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PART

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Series: FOREIGN POLICY

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Part: 5

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04/10/2002			Article fm the Independent (4/10/02): Southern African Leaders shut		

Southern African leaders shut Mugabe out of senior regional role

SOUTHERN AFRICAN leaders have barred the Zimbabwean President, Robert Mugabe, from assuming a senior role in their 13-nation regional alliance. Diplomatic sources said yesterday that they had feared his leadership would destroy the organisation's reputation.

Mr Mugabe was scheduled to assume the rotating deputy chairmanship of the Southern Africa Development Commu-

By Basildon Peta

nity (SADC), a post that would automatically lead to him becoming its chairman a year later. Harare would also have become the scheduled venue for next year's meeting. Instead, the Tanzanian President, Benjamin Mkapa, was appointed to the post. Next year's heads of state meeting will now be held in Tanzania.

Although regional leaders have refrained from directly attacking Mr Mugabe over his drive to confiscate white-owned farms, diplomats said that in behind-the-scenes discussions the leaders have persistently tried to rein in the Zimbabwean leader.

The new SADC chairman, the Angolan President, Jose Eduardo dos Santos, his predecessor, the Malawian Pres-

ident, Bakili Muluzi, and the body's executive secretary, Prega Ramsamy, all emphasised the need for regional stability during the summit's opening ceremony this week.

An official privy to the SADC's deliberations said: "The SADC leaders have been criticised by Europe for turning a blind eye to Mugabe's excesses. By keeping him away from the leadership of SADC,

they hope they can diplomatically make the world understand that they disagree with his policies."

Zimbabwe's state media had this week celebrated the country's impending assumption of the deputy chairmanship. The *Herald* newspaper quoted officials saying they were excited about the appointment. However, the state media said yesterday that Mr

Mugabe had chosen not to take the post owing to other "pressing commitments" at home. The *Herald* said Zimbabwe was happy to pass on the post so it could concentrate on its land seizures.

An unnamed diplomat said:
"The whole reorganisation of
the SADC bureau was unscheduled and is meant to
send a message to Zimbabwe
that the region values peace,

security, stability and respect for greater democratisation."

Another diplomat said: "The heads of state and government did not have to discuss Zimbabwe's land reform directly. Their actions sent the right signal."

Mr Mugabe is widely seen as a liability in the region, which is faced with a devastating famine and is desperate to attract Western investment. The Daily Telegraph 04 Oct 2002 Page: 16

Group drops Zimbabwe

Tanzania has replaced
Zimbabwe as deputy chair
of the 14-nation Southern
African Development
Community, in what
diplomats said was a sign
of displeasure with
President Mugabe.
Reuters, Luanda

CC DM, LL

Pine Mister

some better news.

Mulozi (Malawi) seems

to have been the pame

mover, with support from

Chissano, Mhapa + Mbeti.

Ana/10

Frh

Duty Clerk - Desk -

From: David Alton [davidalton@mail.com]

Sent: 03 October 2002 13:53

To: Anthony Cordle; denismur@hotmail.com; Derram Attfield; Ronnie Convery; Rt.Hon.Tony

Blair MP The Prime Minister; Gerald Coates; Kim Tan; Igreen@oval.com; Michael

Hastings; r.f@clara.net

Cc: Nick Townsend; Nigel Cameron; Patrick Dixon; Rob Parsons; Roger Forster; Shcluter;

Steve Chalke; revktug@aol.com; eamonn Keane; Sr. Eithne

Subject: Africa's Children On The Brink

Africa's Children On The Brink.

Article for The Catholic Herald by David Alton. (to appear on friday October 11th 2002).

The words "suffer the little children to come unto me" might have been uttered with Africa in mind. For with one million orphans often living rootless and disaffected lives, and the number rising exponentially, who can doubt that this will be the most serious challenge that a continent riven by so many crises must face? Africa is awash with feral children, faring little better than vermin.

Orphaned children are the sharp end of the Aids pandemic but urban drift, civil war, a collapsing education system, human trafficking, and corruption are all playing their part. I have just been in Southern Sudan and northern Kenya with the humanitarian organisation, Jubilee Action, and saw first-hand some of the implications of this new crisis - and some of the ways we can respond.

In a timely report, "Children On The Brink" several agencies including the United Nations Children's Fund (UNICEF), have just spelt out the scale of the disaster. They say that in 88 countries studied "More than 13 million children currently under the age of 15 have lost one or both parents to Aids, most of them in sub-Saharan Africa. By 2010, this number is expected to jump to more than 25 million." World-wide, by 2010 UNICEF says the number of orphans in the world will have risen to around 106 million (about a quarter Aids related).

By the same year, in 12 African countries orphans will comprise 15% of all children under the age of 15.

There are already indications that this will not be the peak.

In Zimbabwe, for instance, 17. 6% of children are already orphans (three-quarters left parentless by Aids) and, in Kenya, HIV prevalence among pregnant women ranges from 3% in Mosoriot to 31% in Chulaimbo. Bishop Patrick Harrington, the bishop of Lodwar, in Kenya's remote Turkana region told me that the District Medical Officer reports 34% of the population infected by the HIV/Aids virus. Poignantly one young Kenyan simply said to me "help us, Kenya is dying."

The consequences of a vast dislocated and embittered underclass of orphaned children will be devastating for Africa. Tomorrow's revolutionaries and tomorrow's coups are already in the making in the festering slums to which children with no hope and no prospects migrate. Here is a fertile breeding ground for both Marxism and the radical fundamentalism of some Islamic groups.

Culturally disaffected young people will always create unrest but the numbers in Africa are without precedent. The crisis of orphans is shoed away; I see no evidence that national governments either understand the scale of this catastrophe or to what it will lead.

Aids is a major contributor to this orisis but not the only one.

The ravages of African civil war and tribal killings also take their terrible toll. In Southern Sudan the vicious policies of the Sudanese government have caused two million deaths and 4 million internally displaced people - including vast numbers of children.

Development is impossible in places like Sudan's diocese of Torit, which is being pounded into the ground. The auxiliary bishop, Akio Johnson, showed me where bombs had showered down on their schools and the shelters where children take refuge "like foxes in holes." For most children there is no education at all. There are just 20 secondary schools in an area the size of Western Europe.

In neighbouring Kenya the picture ought to be better.

The day before I arrived in Turkana a missionary had buried seven parishioners murdered by a raiding party from nearby Ethiopia, who had come to steal women and cattle. Elsewhere the Rendille told me how a mother had been killed and her six year-old castrated by a Somali raiding party. Rushed to Nairobi's children's hospital he has survived, becoming another of the orphaned statistics.

In the 1980s I was Chairman of the Council for Education in the Commonwealth and Kenya was a shining light of educational achievement. Today, under President Daniel arap Moi's Kanu government the education system has collapsed and incompetence and corruption has seeped into every last vestige of society. I didn't meet a single Kenyan who wasn't hoping for a change of government after elections later this year. A senior schools inspector, Samuel Lepati told me that "the country's children have become marginalised."

At the Kenyan Parliament the chairman of the National Alliance Party, the hon.Dr.Noah M.Wekesa told me that political strife was destroying Kenya: "When two elephants are fighting, it is the grass that suffers." In Kenya it is the

children.

pr.Philista Onyango, the formidable regional director of the African Network for the Prevention and Protection nst Child Abuse and Neglect (ANPPCAN), says that the rot began in the mid 80s when Moi introduced "cost snaring" for Kenyan parents. Forced to pay large fees towards education many simply withdrew their children from school and if it was a choice of sending a boy or a girl the boys get priority: "32% of our children lack access to any kind of education, either through not enrolling or dropping out," she says.

Traditionally, if a Kenyan family was poor, children would be sent away to relatives or family friends to find work. Today, urban drift leads to children being exploited, driven into sex slavery and prostitution. Most of the children are totally uneducated and with no employment prospects. Handed over to bogus employment bureaux run by racketeers

it is not long before they are prostitutes and themselves HIV/Aids positive.

