying causes of poverty addressed by the other two. For example, promoting opportunity through assets and market access increases the independence of poor people and thus empowers them by strengthening their bargaining position vis a vis the state and society. It also enhances security, since an adequate stock of assets is a buffer against adverse shocks. Similarly, strengthening democratic institutions and empowering women and disadvantaged ethnic and racial groups, by eliminating legal discrimination against them-expand the economic opportunities for the poor and socially excluded. Strengthening organizations of poor people can help to ensure service delivery and policy choices

responsive to the needs of poor people and can reduce corruption and arbitrariness in state actions as well. And if poor people become more able to monitoring and controlling the local delivery of social services, public spending is more likely to help them during crises. Finally, helping poor people cope with shocks and manage risks puts them in a better position to take advantage of emerging market opportunities.

All these considerations explain why the Report proposes a very comprehensive approach to attacking poverty.

Still, the main challenge at this point means how to translate such a comprehensive strategy into concrete and conductive actions

The Reports suggest that there is not such a thing as a simple, universal blueprint for implementing this strategy.

Each developing country, and region if it comes to that case, has to find and design its own mix of policies to reduce poverty, reflecting national priorities and local realities. Concrete and specific choices will depend on the economic, sociopolitical, structural, and cultural context of individual countries, and at a lower level, indeed, of individual communities.

While the Report proposes a far more comprehensive approach than in the past, priorities will have to be set in individual cases based on the actual availability of resources and on what is institutionally (including culturally) feasible.

However, it is also needed to take into consideration that progress in reducing some specific aspects of deprivation is possible even if other aspects remain unchanged. For example, inexpensive oral rehydration campaigns can significantly reduce infant mortality, even if incomes of poor people do not change.

But still, in most cases actions will be necessary in all three fronts -opportunity, empowerment, and security—because of the complementarities among the three, when objectives more wide in nature and extension.

Even if the main choices lay in the developing countries themselves, the support, contributions and actions of developed countries and multilateral organizations remains being a crucial need. As a matter of fact many factors affecting poor people's lives are beyond the influence or control of developing countries. They cannot on their own produce such things as international financial stability, international trading opportunities, major advances in health and agricultural research, and so on.

For the time being large, sustained and concrete cooperation actions by the international community will continue to be sine qua non factor for economic development and for poverty eradication from the poorer countries.

### **Areas for action: National actions**

#### ***Opportunity***

The core policies and institutions for creating more opportunities for poor people involve complementary actions to stimulate overall growth, make markets work for poor people too, and build their assets and capabilities, including addressing inequalities in the availability and distribution of such endowments as education.

Encouraging effective private investment. Investment and technological innovation are the main drivers of growth in jobs and labor incomes. Encouraging private investment requires reducing risk for private investors through stable fiscal and monetary policy, stable investment regimes, sound financial systems, and a clear and transparent business environment. But it also involves ensuring the rule of law and fighting corruption in business environments based on kickbacks, subsidies for large investors, special deals, and monopolies.

Special policies and measures are essential to make possible that micro enterprises and small businesses, which are often particularly vulnerable to bureaucratic harassment and the buying of privilege by

rich people and large corporations, can participate effectively in markets. Policies to that effect include ensuring access to credit by promoting financial opening and reducing the sources of market failure; lowering the transactions costs of reaching export markets by expanding access to Internet technology, organizing export fairs, and providing training in modern business practices; and building feeder roads to reduce physical barriers. Creating an open business environment for poor households and small firms may also require deregulation and institutional reform, for example, reducing restrictions on the informal sector, in land tenure or registry procedures that discourage small investments. Private investment has to be complemented by public investment in expanding infrastructure and communications, and in upgrading the skills of the labor force, to promote competitiveness and new market opportunities.

Expanding into international markets. International markets offer opportunities for job and income growth; experience show that all countries that have had major reductions in poverty have reached it mainly through international trade. But opening to trade creates losers as well as winners, and it will yield substantial benefits only when countries have the infrastructure and institutions to make possible a strong supply response. Thus the opening of the economy has to be carefully designed, with special attention to each country specific situation, paying attention to institutional and other bottlenecks. The sequencing of policies to be implemented should encourage job creation and manage job destruction, including supporting income and education programs for unemployed people. If all these aspects are duly taken into consideration, liberalization needs not necessarily to be a slower one; moving fast can create more job opportunities for the poor. Explicit policies and programs must be implemented to offset transitory costs for affected people.

The opening to foreign capital flows has to be managed and monitored very carefully, in step with domestic financial sector development, to reduce the risk of high volatility in capital flows. Long-term direct investment can bring positive externalities, such as knowledge transfer, but short-term flows can bring negative externalities, particularly volatility that has to be prevented. Policies need to address both types of capital flows separately.

Building the assets of poor people. Creating human, physical, natural, and financial assets that poor people can own or use requires actions on three fronts. First, increase the focus of public spending on poor people in particular, expanding the supply of basic social and economic services and relaxing constraints on the demand side (through, for example, scholarships for poor children). Second, ensure good quality service delivery through institutional action involving sound governance and also the use of markets and multiple agents when appropriate and available. This can imply both reforming public services delivery, as in education, or privatizing in a fashion that make sure expansion of services reaches and includes poor people, as often could make sense in urban water and sanitation. Third, ensure the participation of poor communities and households in choosing and implementing services and in monitoring them to keep providers accountable. Programs oriented to building the assets of poor people can include broad-based expansion of schooling with parental and community involvement, stay-in-school programs, nutrition programs, mother and child health programs, vaccinations and other health interventions, and community-based schemes to protect water resources and other elements of the natural environment.

There are powerful complementarities between actions in different areas. Because of close linkages between human and physical assets, for example, improving poor people's access to energy or transport can increase their access and returns to education. And improving the environment can have significant effects on poverty. This account is well documented in terms of the substantial gains in health from reduced air and water pollution-which have a major influence on some of the most important diseases of poor people, including diarrheal problems of children and respiratory infections.

Addressing asset inequalities across gender, ethnic, racial, and social groups. Strong special policies are required in many societies to deal with socially based asset inequalities. Although political and social resistance often obstruct change, there are experiences of mechanisms that work, using a mix of public spending, institutional change, and participation.

Getting infrastructure and knowledge to poor areas, rural and urban. Special action is also needed in poor areas, where a combination of asset deprivations, including at the community or regional level, can diminish the material reform-prospects for poor people. Tackling this again requires public support and a range of institutional and participatory approaches. It requires providing social and economic infrastructure in poor, remote areas, including transport, telecommunications, schools, health services, and electricity. It also requires broad based provision of basic urban services in slums, within an overall urban strategy. Also important is expanding access to information for poor villages, to allow them to participate in markets and to monitor local government.

### ***Empowerment***

The potential for economic growth and poverty reduction depends heavily on state and social institutions. Action to improve the functioning of state and social institutions improves both growth and equity by reducing bureaucratic and social constraints to economic action and upward mobility. However, devising and implementing these changes require strong political will, especially when the changes fundamentally challenge culturally established social values or entrenched interests. Governments can do much to influence public debate to increase awareness of the societal benefits of pro-poor public action and build political support for such action.

Laying the political and legal basis for inclusive development. State institutions need to be open and accountable to all. This means having transparent institutions, with democratic and participatory mechanisms for making decisions and monitoring their implementation, backed up by legal systems that promote economic growth and legal equity. Since in most cases poor people lack the resources and the information to access the legal system, measures such as legal aid and dissemination of information on legal procedures are especially powerful instruments for creating more inclusive and accountable legal systems.

Creating public administrations that promotes growth and equity. Public administrations that implement policies efficiently and without corruption or harassment improve service delivery by the public sector and facilitate growth of the private sector. Appropriate performance incentives are needed to make public administrations accountable and responsive to users. Access to information such as budgeting infrastructure, participatory budget mechanisms, and performance rating of public services all enhance citizens' capacity to shape and monitor public sector performance while reducing opportunities and scope for corruption. Reforming public administrations and other agencies such as the police to increase their accountability and responsiveness to poor people can have a major impact on their daily lives.

Promoting inclusive decentralization and community development. Decentralization can bring service agencies closer to poor communities and poor people, potentially enhancing people's control of the services to which they are entitled. This will require the strengthening of local capacity and devolution of financial resources. It is also necessary to have measures to avoid capture by local elites. Decentralization needs to be combined with effective mechanisms for popular participation and citizen monitoring of government agencies. Examples include decentralization that fosters community-driven choices for resource use and project implementation. There is also a range of options for involving communities and households in sectoral activities-such as parental involvement in schooling and users associations in water supply and irrigation.

Erasing social barriers. Social structures and institutions form the framework for economic and political relations and shape many of the dynamics that create and sustain poverty-or alleviate it. Social structures that are exclusionary and inequitable, such as class stratification or gender divisions, are major obstacles to the upward mobility of poor people. Groups facing active discrimination can be helped by selective affirmative action policies. Social fragmentation can be mitigated by bringing groups together channeling their energies into political processes instead of open conflict, removing ethnic, racial, and gender bias in legislation and the operation of legal systems, and encouraging the representation and voice of women and disadvantaged ethnic and racial groups in community and national organizations.

Supporting poor peoples social capital. Social norms and networks are a key form of capital that people can use to move out of poverty. Thus it is important to work with and support networks of poor people and to enhance their potential by linking them to intermediary organizations, broader markets, and public institutions. Doing this also requires improving the legal, regulatory, and institutional environments for groups representing poor people. Since poor people usually organize at the local level actions will also be needed to strengthen their capacity to influence policy at the state and national levels, such as by linking local organizations to wider organizations.

