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***Presentation to the Roundtable on
Shifting Donor Paradigms***

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Distinguished Members of the Panel,
Ladies and gentlemen:

At the outset, let me express my sincere gratitude to the European Commission for organizing this important event, and thank you all for joining us for this roundtable. I think it is significant that we are gathered here today to reinvigorate our partnership for the development of Africa. This is particularly important for us, at the United Nations, not only because Africa is on top of the UN's priorities, but also because such partnerships are the foundation of our development strategy.

The United Nations is a key interlocutor for Africa. Not only is it a significant partner in the search for peace and security in Africa, it is also at the center of humanitarian assistance for, and international support of, Africa's development.

From the African perspective, the various ideas and proposals on UN reform are of particular interest. Starting with the area of peace and security, when we look back to the Brahimi Report on Peace Operations, and at current efforts to strengthen African peacekeeping, as well as support the AU, we welcome the progress that has been made.

When we look at the humanitarian side, the fact that we now have a larger pool of resources in terms of emergency funds is a big step forward. Also the fact that major efforts are being made to improve the coordination of emergency assistance, and to ensure that the emergency and developmental phases are brought together, are all positive new trends.

On the developmental side, the whole approach of establishing a Common UN House, where all the agencies and programmes are co-located, is a big step forward. At the same time, the effort to have greater coherence of delivery of assistance at country level, as envisaged by the Secretary-General's High-Level Panel on UN System-Wide Coherence, is also an improvement. We can only hope that UN Member States will see the potential benefits of many of these proposals and agree to implement them.

In 2005, through the means of various high-level events, numerous reports and publications, the international community provided a collective and unprecedented support to Africa's development and reaffirmed its commitment to scale up resources and actions.

The 2005 G8 Gleneagles Summit has made a number of commitments in the areas of development aid, debt relief, and external trade. In particular, the G8

has agreed to cancel 100 percent of the debts owed to three International financial institutions by African countries eligible to the Heavily Indebted Poor Countries (HIPC) Initiative.

In the area of trade, the G8 nations have promised to strike a global trade deal, which is economically beneficial to African countries.

In 2006, while the G8 along with other creditors delivered on the promise to cancel 100 percent of multilateral debts of qualified African countries, these countries are still far from reaching an agreement on multilateral trade liberalization.

Against this backdrop, Official Development Aid (ODA) became the central theme of the debate on development issues. In fact, in light of this recent momentum to increase international support to Africa, three relevant issues can be raised:

- 1) Based on current trends, to which extent the G8 will deliver on its aid commitments by 2010?
- 2) What are the challenges facing the donor community in fulfilling their pledges, including in aid harmonization and coherence; and
- 3) Will the emergence of new donors constitute a challenge to traditional ones?

Let me start by addressing the first issue.

The Extent to which G8 Countries will Deliver on its Aid Commitments

Following the commitments made at the Monterrey Summit in 2002 to allocate, at least half of the increase in ODA to Africa by 2006, the G8 countries increased their assistance to the continent by an estimated US\$6 billion during the period 2001-2004.

In May 2005, the European Union (EU) agreed to double its ODA between 2006 and 2010 with at least 50 percent of the increase earmarked for Africa.

Overall, despite this recent increase in ODA to Africa, the key challenge faced by the international community is to build on this momentum generated in 2005 through practical delivery of pledges for the period 2006-2010. One recent report has indicated that to be on track to meet the 2010 commitments, G8 countries must collectively increase ODA to Africa by \$4 billion in 2006 and each year thereafter.

Furthermore, donor countries should exclude spending that does not result in new resources for developing countries in accordance with the commitments made at the Monterrey Summit. Donor countries should also be more transparent on how they report their development aid data. Effective monitoring aid disbursement by DAC countries is instrumental in order to hold donors accountable to their international commitments.

Challenges facing the Donor Community in Fulfilling their Pledges

Recent data indicate that aid remains ill-coordinated, unpredictable, largely linked to special purpose grants, and often targeted to countries and purposes that are not priorities for the MDGs. To address these issues, donors ought to consider taking steps in three areas: aid flexibility, harmonization and alignment of support, and policy coherence.

Flexibility: In order to scale up aid, there is a need to increase the share of flexible aid (non-special purpose grants and multilateral ODA), which can be targeted at meeting the MDGs. Over 70 percent of bilateral aid from DAC countries between 2001 and 2004 was in the form of special purpose grants: debt relief, technical cooperation, food aid, emergency aid, or administrative costs.

Harmonization and Alignment: Progress on harmonization, as part of the “Paris Declaration” of the High Level Forum, is a top priority. If effectively implemented, the 12 global targets for enhancing aid effectiveness will drastically change the mechanism under which most aid is channeled. It is expected that regular monitoring and peer pressure will improve harmonization and alignment.

Policy coherence: Donor countries ought to intensify their efforts at achieving greater policy coherence so that assistance in one area is not undercut by actions in other areas. The need for coherence in the international assistance to Africa is highlighted by the lack of complementarities in external debt, technical assistance, aid and trade policies towards Africa.

Emergence of New Donors

The emergence of new donor countries, in particular China, constitutes a big challenge for traditional donor countries as well as for the multilateral development institutions. China's greater involvement in Africa (recently strengthened by the China-Africa Summit) induced the emergence of a new public policy framework known as the "Beijing Consensus" that could counter the concepts of the "Washington Consensus." The latter involves the imposition of the conditionality by the international financial institutions and donors. A "Beijing Consensus", which is based on the principle of non-interference in the countries' domestic affairs and the promotion of sovereign integrity, seems to be very appealing to many African leaders.

According to the latest available data, Africa takes the largest component of China's ODA outlays, accounting for 40 percent (\$1.8 billion) in 2002. Last week, China pledged to double aid to Africa by 2009 and to provide \$5 billion in soft loans. Aid is provided on a long-term basis rather than responding to crises. China is also contributing to the development of major infrastructure projects, such as dams, and ports.

Conclusion

Distinguished members, ladies and gentleman, all in all, despite progress in scaling up development assistance, there still remain major challenges. In order to put Africa back on track to reach the development objectives by 2015, the international community ought to significantly increase aid flows to Africa, while simultaneously improving aid quality and effectiveness. As rightly

pointed out by the Secretary-General in the 2006 report on progress in implementation and international support for NEPAD, the encouraging progress on debt relief should be matched by a corresponding effort to meet the appropriate level of ODA. As indicated by the UN Secretary General's Advisory Panel on International Support for NEPAD, to facilitate the formulation and implementation of medium-term programmes, aid should be granted on multi-year basis, and used for budget support. Donors are urged to shift to grants or loans with a grant equivalent share substantially higher than 25 percent.

Thank you very much.