The chance of building a stable civil society in such circumstances is negligible." There is no way we will have

democracy with illiteracy," says Dr.Onyango.

I visited the slum town of Kibera, where 700,000 people, one third of the population of Nairobi, are living in 21,115 structures. It would be hard to call them homes or even dwellings. It is said to be the largest slum in sub-Saharan Africa. In rooms six-foot by six foot whole families try to survive. They live among garbage heaps where typhoid, TB, cholera and HIV are rampant. Drug abuse, incest, crime and prostitution equally so. At 15, children must leave and find someway to make a life on their own.

At Kibera we saw some of the men who had migrated from the Rendille and Turkana tribal lands, now employed on a pittance as watchmen. They have abandoned their wives and children; and those that do return have visited HIV on

their kinsfolk. Aids is a gun pointed at Africa's female gender.

Steve Wathome, who co-ordinates Kibera's Community Based Organisations, has embarked on a series of small-scale self-help initiative: "dependency syndrome has become a disaster," he says. Dr.Onyanga makes her point even

more graphically asserting that "The day the international agencies go, Africa will develop."

ANPPCAN provides more than thirty pro bono lawyers to champion children's rights and in two respects Kenya has begun to address the challenge. They have put new children's courts and children's laws in place. But they need an Enforcement Unit, as the laws are not yet biting. They have established a new Standing Committee on Human Rights under the impressive leadership of Thuita Mwangi but only time will tell whether this is a government public relations ploy or a watchdog with teeth.

In opening ANPPCAN's latest initiative, a textile factory employing former prisoners, I saw plenty of evidence that given a chance people can make it on their own. I reminded them of the prophet's words that "where there is no vision,

the people will perish."

Along with clearer vision there are practical things that can be done to relieve the suffering of the children. Jubilee Action's new dormitory for blind Rendille children in northern Kenya is an example: a sign of hope. The wonderful health, education, and self-sufficiency initiatives I saw in Turkana's diocese of Lodwar; an adult literacy project run by a Christian couple who have spent 22 years among the Rendille tribe are others. Employment projects particularly help to curb the urban drift.

There are superb personal initiatives, like the centre for 160 street children built at Wea, central Kenya, by a group of people from the British High Commission, and which has been handed over to the Catholic church to run. But none of

this is enough.

Unless there is a realistic response to Africa's new catastrophe I fear that civil unrest will lead to children being hunted down like rats; summarily executed on the streets by frightened military leaders who fear anarchy and disintegration. Alarmist? It's happened elsewhere and frightened corrupt elites who feel threatened will have no compunction in using violence.

So if they aren?t to perish, what should be the vision? Perhaps the motto of the blind children at Loglogo Jubilee Action project best sums up what Africa's children now need "Give us only opportunity, not sympathy," it reads.

Ends.

David Alton is an independent Crossbench peer; he is one of the founders of Jubilee Campaign; was founding chairman of the all-party parliamentary Street Children Committee; and Professor of Citizenship at Liverpool John Moores University. Jubilee Action may be reached on info@jubileeaction.co.uk; St.John's Seminary Cranleigh Road, Wonersh, Guildford, surrey GU5 OQX (01483 894787).

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JNCLASSIFIED SOUTHERN AFRICAN FOOD CRISIS - WFP UPDATE From: UKMIS NEW YORK

TO ROUTINE DFID
TELNO 1884
OF 022303Z OCTOBER 02
AND TO ROUTINE FCO, GABORONE, HARARE, LILONGWE, LUSAKA, MAPUTO
AND TO ROUTINE MASERU, PRETORIA CAPETOWN, UKMIS GENEVA
AND TO ROUTINE UKREP UN ROME

Southern Africa Food Crisis - Update

SUMMARY

1) WFP Exectuive Director updates Humanitarian Liaison Working Group in New York on Southern African food crisis. Role of HIV/Aids stressed. Zimbabweans complain over politicised reporting of food crisis.

DETAIL

2)Jim Morris, WFP Executive Director, briefed the HLWG here in New York on Septebmer 28, bringing member states up to date on developments in the food crisis in the Southern African region. He was speaking to the group in his capacity as the SG's Special Envoy. Carolyn McAskie (Deputy Emergency Relief Co-ordinator) also spoke.

3)Morris updated us on the statistics. The WFP/FAO food assessment carried out earlier in the summer estimated 13 million people were at risk. This has now been increased to 14.4. million. Of the \$611 million called for in the CAP, \$507 million was for food aid. WFP had secured firm commitments for 40% of total food needs, with a further 35% being negotiated and which he was reasonably confident WFP would get. This left a 25% shortfall, but he said WFP was "reasonably confident" that most food aid needs would be covered until the end of March 2003, with women-headed households and infants under 5 taking priority. The EU has committed to providing 20% of total needs for this emergency. US has already committed well over \$100 million. Morris told us he was off to Russia this week to see what they could stump up. (So WFP seems to be getting a bit more proactive in its attempts to broaden the donor base.) But he did warn that on top of this crisis, huge needs still needed to be met in Angola, DPRK and Afghanistan, and sounded an early warning bell on the outlook for food stocks in Ethiopia and Eritrea. It was good to hear him telling donors not to forget non-food aid needs; these were very pressing and were required for food aid to have a real impact.

4)He stressed the urgency of timely deliveries - October rains would complicate logistics - and singled out Norway (220 rehabilitated Army trucks donated to WFP for food aid delivery) and the UK and Canada (major investments provided to rehabilitate Mozambican railway tracks to get food in quicker to the land-locked states in need) as countries that had provided especially valuable assistance.

5)Morris spoke at length about the devastating complications of the very high rates of HIV/Aids infections in the region. He thought that HIV's effects on coping mechanisms had definitely been underestimated. Moreover, the capacity of health agencies to deal with this prevalence of infection was a real constraint: many health professionals had died from the disease; others had

Prime Minister of Li12

to see highlighted bits.

We are playing a reading role it responding to the airis - not just a substantial function (are £60m) but also technical support in help the UN's coordination mechanisms work better.

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- emigrated, leaving health systems very weak. Morris stressed the ole that WFP's school feeding programmes played in providing a basic social safety net. The mid-term review of the CAP will take place in January and WFP was keen to reflect the AIDS element in the crisis by involving UNAIDS in this review. (The CAP will be updated in November in time for the annual CAP launch.)
 - 6)McAskie spoke about co-ordination arrangements. OCHA's co-ordination inputs included a humanitarian information component the SAHIM (Southern Africa Humanitarian Information Management System) which tracked and collated information provided by operational Agencies. But this needed more support from donors to work better. On the whole, however, good co-operation was reported and the UK's assistance in beefing up the co-ordinating arrangements out of South Africa was appreciated.
 - 7)Questions came for the PRs representing the affected countries. There was much discussion about genetic modification of crops. Malawi insisted on basic precautionary measures such as milling crops before they came into the country, and pointed out that people's fears about the unknown consequences of consuming them could not be discounted. He also underlined the financial aspect: Malawi could ill afford the very high costs of milling imported grains. Morris took some time to stress that FAO, WFP and the EU had all verified that GM crops were safe: nothing was exported that was not fit for consumption in the exporting country itself.
 - 8)Zimbabwe denied that land reforms had exacerbated food shortages, complaining that there was "too much propaganda" surrounding the issue. Their PR added that the substantial majority of crops in Zimbabwe were produced by rural peasant farmers, not the commercial farms, and complained that the facts were being politicised. He also called for changes in planting habits, suggesting that the planting season would have to start sooner.