### ***Security***

Achieving greater security requires a heightened focus on how insecurity affects the lives and prospects of poor people. It also takes a mix of measures to deal with economy wide or region wide risks and to help poor people cope with individual adverse shocks.

Formulating a modular approach to helping poor people manage risk. Different interventions, at the community, market, and state levels, are needed to address different risks and different segments of the



population. A mix of interventions may be needed to support the management of risks for communities and households, depending on the type of risk and the institutional capacity of the country. Microinsurance programs can complement microcredit programs for poor women, built around their organizations. Public works schemes can expand in response to local or national shocks. Food transfer programs and social funds to help finance projects identified by communities can also be effective in coping with disaster.

Developing national programs to prevent, prepare for, and respond to macro shocks, both financial and natural. Economy-over wide shocks are often the hardest for poor communities and households to cope with, especially when the shocks are repeated, deep, or persistent. To manage the risk of financial and terms of trade shocks, sound macroeconomic policy and robust financial systems are fundamental. But they have to be complemented by prudent management of the opening of the capital flows, to reduce the risk of volatile short-run flows. Special measures are also needed to ensure that spending on programs important to poor people, social programs and targeted transfers, does not fall during a recession, especially relative to the rising need. Equally important, countercyclical safety nets should be permanent and ready to be deployed when countries are hit by a shock. These and other actions can also help in coping with natural shocks. "Calamity funds" can finance relief efforts following natural disasters and support new technology and training for better risk assessment. Making investments and insurance arrangements in normal times can reduce personal and social costs when a disaster occurs.

Designing national systems of social risk management that are also pro-growth. There is demand across the world for national systems of social risk management. The challenge is to design them so that they do not undercut competitiveness and so that poor people benefit. Some examples: systems that both provide insurance for the non poor and include social pensions for the poor; health insurance that protects against catastrophic illness that could wipe out a family's assets; and unemployment insurance and assistance that do not compromise the incentive to work. To gain the full benefits of such schemes, however, economies need the institutional capacity to manage them effectively.

Addressing civil conflict. Civil conflict is devastating for poor people: the bulk of conflicts are in poor countries and most are civil wars—more than 85 percent of all conflicts were fought within country borders between 1987 and 1997. In addition to the direct loss of life, they wreak social and economic havoc and create a terrible legacy of psychological and social trauma. Child soldiers are often recruited to fight and many more children suffer the loss of family, disruption of schooling, and psychological scars that permanently diminish their prospects.

While it is very important to sustain the focus on rebuilding societies after conflict, it is equally urgent to take measures to prevent conflict. Strengthening pluralist institutions, supporting minority rights and providing the institutional basis for peaceful conflict resolution could have a significant influence. Also important for averting conflict are efforts to get different groups to interact through more inclusive and participatory political institutions and through civil institutions. International action to reduce access to the resources to finance conflict and to reduce international trade in armaments is also necessary. If countries can get onto a path of inclusive economic development, they have the potential to shift from a vicious to a virtuous cycle. Violent conflict constitutes one of the most urgent and intractable areas for action affecting some of the poorest people in the world.

Tackling the HIV/AIDS epidemic. HIV/AIDS is already one of the most important sources of insecurity in severely afflicted countries in Africa. While the immediate, devastating effects are at the individual and household level, the social consequences are much broader, from intolerable strains on traditional child fostering mechanisms to extreme pressures on health systems and loss of productive labor affecting whole communities and nations. While action at the international level to develop an AIDS vaccine is crucial for the future, what will really make a difference now is effective leadership and societal change to prevent the spread of HIV and care for those already infected. This can involve confronting taboos about sexuality, targeting information and support to high-risk groups, and providing compassionate care for AIDS sufferers.

#### **Areas for action: International actions**

Action at national and local levels will often not be enough for rapid poverty reduction. There are many areas that require international action, especially by industrial countries, to ensure gains to poor countries and to poor people within the developing world. An increased focus on debt relief and the associated move to make development cooperation through aid more effective are part of it. Of equal

importance are actions in other areas: trade, vaccines, closing of the digital and knowledge gaps, that can enhance the opportunity, empowerment, and security of poor people.

### ***Opportunity***

Within a rule-based trading system, industrial countries could expand opportunities by opening their markets more completely to imports from poor countries, especially in agriculture, labor-intensive manufactures, and services. Some estimates show that OECD tariffs and subsidies cause annual losses in welfare of almost \$20 billion in developing countries, equivalent to about 40 percent of aid in 1998; other estimates come to much higher figures. Many developing countries feel that while they are under pressure to liberalizing their trade regimes, key areas of the trade regimes of rich countries, especially agriculture, textiles, and several others are putting them at a disadvantage. Furthermore, donor countries could strengthen developing countries' ability to pursue poverty reduction, by increasing aid flows to countries with a sound policy environment supportive of poverty reduction and by financing the Enhanced Heavily Indebted Poor Countries Debt Relief Initiative with funds additional to aid development

### ***Empowerment***

Global action can empower poor people and poor countries in national and global forums. Aid should be delivered in ways that ensure greater ownership by recipient countries, and it should go increasingly to country-driven, results-oriented poverty reduction programs, developed with the effective engagement of civil society and private sector agents. Poor people and poor countries should have greater voice in international forums, to ensure that international priorities, agreements, and standards, such as in trade and intellectual property rights, reflect their needs and interests.

The international financial institutions and other international organizations should continue their efforts to ensure full transparency in their strategies and actions, promote an open, regular dialogue with civil society organizations, particularly those representing poor people. International organizations should also support the ongoing global coalitions of poor people so that they may inform global debates. Actions by multinational corporations, such as adhering to ethical investment practices and adopting labor codes, can also empower poor groups.

### ***Security***

Actions are also needed to reduce risks from adverse international forces. Jointly with governments and the private sector, the international financial institutions must strengthen the international financial architecture and improve its management to prevent and lessen economic volatility, which can be devastating for poor people. Industrial country governments, often in cooperation with the private sector, should also provide more support for international public goods: for developing and distributing vaccines for HIV/AIDS, tuberculosis, and malaria and for producing and disseminating agricultural advances for tropical and semiarid conditions. International action to protect the environment can reduce the harmful effects of environmental degradation, which can be severe in some poor countries. And the international community should seek to stem armed conflict, which affects poor people the most, by taking measures to reduce the international arms trade, promote peace, and support physical and social reconstruction after conflicts end.

### ***Working together to fight poverty***

The strategy in the Report recognizes that poverty is more than inadequate income or human development. It is also vulnerability and a lack of voice, power, and representation. With this multidimensional view of poverty comes greater complexity in poverty reduction strategies, because more factors, such as social and cultural forces need to be taken into account.

The way to deal with this complexity is through empowerment and participation at the local, national, and international level. National governments should be fully accountable to their citizenry for the development path they pursue. Participatory mechanisms can provide voice to women and men, especially those from poor and excluded segments of society. The design of decentralized agencies and services needs to reflect local conditions, social structures, and cultural norms and heritage. And international institutions should listen to and promote the interests of poor people. The poor are the main actors in the fight against poverty. And they must be brought center stage in designing, implementing, and monitoring antipoverty strategies.

There is an important role in this for rich countries and international organizations. If a developing country has a coherent and effective homegrown program of poverty reduction, it should receive strong support-to bring health and education to its people, to remove want and vulnerability. At the same time global forces need to be harnessed for poor people and poor countries, so that they are not left behind by scientific and medical advances. Promoting global financial and environmental stability and lowering market barriers to the products and services of poor countries should be a core part of the strategy.

A divergent world? Or an inclusive one? A world with poverty? Or a world free of poverty? Simultaneous actions to expand opportunity, empowerment, and security can create a new dynamic for change that will make it possible to tackle human deprivation and create just societies that are also competitive and productive. If the developing world and the international community work together to combine this insight with real resources, both financial and those embodied in people and institutions-their experience, knowledge, and imagination-the 21<sup>st</sup> century will see rapid progress in the fight to end poverty.

### **THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)**

In a meeting in Abuja, Nigeria, in October 2001, most African Presidents and Chiefs of Government issued a very important and innovative document: the New Partnership for Africa's Development (NEPAD), an unprecedented event and agreement. It includes a number of Initiatives, Objectives, Actions and proposals for institutional arrangements envisaged for its implementation. In this section some parts of the NEPAD document, especially the ones related to poverty and exclusion, the policies and programs intended to "attack" it, the Roles, Responsibilities and Strategies for International and Supranational Organizations to that effect, and the "shared governance" approach, are summarized and highlighted, since they are very closely related and because of that, of utmost interest for the purposes of the Conference.

For starters, the document gives a very clear and comprehensive picture of the situation, by stating in different chapters: "In Africa, 340 million people, or half the population, live on less than US\$ 1 per day. Only 58 per cent of the population has access to safe water. The rate of illiteracy for people over 15 is 41 per cent. There are only 18 mainline telephones per 1000 people in Africa, compared with 146 for the world as a whole and 567 for high-income countries.

In the health sector, Africa compares very poorly with the rest of the world. The mortality rate of children under 5 years of age is 140 per 1000, and life expectancy at birth is only 54 years. In 1997, child and juvenile death rates were 105 and 169 per 1000, as against 6 and 7 per 1000 respectively in developed countries. Life expectancy is 48.9 years, as against 77.7 years in developed countries. Only 16 doctors are available per 100 000 inhabitants against 253 in industrialized countries.

