

## A. Africa

### National policy framework to support sustainable development in Africa

In 2003, Germany started to reassess its Africa policy and support for Africa. This move was based on the Action Programme 2015, which summarizes the German contribution to halving poverty by 2015, and on the German plan for implementing the G8 Action Plan for Africa, which was finalized in Kananaskis in 2002. Apart from poverty reduction, Germany's goal is to support successful initiatives in Africa so as to develop democracy, the rule of law and sustainable economic development on the African continent. Peace and security, good governance, trade, debt relief, health, education, agriculture and water are the eight sectors of the recent G8 Action Plan for Africa which are all supported by the Federal German Government. A special focus of German policy is on strengthening responsible governance, supporting peace and security, promoting sustainable growth, health and education, especially basic education and HIV/AIDS prevention, and on managing natural resources, particularly with regard to climate change and cooperation in the water sector.

In order to achieve its policy targets, Germany cooperates on three levels:

- direct cooperation with its African partners; at present Germany grants bilateral support to 30 countries;
- on the multilateral level; i.e. within the framework of international funds, initiatives and institutions, such as e.g. the World Bank and the European Development Fund;
- on the global level, e.g. with the World Trade Organization (WTO)

A goal of the German Government as a member of the donor community is to intensify aid coordination and to design development cooperation as effectively and efficiently as possible. In HIPC countries, coordination within the donor community focuses predominantly on joint support for the implementation of national poverty reduction strategies (PRSP, Poverty Reduction Strategy Papers) designed by the partner side. Key restraints on development are analyzed and aid strategies for the most critical sectors and important fields of action elaborated e.g. with regard to education, health or trade.

There is wide consensus within the international community that joint contributions to these programmes and activities should be made available through the national budgets of the partner countries and be managed by them. The German contribution is made in coordination with other donors and based on an agreed and monitorable target system. In addition, there must be evidence that this financial support has been spent in a transparent and appropriate way. In order to ensure that capacity keeps pace with the new challenges resulting from increasing aid, and to assure progress towards sustainable development and poverty reduction, Germany supports the partner countries in their processes of capacity development.

German commitment in Africa includes participation in multilateral initiatives and funds, e.g. with UN organizations, the World Bank, the European Development Fund or the Global Fund for Combating HIV/AIDS, Tuberculosis and Malaria. Altogether, the

German Government earmarks more than EUR 1 billion annually for cooperation with multilateral organizations.

Within the scope of multilateral development cooperation, Germany supports a coherent development policy, especially with regard to issues and challenges of international trade (e.g. dismantling of custom duties and subsidies in the agricultural sector). It demands that all programmes and economic policy recommendations (e.g. concerning the liberalization of capital and financial markets, privatization, or the design of tax and expenditure policies), especially those by the World Bank and IMF, respond more flexibly to the ongoing situation in the various developing countries and focus more on PRS processes.

The German Government-supported EU initiative “Everything but Arms” is an important step forward in terms of improving trade conditions for poor countries. This initiative enables Least Developed Countries (LDCs) to export all their products with the exception of arms to EU countries - staggered over time - without any customs duties.

Another example of German multilateral support is the reform of the European cotton regime. The current subsidisation policy of some industrialized countries causes an annual loss of income of about US\$ 300 million to cotton producers in African developing countries. Therefore, in support of an initiative launched by four Western African countries, Germany has undertaken initial steps to dismantle subsidies in the cotton sector.

Germany’s EU Council Presidency (Jan-June 2007) and G8 Presidency 2007 made it clear that the partnership with Africa is a top priority of German politics. Negotiations on Africa between the Heads of State and Government at the G8 Summit in Heiligendamm focused on continuing the reform partnership launched in Kananaskis in 2002. The main topics on the agenda were good governance, sustainable investments, fighting HIV/AIDS, tuberculosis and malaria, and promoting peace and security.

In addition to multilateral initiatives, German bilateral cooperation has been refocused, and “classical” project work more keenly profiled and reoriented. Through to the end of the 1990s, the German Government supported about 120 countries with bilateral ODA. In order to improve donor harmonization and strengthen sector support and thus increase aid effectiveness, it was vital to adapt bilateral cooperation. Therefore, in close coordination with the international donor community and its African partners, German cooperation focused its development policy on selected partner countries and on selected sectors (see Annex 1).

Germany’s strategic orientation with regard to its partnership and cooperation with sub-Saharan Africa is described in the BMZ policy paper of January 2004 “New political dynamics in Africa”. This paper represents a reform agenda whose aim is to increase the impact of development cooperation.

During recent years, approximately one third of German ODA has gone to programmes and policies that have proven effective in reducing poverty in Africa. The volume of aid has increased considerably. Germany is currently increasing its ODA to EUR 750 million per year, with the majority going to Africa.

**Box 1: Issues and challenges in Africa**

- Every second individual has to live (survive) on less than one US\$ per day;
- 32 of the 38 most highly indebted countries are in sub-Saharan Africa;
- About 30 million persons are infected, or have fallen ill, with HIV/AIDS;
- There are still eleven military conflicts on the continent at present;
- More than a third of all children do not attain a primary school certificate;
- UNICEF estimates that the number of HIV/AIDS orphans will increase to 20 million individuals by 2010;
- More than 12 per cent of the world's population lives in Africa. However, the African share of world trade does not reach even two per cent;
- Even though there are certain successes that are distributed unequally across the various countries, taken together sub-Saharan Africa would be unable to reach the MDGs.

**Challenges:**

- Good Governance (on all levels);
- Peace-keeping and conflict prevention, implementation of human rights (especially for women and children);
- Social market economy and sustainable basic conditions for the private economy (including agriculture and support for rural development);
- Human investment, likewise investment in education, health, and food security;
- Upgrading of infrastructure (water and sanitation, roads, energy - including renewable energy);
- Environmental and resource protection;
- Prevention of and fight against HIV/AIDS as a central cross-cutting exercise.

**Poverty reduction*****Development in strategies and policies; programmes and policies effective in reducing poverty***

Within the framework of the debt relief initiative (HIPC and Cologne process), Germany contributed more than EUR 1 billion to sub-Saharan African countries in 2002 and 2003 alone. This opened up opportunities to regroup financial resources for poverty reduction in the national budgets. In the 23 African countries whose debt was cancelled, spending on poverty reduction (e.g. in the education and health sector) increased from an annual US\$ 4.1 billion (1999) to US\$ 8.4 billion (2004). The share of poverty reduction-oriented expenditure in the general public budget went up from 38 per cent in 1999 to approximately 48 per cent in 2004.

Sub-Saharan African countries are still dependent on bilateral cooperation. Evidence from aid monitoring has shown that Good Governance and the political participation of all stakeholders (especially of civil society) is the key to the responsible design and implementation of sustainable development and for a successful poverty reduction policy. Consequently, Good Governance is not only a prerequisite for sustainable development but a most essential part of the development process itself.