Comment

- 9)Morris gave a good performance. It was good to hear of the close working relationship with OCHA in the field. The OCHA/WFP arrangement in Johannesburg, which we are supporting, seems to be doing good work. His idea of involving UNAIDS in the CAP review is a very interesting one, consistent with our calls for the UN humanitarian system to seek out ways to join up their work, where appropriate, with other UN partners in delivering more integrated programmes that deliver sustainable outputs.
- 10)More could have been said about the NGO role in all of this and how the UN was working with them (especially given DFID's substantial commitments to non-UN organisations for this crisis) but we didn't have the time to explore this angle. I will follow this up.
- 11)The Zimbabwean intervention was also worth noting. Morris made oblique references to governance as a factor in creating food shortages but even these were too strong for the Zimbabweans. They were keen to explore the extent to which AIDS was not only a complication but a cause of the crisis. We didn't have time to explore this aspect either, which is perhaps just as well. We could have asked why neighbouring Botswana also had horrendous rates of HIV infection but, unlike its neighbours, wasn't at risk of extreme food crisis and dependent on international relief.



Sent by UKMIS NEW YORK on 02-10-2002 23:03 Received by No10 on 03-10-2002 03:03



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DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419

E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 0AA

ensure it does not happen again.

22 January 2002

overtaker iz

Dear Carry

I attach a draft reply to Barbara Stocking's letter of 14 September to the Prime Minister. This was originally sent to DFID for ministerial reply, but we have subsequently agreed that the Prime Minister will reply personally. I apologise for the delay in finalising this draft, unfortunately the letter got lost in our system. We have identified the problem and will

lix-yave dealig. A

You may want to note that Barbara Stocking's letter rather half-heartedly proposes a meeting. The draft reply does not deal with this.

I am sending a copy of this letter to Liz Lloyd (No.10) and Andrew Patrick (FCO).

Anna Bewes

Private Secretary

10 DOWNING STREET LONDON SW1A 2AA

From the Prime Minister

January 2002

OXFAM - PRIORITIES AND OPPORTUNITIES FOR WORKING TOGETHER WITH AFRICA

Thank you for your letter of 14 September, attaching Oxfam's note on priorities and opportunities for working together with Africa. I would first like to apologise for the delay in replying.

I agree with much of what you say. There is a shared agenda now emerging about the steps that we, and African nations, must take if we are to face up to the challenge of development in Africa. The event that Baroness Amos is hosting at 10 Downing Street on 11 February to discuss the G8 Action Plan for Africa to which Oxfam has been invited, will add, I hope, to this shared consensus.

As I indicated in my speech to the Labour Party Conference on 2 October, I regard this agenda as a major priority for this government's second term. I believe we can work to enhance development in Africa through better deployment of aid, debt relief and trade access. But to succeed in promoting development in Africa we also need a stronger joint effort on conflict resolution and a lead from Africa on better governance, action against corruption and respect for human rights. I am determined that we will use our influence to try to create a new partnership for Africa.

TONY BLAIR

Barbara Stocking

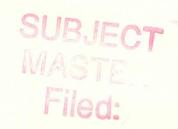
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10 DOWNING STREET LONDON SW1A 2AA

From the Senior Policy Adviser



19 September 2002

Dear Patrick,

Prime Minister's meeting on Africa

The Prime Minister held a meeting here yesterday on Africa with the Foreign Secretary, the Secretary of State for International Development and Baroness Amos. Graham Stegmann, Cicely Warren, David Manning, Jeremy Heywood and I were also present.

The following are action points were agreed.

On DRC, <u>Jack Straw</u> would speak to Kofi Annan and Villepin about MONUC. On Sudan, <u>Clare Short</u> would speak to Garang.

On Burundi, <u>Jack Straw</u> would ensure the FCO had adequate representation on the ground and would speak to Mkapa about Tanzania's role.

On all of the above, and on Angola, <u>Anna Wechsberg and I</u> would ensure the Prime Minister was kept properly up to speed on developments.

On Nigeria, I understand that a joint <u>FCO/DFID</u> submission is already in preparation which will set out the options for a renewed approach after the elections next year.

The Prime Minister believes we should continue the existing arrangements on the G8 action plan which have allowed the UK to give a strong lead over the past year and have demonstrated good cross-Whitehall teamwork. He is grateful for the work of Valerie Amos as his personal representative and would like her to continue in this role over the next year, reporting as agreed and set out in Jeremy Heywood's letter of 2 January 2002, through Clare Short and Jack Straw to him and supported as before. The Prime Minister would like regular updates on the progress of this plan (through this machinery) and meetings as necessary throughout the year. In particular he believes our efforts should focus on education, health, corporate transparency and conflict resolution, working closely with the French as G8 Presidency.

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<u>Clare Short</u> would write soon on the results of the UK pharmaceuticals working group and would make proposals for how this could be taken forward in practice.

The Prime Minister also asked for a political and media strategy to a) put our case on Zimbabwe more widely, particularly in Africa and b) communicate to like-minded African leaders that there risked being a lack of real, substantive international engagement unless those leaders were willing to set out clearly their views and to get others to move with them. Equally if they did, the US and others were likely to come in much more firmly, in support of their efforts.

On (a) the meeting agreed that departments should produce our assessment of the likely scenarios for Zimbabwe over the next few months, which we could then share with others. This should be a joint FCO/DFID paper, with DFID focussing on the humanitarian impact on existing policy and FCO on the wider political ramifications. (b) should also be a joint paper. The No 10 press office should be consulted on the media aspects.

<u>I</u> will pursue the timing of President Mbeki's visit to Chequers. <u>Jeremy</u> Heywood will be writing shortly on the issue of transparency of payments.

I would be grateful if all the papers set out above could reach me by noon on 18th October.

I am copying this letter to Anna Bewes (DFID), Mark Bowman (HMT), Tom Fletcher (FCO), Erica Zimmer (DTI), Alexia Flowerday (DEFRA), Peter Watkins (MOD) and Desmond Bowen (Cabinet Office).

Yours sincerely,

LIZ LLOYD

Patrick Davies FCO

RESTRICTED

From: Liz Lloyd

Date: 11 September 2002

PRIME MINISTER

cc:

Anna Wechsberg

David Manning Jeremy Heywood

AFRICA STOCKTAKE

This is an opportunity to set priorities for next year with Clare, Jack and Valerie. Clare is enthusiastic about taking this forward, but there remain some differences between her and us/FCO on how hard we should push the peer-review aspect of NEPAD.

NEPAD

There are two related nagging doubts about NEPAD's credibility now. The first is Qadaffi. At the AU summit he first tried to discredit NEPAD by calling it a Western ploy and then decided to lobby to join the Implementation committee. In the end they fudged it by declaring that the Implementation Committee of 15 would be expanded to 20, hinting that Qadaffi and Moi would become members. The Implementation Committee will have a key role in any peer-review, and explaining Libya's role in this to the US will be especially tricky. Chirac is worried about this too, and his people were thinking about hosting a joint session with you and the inner NEPAD core to strengthen their resolve.

The second is a general worry about how committed the key players really are to giving NEPAD teeth and keeping up momentum. On economic and political codes and standards, KY Amoako at the ECA is feeling a bit sore as the ECA was not given a key role, but the cumbersome and new AU was as was the African Development Bank (which has no expertise). It is highly likely that there will be little demonstrable progress on peer-review within the next 9 months.

As a result, Clare argues that we should downplay NEPAD/peer-review and use other examples of progress instead. She is right that any efforts to improve governance will take time and that establishing a peer-review mechanism is not a magic wand, but without it (or something similar) it is much harder to argue convincingly that African leaders are serious about reform. And that means we will need to put more effort into talking to them privately to make this work. You

will have 15 minutes or so with the very sensible Meles (Ethiopia) in the next few months where you can talk this through too. You might also like to think about extending your Chequers weekend with Mbeki to include one afternoon's session with other key NEPAD leaders.

Implementing the G8 Action Plan

Departments have been working over the summer on a highly creditable UK Implementation Plan covering all areas.