Nutrition is an important ingredient of good health. The average daily intake of calories varies from 2384 in low-income countries to 2846 in middle-income countries to 3390 in the Organization for Economic Cooperation and Development (OECD) countries.

Poverty, reflected in very low per capita incomes, is one of the major factors limiting the populations' capacity to address their health problems"

Because of all that, In the very first paragraph it says: **This New Partnership for Africa's Development is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic.** The Programme is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalizing world.

The poverty and backwardness of Africa stand in stark contrast to the prosperity of the developed world. The continued marginalization of Africa from the globalization process and the social exclusion of the vast majority of its peoples constitute a serious threat to global stability.

Historically accession to the institutions of the international community, the credit and aid binomial has underlined the logic of African development. Credit has led to the debt deadlock, which, from

installments to rescheduling, still exists and hinders the growth of African countries. The limits of this option have been reached. Concerning the other element of the binomial – aid – we can also note the reduction of private aid and the upper limit of public aid, which is below the target set in the 1970s.

The NEPAD calls for the reversal of this abnormal situation by changing the relationship that underpins it. Africans are appealing neither for the further entrenchment of dependency through aid, nor for marginal concessions.

Africa considers that an historic opportunity presents itself to end the scourge of underdevelopment that afflicts Africa. The resources, including capital, technology and human skills, that are required to launch a global war on poverty and underdevelopment exist in abundance, and are within our reach. What is required to mobilize these resources and to use them properly, is bold and imaginative leadership that is genuinely committed to a sustained human development effort and poverty eradication, as well as a new global partnership based on shared responsibility and mutual interest.

Across the continent, Africans declare that they will no longer allow themselves to be conditioned by circumstance. They will determine their own destiny and call on the rest of the world to complement their efforts... African peoples have begun to demonstrate their refusal to accept poor economic and political leadership. These developments are, however, uneven and inadequate and need to be further expedited.

The NEPAD is about consolidating and accelerating these gains. It is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialized countries, to overcome the development chasm that has widened over centuries of unequal relations.

### **The historical impoverishment of the African continent**

The impoverishment of the African continent was accentuated primarily by the legacy of colonialism, the Cold War, the workings of the international economic system and the inadequacies of and shortcomings in the policies pursued by many countries in the post-independence era. ...Africa remains the poorest continent despite being one of the most richly endowed regions of the world.

Colonialism subverted hitherto traditional structures, institutions and values or made them subservient to the economic and political needs of the imperial powers. It also retarded the development of an entrepreneurial class, as well as a middle class with skills and managerial capacity.

At the time of independence, virtually all the new states were characterized by a shortage of skilled professionals and a weak capitalist class, resulting in a weakening of the accumulation process. Post-colonial Africa inherited weak states and dysfunctional economies that were further aggravated by poor leadership, corruption and bad governance in many countries. These two factors, together with the divisions caused by the Cold War, hampered the development of accountable governments across the continent.

Many African governments did not empower their peoples to embark on development initiatives to realize their creative potential. Today, the weak state remains a major constraint to sustainable development in a number of countries. Indeed, one of Africa's major challenges is to strengthen the capacity to govern and to develop long-term policies. At the same time, there is also the urgent need to implement far-reaching reforms and programmes in many African states.

The structural adjustment programmes of the 1980s provided only a partial solution. They promoted reforms that tended to remove serious price distortions, but gave inadequate attention to the provision of social services. As a consequence, only a few countries managed to achieve sustainable higher growth under these programmes.

Indeed, Africa's experience shows that the rate of accumulation in the postcolonial period has not been sufficient to rebuild societies in the wake of colonial underdevelopment, or to sustain improvement in the standard of living. This has had deleterious consequences on the political process and led to sustained patronage and corruption.

The net effect of these processes has been the entrenchment of a vicious cycle, in which economic decline, reduced capacity and poor governance reinforce each other, thus confirming Africa's peripheral and

diminishing role in the world economy. Thus, over the centuries, Africa has come become the marginalized continent.

The NEPAD seeks to build on and celebrate the achievements of the past, as well as reflect on the lessons learned through painful experience, so as **to establish a partnership that is both credible and capable of implementation. In doing so, the challenge is for the peoples and governments of Africa to understand that development is a process of empowerment and self-reliance. Accordingly, Africans must not be wards of benevolent guardians; rather they must be the architects of their own sustained upliftment.**

While globalization has increased the cost of Africa's ability to compete, the advantages of an effectively managed integration present the best prospects for future economic prosperity and **poverty reduction.**

The global imbalance in the distribution of benefits is most glaring. On the one hand, opportunities have increased to create or expand wealth, acquire knowledge and skills, and improve access to goods and services – in brief, to improve the quality of life. In some parts of the world, the pursuit of greater openness of the global economy has created opportunities for lifting millions of people out of poverty.

On the other hand, greater integration has also led to the further marginalization of those countries that are unable to compete effectively. In the absence of fair and just global rules, globalization has increased the ability of the strong to advance their interests to the detriment of the weak, especially in the areas of trade, finance and technology. It has limited the space for developing countries to control their own development, as the system has no provision for compensating the weak. The conditions of those marginalized in this process have worsened in real terms. A fissure between inclusion and exclusion has emerged within and among nations.

It is recognized that failures of political and economic leadership in many African countries impede the effective mobilization and utilization of scarce resources into productive areas of activity in order to attract and facilitate domestic and foreign investment.

The increasing polarization of wealth and poverty is one of a number of processes that have accompanied globalization, and which threaten its sustainability.

The closing years of the last century saw a major financial collapse in much of the developing world, which not only threatened the stability of the global financial system, but also the global economy as a whole. One of the immediate effects of the financial crisis was the exacerbation of existing levels of deep, structural poverty in which about half of the world's population lives on less than US \$2 per day, and a fifth on less than US \$1 per day.

The imperative of development, therefore, not only poses a challenge to moral conscience; it is in fact fundamental to the sustainability of the globalization process. It is readily admitted that globalization is a product of scientific and technological advances, many of which have been market-driven. Yet, governments – particularly those in the developed world – have, in partnership with the private sector, played an important role in shaping its form, content and course.

The case for the role of national authorities and private institutions in guiding the globalization agenda along a sustainable path and, therefore, one in which its benefits are more equally spread, remains strong. Experience shows that, despite the unparalleled opportunities that globalization has offered to some previously poor countries, **there is nothing inherent in the process that automatically reduces poverty and inequality.**

**What is needed is a commitment on the part of governments, the private sector and other institutions of civil society,** to the genuine integration of all nations into the global economy and body politic. This requires the recognition of global interdependence in respect of production and demand, the environmental base that sustains the planet, cross-border migration, **a global financial architecture that rewards good socio-economic management, and global governance that recognizes partnership among all peoples.** It is within the capacity of the international community to create fair and just conditions in which Africa can participate effectively in the global economy and body politic.

### **The new political will of African leaders**

The NEPAD recognizes that there have been attempts in the past to set out continent-wide development programmes. For a variety of reasons, both internal and external, including questionable leadership and ownership by Africans themselves, these have been less than successful. However, there is today a new set of circumstances, which lend themselves to integrated practical implementation.

The new phase of globalization coincided with the reshaping of international relations in the aftermath of the Cold War. This is associated with the emergence of new concepts of security and self-interest, which encompass **the right to development and the eradication of poverty**. Democracy and state legitimacy have been redefined to include accountable government, a culture of human rights and popular participation as central elements.

Significantly, the numbers of democratically elected leaders are on the increase. Through their actions, they have declared that the hopes of Africa's peoples for a better life can no longer rest on the magnanimity of others.

The changed conditions in Africa have already been recognized by governments across the world. **The United Nations Millennium Declaration, adopted in September 2000**, confirms the global community's readiness to support Africa's efforts to address the continent's underdevelopment and marginalization. The Declaration emphasizes support for the key challenges of eradicating poverty and disease. The Declaration further points to the global community's commitment to enhance resource flows to Africa, by improving aid, trade and debt relationships between Africa and the rest of the world, and by increasing private capital flows to the continent. **It is now important to translate these commitments into reality.**

The NEPAD centers around African ownership and management. Through this programme, African leaders are setting an agenda for the renewal of the continent. The agenda is based on national and regional priorities and development plans that must be prepared through participatory processes involving the people. While African leaders derive their mandates from their people, it is their role to articulate these plans as well as lead the processes of implementation on behalf of their people.

**The programme is a new framework of interaction with the rest of the world, including the industrialized countries and multilateral organizations. It is based on the agenda set by African peoples through their own initiatives and of their own volition, to shape their own destiny.**

To achieve these objectives, **African leaders will take joint responsibility for promoting and protecting democracy and human rights in their respective countries and regions, by developing clear standards of accountability, transparency and participatory governance at the national and sub-national levels**; promoting the role of women in social and economic development by reinforcing their capacity in the domains of education and training; by the development of revenue-generating activities through facilitating access to credit; and by assuring their participation in the political and economic life of African countries; **building the capacity of the states in Africa to set and enforce the legal framework, as well as maintaining law and order**

The political leaders of the continent appeal to all the peoples of Africa, in all their diversity, to become aware of the seriousness of the situation and the need to mobilize themselves in order to put an end to further marginalization of the continent and ensure its development by bridging the gap with the developed countries, asking the African peoples to take up the challenge of mobilizing in support of the implementation of this initiative by setting up, at all levels, structures for organization, mobilization and action, convinced that Africa, a continent whose development process has been marked by false starts and failures will succeed with this initiative.

