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Thank you for inviting me to share with you at this very important retreat on Collaboration in the Field. I want to express my sincere appreciation to both Kemal Dervis and Gobind Nankani for the initiative – Africa needs the strongest collaboration between the UNDP and the World Bank, in the field, and the strongest possible cooperation with governments and other development partners, in pursuit of common objectives.

Just twelve months ago, policy-makers across the continent were exceedingly optimistic – 2005 was to be the watershed year in respect of Development in Africa and the mobilisation of financial resources in support thereof. Three major international events would assure us of the centre-stage – the G8 Summit at Gleneagles, The Millennium Plus 5 Summit in New York, and the grand finale in the Doha Round was to be sealed at the WTO Hong Kong Ministerial meeting. So confident were we, that in drafting the Commission for Africa Report, we started with the words, “This year is of great significance for Africa. In 2005 the world will review progress on a remarkable commitment it made in 2000.”¹

We described both the moment and its challenges very forcefully. We wrote,

Growth and globalisation have brought higher living standards to billions of men and women. Yet it is not a wealth, which everyone enjoys. In Africa millions of people live each day in abject poverty and squalor. Children are hungry, their bodies stunted and deformed by malnutrition. They cannot read or write. They are needlessly ill. They have to drink dirty water. Those living in Africa's mushrooming shantytowns live by stinking rubbish tips and breathe polluted air.

And then,

The eyes of the world may be averted from their routine suffering, but the eyes of history are upon us. In years to come, future generations will look back, and wonder how could our world have known and failed to act?²

As we gather, we should confirm that 2005 failed to live up to our expectations of it – indeed the world knew, and the world failed to act. So, one of the key tasks of this retreat will be the reinvigoration of the global conscience – which means asking whether we really do share common objectives, and a clear understanding of how these should be met. Allied to that task, is a second important task – the practical and humbling project of climbing down from the comfort of our analytical chairs to forge real, tough, engaged partnerships to get things done.

Whilst recognising the centrality of the MDG's as a global metric for development, we should pause to consider the adequacy thereof.

Roy Culpeper argues,

The MDG's are not ambitious enough. The MDG's address the symptoms of development failure whereas the real challenge is to tackle the underlying root causes. The real challenge is not only to achieve the MDG's up to 2015, but to go beyond them to the issues of transformation in the productive structure.³

Culpeper's views are not fundamentally different from those articulated by Jim Wolfensohn and Francois Bourguignon, who write

First, development efforts should be rooted in a long-term, holistic vision of a country's needs, not just macroeconomic but also social and structural. Second, it should focus on results rather than inputs. Third, it should be based on country-owned strategies. And fourth, development actors should foster partnerships to support the country-owned strategy.⁴

But what is the content of such "country-owned strategies"? The short answer is that they are articulated in PRSP's. We should all acknowledge that in terms of design, the PRSP's lay a strong basis for both participation of a cross-section of a country, as well as policy choice that can be exercised through the process. Well, do they? There are several problems.

Last week we conferred with African statistical agencies in Cape Town. There we confirmed that statistics on the continent are seriously deficient. Nineteen of the fifty-three African states were unable to conduct even a population census in the last ten years, nearly twice as many as in the previous decade. We then agreed that factual country-level data in a number of cases has been replaced by estimates produced by international organisations on the basis of inferred information. Since the PRSP's are designed to rest on a strong statistical base, their status is weakened by such shifting foundations.

As an aside, the Human Development Index is dependent on much the same data sources. If the statistics are not available, how would the HDI be computed, since it is premised on life expectancy, an educational index, and a GDP index, adapted to PPP. My submission is that in the absence of reliable data, the veracity of the HDI must surely be at least as precarious as that which informs the PRSP's. The critical point is that this undermines country-owned

polycymaking, and perpetuates mistrust and divergent perceptions about both goals and achievements.

So, the capability of the state to collate statistics, and exercise policy choice is vital, in each instance, for the production of country-owned strategies. Failing which, we remain dependent on the behest of the multilateral organisations to determine the content of our policies, and these policies are unlikely to enjoy the support that they need. This contradiction is worthy of the attention of this retreat.

Alongside the statistical problem, there is a strategic dilemma. To place a country on a sustainable development path requires of its government to frequently address itself to two divergent sets of “partners” – the managers of ODA, on the one hand; and foreign investors on the other. Of course, these should be complementary sources of development, but life is not so simple. In a recently published paper, Ernest Aryeetey, describes these as the Soft and Hard Options respectively.

Of the Soft Option he writes,

The literature on aid to Africa suggests that there have been two main constraints to an expansion in aid to the region. These are (a) doubts about the effectiveness of aid to a number of countries, and (b) related to that, “aid fatigue” which is reflected by the perception in donor countries that Africa may have a bottomless pit for drawing aid.⁵

So, convincing donors of the competence of the state and the veracity of policies selected is clearly much more difficult than at first glance. Moreover, we are reminded that the notion of untied aid is profoundly naïve. In a paper published by the Center for Global Development entitled, “The Global War on Terror and US Development Assistance: USAID allocation by country, 1998 to 2005”, the authors argue

The US has always used foreign aid strategically. The Marshall Plan, the first major US foreign aid program, was motivated largely by concerns over national security and the desire to prevent Soviet expansion in Europe. During the Cold War, aid was allocated to anti-communist allies with South Korea, South Vietnam and Zaire among the largest recipients. Aid has also been used to promote regional security agendas, such as for Egypt and Israel in support of the Camp David Accords. But, in recent years, aid may have taken a broader strategic significance, as US policymakers drew links between security, global poverty and weak states.⁶

Their research shows that there has been little increase to Africa over the period. Interestingly, the DRC receives \$0.82 per capita, Ethiopia receives \$2.11 per capita, Egypt \$ 7.26 per capita, and after significant cuts, Israel receives \$ 71.88 per capita.