There are three areas in particular where you may want to press for more action

- a) Education Taskforce. Clare has always questioned this concept and as a result the list has got so long that we failed to make any progress at Kananaskis. Should we push for more concerted action through this initiative, or just focus on bilateral aid?
- b) Building up peacekeeping capacity. The Germans are interested in this (pending the election) and are holding a meeting to take this forward. But the UK is not *very* enthusiastic about it partly because it is difficult to do right and partly because of the bureaucracy associated with both the AU and UN. We should get the right programme in place: one which has proper security sector reform as a pre-requisite and try to work with key allies to break through the bureaucracy.
- c) Hidden in their documents are some good ideas on private sector involvement and reducing the barriers and debunking myths about investing in Africa. We lost sight of some of this last year, and this year would be a good time to focus on how to really increase FDI.

The UK plan is good and we should publish it - both for domestic accountability reasons and to spur others on. Clare is keen too.

The <u>French</u> have said that NEPAD is one of the key priorities for their G8 Presidency which is good, although it is not yet clear how tough they are going to be on monitoring progress by individual countries, or on ensuring that we all work together. Chirac has also highlighted education, renewable energy, agriculture and water.

We must stay close to the <u>US</u>. They are drawing up the criteria for their Millennium Challenge Account (the extra \$5bn p.a) which will have strict governance criteria. But we need to watch out that they don't start to send mixed messages, driven by their desire to double their oil imports from Africa.

What can we achieve by next year's G8 summit?

You might also like to discuss with the team what internal benchmarks we should set for the year which would be a combination of highlights from the Implementation Plan, combined with new measures.

On the G8 side

- we need to be able to show real increases ODA flows to Africa and specifically on education. I'm in favour of highlighting infrastructure projects too, but that goes slightly against the grain.
- On conflict progress on DRC, Sudan and Angola as well as the agreed peacekeeping plans
- Although the French have not highlighted health, we could try take on the work that the UK has done on drug pricing and try to get new international agreement for better access to medicines.
- On trade, we are very unlikely to be able to show any real progress by next June this is the weakest part of our activity.

On the NEPAD side it is very unclear at the moment

- hopefully some progress on peer-review, at least perhaps 3-5 countries could put themselves forward and Mbeki could set up his Panel of Wise Men to oversee it.
- Peaceful and fair elections in Nigeria will be a benchmark whether we choose it or not
- ? some identification or progress on regional projects such as West Africa gas pipeline

 See My Note.

Tom - For into NOT Greting **Emerging Africa Infrastructure Fund** Information on projects approved by the New Business Committee: 1) what does the project consists of; 2) what are its aims; 3) who is the project instigator and who are the proposed partners; 4) what input is being proposed for EAIF; 5) whether the project will go to (or has already been to) ICB or whether a nominated contract is proposed. MSI Cellular Investments, Pan-African 1) The project consists of providing debt to MSI that will be specifically targeted to investments in mobile telephone networks in a number of eligible African countries. The African mobile market has grown considerably during the last few years. The deplorable state of the state-owned fixed networks coupled with the absence of alternatives have created massive pent-up demand for basic voice communication. Competition has been another growth catalyst bringing down cellular costs and boosting subscriber uptake. The effect of pre-pay packages, which in Africa make up for 99% of total GSM revenues, has also helped to boost demand. In countries where people have no credit history, the launch of pre-pay products has lowered the threshold of service affordability and, therefore, expanded market demand. 3) MSI is a Dutch holding and finance company principally engaged in the business of acquiring significant interests in developing cellular telecommunications network operators in Africa and the Middle East and providing management and strategic guidance to these companies. The Company is based in Hoofddorp, The Netherlands 4) EAIF is considering providing a USD 30 mn financing facility to MSI, of which USD 22.5 mn is to be long term debt with USD 7.5 mn in mezzanine debt. 5) MSI's franchises include some negotiated and some bid licenses. It's equipment requirements are usually tendered. Pande Pipeline Project, Mozambique 1) The project consists of the construction and operation of an 865-km pipeline from the Pande and Temane gas fields of Mozambique to South Africa. 2) The gas pipeline is part of a strategic project for the South African Sasol Group and represents a major shift in its long-term feedstock procurement policy from coal to natural gas. The existence of significant gas reserves in Mozambique has been known for more than 40 years. As a result of sustained growth in the gas market in South Africa, Sasol has over a number of years developed a project to bring Mozambican gas to its markets in South Africa. 3) Sasol, the fifth largest South African company by market capitalisation, is the country's leader in the commercial production of liquid fuels and chemicals from coal and crude oils. The majority of Sasol is privately owned. The Governments of Mozambique and South Africa have the option to buy up to 50% of the project company. 4) EAIF is considering a loan of USD 30 mn towards the financing of the gas pipeline project. Other potential lending partners are the traditional DFI's and commercial banks under a political risk insurance umbrella. The Gas Pipeline will be built under an Engineering, Procurement and Construction contract. The pipeline is to be completed on 1 December 2003, on a fixed price lump sum turnkey basis. A consortium consisting of Grinaker LTA McConnell Dowell and Consolidated Contractors International Company was selected through a competitive bidding process from a shortlist of six international companies.

Riviera Marcory Bridge Project, Cote d'Ivoire 1) The project entails the financing, construction and operation of the third bridge in Abidjan, the commercial capital of Cote d'Ivoire. The bridge will connect the Marcory industrial area on the south side of the Lagune Ebrie, around which Abidjan sits, to the Riviera residential district on the North side. Access roads to the bridge on each side will also be constructed 2 km and 2.7km respectively, with the bridge itself spanning 1.5km over the lagoon. 2) The project aims to relieve severe traffic congestion in the central business district of Abidjan and raise toll revenues from vehicular traffic seeking to pass between Riviera and Marcory districts. Riviera Marcory Bridge ("RMB") will be the third such bridge over Lagune Ebrie, the existing bridges being Charles de Gaulle Bridge (road) and Houphouet Boigny Bridge (road and rail), neither of which are tolled. RMB will have three travel lanes in each direction with a toll plaza on the north side of the lagoon. 3) The operations of the RMB once completed will be the responsibility of a company called "Socoprim". Socoprim's principal shareholder and the project's lead sponsor is Bouygues TP, a subsidiary of Bouygues Construction Group, a major subsidiary of the French conglomerate Bouygues SA, one of the world's leading diversified industrial construction, engineering and media groups. Other partners in Socoprim are DEG, the Ivorian Government and a local pension fund. 4) EAIF is considering providing a loan of USD 25 mn, possibly in a combination of Senior and Subordinated Debt. Other financiers of the project are IFC, African Development Bank, West African Development Bank, Proparco and local financial institutions 5) In April 1997 the Government of Cote d'Ivoire ("GCI") selected the Bouygues consortium as

Sapele Power Project, Nigeria

1) This project is Rehabilitate-Operate Transfer scheme of a 1000 MW power plant in the Delta Region in Nigeria.

2) It aims to bring back on stream in the first year of the project an additional 150 MW on top of 200 MW it currently produces. Over the three years thereafter, Sapele is expected to reach a gross capacity of 962 MW as a result of the rehabilitation.

preferred bidder following a GCI tender for the concession to design, construct, operate and maintain the bridge for 30 years. Socoprim, through its sponsor, Bouygues TP, has carried out the technical design for the bridge, with a number of traffic, market and environmental impact studies

3) AES from the US, along with local partner Integrated Power Supply (Nigeria) Limited, has been chosen the nominated preferred bidder under a World Bank administered tender in a project to lease assets of the Sapele Power Plant under a Rehabilitate Operate Transfer (ROT) scheme.

4) EAIF is considering a loan of USD 25 mn to this project. Other potential lending partners are the African Development Bank, DEG and Proparco. There are also several local Nigerian banks involved in financing this project.

5) The Sapele project has gone through a World Bank monitored ICB process.

having been carried out by various independent consultants.



THE PRIME MINISTER

30 August 2002

Den Kofi,

Thank you for your letter of 30 July about the food crisis in Southern Africa. We have been closely involved with efforts to meet the needs of the most vulnerable people in the region since late 2001. You will know that Clare Short recently allocated £45 million towards food imports and recovery in the next season. But we accept that more will need to be done, and are monitoring the food aid pipeline with the World Food Programme.