### **Programme of action: the strategy for achieving sustainable development in the 21st century**

The Action Programme includes the top priorities, and these priorities may be revised from time to time by the Heads of State Implementation Committee. The Programme covers what needs to be done in the short term, despite the wide scope of the actions to be taken. Although long-term funding is envisaged under the initiative, **the projects can, however, be expedited to help eradicate poverty in Africa** and place

African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalization of Africa in the globalization process.

While growth rates are important, they are not by themselves sufficient to enable African countries achieve the goal of poverty reduction. The challenge is **to develop the capacity to sustain growth at levels required to achieve poverty reduction** and sustainable development.

The new long-term vision will require massive and heavy investment to bridge existing gaps. The challenge ahead for Africa is to be able to rise the required funding under the best conditions possible. **Africa calls on its development partners to assist in this endeavor.**

**Two Long-Term Objectives are: to eradicate poverty in Africa** and to place African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalization of Africa in the globalization process; to promote the role of women in all activities.

The corresponding **Goals to be achieved, including** the agreed International Development Goals (IDGs), **during the period going up to 2015 are:** an average gross domestic product (GDP) growth rate of above 7 per cent per annum; **to reduce the proportion of people living in extreme poverty by half;** to enroll all children of school age in primary schools by 2015; to make progress towards gender equality and empowering women by eliminating gender disparities in the enrolment in primary and secondary education by 2005; to reduce infant and child mortality ratios by two-thirds; to reduce maternal mortality ratios by three-quarters; to provide access for all who need reproductive health services by 2015; to implement national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015.

Realizing that unless something new and radical is done, Africa will not achieve the IDGs and the 7 per cent annual GDP growth rate, the African Heads of State propose the programme described in the NEPAD. The programme is anchored on key themes and is supported by detailed programmes of action.

### **Conditions for sustainable development**

#### **The Peace, Security, Democracy, and Political Governance Initiative**

Democracy, good governance, human rights and sound economic management are necessary conditions for sustainable development. The African governments made a pledge to work, both individually and collectively, to promote these principles in their countries, sub-regions and the continent.

It is now generally acknowledged that development is impossible in the absence of true democracy, respect for human rights, peace and good governance. **The purpose of the Democracy and Governance Initiative is to contribute to strengthening the political and administrative framework of participating countries, in line with the principles of democracy, transparency, accountability, integrity, respect for human rights and promotion of the rule of law. It is strengthened by and supports the Economic Governance Initiative, with which it shares key features, and taken together will contribute to harnessing the energies of the continent towards development and poverty eradication.**

The Initiative consists of a series of commitments by participating countries to create or consolidate basic governance processes and practices; an undertaking by participating countries to take the lead in supporting initiatives that foster good governance; the institutionalization of commitments through the New Partnership for Africa's Development leadership to ensure that the core values of the initiative are abided by.

In order to strengthen political governance and build capacity to meet these commitments, the NEPAD leadership will undertake a process of targeted capacity-building initiatives. These institutional reforms will focus on Administrative and civil services; Strengthening parliamentary oversight; Promoting participatory decision-making; Adopting effective measures to combat corruption and embezzlement; Undertaking judicial reforms.

The Heads of State Forum on the NEPAD will periodically monitor and assess **the progress made by African countries in meeting their commitment towards achieving good governance and social reforms. The Forum will also provide a platform for countries to share experiences with a view to fostering good governance and democratic practices.**

### The Economic and Corporate Governance Initiative ·

**State capacity-building is a critical aspect of creating conditions for development. The State has a major role to play in promoting economic growth and development, and in the implementation of poverty reduction programmes.** However, the reality is that many governments lack the capacity to fulfill this role. As a consequence, many countries lack the necessary policy and regulatory frameworks for private sector-led growth. They also lack the capacity to implement programmes even when funding is available. Here the Objective is to promote a set of concrete and time-bound programmes aimed at enhancing the quality of economic and public financial management as well as corporate governance. It was agreed that Recommendations on appropriate standards and codes of good practice should be submitted for consideration by the Heads of State Implementation Committee within six month after the date of the NEPAD.

### Sub-Regional and Regional Approaches to Development ·

It is recognized that most African countries are small, both in terms of population and per capita incomes. As a consequence of limited markets, they do not offer attractive returns to potential investors, while progress in diversifying production and exports is retarded. This limits investment in essential infrastructure that depends on economies of scale for viability. This points to the need for African countries to pool their resources and enhance regional development and economic integration on the continent, in order to improve international competitiveness. The five subregional economic groupings of the continent must, therefore, be strengthened. The NEPAD focuses on the provision of essential regional public goods (such as transport, energy, water, ICT, disease eradication, environmental preservation, and provision of regional research capacity), as well as the promotion of intra-African trade and investments.

The NEPAD gives priority to the capacity building in order to enhance the effectiveness of existing regional structures and the rationalization of existing regional organizations. **The African Development Bank must play a leading role in financing regional studies, programmes and projects.** It should work with other development finance institutions on the continent to mobilize sustainable financing especially through multilateral processes, institutions and donor governments, with a view to securing grant and concessional finance to mitigate medium term risks.

### Some Poverty Related Objectives and Actions

**Objectives: To provide focused leadership by prioritizing poverty reduction in all the programmes and priorities of the NEPAD as well as national macroeconomic and sectoral policies; to give special attention to the reduction of poverty among women.**

Actions intended to ensure empowerment of the poor in poverty reduction strategies, and to support existing poverty reduction initiatives at the multilateral level, such as the Comprehensive Development Framework of the World Bank and the Poverty Reduction Strategy approach linked to the HIPC debt relief initiative.

It requires: assessing the poverty reduction impact of the country plans prepared for initiatives in this programme of action, both before and after implementation; **working with the World Bank, the International Monetary Fund (IMF), the ADB, and the United Nations (UN) agencies to accelerate implementation and adoption of the Comprehensive Development Framework, the Poverty Reduction Strategy and related approaches;** establishing a gender task team to ensure that the specific issues faced by poor women are addressed in the poverty reduction strategies of the NEPAD; establishing a task team to accelerate the adoption of participatory and decentralized processes for the provision of infrastructural and social services; working with donors and multilateral institutions to ensure that the IDG of achieving universal primary education by 2015 is realized; promoting networks of specialized research and higher education institutions; reviewing current initiatives jointly with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other major international donors;

**Objectives: ensure sustainable access to safe and adequate clean water supply and sanitation, especially for the poor; successfully reduce the burden of disease on the poorest people in Africa; join forces with other international agencies such as the WHO and donors to ensure support for health in the continent is increased by at least US \$10 billion per annum; eventually, improvement in health and nutrition directly contributes to improved well-being as the spread of**



diseases is controlled, infant mortality rates are reduced, and life expectancy is higher. The link with poverty reduction is clearly established.

Objectives: Agricultural development. The majority of Africa's people live in rural areas. However agriculture systems are generally weak and unproductive. Coupled with external setbacks such as climatic uncertainty, biases in economic policy and instability in world commodity prices, these systems have held back agricultural supply and incomes in the rural areas, **leading to poverty development** on the continent.

Too little attention has been paid by bilateral donors and multilateral institutions to the agriculture sector and rural development, where more than 70 per cent of the poor people in Africa reside. **For example, in the World Bank lending portfolio, credits to agriculture** amounted to 39 per cent in 1978, but dropped to 12 per cent in 1996 and even further to 7 per cent in 2000. The entire donor community must reverse such negative trends.

**It is also needed working with UNESCO, the Food and Agriculture Organization (FAO), and other international organizations to harness biotechnology in order to develop Africa's rich biodiversity and indigenous knowledge base by improving agricultural productivity and developing pharmaceutical products.**

**The resulting increase in rural peoples' purchasing power will also lead to higher effective demand for African industrial goods. The induced dynamics would constitute a significant source of economic growth.**

#### Mobilizing resources

**The Capital Flows Initiative: To achieve the estimated 7 per cent annual growth rate needed to meet the IDGs – particularly, the goal of reducing by half the proportion of Africans living in poverty by the year 2015 – Africa needs to fill an annual resource gap of 12 per cent of its GDP, or US \$64 billion.** This will require increased domestic savings, as well as improvements in the public revenue collection systems. **However, the bulk of the needed resources will have to be obtained from outside the continent.** The NEPAD focuses on debt reduction and ODA as complementary external resources required in the short to medium term, and addresses private capital flows as a longer-term concern. **A basic principle of the Capital Flows Initiative is that improved governance is a necessary requirement for increased capital flows,** so that participation in the Economic and Political Governance Initiatives is a prerequisite for participation in the Capital Flows Initiative.

**Debt Relief :** The NEPAD seeks the extension of debt relief beyond its current levels (based on debt "sustainability"), which still require debt service payments amounting to a significant portion of the resource gap. **The long-term objective of the New Partnership for Africa's Development is to link debt relief with costed poverty reduction outcomes.** In the interim, debt service ceilings should be fixed as a proportion of fiscal revenue, with different ceilings for IDA and non-IDA countries. To secure the full commitment of concessional resources – debt relief plus ODA – that Africa requires, the leadership of the NEPAD will negotiate these arrangements with creditor governments. Countries would engage with existing debt relief mechanisms – the HIPC and the Paris Club – before seeking recourse through the NEPAD. The Debt Initiative will require agreed poverty reduction strategies, debt strategies and participation in the Economic Governance Initiative to ensure that countries are able to absorb the extra resources. In addition to seeking further debt relief through the interim debt strategy set out above, the NEPAD leadership will establish a forum in which African countries will share experience and mobilize for the improvement of debt relief strategies.