So is Africa insufficiently poor, and not enough of a security threat? Perish the thought – are we so naïve as to believe that policymakers will be moved by the sense that “the eyes of history are upon us”? Could we be so wrong in expressing the hope that, at least the MDG’s will be funded, or that the partnership expressed in the Monterrey Consensus has a hope, or that, at least NEPAD should be supported? Is the quality of verbiage in the summit declarations the only recall that future generations will have? What needs to be done before we will see properly structured, long-term, efficient and coordinated budget support replacing the chaotic bureaucratic clutter that we call ODA today?

But let’s return for a moment to what Aryeetey described as the “Hard Option”. He writes,

While quite a lot has been written about how to attract foreign private capital, with emphasis on country risk minimisation, the development of infrastructure, appropriate macroeconomic policies with particular

reference to stable exchange rates etc. there are also opportunities for African states to do a bit more beyond the standard recommendations.⁷

This is much easier said than done. One of the greatest weaknesses facing too many countries on the continent is the very capacity of the state to design and deliver on policies. There have to be huge changes in creating an investment climate, in rolling out infrastructure, in developing sound policies for human resource development, and the nurturing of an indigenous private sector.

In his seminal book, *A Better Globalization*, Kemal Dervis writes

As hard as it is to achieve, the world urgently needs a *combination* of substantial foreign aid in the form of grants, perhaps at least twice the amount that is currently available, with a mechanism to ensure that these resources are actually put to good use. There is really nothing that automatically leads to the inclusion in the world economy of countries that have been marginalized by history, geography, civil war, governance failures, and/or foreign power struggles on their soil. Globalization does not “work” for these countries.

The linkages that exist between them and growing parts of the world are insufficient. Some optimists seem to think that global growth will eventually “reach” these countries as it will reach the poorest parts of India and China. Unfortunately there is nothing inevitable about this. To make an extreme comparison: there is no reason for the growth of the world economy to benefit the moon! China and India can use the apparatus of the nation-state to “create” linkages between their own prosperous regions and their poor regions. Somalia and Sierra Leone can do very little on their own to create equivalent linkages between themselves and the dynamic parts of the world economy.⁸

Hard hitting truths. “There is really nothing that automatically leads to the inclusion in the world economy of countries marginalized by history, geography, civil war, governance failures and/or foreign power struggles on their soil.”

Your mandate, as employees of the two multilateral bodies represented here is to make the linkages. You can do so, if you collaborate in the field, and if you understand better the nature of the challenges of building capable states and facilitating the appropriate policy choices, and if you build strong, lasting partnerships with the countries and organisations who are your partners.

Professor Dani Rodrik published a paper very recently entitled, “Goodbye Washington Consensus, Hello Washington Confusion?”

In many respects the paper is a gift to a retreat such as this. In it, he writes:

Life used to be relatively simple for the peddlers of policy advice in the tropics. Observing the endless list of policy follies to which poor nations had succumbed, any well-trained and well-intentioned economist could feel justified in uttering the obvious truths of the profession: get your macro-balances in order, take the state out of business, give markets free rein. “Stabilize, privatize and liberalize” became the mantra of a generation of technocrats who cut their teeth in the developing world and of the political leaders they counseled.⁹

He proceeds to evaluate the World Bank’s “Economic Growth in the 1990’s: Learning from a Decade of Reform”. He writes of this publication

There are no confident assertions here of what works and what doesn’t – and no blueprints for policy makers to adopt. The emphasis is on the need for humility, for policy diversity, for selective and modest reforms, and for experimentation. “The central message of this volume, Gobind Nankani, the World Bank vice-president who oversaw the effort writes in the preface of the book, “is that there is no unique universal set of rules...

[W]e need to get away from the formulae and the search for the elusive 'best practices'.¹⁰

Further, he writes

Telling poor countries in Africa or Latin America that they have to set their sights on the best-practice institutions of the US or Sweden is like telling them the only way to develop is to become developed – hardly useful policy advice!¹¹

Your work during this retreat and beyond has just become so much more challenging, and so much more interesting. I have no doubt that the two giants who are leading this venture – Kemal and Gobind – are in the vanguard of thinking deeply about these changes. You will have to partner with them, experiment with new approaches and constantly remind yourselves that your task is to empower policy-makers with the information that allows them to take the decisions. It is the least that you should offer in recognition that the policy-makers take the risk of governance, they remain accountable to their electorate.

But first, you shall have to answer what it is that we Africans should ask of governments of the North and from the Bretton Woods Institutions, and then what you, in the multilateral agencies should ask of us.

¹ Commission for Africa Report, p1.

² Commission for Africa Report, p22.

³ "Helping the Poor?" The IMF and Low Income Countries, Fondad, p232.

⁴ Development and Poverty Reduction, Looking Back, Looking Ahead, World Bank p10/11.

⁵ New Finance for African Development, Ernest Aryeetey, in "Helping the Poor?" supra, p219.

⁶ The Global War on Terror and US Development assistance: USAID allocation by country, 1998 – 2005 by Todd Moss, David Roodman, Scott Standly. Center for Global Development, July 2005.

⁷ New Finance for African Development, Ernest Aryeetey, in "Helping the Poor?" supra, p221.

⁸ A Better Globalization, Kemal Dervis with Ceren Ozer, Centre for Global Development, 2005 p144.

⁹ Goodbye Washington Consensus, Hello Washington Confusion? Dani Rodrik, January 2006 p1.

¹⁰ Goodbye Washington Consensus, Hello Washington Confusion? Dani Rodrik, January 2006, p3.

¹¹ Goodbye Washington Consensus, Hello Washington Confusion? Dani Rodrik, January 2006, p13.