I agree with what you say about the need to link the current shortages to the issues we will be discussing in Johannesburg. I would also add that the crisis is in many ways one of governance, and that we need to learn lessons from the way Governments in the region have exercised their responsibilities to their people just as much as from failures in agricultural development.

your luer, Tony

His Excellency Mr Kofi Annan

REVISED VERSION

Foreign & Commonwealth Office Press

28 August 2002

London SW1A 2AH

New Anna Fil

Papers for the Prime Minister: DRC, Sudan and Angola

You requested papers for the Prime Minister on conflict resolution in

Africa. I enclose papers on the DRC, Sudan and Angola; highlighting what we are doing and setting out ideas for pushing the processes forward. These papers have been agreed with MOD, DFID and the Cabinet Office.

I am copying this letter to Anna Bewes (DFID), Tom McKane (Cabinet Office) and Peter Watkins (MOD).

(Simon McDonald)
Principal Private Secretary

Anna Wechsberg 10 Downing Street

UPDATE ON DRC, 28 AUGUST 2002 RECENT EVENTS

- 1. The 30 July Pretoria Agreement between DRC and Rwanda is a breakthrough. It provides for the DRC to isolate and hand over the ex-FAR/I (Rwandan fighters associated with the genocide) in DRC, and Rwanda to withdraw from DRC. S Africa and the UN make up a "third party" to drive the process and monitor progress. While much detail remains to be worked out, planning is underway by the UN and S Africans. Activity on the ground is running behind the (always unrealistic) 90-day implementation timescale for the Agreement, but there is resolve to get moving soon and with more efficient deployment of UN resources.
- 2. Kabila (DRC) and Kagame (Rwanda) continue to demonstrate a positive approach towards the Agreement. The two countries' intelligence services are talking and Rwanda has submitted a withdrawal plan to the "third party". Our information suggests GoDRC is behind moves to arrest key genocidaires, which has resulted in one of the worst (ex FAR commander Augustine Bizimungu) being handed over by Angola to the International Criminal Tribunal for Rwanda. Both sides seem to be seeking to deliver 'quick wins'. But Pretoria is still a gamble that requires the international community's united support if it is to succeed. If it fails, the S Africans will be discouraged from intervening which would be a significant setback to the overall effort to find African solutions to African problems.
- 3. However, the Pretoria Agreement (DRC / Rwandan peace) will not work if there is no progress in establishing a more representative and inclusive government in DRC. The Inter-Congolese Dialogue (ICD), which seeks to establish a transitional government, is stalled. Kabila argues that he cannot dedicate himself both to peace with Rwanda and to the ICD. Kabila is forging bilateral agreements to normalize relations with Uganda (signed on 16 August) and Burundi. These agreements isolate the rebel opposition to Kabila and open the path to withdrawal of foreign forces from DRC. Uganda has started to withdraw the bulk of its forces. Zimbabwe is reported to be planning significant withdrawals by the end of the year. However GoDRC armed forces remain weak and unable to fill the vacuum left by the departure of foreign troops.

CURRENT PRIORITIES: UK ACTION

Ensure Pretoria Agreement ends DRC conflict

- Support South Africa's 'third party' role
- Ensure UN re-energise MONUC (peacekeeping operation in DRC), action is needed on Demobilisation, Disarmament and Repatriation (DDR)
- Press Kabila and Kagame to honour their commitments (Kabila could see significant UK development assistance if the Agreement is successful).

Encourage Congolese to agree inclusive transitional leadership soon

• Ensure parties and UN re-energise the Inter-Congolese Dialogue

SCOPE FOR WORKING WITH PARTNERS

- South Africa: We have offered military planning/training assistance to S African Defence Force to enable them to support the Pretoria Agreement. We are sharing intelligence on DRC/Rwanda with S Africa, and encourage others (US & France) to do the same.
- US: We are working on an Anglo-US framework to support the Pretoria Agreement. (Note: Bush plans to hold 3-way meeting with Kabila and Kagame in the margins of UNGA.)
 - France: We are exploring the possibility of co-operation to assist the formation of a new Congolese army.
 - **Belgium**: We continue to discourage the Belgians from pursuing bilateral negotiations with the Congolese parties. This is a UN lead.

POSSIBLE PRIME MINISTER ACTION AT WSSD AND BEYOND

- Praise Mbeki's mediation of Pretoria and GoSA stepping forward as 'third party'.
 Encourage others particularly France and Belgium to lend positive support to Pretoria as part of an international consensus.
- Press Annan to: i) Re-energise the UN peace-keeping force, MONUC, to support the Pretoria Agreement through active DDR, verification of Pretoria-compliance and providing stability where foreign forces withdraw. ii) With his Envoy, Niasse, to make an urgent big push with the Inter-Congolese Dialogue to reach an inclusive leadership deal soon.
- To seek Chirac's support for British / French joint assistance to rebuild the Congolese army, and to emphasise to Chirac the need to demonstrate i) leadplayer support for the Pretoria Agreement, and ii) harmony in UK-French support for the DRC peace process, in a region where we are often perceived as on different sides.

UPDATE ON SUDAN, 28 AUGUST 2002 RECENT EVENTS

- 1. A new round of peace talks between the Government and the SPLM/A started in June at Machakos, Kenya, under the auspices of the Inter Governmental Authority on Development (IGAD). The talks are chaired by the Kenyan Special Envoy, General Sumbeiywo, supported by envoys from Uganda, Eritrea and Ethiopia. Alan Goulty, UK Special Representative for Sudan has been leading UK efforts at the peace talks as part of the team of international observers, including US, Norway, and Italy.
- 2. On 20 July 2002, the Machakos Protocol was signed, with agreement on a process for self-determination for South Sudan and on state and religion including the application of Sharia law in northern Sudan. This is a major achievement: these were the two most difficult issues for the parties and a comprehensive peace agreement in 2002 is now a realistic possibility. But there are still many challenges ahead such as gaining agreement on resource sharing and a ceasefire. The talks resumed on 12 August. UN representatives have joined the international observers.
- 3. There has already been some progress towards implementing peace on the ground. In January 2002, a ceasefire was agreed in the Nuba Mountains region of Sudan. An international operation called the Joint Monitoring Mission (JMM) was established to monitor the ceasefire. Although slow to get off the ground, the ceasefire is widely viewed as a success and a possible model for other areas of Sudan. The UK is now the biggest contributor of personnel to the JMM with seven civilian monitors and one serving military officer.
- 4. Sudan is one of the poorest countries in the world. It ranks 138th out of 162 in the UNDP Human Development Index. Social indicators paint a picture of high mortality, child malnutrition and widespread illiteracy and poverty. Peace offers the chance of real change for the Sudanese. If and when a peace deal is struck, the international community should move quickly to reinforce the benefits of peace to the Sudanese. One way this "peace dividend" can be given is through quick impact projects to build up basic services such as health, education and water and sanitation. This can be done but it will take preparation, co-ordination and political will by the international community. We are in touch with the European Commission and the Danish Presidency about an EU contribution.

CURRENT PRIORITIES; UK ACTION

Work towards a comprehensive peace agreement

- Support efforts to reach a comprehensive peace agreement at Machakos.
- Work with those countries with a stake in the peace talks, but not represented at them, to build support for peace e.g. Egypt and Libya.

Support peace-building on the ground

Continue support for the JMM in the Nuba Mountains.

Prepare for peace throughout Sudan

- Ensure the UK and EU are ready to start implementing quick impact projects when there is a peace deal, to deliver a peace dividend.
- Encourage other donor countries, the UN and World Bank to start gearing up for development and peacekeeping needs.

SCOPE FOR WORKING WITH PARTNERS

- US: we are working closely with the US on all aspects of Sudan policy including co-ordination at the talks, support for the Nuba Mountains ceasefire, support for the US-led operation to monitor attacks on civilians and work on improving humanitarian access.
- EU Partners: we are encouraging EU partners push forward normalisation of EU relations with Sudan if there is a peace agreement, so that Commission development funds for Sudan can be released.
- UN and donor partners: we in early discussions with the UN and other partners on the shape of a possible peacekeeping mechanism.