Actions: The NEPAD heads of state will secure an agreement, negotiated with the international community, to provide further debt relief for countries participating in the NEPAD, based on the principles outlined above; and will establish a forum in which African countries may share experiences and mobilize for the improvement of debt relief strategies. They will exchange ideas that may end the process of reform and qualification in the HIPC process.

**ODA Reforms:** The NEPAD seeks increased ODA flows in the medium term, as well as reform of the ODA delivery system, to ensure that flows are more effectively utilized by recipient African countries. The NEPAD will establish an ODA forum of African countries so as to develop a common African position on ODA reform, and to engage with the Development Assistance Committee of the OECD (OECD/DAC) and other donors in developing a charter underpinning the development partnership. This charter will identify the

Economic Governance Initiative as a prerequisite for enhancing African countries' capacity to utilize increased ODA flows, and will propose a complementary, independent assessment mechanism for monitoring donor performance. The New Partnership for Africa's Development will support a Poverty Reduction Strategy Paper (PRSP) Learning Group to engage in the PRSP process together with the IMF and the World Bank.

Actions: Constitute an ODA forum for developing a common African position on ODA reform, as a counterpart to the OECD/DAC structure; Engage, through the ODA forum, with donor agencies to establish a charter for the development partnership, which would embody the principles outlined above; Support ECA's efforts to establish a PRSP Learning Group; Establish an independent mechanism for assessing donor and recipient country performance.

Equally important, however, especially in the short to medium term, is the need for additional ODA and debt reduction. Additional ODA is required to enable least developed countries to achieve the international development goals, especially in the areas of primary education, health and poverty eradication. Further debt reduction is also crucial. The enhanced Highly Indebted Poor Countries (HIPC) debt relief initiative still leaves many countries within its scope with very high debt burdens, hence the need to direct more resources towards poverty reduction. In addition, there are countries not included in the HIPC that also require debt relief to release resources for poverty reduction.

### **The Private Capital Flows**

The NEPAD seeks to increase private capital flows to Africa, as an essential component of a sustainable long-term approach to filling the resource gap. The first priority is to address investors' perception of Africa as a "high risk" continent, especially with regard to security of property rights, regulatory framework and markets. Several key elements of the NEPAD will help to lower these risks gradually, and include initiatives relating to peace and security, political and economic governance, infrastructure and poverty reduction. Interim risk mitigation measures will be put in place, including credit guarantee schemes and stronger regulatory and legislative frameworks. The next priority is the implementation of a Public-Private sector partnership (PPP) capacity-building programme through the African Development Bank and other regional development institutions, to assist national and sub-national governments in structuring and regulating transactions in the provision of infrastructural and social services. The third priority is to promote the deepening of financial markets within countries, as well as cross-border harmonization and integration, via a Financial Market Integration Task Force. Initially, this will focus on the legislative and regulatory environment for the financial system.

Actions: Establish a task team to carry out audits of investment-related legislation and regulation, with a view to risk reduction and harmonization within Africa; Carry out a needs assessment of and feasibility study on financial instruments to mitigate risks associated with doing business in Africa; Establish an initiative to enhance the capacity of countries to implement PPPs; Establish a Financial Market Integration Task Force that will speed up financial market integration through the establishment of an international standard legislative and regulatory framework and the creation of a single African trading platform.

### **The Market Access Initiative**

**Diversification of Production:** African economies are vulnerable because of their dependence on primary production and resource-based sectors, and their narrow export bases. There is an urgent need to diversify production and the logical starting point is to harness Africa's natural resource base. Value added in agro-processing and mineral beneficiation must be increased and a broader capital goods sector developed, through a strategy of economic diversification based on inter-sectoral linkages. Private enterprise must be supported, both micro-enterprises in the informal sector and small and medium enterprises in the manufacturing sector, which are principal engines of growth and development. Governments should remove constraints to business activity and encourage the creative talents of African entrepreneurs.

Objectives: To improve the productivity of agriculture, with particular attention to small scale and women farmers; To ensure food security for all people and increase the access of the poor to adequate food and nutrition; To promote measures against natural resource degradation and encourage production methods that are environmentally sustainable; To integrate the rural poor into the market economy and provide them with better access to export markets; To develop Africa into a net exporter of agricultural products; To become a strategic player in agricultural science and technology development.

**Promoting African Exports:** Objectives: To improve procedures for customs and drawback/rebate schemes; To tackle trade barriers in international trade through the improvement of standards; To increase intra-regional trade via promoting cross-border interaction among African firms; To improve Africa's negative image through conflict resolution and marketing; To deal with short-term skills shortages through appropriate firm-level incentives and training.

Participation in the world trading system must enhance: Open, predictable and geographically diversified market access for exports from Africa; The provision of a forum in which developing countries can collectively put up their demand call for structural adjustment by developed countries in those industries in which the natural competitive advantage now lies with the developing world; Transparency and predictability as preconditions for increased investment in return for boosting supply capacity and enhancing the gains from existing market access; Technical assistance and support to enhance institutional capacity of African States to use the WTO and to engage in multilateral trade negotiations.

**Removal of non-tariff barriers:** African leaders believe that improved access to the markets of industrialized countries for products in which Africa has a comparative advantage is crucial. Although there have been significant improvements in terms of lowered tariffs in recent years, there remain significant exceptions on tariffs while non-tariff barriers also constitute major impediments. Progress on this issue would greatly enhance economic growth and diversification of African production and exports. Dependence on ODA would decline and infrastructure projects would become more viable as a result of increased economic activity.

### **Establishing a new relationship with industrialized countries and multilateral organizations**

A critical dimension of Africans taking responsibility for the continent's destiny is the need to negotiate a new relationship with their development partners. The manner in which development assistance is delivered in itself creates serious problems for developing countries. The need to negotiate and account separately to donors supporting the same sector or programme is both cumbersome and inefficient. Also, the tying of development assistance generates further inefficiencies. The appeal is for a new relationship that takes the country programmes as a point of departure. **The new relationship should set out mutually agreed performance targets and standards for both donor and recipient. There are many cases that clearly show that the failure of projects is not caused only by the poor performance of recipients, but also by bad advice given by donors.**

**The various partnerships between Africa and the industrialized countries on the one hand, and multilateral institutions on the other, will be maintained. The partnerships in question include, among others: the United Nations New Agenda for the Development of Africa in the 1990s; the Africa-Europe Summit's Cairo Plan of Action; the World Bank-led Strategic Partnership with Africa; the International Monetary Fund-led Poverty Reduction Strategy Papers (PRSP); the Japan led Tokyo Agenda for Action; the Africa Growth and Opportunity Act of the United States; and the Economic Commission on Africa-led Global Compact with Africa.** The objective will be to rationalize these partnerships and to ensure that real benefits to Africa flow from them.

The African leaders envisage the following responsibilities and obligations of the developed countries and multilateral institutions: To accelerate debt reduction for heavily indebted African countries, in conjunction with more effective poverty reduction programmes, of which the Strategic Partnership with Africa and the PRSP initiatives are an important starting point; To improve debt relief strategies for middle-income countries; To reverse the decline in ODA flows to Africa and to meet the target level of ODA flows equivalent to 0.7 per cent of each developed country's gross national product (GNP) within an agreed period. Increased aid flows will be used to complement funds released by debt reduction for accelerating the fight against poverty; To translate into concrete commitments the international strategies adopted in the fields of education and health; To facilitate the development of a partnership between countries, international pharmaceutical corporations and civil society organizations to urgently secure access to existing drugs for Africans suffering from infectious diseases; To admit goods into markets of the developed countries through bilateral initiatives, and to negotiate more equitable terms of trade for African countries within the WTO multilateral framework; To work with African leaders to encourage investment in Africa by the private sector in developed countries, including the establishment of insurance schemes and financial instruments that will help lower risk premiums on investments in Africa; To raise consumer protection standards for exports from developed countries to developing countries as applicable to the domestic markets in the developed countries; To ensure that the World Bank and other multilateral development finance institutions participate as investors in the key economic infrastructure projects, in order to facilitate and the secure private sector

participation; **To provide technical support to accelerate the implementation of the programme of action, including strengthening Africa's capacity in planning and development management, financial and infrastructure regulation, accounting and auditing, and development, construction and management of infrastructure;** To support governance reforms of multilateral financial institutions to better cater for the needs and concerns of countries in Africa; To set up coordinated mechanisms to combat corruption effectively, as well as commit themselves to the return of monies (proceeds) of such practices to Africa.

Africa is also committed to the development and strengthening of South-South partnerships

### **Implementation of the new partnership for Africa's development**

Recognizing the need to sequence and prioritize, the initiating Presidents proposed that the following programmes be fast-tracked, in collaboration with development partners: Communicable diseases – HIV/AIDS, malaria and tuberculosis; Information and Communications Technology; Debt reduction; Market access. Work has already been done on all these programmes by a variety of international partnerships and institutions. However, Africa's participation and leadership need to be strengthened for better delivery. It is believed that addressing these issues could fast-track the renewal of the continent. Much as the promoters of the NEPAD appreciate the dangers of a project approach to development, they are proposing a number of projects that are crucial to an integrated regional development, as conceived by the New Partnership for Africa's Development. Not only will these projects strengthen country and regional development programmes, but they will also go a long way in kick-starting the regeneration of the continent.