To have Good Governance, a state or statesmanship must exist and a minimum of public security be ensured. Important elements of Good Governance are:

- accountable execution of political power by the state, participation by the civil population (including ethnic and other minorities) in political processes, respect for political and civic human rights;

- efficient public institutions and responsible usage of public resources by the state (finances and natural resources), transparency and accountability;
- rule of law and predictability of legal decisions;
- reconstruction of governance structures in post-conflict states.

German development cooperation supports African progress towards more political participation and control, self-responsibility and transparency. In addition to targeted projects and programmes in support of Good Governance, Germany has also mainstreamed governance aspects as a cross-cutting theme within other sectors and measures. Here, German cooperation is directed mainly towards two priority areas:

- support to reforms related to governance, and
- promotion of decentralization.

Germany supports its African partner countries in their efforts to establish efficient local and regional administrations equipped with decision-making competence and replete with budgets facilitating development on-site and ordinary, everyday democratic life. It is obvious that the decentralization of political decision-making processes enhances democracy and strengthens governance on the overall state level. A precondition for this is that structural change is also promoted at the central state level (e.g. decentralization of fiscal matters also). Thus, the reform process has to be double tracked, locally/regionally and on the central level.

The promotion of participation in decision-making processes is based on the fact that the poor and the rural population must also be given an opportunity to voice their needs and development priorities. Indeed, policy implementation must always respect their interests (*empowerment of the poor*).

Economic growth reduces poverty only if the poor profit from it clearly and if more people are integrated into productive employment. Pro-Poor-Growth (PPG) is a strategic approach whereby economic growth is specifically used to reduce poverty. The focus is on promoting the economic potential of the (extremely) poor and disadvantaged. PPG is a pivotal reference point of German development policy. German bilateral support to sub-Saharan Africa focuses on three topics:

- an enabling environment for sustainable economic development;
- financial systems development, and
- agribusiness development.

The agricultural and food sector is the most important sector of the economy in sub-Saharan Africa in terms of the number of people employed, turnover, food supply, and exports. In many cases, only few of the growth opportunities which would arise in many African countries if national and international marketing of agricultural products, including renewable resources, were stepped up are actually harnessed. This is due to an unfavourable sector environment (e.g. corruption, unreliable taxation policies, uncertain property and usufructuary rights, trade barriers and market distortions, inefficient market structures) and insufficient availability of services that are responsive to enterprises' needs. It is also due to a weak entrepreneurial culture and, as a consequence, to a low level of sector organization, as well as insufficient awareness

regarding the implementation of quality, social and environmental standards, and, last but not least, to “fault lines” in the value chain.

German development cooperation is helping to comprehensively improve the market-oriented production, processing and marketing of agricultural goods suitable for integration into a competitive system. The goal of development cooperation is to enhance private investment and competitiveness in the agricultural sector whilst taking account of international standards, thereby generating more income and employment for poor people in particular.

At the micro and meso levels, development cooperation activities are aimed at value chain development by means of fostering services that are responsive to enterprises’ needs and that operate on the basis of cost recovery if possible. The services in question relate to connecting (small-scale) producers and processors to markets (for instance through contract growing, technology transfer, market information systems) and building the capacity of governmental and private service providers to advise private enterprises, cooperatives and federations, for example on the implementation of social, quality and environmental standards.

Activities at the macro level seek to generate an environment conducive to a competitive agricultural sector (tax and investment legislation, competition law, ownership legislation, reduction of inefficient state shareholdings, policy coherence). In the area of trade policy, development cooperation provides support, with a view to creating, regulating and using trade options in national, regional and international markets. During the German G8 Presidency 2007, special measures were driven forward to improve infrastructure and enhance regional cooperation with Africa and in the financial sector. This included the establishment of a regional microfinance fund, which will also serve to promote the economic independence of women.

#### **Box 2: Country study Mozambique**

Mozambique is a partner country of German development cooperation in which more than two thirds of the population live below the national poverty line; most of them from agriculture. The country is extremely vulnerable to floods and droughts at all times. However, during recent years Mozambique has steadily made progress, thanks to a most remarkable peace and democratization process which has been accompanied by considerable economic success and a clear orientation of national policy towards poverty reduction as the most important challenge for the country. In September 2001 Mozambique was the third country worldwide able to profit from the HIPC debt relief initiative.

The Poverty Reduction Strategy of Mozambique provides the framework for joint support by the various donors. German bilateral development cooperation, which since 2001 has concentrated on the three provinces of Manica, Sofala and Inhambane, is also aligned with the strategy. Three sectors are supported: 1) primary and vocational education, 2) economic reform and the establishment of a social market economy, and 3) rural development. In addition, due to the fact that HIV/AIDS affects about 13 per cent of the entire population, HIV/AIDS prevention and contributions to gender equality have particular importance as cross-cutting issues.

Mozambique has made remarkable progress in the health and education sectors. For example, the rate of school enrolment has increased from 40 per cent in 1995 to 60 per cent in 2001, and the rate of infant mortality decreased from 240 per thousand in 1990 to 205 in 2000.

From 1987 until the end of 2002, the Federal German Government has provided more than EUR 661 million in bilateral cooperation to its African partner country. In 2003, this figure was about EUR 52.2 million.

### *Empowerment of the poor, women, and indigenous people*

The German Government endorses attempts to fit all elements of broad and sustainable economic growth and the attendant empowerment of disadvantaged population groups (MDGs 2-6) into a tailor-made strategy. Germany is convinced that strategies targeting poverty reduction and economic growth and other reform processes are the responsibility of the partner countries and should predominantly be promoted by these countries themselves. Therefore, BMZ supports the participatory formulation, implementation and evaluation of national Poverty Reduction Strategies through a large number of bi- and multilateral projects and programmes, and increasingly aligns all development activities with partner countries' strategies and priorities. Since their inception through the Cologne debt relief initiative of 1999, PRSPs have also become the central instrument for translation and implementation of the MDGs 1-7 in the countries concerned.

For German development policy, gender equality is a key factor when it comes to reducing global poverty. On the one hand, Germany has mainstreamed gender (MDG 3) as a cross-cutting theme in all its concepts and activities, whilst also supporting inter alia the legal, social and political position of women through development cooperation activities. This policy has been established among other sources in the "Entwicklungspolitische Aktionsplan für Menschenrechte 2004-2007" ("Development Action Plan for Human Rights 2004-07") and in the BMZ Gender Concept of 2001.

Gender equality has progressed somewhat with regard to education and labour. And although equal relations between the genders have not been established as yet, considerable progress has been achieved within the primary education sector, for example. In sub-Saharan Africa today, some 82 per cent of all girls attend a primary school. With regard to the enforcement of women's political rights, progress is much slower, partly due to the extremely low starting point.

The Action Programme 2015 of the German Government, too, views gender equality as the key factor in poverty reduction. In accordance with the international discussion, Germany makes use of the Dual Track system. First, gender mainstreaming ensures that the needs of women and men, which often vary greatly, are taken into account within all fields of activities and in all types of projects (from planning up to the evaluation). Secondly, targeted activities to promote women in development are necessary in order to abolish ongoing gender-specific discrimination in society, politics and the economy.