POSSIBLE ACTION BY THE PRIME MINISTER

At WSSD

- Thank Annan for the priority he is giving to Sudan (he visited in July this year)
 and i) encourage him to get the UN system geared up for possible peace deal:
 development and peacekeeping ii) improve the effectiveness and transparency of
 the separate UN humanitarian operations in North and South Sudan.
- Encourage Chirac to reinforce the benefits of peace to the people of Sudan through provision of development assistance when there is peace.

Beyond

G8 leaders: flag the importance of reinforcing peace in Sudan over the long term.
 It will take decades for the Sudanese to reconstruct their country. G8 leaders should be prepared to support Sudan during this period in return for progress towards better governance and democracy.

UPDATE ON ANGOLA, 28 AUGUST 2002 RECENT EVENTS

- 1. Cantonment and disarmament of 84,000 UNITA troops and other cadres has gone well and been faster than expected. The demobilisation and demilitarisation elements of the peace process are complete. The formal ceremony for the induction of UNITA into the Angolan Armed Forces (FAA) took place on 31 July. A ceremony in Luanda on 2 August formally marked the end of UNITA as a military entity.
- 2. Gato, Chairman of the UNITA Management Committee, has now described UNITA as committed to democracy and transparency. This marks a significant change from their aggressive stance of the last 35 years. UNITA needs to pull together and choose a legitimate leader. They had hoped to start the selection process at their Political Committee meeting (20/21 August), but UNITA R, the faction that is closely linked to the Angolan government, stayed away. The former Management Committee has now reconstituted itself as a (slightly larger) Political Committee. Gato has been elected interim leader.
- 3. The Angolan Government (GoA) still want to keep external actors, including the international community, at arm's length. They want to mange their domestic political process alone. After a difficult struggle with the Troika (US, Portugal and Russia) and the GoA, a mandate was finally agreed on 16 August for the establishment of a new United Nations Mission in Angola (UNMA), to succeed the defunct UN Office. UNMA will have responsibility for chairing the Joint Commission, which will lead to the completion of the agreed list of tasks which remain pending under the Lusaka Protocol. Crucially, the mandate states that UNMA will also assist the GoA in the protection and promotion of human rights and in the building of institutions to consolidate peace and enhance the rule of law, and on electoral assistance. During the UNMA resolution negotiations, the Angolans were unhappy with the inclusion of these roles, seeing them as intrusive. (This might in part be due to their previous experience of the UN in Angola). But human rights and institution building are both central to sustainable peace and political progress.
- 4. The Angolan government are still not doing enough themselves to address the humanitarian crisis nor taking effective action on economic reform and good governance.

CURRENT PRIORITIES: UK ACTION

- We continue to work closely with the UN, Troika and EU partners to ensure the peace process remains on track.
- We are pressing the Angolans urgently to address the dire humanitarian situation and commit more of their own resources.
- DFID assistance has provided £1.65 million to OCHA (UN Office for Humanitarian Affairs) in Luanda and £2 million to international agencies, such as the Red Cross and Medecins Sans Frontieres. They have also provided an expert to assist the World Bank and GoA to come up with a nationwide DDR strategy.



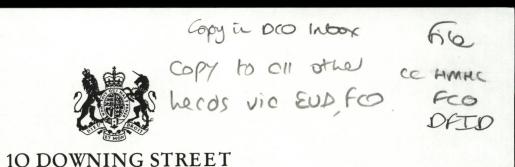
- A British Army Captain has been deployed to assist OCHA with the voluntary quartering of UNITA fighters. The quartering phase has now been completed, and we are examining other areas in which he can assist OCHA.
- We are trying to extend our influence with the GoA through increased Ministerial contact.
- HMG is working with the Government to promote greater participation and accountability in government decisions, particularly in Luanda and in the process of developing a national poverty reduction strategy.
- We are encouraging GoA to recognise that UNITA needs to be allowed the time
 and space to reorganise. There are signs that the Angolans are trying to guide the
 process in a direction that benefits the GoA.

SCOPE FOR WORKING WITH PARTNERS

- US and Russia: Central players, given their Troika membership.
- France: The French are keen for a complete lift of the travel ban and the asset freeze on UNITA. We secured a further 90-day suspension of the travel ban on 15 August. Now want to work closely with the French to move towards a complete lift of travel and financial sanctions against UNITA.
- US and France: Both the US and France have major oil companies operating in Angola (Exxon, Chevron Texaco and TotalFinaElf). BP is active there too.

POSSIBLE ACTION BY THE PRIME MINISTER

- Urge <u>Bush</u> and <u>Chirac</u> to join the UK in pushing for much needed political and economic reform in Angola, without which the country will remain unstable. A starting point will be transparency in the use of oil revenues. Oil companies should play their part by helping to promote corporate social responsibility.
- Press <u>Putin</u> to consider a complete lift of all travel and financial sanctions against UNITA.
- Emphasise to Mbeki that we want to work closely with him on keeping the peace
 process on track. (The South Africans have indicated that they want to help
 particularly with de-mining, but the Angolans have not come up with a plan).



THE PRIME MINISTER

5 August 2002

lea Jen,

I am writing following our agreement in Kananaskis that we should work together to consolidate peace in Angola and Sierra Leone, and try to secure peace in Sudan and the Democratic Republic of Congo in order to improve prospects for economic development in Africa.

LONDON SW1A 2AA

I believe the signing of the peace agreement between Rwanda and DRC on 30 July in South Africa represents a major opportunity to move our agenda forward. I am not saying that this agreement will be easy to implement. But coming on the heels of peace in Angola and the breakthrough in the first round of talks in Sudan, it offers real potential for peace in the three massive countries that straddle the continent.

President Mbeki's mediation was very significant. It gives NEPAD a boost as an engine of conflict resolution. It endorses our decision to put conflict resolution at the heart of the G8 Africa Action Plan.

I am writing to suggest that we work closely together to secure this opportunity for peace, and ensure that Presidents Kabila and Kagame implement the agreement. President Mbeki, and Kofi Annan, will also need our support to drive forward implementation.

It will be particularly important that President Mbeki and Kofi Annan, as the third party to the agreement with the task of verifying implementation, are provided with all necessary political and practical support, including any intelligence that we can jointly make available. If the G8 works together, we can deliver significant progress.

This agreement provides an opportunity to break the log jam between Rwanda and Congo. We have, of course, been here three years ago with the Lusaka Agreement. But with the new involvement of South Africa, and a real united effort by ourselves, this could be different. Implementation of this agreement would make a significant difference to Africa's development.

I am copying this letter to other G8 Heads.

yong ever,

The Rt Hon Jean Chrétien PC QC MP

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3.

FROM Stewart Eldon TO Mark Lyall-Grant, Director Africa, FCO cc: Alan Goulty Esq, Special Representative for Sudan, FCO Andrew Pocock Esq, AD(S), FCO Stephen Pattison Esg, UND, FCO Tim Craddock Esq, DrID Richard Lindsay Esq, EC Pol, FCO Frank Baker Esq, AD(E), FCO Chanceries Washington, Paris

SUBJECT: G8 AFRICA ACTION PLAN: PEACE AND SECURITY ASPECTS

SUMMARY

1. UN Secretariat seek views from us and the French on follow-up to the peace and security aspects of the G8 Action Plan for Africa. Annan's main interest is in the establishment of contact groups to work with African countries to resolve specific African conflicts, but the Secretariat would like to be kept abreast of other activity too. They are hoping we and the French will be able to galvanise other: G8 partners. Instructions requested in time for a follow-up discussion in early september.