### **NEPAD Management mechanism in the areas of research and policy formulation: Heads of State Implementation Committee**

It was agreed that a Heads of State Implementation Committee composed of the five Heads of State promoters of the NEPAD and ten others, (two from each African region) will be appointed for the Implementation Committee. Its functions will be: Identifying strategic issues that need to be researched, planned and managed at the continental level; Setting up mechanisms for reviewing progress in the achievement of mutually agreed targets and compliance with mutually agreed standards; Reviewing progress in the implementation of past decisions and taking appropriate steps to address problems and delays.

### **NEPAD Conclusion**

The objective of the NEPAD is to consolidate democracy and sound economic management on the continent. Through the programme, African leaders are making a commitment to the African people and the world to work together in rebuilding the continent. It is a pledge to promote peace and stability, democracy, sound economic management and people-centered development and to hold each other accountable in terms of the agreements outlined in the programme. In proposing the partnership, Africa recognizes that it holds the key to its own development and affirm that the NEPAD offers an historic opportunity for the developed countries of the world to enter into a genuine partnership with Africa, based on mutual interest, shared commitments and binding agreements. The adoption of a development strategy as set out in the broad approach outlined in the NEPAD, together with a detailed programme of action, will mark the beginning of a new phase in the partnership and co-operation between Africa and the developed world. In fulfilling its promise, this agenda must give hope to the emaciated African child that the 21st century is indeed Africa's century.

### **THE G8 AFRICA ACTION PLAN**

The Heads of State and Government of the eight major industrialized democracies and the Representatives of the European Union, meeting with African Leaders at Kananaskis, Canada, June 27, 2002, released the G8 Africa Action Plan.

They declared to welcome the initiative taken by African States in adopting the NEPAD, which they considered to be a bold and clear-sighted vision of Africa's development, providing an historic opportunity to overcome obstacles to development in Africa. They accepted the invitation in the NEPAD, to build a new

partnership based on mutual responsibility and respect. As it was done with the NEPAD document above, in this section some parts of the G-8 document, especially the ones related to poverty and exclusion, the policies and programs intended to “attack” it, the Roles, Responsibilities and Strategies for International and Supranational Organizations to that effect, and the “shared governance” approach, will be highlighted, since they are very closely related and because of that, of utmost interest for the purpose of the Conference and of Workshop III.

The G-8 document begins by stating that the New Partnership for Africa’s Development (NEPAD) offers something different. It is, first and foremost, a pledge by African Leaders to the people of Africa to consolidate democracy and sound economic management, and to promote peace, security and people-centered development. African Leaders have personally directed its creation and implementation. They have formally undertaken to hold each other accountable for its achievement. They have emphasized **good governance** and human rights as necessary preconditions for Africa’s recovery. They focus on investment-driven **economic growth and economic governance as the engine for poverty reduction, and on the importance of regional and sub-regional partnerships within Africa.**

In support of the NEPAD objectives, each G-8 government undertakes to **establish enhanced partnerships with African countries whose performance reflects the NEPAD commitments: partners will be selected on the basis of measured results. This will lead to focus G-8 efforts on countries that demonstrate a political and financial commitment to good governance and the rule of law, investing in their people, and pursuing policies that spur economic growth and alleviate poverty. G-8 countries will match their commitment with a commitment on its own part to promote peace and security in Africa, to boost expertise and capacity, to encourage trade and direct growth-oriented investment, and to provide more effective official development assistance.**

G-8 partners will undertake mutually reinforcing actions to help Africa accelerate growth and **make lasting gains against poverty.** The Action Plan focuses on a limited number of priority areas where, collectively and individually, value can be added. However, as a matter of strong principle, the commitment to respond to situations of humanitarian need remains universal and is independent of particular regimes. So, too, is the commitment to addressing the core issues of human dignity and development. **The Development Goals set out in the United Nations Millennium Declaration are an important component of this engagement.**

At Monterrey, in March 2002, G-8 agreed to revitalize efforts to help unlock and more effectively utilize all development resources including domestic savings, **trade and investment, and official development assistance. A clear link was made between good governance, sound policies, aid effectiveness and development success.** In support of this strong international consensus, substantial new development assistance commitments were announced at Monterrey. **By 2006, these new commitments will increase ODA by a total of US\$ 12 billion per year.** Each of G-8 countries will decide, in accordance with its respective priorities and procedures, how it will allocate the additional money that have been pledged. Assuming strong African policy commitments, and given recent assistance trends, we believe that **in aggregate half or more of the new development assistance could be directed to African nations that govern justly,** invest in their own people and promote economic freedom. In this way the G-8 will support the objectives of the NEPAD. **This will help ensure that no country genuinely committed to poverty reduction, good governance and economic reform** will be denied the chance to achieve the Millennium Goals through lack of financing.

The Action Plan will be pursued in the individual and collective capacities, **and through the international institutions to which the G-8 countries belong.** G-8 warmly invite other countries to join them. G-8 also encourages South-South cooperation and collaboration with international institutions and civil society, including the business sector, in support of the NEPAD. G-8 will continue to maintain a constructive dialogue with its African partners in order to achieve effective implementation of the Action Plan and to support the objectives of the NEPAD. G-8 will take the necessary steps to ensure the effective implementation of the Action Plan and will review progress at the next Summit based on a final report from the G-8 countries Personal Representatives for Africa.

To demonstrate the support for this new partnership, the following engagements in support of the NEPAD were made:

**II. Strengthening Institutions and Governance:** The NEPAD maintains that “development is impossible in the absence of true democracy, respect for human rights, peace and good governance”. G-8

governments agree, and it has been its experience that reliable institutions and governance are a precondition for long-term or large-scale private investment. The task of strengthening institutions and governance is thus both urgent and of paramount importance, and for this reason, the G-8 governments commit to: Supporting the NEPAD's priority political governance objectives, including by: Expanding capacity-building programmes related to political governance in Africa focusing on the NEPAD priority areas of: improving administrative and civil services, strengthening parliamentary oversight, promoting participatory decision-making, and judicial reform; Supporting African efforts to involve parliamentarians and civil society in all aspects of the NEPAD process; and Supporting the reform of the security sector through assisting the development of an independent judiciary and democratically controlled police structures;

**Strengthening capacity-building programmes related to economic and corporate governance** in Africa focusing on the NEPAD priority areas of implementing sound macro-economic strategies, strengthening public financial management and accountability, protecting the integrity of monetary and financial systems, strengthening accounting and auditing systems, and developing an effective corporate governance framework—including by: Supporting international and African organizations such as the African Capacity Building Foundation (ACBF) and the African Regional Technical Assistance Centers (AFRITACs) initiative of the International Monetary Fund (IMF) in expanding regionally-oriented technical assistance and capacity-building programmes in Africa; and, Financing African-led research on economic governance issues (through the United Nations Economic Commission for Africa (ECA), sub-regional and regional organizations, and other African institutions and organizations with relevant expertise.

- **Supporting African peer-review arrangements**—including by: Encouraging cooperation with respect to peer-review practices, modalities and experiences between the Organization for Economic Cooperation and Development (OECD) and the ECA, including the participation by the ECA in the OECD Development Assistance Committee (DAC) peer-review process where the countries under review so agree; Encouraging, where appropriate, substantive information sharing between Africa and its partners with respect to items under peer-review; and -- Supporting regional organizations in developing tools to facilitate peer-review processes.

- **Supporting African efforts to promote gender equality and the empowerment of women**, including by: Supporting African efforts to achieve equal participation of African women in all aspects of the NEPAD process and in fulfilling the NEPAD objectives; and, Supporting the application of gender mainstreaming in all policies and programmes.

- **Intensifying support for the adoption and implementation of effective measures to combat corruption**, bribery and embezzlement—including by: Working to secure the early establishment of a UN Convention on Corruption, and the early ratification of the UN Convention Against Transnational Organized Crime; Strengthening and assisting the implementation and monitoring of the OECD Convention on Bribery and assisting anti-bribery and anti-corruption programmes through the international financial institutions (IFIs) and the multilateral development banks; Intensifying international cooperation to recover illicitly acquired financial assets; Supporting voluntary anti-corruption initiatives, such as the DAC Guidelines, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact; Supporting the role of parliamentarians in addressing corruption and promoting good governance; and Assisting African countries in their efforts to combat money laundering, including supporting World Bank/IMF efforts to improve coordination in the delivery of technical assistance to combat money laundering and terrorist financing in African countries.