As a consequence, the German Government supports partner-country projects focusing on women, with a view to:

- generating equal access to resources such as land and capital;
- enhancing the political influence of women;
- equalising their legal status and
- overcoming violence against women and girls.

Bilateral cooperation emphasises legal and social consultancy for women, lobbying and the networking of women's NGOs, the enforcement of women's rights, measures to combat trafficking of women and violence towards women. On the global level – e.g. by supporting UNIFEM or the OECD/DAC Gender Network – Germany mainly encourages improvements in women's legal situation.

National PRSPs are an important framework for German engagement in the field of gender equality in its partner countries. The German Government has provided special budgets for some partner countries so as to emphasize the gender dimension in PRSP.

### *Equitable access to education and health*

To improve the pro-poor opportunities for social participation and self-determination, the Federal German Government supports social service delivery in the education and health sectors. In addition to improving vocational education, bilateral development cooperation also aims to improve primary education (MDG 2).

German support within the multilateral "Education for All – Fast Track Initiative" (FTI), which integrates all relevant bilateral organizations with the World Bank, UNESCO and UNICEF, concentrates on those partner countries in which primary education already constitutes an agreed emphasis of bilateral agreements (Mozambique and Guinea). In addition to the FTI, primary education is also emphasized in German cooperation with Malawi.

To give girls especially broader access to education, German bilateral aid supports inter alia the following initiatives:

- introduction of incentive systems (safe schools, medical care for school children, and health education, provision of school equipment for children, various types of support/subsidies for education such as autonomous school funds, credit notes for education, scholarships for pupils),
- sponsoring participation by parents and the communes in school development and the legal form of schools (communal or state schools).

#### **Box 3: Malawi: Reading, writing, counting – and a warm meal**

In Malawi only 80 per cent of children attend school, and about 35 per cent successfully complete the 8 years of primary schooling. The international goal of "Universal Primary Education - UPE" may be out of reach. One of the reasons for this is the weakness of the primary education system: the quality of the teaching is poor, and the primary school teachers are not satisfactorily trained for their task.

Management of the education system is also inadequate; contents and methods of teaching are outdated, and there is a general lack of books and other teaching materials. Many children in Malawi do not have an opportunity to attend classes, or have to repeat certain classes or drop out of school due to socio-economic reasons: hunger, long journeys to school, the presence of diseases such as HIV/AIDS and malaria make school attendance virtually impossible. Many children also have to work to generate income for their family. Girls are additionally hindered by cultural factors, such as early marriages.

Germany is helping the Government of Malawi to improve the quality and efficiency of education. The planned German contribution to the ongoing phase (2005 to 2007) is EUR 18.1 million. Pupil- and child-centred curricula have been developed along with the relevant learning materials. Alongside reading, writing and counting, the focus is on addressing everyday issues, including HIV/AIDS prevention.

Various German state development organizations work hand in hand in Malawi in the education sector, fostering the rehabilitation and extension of teacher training colleges, particularly for female trainees (KfW);

developing and implementing new teacher training curricula (GTZ); supporting lecturers at teacher training colleges by equipping them with modern teaching methods (InWEnt); and providing advisory services for the management of the various teacher training colleges (DED). GTZ is additionally developing interventions for school drop-outs and for children who have never enrolled in primary school.

Since late 2005, German support includes a school feeding project, too, in order to improve equitable access to education: as a result of the annual drought, an average of less than 50 per cent of children make it to school, since they have to work for their own survival. A warm meal is now provided to these children to improve the situation and allow them to attend school. To achieve improvement in the long run, lessons on healthy nutrition will be integrated into the curriculum, and the teachers provided with related training.

In addition, the German Government provides strategic support to improve access by children and mothers to basic health-care services (MDG 4 + 5). Here, activities enhancing the reduction of child mortality are implemented both through bilateral development cooperation and through participation in multilateral programmes with organizations such as the WHO or UNICEF (e.g. vaccination campaigns against measles or poliomyelitis). In addition to child health, the health of mothers has a prominent place within programmes of basic health care and reproductive health.

Germany supports the training and further education of health-sector staff members and the quality control of health services. The German Government supports social marketing projects which advocate the distribution of contraceptives in order to reduce involuntary pregnancy and sexually transmitted diseases such as HIV/AIDS.

#### **Box 4: Equal access to health care in Kenya**

One of the focal areas of Kenyan-German development cooperation is health. The overall objective of activities here is to improve access to services relating to reproductive and sexual health and to safeguard the financing of health services, thereby contributing to poverty reduction. In the field of reproductive and sexual health, the focus lies on the themes of family planning and reproductive health for young people, the fight against female genital mutilation (FGM), and measures to prevent and control HIV/AIDS.

Access to reproductive health services in Kenya is still very limited, especially in rural areas. The demand for family planning is high and unsafe abortion is a major problem, particularly for poor and unmarried women. Gender-based violence is widespread in Kenyan society and considered legitimate behaviour by the majority of women and men.

In recent years the Kenyan government - with the support of donors - has made significant efforts to develop population and health policies, and to enact legislation consistent with international health standards. Thanks to the 2006 Sexual Offences Act, FGM is comprehensively outlawed and domestic violence prohibited.

Kenyan-German cooperation in the health sector has a human rights focus, addressing the right of access to essential reproductive health services and relevant information. This requires a particular focus on the poor and vulnerable. Therefore, the introduction of pro-poor financing systems to foster affordability is an integral element of the approach used, and contributes to the reduction of health inequalities. Other elements of the human rights-based approach of German development cooperation in reproductive health in Kenya include support for recovery services for victims of gender-based violence and intergenerational dialogues in the FGM component. A further focus of intervention is on capacity development for non-public health service providers, such as church-related services, which play an important role in health-care provision in Kenya.

*Access to energy, safe drinking water supply and sanitation services*

Sustainable development will not be possible without a secure and environmentally friendly supply of energy. Africa's potential for power generation is underdeveloped; the renewable energy potential in particular remains largely untapped. Within German development policy, *energising sustainable development* have become new keywords for strategies and activities in these sectors. Access to modern energy services, the promotion of renewable energy, and greater energy efficiency are the three pillars of any strategy for sustainable energy supply. The targets are threefold: first, to improve the living conditions of the poor population directly; this is in response to the fact that more than a hundred thousand people, mainly women and children, die every year in Africa from indoor air pollution. Secondly, access to modern energy services is a precondition for any kind of economic investment and growth. Thirdly, promoting renewable energy and greater energy efficiency is the fundamental approach in terms of the sustainable governance of natural resources. Each year therefore, Germany provides about EUR 100 million exclusively for renewable energy projects. A EUR-150-million credit recently made it possible to tap 160 MW of wind energy in Egypt, thus saving 180,000 tons of CO<sub>2</sub> per year. A second wind park is now scheduled with an output of 3,000 MW.