DETAIL

- 2. Prendergast (USG for Political Affairs) and Guehenno (his opposite number on the peacekeeping side) asked us and the French to call on 31 July to discuss the follow-up to the peace and security aspects of the Africa Action Plan agreed at Kananaskis.
- Prendergast said the Secretary-General was acutely interested in how the G8 would take forward this initiative. His initial focus was on the establishment of contact groups to work with African countries to resolve specific African conflicts, but other aspects of the Action Plan, eg on co-ordination of peace support training, impacted heavily on the Secretariat too. Annan hoped we and the French would be able to galvanise other members of the G8; in consequence, the Secretariat would not be approaching other G8 members. But Annan hoped for practical results, not just rhetoria.

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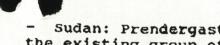


- 4. Prendergast said the East Timor Core Group had demonstrated the value that small groups of interested countries could bring to resolving difficult issues. He thought a number of African crises might be susceptible to similar treatment:
- Mano River Union: Deatriaux (France) and I agreed with Prendergast and Guehenne that there would be merit in establishing a small group to work on Liberia and MRU issues more generally (your telmo 416 to Washington). Doutriaux said the French were in the process of making approaches in London and Washington suggesting that action to establish a group be set in hand. In addition to the P3 and the Secretariat, the French thought that Senegal (as President of ECOWAS) and Morocco (because of their recent activity over Liberia) might be invited to join the Group. They had also wondered about Nigeria but believed the Americans would not be enthusiastic.
- DRC: Doutriaux initially argued that the existing Friends Group filled any necessary requirement for co-ordination. But he subsequently agreed with prendergast that it was not sufficiently operational to play a foll role in navigating through the shoals of Great Lakes political Guehenno delivered a long exegesis on the inadequacies of the South African-brokered Agreement signed earlier this week, on which the Secretariat are due to brief the Security Council on 6 Regust, perhaps in tandem with Foreign Minister Zuma. There thes an urgent need to shift the focus from the disarmament timetable to what the parties would actually have to do. There was also home doubt about whether the South Africans fully appreciated the applications of what they had negotiated. It was clear, for example, that in order to persuade governments to contribute troops, disarmament would have to take place on a voluntary basis. This implied that the fighting would have to But the reference to a cessation of hostilities in the original draft had mystriously disappeared from the final version of the Agreement.
- Angola: Prendergast wondered whether a new Group would help complement the work of Gambari's existing Friends Group on Angola; the Secretary-General with anxious to break the Troika's stranglehold on the perior process. Doutriaux and I disagreed; the Friends Group already provided a useful counterweight to Troika influence, and the Angolans were comfortable with its existence.
- Somalia: Prendergas Waaid the Secretariat had believed for some time that it would be weeful to establish a core group on Somalia and had suggested that Sorway might act as convenor. Others members might include wally, kenya, the UK and possibly the US. Doutriaux said that France would be interested too, not least because they could exembise useful influence on Djibouti; he wondered whether it might also be worth including at least one was country. Prendergast advised against this on the grounds that most of the Arab Sague had talked themselves into believing that the TNG represented the best (it not the only) way forward. This was transparently but the case.

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- Sudan: Prendergast vondered whether it might be worth expanding the existing group of three. I said I would need to seek instructions.

- 5. Prendergast concluded this part of the discussion by arguing that core groups were sixely to be most effective if they were self generating; the Secretariat itself would find it difficult to stand up to those left outside as experience over eg Colombia had shown. I said he could not have it both ways. The Kananaskis action plan showed the value of the Secretary-General's imprimateur and in some cases a joint G8/UN initiative might be the best way forward. But I agreed with Prendergast that in practice the P3 were likely to form the nexus of most core group activity, with the occasional participation of other G8 members with a particular interest (eg Italy over the Horn).
- In response to a question from Guehenno, Doutriaux and I gave a general account of Ukaand French activity on African peacekeeping and our more specific effort on Sierra Leone and the DRC. This seemed to us a significant step towards fulfilling the commitments in paras I 1.1-2 of the Kananaskis Action Plan. Prendergast and Guehenne repeated that the Secretariat would greatly value being kept in the loop.
- 7. We agreed to meet again in this format in early September to compare notes before UNGA Ministerial week. It would be helpful to have any comments, particularly on the points raised in para 4 above, by the end of August.

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Signed: Stewart Eldon

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30 July 2002

Excellency,

I am writing to seek your help in addressing the grave food situation in Southern Africa. It is estimated that by March 2003 some 13 million persons, including many highly vulnerable women and children, will be at risk, about half of them in Zimbabwe and the rest in Malawi, Zambia, Mozambique, Lesotho and Swaziland. In many of these countries the situation is further exacerbated by the ravages of the HIV/AIDS pandemic.

Our first and most immediate task is to address the immediate humanitarian needs in the region. I have named Mr. James Morris, the Executive Director of the World Food Programme, as my Special Envoy for this purpose.

The United Nations system is working in a unified way to deliver urgently needed assistance. An appeal for US\$611 million has been launched, and we are about 40 per cent there in terms of pledges. I would urge you to consider further contributions as soon as possible to ensure that we reach our target by the time we arrive in Johannesburg for the Summit on Sustainable Development, at the end of August. The Summit is being held in the affected region and a public commitment to provide what is needed for meeting immediate humanitarian needs is essential if our promise to promote sustainable development is to be credible in the eyes of the world.

His Excellency The Rt. Hon. Tony Blair, MP Prime Minister of the United Kingdom of Great Britain and Northern Ireland London

The connection between the crisis and the agenda of the Johannesburg Summit runs deep. Food security depends on how much support we provide to agricultural development. A drought affects not just food availability but also water supply and sanitation. Both food and clean drinking water are directly connected to health. All of these elements are on the agenda of the Johannesburg Summit. Hence, our response to the crisis should also be to commit ourselves to undo years of relative neglect and give far greater priority to all aspects of agricultural development, including measures to arrest desertification and improve land and water management.

I trust that I can call on your support to ensure that by the time we meet in Johannesburg, we have the resources required to meet the immediate food crisis, and thereby demonstrate the seriousness of our commitment to sustainable development for all.

Please accept, Excellency, the assurances of my highest consideration.

Kofi A. Annan



10 DOWNING STREET

a Aufre PM This is just a short Fit-rep. Ama Will do a neve Thepath piece lesst weel lit I'm acy in my test C V

SOUTHERN AFRICA FOOD SHORTAGES

Summary

- Six countries in southern Africa will not produce sufficient maize to meet their requirements this year (Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe).
- The region faces a 3.2 million tonne shortfall of food up to March 2003, of which 1.3 million tonnes will be needed as food aid.
- Very concerned about local food shortages. Significant numbers of people are unlikely to be able to meet their food needs without help.
- DFID have been monitoring food shortages in the region since the beginning of the crisis in September 2001. DFID has pledged a total of £62.85m for humanitarian assistance and recovery programmes to the region.

BACKGROUND

The current estimated maize deficit for the region this year is 3.2 million tonnes until March 2003. Some countries have increased their production as can be seen from the table below.

SADC MAIZE PRODUCTION, 2001/02

	2001/2002 Maize Production	Change from Previous Year	Change from Past 5-Year Average
Angola	579,000	↑ 22%	↑ 33%
Botswana	4,000	个100%	↓ 31%
Lesotho	35,000	↓ 66%	↓ 66%
Malawi	1,539,000	↓ 10%	↓ 22%
Mozambique	1,236,000	↑ 8%	↑ 12%
Namibia	27,000	↓ 4%	↓ 17%
RSA	8,912,000	↑ 19%	↑ 2%
Swaziland	68,000	↓ 7%	↓ 24%
Tanzania	2,698,000	↑ 5%	↑ 12%
Zambia	710,000	↓ 11%	↓ 24%
Zimbabwe	481,000	↓ 67%	↓ 72%
TOTAL	16,289,000	↑ 3%	↓ 7%

SOURCE: SADC Regional Early Warning Unit, 3 June 2002 SOURCE: FAO/WFP Crop and Food Supply Assessment, 2002 WFP recently announced a regional appeal for food for the six countries in Southern Africa where significant numbers of people are unlikely to be able to meet their food needs without help. The needs were presented at the Johannesburg meeting on 6/7 June. Of the region's 3.2 million tonne shortfall, 1.3 million tonnes will be needed as food aid (including 700,000 tonnes for Zimbabwe). The remainder of the shortfall is to be sourced by the private sector and by regional governments.