**III. Fostering Trade, Investment, Economic Growth and Sustainable Development:** Generating economic growth is central to the NEPAD's goal of mobilizing resources for poverty reduction and development. A comprehensive effort is required to stimulate economic activity in all productive sectors while paying particular attention to sustainability and social costs and to the role of the private sector as the engine for economic growth. In order to achieve adequate growth rates, Africa must have broader access to markets. The launch of multilateral trade negotiations by World Trade Organization (WTO) members in Doha, which placed the needs and interests of developing countries at the heart of the negotiations, will help create a framework for the integration of African countries into the world trading system and the global economy, thus creating increased opportunities for trade-based growth. G-8 governments are committed to the Doha development agenda and to implementing fully the WTO work programme, as well as to providing increased trade-related technical assistance to help African countries participate effectively in these negotiations. With these considerations in mind, G-8 governments commit to: Reaffirming the commitment to conclude negotiations no later than January 1st, 2005 on further trade liberalization in the Doha round of multilateral trade negotiations taking full account of the particular circumstances, needs and requirements of developing countries, including African ones; Increasing the funding and improving the quality of support for

trade-related technical assistance and capacity-building in Africa; Supporting African efforts to advance regional economic integration and intra-African trade;

- Improving the effectiveness of Official Development Assistance (ODA), and strengthening ODA commitments for enhanced-partnership countries—including by: Ensuring effective implementation of the OECD/ DAC recommendations on untying aid to the Least Developed Countries; Implementing effectively the OECD agreement to ensure that export credit support to low-income countries is not used for unproductive purposes; Supporting efforts within the DAC to reduce aid management burdens on recipient countries and lower the transactions costs of aid; Taking all necessary steps to implement the pledges G-8 governments made at Monterrey, including ODA level increases and aid effectiveness; and Reviewing annually, within the DAC and in coordination with all relevant institutions, its progress towards the achievement in Africa of the Development Goals contained in the United Nations Millennium Declaration.

- **Implementing Debt Relief:** G-8 governments aim is to assist countries through the Heavily Indebted Poor Countries (HIPC) Initiative to reduce poverty by enabling them to exit the HIPC process with a sustainable level of debt. The HIPC Initiative will reduce, by US\$ 19 billion (net present value terms), the debt of some 22 African countries that are following sound economic policies and good governance. Combined with traditional debt relief and additional bilateral debt forgiveness, this represents a reduction of some US\$ 30 billion—about two-thirds of their total debt burden—that will allow an important shift of resources towards education, health and other social and productive uses. Debt relief alone, however, no matter how generous, cannot guarantee long-term debt sustainability. Sound policies, good governance, prudent new borrowing, and sound debt management by HIPCs, as well as responsible financing by creditors, will be necessary to ensure debt sustainability.

- **Working with African countries to reduce poverty through improved sustainable productivity and competitiveness,** including by: Supporting the development and the responsible use of tried and tested new technology, including biotechnology, in a safe manner and adapted to the African context, to increase crop production while protecting the environment through decreased usage of fragile land, water and agricultural chemicals; Studying, sharing and facilitating the responsible use of biotechnology in addressing development needs; Helping to improve farmers' access to key market information through the use of traditional and cutting edge communications technologies, while also building upon ongoing international collaboration that strengthens farmers' entrepreneurial skills; Encouraging partnerships in agriculture and water research and extension to develop, adapt and adopt appropriate demand-driven technologies, including for low-income resource-poor farmers, to increase agricultural productivity and improve ability to market agricultural, fish and food products; Working with African countries to promote property and resource rights; Supporting the main-streaming of gender issues into all agricultural and related policy together with targeted measures to ensure the rights of women for equal access to technology, technical support, land rights and credits; Working with African countries to support the development of agricultural infrastructure including production, transportation and markets; and Working with African countries to develop sound agricultural policies that are integrated into Poverty Reduction Strategies.

Working to improve food security in Africa—including by: Working with African countries to integrate food security in poverty reduction efforts and promote a policy and institutional environment that enables poor people to derive better livelihoods from agriculture and rural development; Working with appropriate international organizations in responding to the dire food shortages in Southern Africa this year; Working with African countries to expand efforts to improve the quality and diversity of diets with micro-nutrients and by improving fortification technologies; Supporting African efforts to establish food safety and quality control systems, including helping countries develop legislation, enforcement procedures and appropriate institutional frameworks; and Supporting efforts to improve and better disseminate agricultural technology.

**SHARED GOVERNANCE: COMBATING POVERTY AND EXCLUSION:  
ROLES, RESPONSIBILITIES AND STRATEGIES FOR INTERNATIONAL  
AND SUPRANATIONAL ORGANIZATIONS**

The main subject of the Conference was: "Shared Governance: Combating Poverty and Exclusion." The underlying assumption was understood it as implying that sharing governance should and must make possible a better fighting against poverty and exclusion, in a more effective way than in the recent past, which all the disappointing, and discouraging, results mentioned above, several times.

Even if the recent documents summarized above insist, time and again, that experience led to the unavoidable conclusion that the main responsibilities for making policy and institutional choices, and for implementing them timely and effectively, lay in the countries themselves, it also comes out very clearly that because of both historical responsibilities as well as the complexity and magnitude of the problems, the challenges, and the scientific, technological and financial resources needed to "attack" as the World Bank says, poverty and exclusion in Africa, and also because of the required international decisions in fields like access to international trade, technology, debt reduction and elimination, and several other ones, there is no viable way to make any significant inroads without a firm and serious commitment, support and active participation on the part of the industrialized countries.

While in the G-8 document the rich countries as a group responded positively to many aspects included in the NEPAD, in a collective way, on the one hand they reserved their right to make individual decisions on the size and type of the commitments, but still, in the other hand, they made clear that they intend to channel most if not all of their support and contributions through the international organizations where they are member countries.

So it came as most appropriate and timely for the Conference to analyze and discuss the Roles, Responsibilities and Strategies for International and Supranational Organizations, looking at the subject in two ways: how International organizations should make its contribution to expanding the concept and the practice of shared governance in general, and specifically, as it relates to and could help to better combating poverty and exclusion.

While by no means poverty and exclusion take place only in Africa, it is in this continent where it looks as a most serious problem, as the African governments stated in the NEPAD. And since the Conference took place in Africa it seemed only fair to focus on it.

The NEPAD and the G-8 documents mentioned above meant a kind of milestones, because of their comprehensive scopes and the number and importance of the commitments made, and there are few, if any, precedents of this kind.

Among the international organizations the World Bank has taken in practice over the years a very prominent place in providing technical and financial support for projects intended to fight poverty and exclusion. Moreover, as mentioned above, the World Bank produced the World Development Report 2000/2001 - Attacking Poverty, following two previous ones, one for each previous decade.

Consequently in preparing the Conference it was considered that these documents could bring a sort of benchmark for comparison among them - their goals, the commitments, the restrictions, the omissions - as well as a framework for the papers related to the subject to be presented and discussed in the Conference and as a main input for the final report.

A number of papers addressed general issues. At the very beginning of the Workshop Prof. Jerry J. Kuye from South Africa directed some criticism against NEPAD, implying too many extra Africa inputs on it, and suggesting the whole of the continent should take full responsibility for the design and implementation of its policies and programs, and thinking at the same time in terms of gradual and progressive cooperation and among the countries of each sub regions and of the continent. This should lead to exchanging and sharing experience and knowledge, acquired through individual projects and programs in all levels of government, as well as the corresponding experts and public officers. This type of activities, as well as a wider and more



direct involvement of citizenry in the decision making and problem solving, should lead to improving the good governance, specially at the local level.

Traditionally and generally speaking social policies and programs are perceived as directly related to the shares of public expenditure allocated mainly to education and health programs. In his presentation Paulo Silva Lopez of the FMI showed that only absolute amounts of budgetary allocations relate directly to better outcomes of such programs. In time, the amounts of the allocations depend on the total amount of fiscal receipts, which could be sharply different from one year to the other; depending on both domestic and external factors. He showed also that per capita net ODA fell in SSA from US dollars 36 in 1990 to 20 in 1999. If it is true that total public expenditure in the social sectors in SSA did not fall in the same proportion, the effects could show that a toll has been taken in the social improvement in the region. And the suggestion is the donors have to take into consideration, maybe in a compensatory way, the need to keep constant if not increasing the yearly amounts of social expenditure, specially in education where short term effects both in the education system itself as well as in how it relates to the poverty war, are more evident.

Traditional measurement of national production, per capita income, etc., were heavily contested in the presentation of Patrick Vivaret, from France, because they do not include i.e. non salaried jobs, and also because they do not take into consideration other aspects as in the case of environment degrading, natural resources depletion, etc. which have a very significant economic and social impact. The implication being that all these elements must be taken into consideration when dealing with the poverty related issues as well as the allocation of public and social resources. He advocated in favor of widely participative procedures in budgeting, projects and program design and Implementation, etc., especially when related to poverty issues which he considered very poorly known and understood by public officers. All of the suggestions in the paper could be regarded as practical applications of the shared government approach.

Prof. Giuseppe Sanvitti from Italy presented original views related to the possible role of NGOs and other civil society institutions, and even individuals acting as representative of groups, in the procedures of the World Trade Organization (WTO) Disputes Solution Board (DSB), in order to protect human rights, as in disputes between labor and employers, as it has been somehow already accepted, and in so doing, protecting also against poverty and exclusion. As he concludes: "the purpose of a full trade liberalization could not take place to the detriment of fighting poverty". If NGOs participation is allowed, it could show another way of shared governance at the international level.

Prof. Agustin Gordillo from Argentina addressed the issue of International Organizations (IO) accountability within the context of shared public governance. Among his paper's very original and provocative insights and suggestions, he proposed that IOs that help financing projects and programs in developing countries be held accountable for the advisability of such projects, their usefulness to the ends purported, the solid assessment of the environmental impact, and for the adequate and correct employment of the monies lent, free of deviation, corruption and maladministration. That would mean shared governance, shared accountability, shared responsibility. Needless to say, nothing of that sort is until now in place: there are not established specific procedures for either accountability or responsibility, whether for national or international officers, both in national and international courts. In addition, the author provided to the participants copies of his last two books dealing with issues related to the ones developed in his paper.<sup>5</sup>

Prof. Philomina E. Okeke currently teaching in Canada on the role of women in Africa Anti Poverty War, and the possible NEPAD contribution in relation to that issue. She advocates the need to confront cultures and traditions to advance in the process of women empowerment, an objective the NEPAD document specifically supports.