**Box 5: Kenya: Electricity from geothermal energy**

Eastern Africa is currently suffering from an energy crisis. Electrical power often has to be cut because, in the wake of a few arid years, hydropower production has decreased. Parallel prices for heavy heating oil have increased considerably. However, Kenya and its neighbouring countries have access to a large and so far unexploited potential for geothermal energy. The costs of developing such forms of energy are high, and test drilling is very complicated and costly.

German development cooperation supports Kenya's use of this potential for environmentally friendly energy production. In future, the private sector will also be included in the efforts.

The largest geothermal power station in Africa is Olkaria II in Kenya which has been co-financed by German development cooperation. Thermionic steam at up to 300 °C from around 2,000-metre-deep boreholes operates two turbines with a combined power output of 70 MW. They supply approximately 600,000 Kenyan households with electrical power. Today, Kenya already obtains 11 per cent of its power supply from geothermal sources. Environmentally friendly electrical power from geothermal energy also contributes to global climate protection.

Olkaria II has been financed by the Kenyan state with German support. The Olkaria IV power plant with the same energy power output is scheduled for construction by private enterprise to ease the burden on the Kenyan budget. Germany will only provide start-up financing, focusing on investment for drilling geothermal wells.

Only half of all the people in sub-Saharan Africa currently have sufficient access to safe water resources and only 37% to basic sanitation. In suburban settlements and in rural areas especially, water supply and sanitation for the poor is inadequate, resulting in an additional increase in the negative consequences of poverty.

Some 165 programmes are currently being implemented with a financial volume of more than EUR 840 million. More than 18 million people in eleven countries are beneficiaries of cooperation in this sector. This makes Germany the largest bilateral donor in the water sector in sub-Saharan Africa. Cooperation concentrates on eight

countries (Benin, Burkina Faso, Eritrea, Kenya, Mali, Zambia, Tanzania and Uganda) and the state community in Southern Africa (Southern African Development Community, SADC). German involvement focuses on two points:

- water and sanitation supply mainly in small and middle urban settlements and
- management of water resources.

In many places new and improved water and sanitation facilities have to be built. In most cases German cooperation offers a package including both investment financing and consultancy for planning, construction and effective operation of the newly built systems. Where necessary, the population is informed about the link between water and health. Special consideration is given to suburban settlements and slums which house the majority of the unsupplied poor.

Efficient and sustainable use of water and sanitation facilities is only possible if national policies and laws provide adequate frameworks. It is important that water-supply systems are operated economically and that decision-making is decentralised to the level of consumers and customers and that the specific needs of the poor are taken into consideration. German development cooperation provides advice with regard to reforms, initiates dialogue between important stakeholders, and sets out clear conditions for financial support. Reform processes are also promoted in the partner countries.

Water resources have to be protected from pollution and wasteful usage. If water is scarce, conflicts between various users are often likely to occur. Such conflicts apply to disputes between farmers and nomads, between industry and water-supply companies and can reach the level of international disputes over cross-border, open bodies of water and subsoil water resources. German development aid focuses, therefore, on strengthening weaknesses in the management of water resources in African countries.

Thus far, only around 40 per cent of countries have taken steps to achieve the Integrated Water Resource Management targets. Cooperation between the African States concerned is also thin on the ground. Cross-border water management therefore ranks amongst the focal activities of German cooperation in order to implement the G8 Action Plan for Africa. Support is provided inter alia to the African Minister's Council on Water and bilaterally to the neighbouring owners of the Niger, Nile, Congo, Orange, and Limpopo and to the Nile Basin Initiative, which is showing initial positive results: a climate of cooperation has been formed in the meantime.

**Box 6: Improving access to clean water and sanitation in Zambia**

Although Zambia has abundant water resources, a detailed baseline study conducted in 2005 indicates that only 47 per cent of the urban population have adequate and sustainable access to clean drinking water and only 43 per cent of the urban population has access to adequate sanitary facilities. The water supply systems in most urban areas are in a poor condition.

The Zambian Government embarked on a profound reform process in 1994 with the adoption of a new National Water Policy, most of which has since been implemented. Through substantially increased technical and financial support, Germany has assisted the implementation of this reform, in particular through significant support to the decision-making processes in the sector. Two main focal areas of cooperation are (1) the establishment and strengthening of commercial utilities (CUs) to provide clean

drinking water and sanitation in the urban and peri-urban areas, and (2) the establishment of, and institutional support to, an autonomous and effective regulatory agency, NWASCO (National Water Supply and Sanitation Council), to ensure the balance of commercial and social goals.

NWASCO has given special consideration to the poor in all its regulatory tools, e.g. through the promotion of lifeline consumption and cross-subsidisation allowing for social tariffs. Through the definition of service coverage areas in the licence agreement the regulator obliges the CUs to provide services to low-income urban areas. Recognising the challenges the utilities face in order to fully meet the coverage targets, NWASCO issued guidelines on service provision to the urban poor. Moreover, with the support of GTZ, NWASCO set in operation the Devolution Trust Fund (DTF), a basket-financing instrument that provides funding to gradually improve water supply and sanitation services for the urban poor. DTF procedures reinforce the role of the CUs in service provision to the urban poor: The CUs submit proposals on extension projects to the DTF, whereby priority is given to the areas most in need. The CUs are then in charge of implementation, with external assistance if necessary.

The low-cost technologies promoted through the DTF are water kiosks, which are set up with the participation of the population and operated by a private kiosk operator under a contract closely supervised by the CU. The CUs control the tariff so that the kiosk operators do not charge above the regulator-approved tariff. Consumers can thus purchase 20 litres of water for a fixed price equivalent to about US cents 0.5, a tariff close to the price of water provided by a house connection. Private water vendors, which consumers had to rely on before the construction of a water kiosk in their area, sometimes charge up to 25 times the amount for water of dubious quality. The kiosk operators carry out maintenance and are responsible for keeping the kiosk clean at all times. The CUs thus ensure the sustainability of the system: linking the water kiosks to the main network automatically guarantees that the poor receive the same quality water as everyone else in the network. With the establishment of water kiosks during the first phase of the DTF, about 150,000 poor people so far have gained sustainable access to safe drinking water - at a very low per-capita investment cost of US\$ 8 to 9. Other donors have also adopted the concept of water kiosks, and make financial contributions to the basket fund. By 2015, a further 1.7 million people will have access to clean water in Zambia. At present, the DTF is developing a similar concept for low-cost sanitation projects, which will be operational in 2009 in order to accelerate progress towards the sanitation-related MDG targets.

Experience in many countries has shown that international support for education, health and other basic services has to be closely linked with national efforts. The partner state should contribute to all measures with its own budget and ensure the availability of qualified staff and sufficient means of operation in order to allow affordable services for the poor. Where cost-covering tariffs are overcharging the poorer strata of the population - and this is true in many areas - compensation measures for the poor are most essential. This policy has not been respected throughout all programmes, with the result that in some cases the poorest cannot benefit from the improved services.

## **Health priorities**

The German aid policy underlying health-sector support focuses on the following three levels of intervention:

- At global level, it is mainly the responsibility of industrialized countries to provide opportunities to developing countries to supply themselves - based on realistic prices - with medicine for the prevention and treatment of the most significant diseases such as HIV/AIDS or malaria. In this context, the German Government has successfully supported an initiative which allowed developing countries to facilitate the “cross border compulsory licensing” of drug products. Germany also provides assistance to research work on those medicines of greatest importance for developing countries, particularly those against malaria.

- In developing countries themselves, an improvement in health policy is most essential where it supports basic health services offered directly to the disadvantaged parts of the population. German development aid hence supports its partner countries in the establishment of sustainable, financed health services and in the design of health insurance systems in order to improve the population's access to essential services. It is considered important in this context for health policies to be integrated into national development strategies (inter alia the PRSPs). Donor harmonization and the coordination of various international programme initiatives in the health sector must also be intensified to improve planning and implementation capacities in the cooperating countries.
- Especially with regard to the fight against HIV/AIDS, the German Government is actively seeking alliances with the private sector.

### *Vaccination, malaria prevention, control of tuberculosis and other communicable diseases*

Malaria continues to affect the most vulnerable populations in Africa, resulting in nearly one million deaths per year, mostly amongst children under the age of five. Personal grief and economic costs (about one to five per cent of the net domestic product) are enormous.

Tuberculosis continues to spread while only five per cent of infected individuals suffer from the clinical and contagious illness of open tuberculosis. However, the illness often occurs amongst people already suffering from an affected immune system and therefore it is a very frequent cause of death among HIV/AIDS-infected persons. Annually, 1.2 million individuals in sub-Saharan Africa die from this disease. Therefore, combating TB cannot be separated from the fight against HIV/AIDS.

Besides its engagement in the fight against HIV/AIDS, the German Government provides strategic inputs to the fight against tuberculosis in Africa and Asia. So far, EUR 45 million have been raised. To date, Germany has contributed some EUR 3.2 million to the fight against malaria. During the German G8 Presidency 2007, substantial commitments were made to improve health systems and to fight HIV/AIDS, TB and malaria. The G8 committed US\$ 60 billion to the fight against these main diseases; Germany alone committed 4 billion. In addition, Germany also supports the WHO's "Roll Back Malaria Initiative". The focus of all projects which aim at establishing and improving local health services remains on tuberculosis and malaria control.

### *Effective measures in combating HIV/AIDS*

The HIV/AIDS pandemic is threatening to have massive negative effects on economic development. 70 per cent of all cases worldwide are in sub-Saharan Africa. Based on forecasts, GDP might fall by more than 20 per cent in a number of African countries by 2020 as a result of HIV/AIDS. 60 per cent of the people affected by HIV/AIDS in sub-Saharan Africa are women. German development aid is therefore focusing on new strategies relating to structural and institutional issues, with a stronger focus on strengthening the role and rights of women, expanding and broadening prevention

efforts, and promoting activities in the field of health systems development (in comparison to 1998 with EUR 20 million p.a). In the G8 Summit Declaration 2007, Germany, together with the other G8 countries, emphasized the importance of programmes to promote and protect the human rights of women and girls as well as to prevent sexual violence and coercion, especially in the context of preventing HIV/AIDS infections. From 2008 onwards, the German Government will provide EUR 500 million per year for HIV/AIDS-related activities. Between 2002 and 2006, the Global Fund (GFATM) alone was supported with nearly EUR 290 million. At the invitation of the German Government, high-level representatives of donor countries and partners of the Global Fund (GFATM) met in Berlin for the second replenishment conference in September 2007. Due to unexpectedly high donor-country pledges worth a total of US\$ 9.7 billion, the conference became the largest single financing exercise for health ever, thus enabling the Global Fund to increase its annual commitments to US\$ 6-8 billion by 2010. Germany more than doubled its annual contributions from EUR 87 to 200 million. Besides the GFATM and bilateral cooperation, funding has been given within the framework of EU activities to the World Bank and many other international organisations. In Africa, 28 countries are direct partners in the fight against HIV/AIDS and all joint programmes target more than 190 million persons.

**Box 7: Broad initiatives for fighting HIV/AIDS**

- Social marketing initiatives are supported in many countries. In some countries, socio-cultural barriers prevent the broad-scale availability of condoms. Here, only intensive dialogue with traditional and religious leaders allows for alterations in behaviour.
- HIV/AIDS prevention is not limited to health. More and more information is also launched outside the health system. Prevention is promoted e.g. within the education system for all age groups, including children (School Peer Education Programmes).
- Local production of antiretroviral medicine in poor countries is another challenge in the fight against HIV/AIDS. Through a Public-Private Partnership, the German Government supports the production of generic drugs in the Democratic Republic of Congo. A diagnosis and therapy centre accompanies this project which is implemented according to GMP (Good Factoring Process).
- Preventing the transfer of HIV/AIDS from mother to child by cheap and efficient methods is promoted in several African countries.
- As women and girls who know their rights are less at risk of infection by HIV/AIDS, Germany supports various innovative NGO projects designed to improve civic information about legal rights, the abolition of discriminatory laws or the enforcement of political participation for women and girls.
- Mainstreaming of HIV/AIDS prevention is successfully promoted in various sectors of cooperation such as education, health, rural development, decentralization, promotion of democracy, and transport. Water and sanitation programmes combine education in water hygiene with HIV/AIDS prevention.
- Many HIV/AIDS prevention and treatment activities are implemented in close cooperation with NGOs, church and other religious institutions, self-help organizations and the private sector.

It has been shown that where the pandemic is consistently controlled and combined with sufficient resources, the spread of HIV/AIDS can be stopped. In this way, Uganda was able to reduce its HIV infection rate considerably during the last decade. In the capital Kampala the prevalence rate amongst pregnant women dropped by about 30 per cent from 1990 to approximately nine per cent in 2002.

### **Box 8: HIV prevention in basic education - The heart of a community-based AIDS response in Francophone Africa**

Many sub-Saharan African countries are experiencing alarmingly high rates of HIV infection, particularly among their youth, women, and girls. The impact of AIDS on the availability, quality, and demand for education poses enormous problems. At the same time, it is known that education can act as a “social vaccine” against HIV by providing knowledge and life skills and by giving children basic information on gender relations, sexuality and reproductive health that will help them adopt responsible behaviours in these three domains later in life.