Prof. Maximin Emagna currently teaching in France and consulting based in Belgium on the need to improve the professional character and neutrality of public administration in the context of increasing multiparty democratic systems in Africa. The paper calls for a clear separation of political and administrative function in government, based on the development of political and administrative ethics.

All of these presentations originated lasting and vivid discussions with several participants arguing against either international organizations policies, procedures and programs or the real viability of implementing concepts and proposals such as the ones suggested by Patrick Vivaret and Giuseppe Sanvitti. The views of Prof. Kuye on Africa development and of Prof. Gordillo on responsibility and accountability in

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<sup>5</sup> Gordillo, Agustin: An Introduction to Law. Athens: European Public Law Center, 2003; The future of Latin America. Athens: European Public Law Center, 2003

international financing were also widely discussed. Understandably given the nature of several of the issues, no agreements were reached on them.

In a second group of papers several participants presented interesting and well received case studies. Montanus Milanzi from Tanzania on that country's Poverty Reduction Strategy Paper required by the IMF/IBRD for external debt reduction, only the fourth country to present such a PRSP. The author point out to the problems originated by the changes in the public policy process in the implementation of the strategy, and also on the prevalence of political risks in derailing the implementation of agreed policies. In the end he considers it to be a valuable exercise.

Brigitte Abessolo from Cameroon on that country efforts trying to repatriate professionals and technicians from Germany with help from that country. In concluding, the author highlight the need for evaluation of projects designed mainly abroad as a way to adjust project design and implementation to local conditions and capabilities

Jeannine Evehe from Cameroon on the poverty and exclusion because of missing attention to some frontier zones of Cameroon because of physical isolation; she advocates building networks including public agencies and NGOs and extending modern communication technology as a way to avoid the effects of isolation of distant parts of the territory.

Josephine Mouko currently from Belgium in the ACP countries and the European Union as partners sponsoring the Center for Agricultural and Rural Development Center, as a showcase of shared international governance. She advocates integrated efforts including actions oriented toward increasing production and incomes and social actions, and making intensive use of modern communication technology as a way to reach a rational and timely decision making in agriculture.

Finally Prof. Andre von Monfort from the Netherlands presented a paper written jointly with his colleagues Fred Fleurke and Piet de Vries on the experience of local social programs for homeless people in their country. The paper support decentralized policies but advocates a shift of priorities toward more prevention and improved policy coordination by means of a more active role on the part of the national government and wider coordination between municipal governments.

During the debates all of the authors provided several to the point answers. The debates took place in a most respectful manner and showing a richness of views.

## **CONCLUSION**

Beyond good intentions, "Attacking Poverty" as the World Bank entitled its Report, takes more, much more than political decisions and agreements for income to be redistributed: in fact, it has proved to be one of the most difficult jobs and tasks to accomplish in the field of social policy and "engineering".

Estate and government reform in the last two decades, including privatization, decentralization, outsourcing, "new public management", etc. intended to improve the effectiveness, efficiency, quality, openness, transparency, responsiveness, accountability, etc., of public services of any kind at any level of government.

Whatever the measure of success of the "Washington Consensus" in the economic field, reform policies have mainly failed in the social front in general and particularly in the policies and programs intended to combat poverty and exclusion, almost all over the "developing" world. Witness: indicators for poverty, unemployment, exclusion, income distribution, etc. in the WB Development Report 2000/2001, as well as in the UNDP series of Human Development Reports.

Moreover, governments have proved to be particularly ineffective in dealing with the "social side" issues and problems, not only vis a vis structural, preexistent social problems, but to make things worse yet, also in dealing with the "social cost" of economic modernization and the impact of globalization at the time of opening the developing countries economies, to the extent that the WDR 2000/2001 advises to be "prudent" in advancing in implementation of policies so intended.

So “governance” has become the main issue, as a necessary condition for a sustainable advancement of any economic modernization process.

A good level of governance asks indeed for “good government” in all branches, sectors and levels, but it involves giving the government a very clear purpose and a sense of a mission to be accomplished not by government alone, but necessarily involving the civil society and the market forces too, together with government the main and basic social actors, interacting among them in the most rational and flexible possible way, collecting, channeling and representing the main rights, claims and expectations of all traits of society, in search of balanced policies and solutions, intended for the common good.

Today, in the process of regionalization and globalization, individual countries face increasing difficulties in trying to pursue solutions in an isolated way, and nothing allows for prospects of these trends to change in the foreseeable future.

As an unavoidable consequence regional, international and supranational agreements and institutions in a growing number of fields: financial and economic, international trade, on the one end, and ODA, human right protection, anti corruption, and international criminal courts, on the other end, comes into the picture of governance.

In this way it comes to the center of attention the concept of “Shared Governance” presiding over the Conference: local, national, supranational and international players and partners, ideally involved in pursuing the common goal of “combating poverty and exclusion”

A summary of some of the items in the last World Bank Report devoted to Poverty, as well as in the NEPAD and the G-8 Plan for Action in Africa documents regarded as the most relevant for the subjects of shared governance and the role of international organization have been included above in this report with the purpose of providing both a framework and also a sort of check list for the papers preparation and selection and for the discussion in the Conference as well.

Through mentions repeated many times the documents show very clearly the concern at the international level with both issues, be it from the African side as well as from the industrialized countries and the international organizations side as well. They show too the many interrelations con with the many other issues too.

Dealing with such a number of complex issues in a Conference is a very tall order, in fact impossible of fulfilling.

However, the summary of the papers and discussions shows a respectable number of contributions, even if it comes very short of giving a comprehensive view or answers.

It is necessary in my view to follow up with the job toward a continuing building up of concepts and experiences.

Years ago the IIAS convened a Working Group on Governance. I was honored to be a member of that group, along with several distinguished colleagues, among them the current IIAS Director General. After several meetings in different cities during a period of more than two years and the very dedicated and careful job of Joan Corkery as coordinator and editor, the IIAS published in 1999 a Report with our contributions, as a book: “Governance: Concept and Applications”

I really think the IIAS should convene as soon as possible another working group with the mandate to produce a Report on Shared Governance, Poverty and Exclusion, paying special attention at the international issues related to that subject. IIAS should try, at least, getting support from international organizations in order to be able to develop such a job in a most effective and independent way.

Several very recent articles, at the time of the Conference, point out the enormity of the challenge in attacking poverty from different prospective.

In an article published in early July 2003 in the Los Angeles Times Jeffrey Sachs and Sakiko Fukuda-Parr, economist and director el the UN Human Development Report 2003 remember that in 150 world leaders met in the UN New York headquarters in the year 2000 to give approval to a document

establishing the main targets for the new millennium. After that three G-8 meetings renewed the support to them. The commitment was for the industrialized countries to increase gradually the ODA to 0.15% of their GNP which means U\$S175 billion in current terms in exchange for good governance on the part of the poorest countries; in practice this would imply giving assurance to the donors that the money will not be thrown away. Such an amount of money would mean a good part of what is needed to solve the most urgent problems, if allocated and used properly.

Now, while they mention that the UN Report shows a number of successful actions and programs in the field of poverty, they only mention five poor countries as having made significant progress in political democracy and public administration; the other ones, some number in between 50 and 100 countries, may we add, do not show significant progress.

On the other side of the counter, Charles Onyago-Obo, a columnist for The Nation newspapers in Kenya and The Monitor in Uganda wrote a column in the New York Times of July 12, 2003 under the title: "Poor in Money, but Ever Poorer in Democracy" in which he tells about problems of both domestic and international origin in both countries.

Amadou Toumani Toure, President of Mali, and Blaise Campaore, President of Burkina Faso published an article in the International Herald Tribune, Paris edition of July 12-13, 2003 under the title: "Subsidizing the rich: Africa needs a level playing field for trade." They say that subsidies in the industrialized countries for cotton, the main export product for their countries, amounted to U\$S 5.8 billion in 2001/2, nearly equal the amount of cotton trade for the same period.

In the last few days in the acrimonious atmosphere leading to the resounding failure of the WTO Cancun meeting it was made clear that the total amount of subsidies to agricultural production in the US, Europe and Japan is higher than the 0.15% very distant goal for ODA. As the industrialized countries refused to make any clear-cut compromise about it, the main developing countries refuse to continue negotiating liberalization for services, intellectual rights, etc.

Such is the world in which we live. In terms of reality, it is more than hard to foresee any significant change in the issue of subsidies in the foreseeable future. So, the only practical way could be more ODA, as at least a partial compensation. Now if in one hand there is no significant progress in governance in the poorer countries, there would always be a good reason not to increase ODA. On the other hand, poorer countries will continue to complain about the mistakes made in development financing and projects by both bilateral donors and international organizations.

So advancing toward shared governance, both in concept and in practice is the challenge before us all. Let us try making some contribution, modest as it may be.

In the meantime, every year many more millions of children are born in and to poverty and exclusion. And as time passes by, the problem becomes larger and larger, and the solution more difficult, more costly, and more distant.

21-09-03