Several basic education projects by German Development Cooperation in Francophone Africa (GTZ) have included AIDS prevention in their activities. Projects in Chad, Guinea and Mali are based on a multi-sectoral approach that establishes close collaboration between the education and health sectors and involves communities around schools in a local AIDS response. The applied strategies allow for some useful lessons learned and highlight approaches that are suitable for more widespread application:

- *Effectiveness and success:* The activities undertaken in the educational system and its social environment (in and around school) have resulted in a network that facilitates frank and open dialogue on AIDS in the target communities. This lifting of taboos is indispensable for effective AIDS prevention. Intersectoral cooperation and close cooperation between the education sector and the health sector are crucial for an effective local AIDS response.
- *Transferability:* The approaches developed by the three projects have all been integrated in the respective national education sector programmes. This is an important prerequisite for the transfer of the approaches to other regions in the same country.
- *Participatory and empowering approach:* Numerous documented testimonies from young people in Guinea confirm that they feel they were empowered by the peer-educator training they received, because of the skills it gave them, the role they presently fill within the community, and the self-confidence they now have in discussing AIDS and responsible sexual behaviour. Empowering young people at the individual level reinforces their appreciation of themselves and of each other.
- *Gender awareness:* All the project activities include a component that promotes girls’ education and empowers both women and girls. For example, through associations, mothers are enabled to serve as resource persons for their daughters and trained liaison-mothers help build a network of determined women in the target communities. The girls themselves gain self-confidence, knowledge and negotiating skills – their strongest shields against HIV-infection. Thanks to the special attention paid to girls, the rate of girls’ school enrolment is increasing more rapidly in the regions covered by the projects than it is at the national level.
- *Comparative cost-effectiveness:* Schools are an excellent platform for a local AIDS response because they reach a large number of children and adolescents on a regular basis. The infrastructure, social structures, and human resources of the education sector can all be used for AIDS prevention instead of creating expensive new structures.
- *Projects promote a culture of dialogue in teaching:* Teachers now know how to produce appropriate educational materials for AIDS prevention and they actually use them in class; they have gained competency in a method of learning and teaching that allows them to establish and maintain dialogue with their students, which, in turn, benefits their students.
- *Sustainability:* By focusing their measures on the empowerment of girls and the gender-sensitivity of young men, and by designing a teaching process of participatory learning, the projects have a positive influence on community members’ sense of gender equality, on their ability to reflect on existing practices and attitudes, and on their dialogue skills, all of which are predictors of the social sustainability of a programme. The so-called “context approach” employed by the projects takes into consideration the entire social context determining young people’s sexual behaviour and reproductive health.
- In addition, all the projects intervene at three levels: at the micro level through direct contact with target groups, and at the meso level by improving the training offered to educators. The experience acquired at these two levels is directly integrated with sectoral advice at the level of the respective Ministries of Education and the implementation of national programmes at the macro level. This multi-tiered implementation contributes significantly to the sustainability of the innovative approaches that the three projects have developed.

Another contribution to health and the improvement of women's and girls' human rights since 1999 is the promotion of initiatives against female genital mutilation (excision and infibulation) in seven African countries. Some 140 million women and girls worldwide have become victims of genital mutilation according to official estimations. And another three million girls suffer the same fate every year. Since 1999 the German Government has been supporting governmental and non-governmental organizations in Africa protecting women from genital mutilation. Nearly EUR 6 million has been invested by Germany so far, with another EUR 3.5 million scheduled for investment over the next three years.

One way of developing alternatives to the rite of genital mutilation is to support local organizations which encourage dialogue between generations. Awareness-raising campaigns have been sponsored and instructional materials developed for schools. In addition, Germany supports government legislation or the design of action plans against genital mutilation. Since 1999 the BMZ has supported Benin, Burkina Faso, Ethiopia, Guinea, Kenya, Mali, Mauritania and Senegal in their efforts against genital mutilation. FGM has already been successfully prohibited by law in Ethiopia and Benin.

## **Governance of natural resources**

### *Strategies*

Africa is facing substantial environmental challenges and is highly susceptible to climate change. Increasing desertification, loss of water resources, and urban pollution are amongst the most severe problems.

In response, Germany is cooperating bilaterally with 32 African countries within the scope of its engagement in natural resource and climate protection activities. According to the German Government, combating desertification and protecting natural resources constitute integral components of poverty reduction and rural development and are therefore regularly accompanied by support measures in areas such as governance, decentralisation, capacity building, economic reform and so forth.

Of special concern to the German Government is the integration of environmental aspects in the national Poverty Reduction Strategy Papers. This is because, in developing countries, it is the poor that are hit hardest by the effects accruing from the overexploitation of environmental resources and pollution (e.g. desertification). Therefore, the German Government promotes the constitution of viable environmental institutions as well as dialogue between the parties involved about the use and valorisation of natural resources.

Important contributions by the German Government with regard to the achievement of Millennium Development Goal 7 target the conservation and growth of forests (especially in the tropics) in partner countries. Furthermore, Germany actively participates in the international process of developing and implementing the

Convention for Biodiversity (CDB), the Cartagena Protocol and international treaties on plant genetic resources for nutrition and agriculture.

The German commitment to renewable energies is directly linked to climate protection. In connection with the Kyoto Protocol of the United Nations Framework Convention of Climate Change (UNFCCC), the German Government has agreed on a 21 per cent cut in the emission of greenhouse gases and has already achieved the 19-per cent mark. Moreover, developing countries have been supported in their climate protection efforts, inter alia within the framework of the project-related mechanisms of the Kyoto Protocol (CDM etc.).

For Germany, the UNCCD is the instrument of choice for its policy of combating desertification and drought and for promoting sustainable land management. As a signatory state to the UNCCD and as a country hosting the UNCCD Secretariat, Germany is committed to supporting the Convention's implementation. It makes annual contributions of about 9.4 per cent to the budget approved by the Conference of the Parties and provides voluntary contributions to the UNCCD Secretariat, thus expressing its interest in the success of the UNCCD. Currently, 60 per cent of the support for desertification deriving from numerous bilateral cooperation projects goes to Africa, supporting 136 governmental and 194 non-governmental projects and initiatives.

Good practice is upheld by German development cooperation, for example, through a project advising the Malian UNCCD focal point and supporting regular in-country donor coordination. The project also advised and supported the Malian partners in their efforts to create synergies between the three environmental Conventions. At community level, complementary efforts are directed towards sustainable land-use planning in 95 rural communes, thus exemplifying implementation of an international convention at local level.

### *Equitable resource revenue sharing*

#### **Box 9: Extractive Industries Transparency Initiative**

The Central African states have so far not been able to profit economically from their richness in natural resources. Reliable data on the extraction of resources and the resulting monetary flows is available only to a limited extent, and the states' income from resource extraction is not effectively utilized for sustainable economic development and poverty reduction. The project "*Strengthening Governance in the Extractive Industries in Central Africa*", funded by the German Government and implemented by GTZ and about to start in the 4<sup>th</sup> quarter of 2007, aims to help public, civil and state actors make better, more development-oriented use of the wealth of natural resources. It will cooperate closely with the international initiative EITI (Extractive Industries Transparency Initiative), which lobbies for public access to data on public-sector income derived from extractive industries worldwide, and which comprises 14 African member states. The project will second an international expert to the secretariat of CEMAC (Monetary and Economic Community of Central Africa) in Bangui, Central African Republic, to support the national implementation of the EITI process in the CEMAC member states. Furthermore, the GTZ expert will put special emphasis on better, development-oriented use of the public income derived from the resources.

The project will cooperate with a broad stakeholder base, including a number of civil society organizations, officials of the member states and CEMAC and the corporate private sector active in resource extraction. The main project services will include the establishment of and support to multi-stakeholder dialogue and cooperation processes especially at regional level, development of feasible standards and benchmarks,

identification and dissemination of best practices, and strengthening of the local economies e.g. via value chain integration of local entrepreneurs, improved local business climate for investments, PPP with resource extractors etc.

German interventions will be closely coordinated with other donors in this field and complement their activities. The project will profit from the very positive experiences in Ghana, where an initiative on fiscal governance in close cooperation with EITI Ghana has shown remarkable success. The project "Strengthening Governance in the Extractive Industries in Central Africa" is scheduled to last for a total of 9 years, including a pilot phase of 2 years.

## **Means of implementation**

### ***Improved domestic resource mobilization and access to international capital markets and foreign direct investment***

Economic growth has accelerated considerably in a number of African countries, reaching an average growth rate of almost 6 per cent during the period of 2004 to 2006, and is now starting to impact on poverty. Macroeconomic conditions have continued to improve, and many African countries have adopted extensive policy reforms that have strengthened the investment climate. This can help deepen and broaden sustainable growth and promote employment, poverty reduction and economic diversification.

But Africa still needs increased investment. Sustainable growth and achievement of the MDGs will depend on the ability to encourage and mobilise domestic and international entrepreneurship and investment. ODA can be an important catalyst in this regard, but not a substitute. At present, the African continent continues to be a net exporter of capital. To attract and retain domestic and foreign capital and investment, many African countries have been working hard at improving their business climate. Nevertheless, private investment is scarce since the risks are considered too high. Therefore, during the German G8 Presidency 2007, fostering investment and sustainable economic growth were defined as core areas of action. Germany has committed substantial funding to the initiative "Partnership for Making Finance Work for Africa" (EUR 8 million), to the regional Micro Small and Medium Enterprises Investment Fund (REGMIFA) (EUR 50 million), and to the Investment Climate Facility (ICF) (EUR 32 million).

Investment decisions depend on confidence, and confidence is best nurtured in an environment of good and reliable government. German development aid supports Africa in addressing the problem of high indirect business costs - caused by a weak infrastructure, but also by corruption and institutional deficiencies - with a view to making African economies and companies more competitive.

A serious obstacle in the course of development is corruption; mainly in public institutions, it cancels rights at random and continues to swallow up resources. Fighting corruption ranks among the most important international efforts. Recent examples are the ratification of an agreement on the prevention of and fight against corruption by the member states of the AU in July 2003 and the signing of the UN treaty against corruption by 95 nations in December 2003. A major component of the UN agreement is

the signatories' obligation to intensify international collaboration to prevent the transfer abroad of property assets gained through corruption and to facilitate their repatriation. The German Government supports implementation of the Convention in its partner and cooperation countries through technical project assistance.

Another contribution to the international struggle against corruption is the adoption of an action plan at the G8 summit in June 2003 to combat corruption and advance transparency. This campaign demands progress in the administration of public finance and recommends combining bilateral support more closely with progress in this field. All developing countries are requested to integrate relevant action plans into their poverty reduction strategies. By endorsing the G8 Action Plan for Good Financial Governance in Africa in 2007, the G8 Heads of State and Government undertook to intensify cooperation with African partner countries in order to strengthen the capacity of individuals and administrations to promote transparent, reliable and legitimate public financial management and policy-making, and thus increase efficiency in fiscal policy. The G8 Action Plan identifies ten areas of action such as strengthening African tax systems, establishing transparent and comprehensive budgeting procedures, increasing accountability for revenues from extractive industries, and also supporting fiscal decentralisation. Germany has pledged EUR 9 million for the implementation of the Action Plan.

#### *Enhance effectiveness of ODA management and use*

German development policies favour the improvement of complementarity and division of labour to reduce the transaction costs of delivering and managing aid. Where feasible, programme-based approaches are taken into consideration in a timely and predictable manner including joint financing mechanisms and disbursement. In order to improve governance, Germany supports the APRM (African Peer Review Mechanism) and implementation of the UN Convention against Corruption focusing on public sector and budgetary reforms, including public financial management and strengthening the capacity of public institutions. APRM measures have so far been implemented in five African countries. Strengthening the APRM and improving the effectiveness of development aid were agreed upon by the G8 Heads of State and Government at the G8 Summit 2007 in Germany as guiding principles of the partnership with Africa.

The world's largest 'basket' goes to Tanzania. Within five years more than US\$ 400 million will be invested in a 'water basket' in order to provide access to safe drinking water to 24 million people. For the first time, it is hoped a lack of funds will no longer be an impediment to improved water supply in this country.

#### **Box 10: 'Water basket' in Tanzania**

The Government of Tanzania will generate access to clean drinking water for about 24 million people in order to attain the Seventh Millennium Goal by 2015. This necessitates large-scale investment and more effective harmonisation of development cooperation. To expand the water supply, the Tanzanian Ministry of Water has, together with the World Bank and the German development cooperation, worked on a new

strategy. Its core idea is 'basket financing' i.e., all donors pay into a joint 'basket' from which the national sector investment programme is financed. The 'water basket' in Tanzania is the first of this magnitude worldwide. Germany is initially participating with a subsidy of EUR 17.25 million.

For the first time in Tanzanian history money should not be the crucial obstacle to improvements in water supply. Once the finance problem has been tackled, it will be the turn of the Tanzanian Government, the water supplier and the other participating organisations to extend their capacities speedily in order to implement the programme. Only in this way can access to clean drinking water become a reality for a greater number of people in Tanzania.

All types of budget support require a maximum of transparency and accountability in the partner country. Experience has shown that poor governance remains a major constraint for such support and this cannot be offset by various other conditions that only raise transaction costs further. Therefore, bi- and multilateral projects and programmes under the control of donors in the mid-term will remain an important instrument of development cooperation. With the objective of enhancing transparency and accountability, and strengthening the capacity of public institutions, Germany supports comprehensive reforms in public financial management that impact on tax policy and tax administration, the management and control of public expenditure and debt management.

**Box 11: Support for the Collaborative Africa Budget Reform Initiative (CABRI)**

Officials of the Ministries of Finance are at the heart of many reform efforts to strengthen public financial management. The success of the reforms depends to a large extent on their ability to analyse existing deficiencies, decide on changes, and manage implementation. CABRI is a regional network of senior budget officials from across Africa that currently has 27 members. CABRI member countries aim to integrate regional approaches into public financial management reforms elaborated within the framework of the CABRI network and to apply them within their own national reform agendas.

German Technical Cooperation provides technical support through GTZ to the secretariat of this African-led and managed forum for peer-to-peer exchanges of information, experiences and expertise allowing for open and frank debate. In this way, CABRI members adapt specific African know-how relating to public financial management reforms, and integrate it in their national reform programmes. As a result of enhanced ownership, budget reforms can be implemented more effectively, thus creating sustainable capacities in the public finance sectors of African countries.

The efficient application of public funds in accordance with established policy can be expected to have an indirect, positive impact on the poorest part of the population, especially since most of the countries involved are pursuing political programmes and strategies, for example poverty reduction strategies (PRS). Within the framework of the CABRI network, three annual conferences have been held with GTZ support. Obvious improvement in the exchange of information has enabled budget directors to enhance their analytic capacity, to identify weaknesses in existing systems, and to develop country-specific approaches to reform processes. Studies which have evaluated the member countries' reform experiences and have identified best practises and lessons learned were presented during these conferences. Such examples have contributed to major changes. Within the activities of the Strategic Partnership with Africa, SPA, the CABRI network is involved in work aiming to help member countries integrate international financial aid in their national budgets and thus provide a guarantee of transparency.

*Domestic finance sector, improved access to finance for the poor*

Without a broad range of financial services, sustainable development in the economic sector will not get under way. But for the time being, less than ten per cent of adults in

sub-Saharan countries have access to financial services. German development cooperation is therefore helping its African partner countries strengthen their financial sectors. Credit, saving accounts and financial services are planned to be made accessible on a wider scale. Furthermore, banks, associations and training institutions will be advised as well as ministries, central banks and the banking supervisory authorities. Not only will individual institutions be supported but a reform of the financial sector as a whole will be undertaken. In 28 sub-Saharan countries, Germany therefore backs projects with about EUR 75 million annually. In total, the cash flow for these projects amounted to about EUR 346 million between 2002 and 2005.

In order to mobilize the enormous economic potential of Africa's hitherto marginally involved female population, many projects and programmes address women and support their role in financial and private-sector development in order to raise their legal status, foster their access to economic resources and boost their contribution to production.

### *Improvements in education and skills training*

A major concern of German development cooperation is to coherently combine activities promoting basic education with other capacities in the education sector. This applies in particular to the professional education sector in order to give as many adolescents as possible a post-primary school opportunity to achieve skills that will enable them to secure their livelihoods. In addition, education system reforms, including the decentralization of tasks and responsibility and improvements in education planning, are playing an increasingly important role.

### *NEPAD and other frameworks of cooperation*

Centring on the African Union, a new institutional landscape is emerging on the African continent in the form the NEPAD programme, the Regional Economic Communities and a strengthened African Development Bank. New pillars are complementing the regional and pan-African governance architecture, such as the Pan-African Parliament, the African Court on Human and Peoples' Rights and the African Peer Review Mechanism (APRM).

In 2001, a number of African states began an initiative entitled, 'New Partnership for Africa's Development' (NEPAD). NEPAD constitutes a profound reform process designed to overcome poverty and promote development. Initiatives for peace, security and democracy, for human rights, the rule of law and good governance, for intensified cash flow and better access to the market are centrepieces. Germany supports the reform projects of the NEPAD initiative under the G8-Africa Action Plan with about EUR 60 million per year.

In Africa, further regional steps in integration offer considerable opportunities in development politics. This mainly relates to possible supplementary effects between industrially and agrarian-oriented, commodity-producing and commodity-consuming nations, arid countries and ones with an abundance of water resources. The creation of well-funded, common economic areas would give rise to greater potential for intra-

African trade. For the Southern African Development Community (SADC, about 200 million people), for example, the unexploited commercial potential has been estimated at EUR 1 billion annually. In the long run, the weaker nations (Mozambique, Malawi, Tanzania, and Zambia) would also benefit. However, the differences between the countries are extreme in parts; a fact that is proving to be an obstacle to integration and a potential for conflict. German development cooperation focuses above all on the central factors of risk (e.g. the trans-border water problem) and supports, besides the African Union (AU), the African regional organisations SADC, the Intergovernmental Authority on Development (IGAD), the East African Community (EAC) and Economic Community of West African States (ECOWAS).

Regional inter-governmental organisations and contracts not only turned out to be instruments for the prevention of conflicts, but exceedingly efficient instruments for advancing Good Governance in the countries concerned. Germany will encourage more African states to join the APRM and will continue supporting efforts to accelerate progress in the APRM and help implement necessary reforms. Germany has committed itself to prioritising the results of the peer reviews in its strategies for bilateral and regional cooperation.

### **Other issues of importance**

Without security and peace, there can be no economic, social and political development in Africa. The number of wars has certainly declined, but the continent still leads the statistics in armed conflicts. However, conflicts are not only impediments to development; they create new poverty, damage the natural resource base and lead to forced migration and expulsion.

It is part of the German Government's basic understanding that development policy is peace policy. This is because, on the one hand, without peace and security there is no development and, on the other, without development there will be no lasting social peace. Securing peace is one of the core objectives of German development policy. Within the scope of the Federal German Government's comprehensive strategy for the development of peace and the prevention of crises, the task of development policy is to contribute 1) to the prevention and reduction of structural causes of conflicts as well as 2) to the advancement of mechanisms of non-violent conflict management. This is done by improving economic, social and ecological conditions in joint operation with foreign policy in the partner countries concerned. Programmes geared to poverty reduction, health and education which belong to the classic scope of development cooperation are able to take the edge off tensions on the domestic front and, in so doing, contribute to greater stability.

The parameters for a future with fewer conflicts are favourable: The founding of the Peace and Security Council of the African Union in 2004 and the planned formation of a peace-keeping force under the command of the African Union by 2010 are worthy attempts to prevent armed conflicts in the future. German development cooperation therefore concentrates on supporting the most important regional organisations that deal with the:

- prevention and management of crises
- reduction of small arms and light weapons and
- expansion of African peace-keeping capacities.

Germany, for example finances material inputs, the Kofi Annan International Peacekeeping Training Centre and supports the implementation of courses and training modules for civil-military cooperation.

Annex 1: Partner countries and priority areas in sub-Saharan Africa

<b>Country</b>	<b>Agreed sectors</b>		
<b>Benin</b>	Decentralization	Water	Resource protection / rural development
<b>Burkina Faso</b>	Decentralization	Water	Agricultural development
<b>Cameroon</b>	Decentralization / Governance reform	Resource protection	Health
<b>Ethiopia</b>	Decentralization	Sustainable economic development	Resource protection / rural development
<b>Ghana</b>	Governance reform / Decentralization	Sustainable economic development	Agricultural development
<b>Kenya</b>	Water	Agricultural development	Health
<b>Mali</b>	Decentralization	Water	Agricultural development
<b>Malawi</b>	Decentralization	Health	Education
<b>Mozambique</b>	Sustainable economic development	Decentralization	Education
<b>Namibia</b>	Sustainable economic development	Resource protection	Transport
<b>Rwanda</b>	Decentralization	Sustainable economic development	Health
<b>Senegal</b>	Decentralization	Sustainable economic development/ youth employment	Peace
<b>South Africa</b>	Governance reform	Decentralization	Sustainable economic development
<b>Tanzania</b>	Water	Decentralization	Health
<b>Uganda</b>	Water	Sustainable economic development	Sustainable economic development
<b>Zambia</b>	Governance reform	Water	Decentralization