Table 1. Numbers of people requiring Food Aid by country in Southern Africa

Country	Most vulnerable	Percent of	Cereal Food Aid		
	population in Need of	total population in	Needs		
	Food Aid at peak of	Need	until March		
	crisis		(tonnes)		
Zimbabwe	6,075,000	46	705,000		
Malawi	3,188,000	28	208,000		
Zambia	2,329,000	21	174,000		
Mozambique	515,000	3	62,000		
Lesotho	445,000	20	50,000		
Swaziland	231,000	21	12,000		
Region	12,783,000	22	1,211,000		

Agreement was reached at a WFP/FAO meeting in Johannesburg on 6/7 June on a series of short term measures to improve availability of food in Zimbabwe, Malawi, Zambia, Mozambique, Lesotho and Swaziland in the period to the next harvest, including commercial food imports, food aid, winter cropping and inputs for the next planting season.

In the longer term food security must be addressed through country level poverty reduction strategies, which we are supporting in four of the six countries listed above.

In response to this appeal DFID signed a £18.75m contribution to WFP on 5 July (agreed on June 17). In addition we have made a commitment for a further £26.25m for food and agricultural recovery programmes, to be administered by NGOs (see table below for breakdown by country).

The EC has so far provided €88.5m (£56.9m) to the three worst affected countries in the region (Malawi, Zambia and Zimbabwe). The UK's share of this contribution is £10.8m. The EC expects to increase its assistance substantially over coming months and that its total contribution would meet 20% of the region's food needs.

The other major contribution is 300,000 tonnes of maize from the US, representing nearly 10% of the region's shortfall. However, this contains genetically modified organisms and some countries in the region are reluctant to allow this grain to enter.

FUNDING COMMITMENTS TO ALLEVIATE FOOD SHORTAGES IN AFRICA

Date	UN Agencies/NGOs	Amount	Malawi	Zimbabwe	Zambia	Lesotho	Swaziland	Mozambique	Regional	Angola
2002	Feeding and agricultural support programmes	£15.7m	£6.2m	£9.5m						
2002	Humanitarian aid	£2.4m								£2.4m
17 June 2002	WFP Regional Appeal (£18.75m) NGOs Agriculture Inputs	£44.75m	WFP £5m NGO £1m Agric £4m	WFP £7m NGO £10m Agric £5m	WFP £5m NGO £1m Agric £2m	WFP £1.5m Agric £1m	WFP £0.25m	Agric £1m	£1m	
TOTAL		£62.85m	£16.2m	£31.5m	£8m	£2.5m	£0.25m	£1m	£1m	£2.4m

Q&A

How is DFID working with WFP/FAO?

We are working closely with the relevant UN organisations and NGOs operating in the region. The main source of information at present is the series of crop and food supply assessments carried out by the UN Food and Agriculture Organisation and the World Food Programme (available at www.fao.org). We are supporting continuing vulnerability and nutritional assessments to ensure information is available at sub-national level. The WFP has set up a unit in Johannesburg to manage the use of transport and regional supplies and co-ordinate the international effort. We will provide financial and personnel support for the unit.

What about the food problem in Zimbabwe?

The WFP meeting also dealt with the particular problems of Zimbabwe, which accounts for over half of the region's food aid needs. Donors wish to continue supporting the people of Zimbabwe who have been so badly let down by the policies of the ruling party. They are prepared to continue funding food distribution through non-governmental channels. A fundamental principle for DFID, WFP and our implementing partners is that assistance is apolitical, targeted at those most in need.

It is clear that donors can only provide part of the solution and that Government must take steps to allow greater participation of the private sector in the import effort and make the necessary adjustments in economic policy for this to be effective.

What is the UK doing to improve food security in Zimbabwe? It is for the Government of Zimbabwe to provide leadership in improving food security in Zimbabwe. As yet there is no credible national plan to tackle the problems, which continues to deteriorate. (see above for UK support via ngo's/WFP)

What have DFID done about food shortages in Malawi?

DFID are funding NGOs to distribute food to those who are worst affected by Maize shortages in Malawi. In particular we are targeting children under 5 and breast-feeding women. Now that the 2002 harvest is coming in, there is time to concentrate on improving national food security strategy. DFID is supporting joint government, NGO, private sector, donor-working groups to this end.

DFID has switched £10 million of suspended budget support towards food aid and recovery programmes.

If pressed:

The further £2.5m could be allocated later in the year.

What assessments are being made of the prospects for famine in Malawi?

There has been a substantial shortfall in Malawi's 2002 maize harvest (the countries main staple). Malawi produced 1.56 million tonnes of maize this year against an annual requirement of 2.0 million tonnes. This is three quarters of their requirement giving time for a donor response to meet the shortfall.

What about Malawi selling off their food reserve?

UK and other donors are very concerned about Malawi's management of national food reserves. Last April 150,000 tonnes were sold as part of a normal rotation, but concern is that funds accrued were not used to replenish reserves.

What is DFID's overall development assistance to Malawi?

DFID is managing a £70 million programme this year, making DFID the largest donor in Malawi. Assistance is concentrated on rural livelihoods, health, education and governance.

Is the UK withholding support to Malawi?

UK delayed its November 2001 tranche of budget support pending further IMF reviews but has switched £10m of this towards meeting immediate food shortages.

How much budgetary support was switched to food needs? £10m of £12.5 million

What issues/concerns do you have?

General governance and economic/financial management concerns.

Such as?

Controls on expenditure, insufficient revenue generation, loss-making state owned enterprises, recent developments related to governance.

Are you working with the GoM to release further funding?

We are willing to help the Government of Malawi's efforts to take necessary corrective action to allow release of our funding. Clear progress against the list of undertakings agreed with the IMF at the time of their last (March 2002) mission to Malawi.

Will other donors be suspending their own budget support?

Other donors have similar concerns. It is a matter for them to comment on.

Angola?

DFID has also provided £2.4 million for humanitarian aid in Angola this year.

Source: DFIDCA Date: 26 July 2002



From the Senior Policy Adviser

23 July 2002

Dear Patrick,

High Level Visit to Mozambique and WSSD

Officials from the FCO, DFID and DEFRA met here today to discuss the High Level visit scheduled for the beginning of September. The success of both events depends on close co-operation between departments and I am very grateful for their assistance. You might like to be aware of our emerging thinking before the No 10 recce teams go out this weekend. The programme might be amended in light of their visit.

Mozambique

The morning will be spent in and around Beira. We will want to demonstrate the government's commitment to increase the volume and quality of our aid and the partnership approach to investment and reform, particular in the health and education sectors. DFID are going to provide a number of potential locations for the recce team, and we hope that there will be an opportunity for a substantive session on these issues with professionals.

We will then transfer to Maputo, where we will visit the Port and look at the Customs reforms, perhaps say something there on the importance of regional trade and agricultural reform and go on to a wreath laying ceremony with the Opposition leader (and FCO and DFID staff). We hope that dinner will fall short of a formal banquet and that the bilateral with the President can form part of this.

We are awaiting advice (from DFID) on the range of potential locations for the morning. DFID are also reflecting on how to capture our future development relationship at a time when their future budget allocations are not

yet finalised - perhaps around a set of principles as well as a commitment to increased assistance.

WSSD

In South Africa we are looking for a visit in the morning on the way in from the airport which demonstrates sustainable development in action. DEFRA have suggested a school which uses the resources developed with RSPB on sustainable development. DFID have suggested the water reform programme being undertaken by Johannesburg council with UK support.

We hope that the Prime Minister is able to make a speech in one of the first sessions before lunch.

Business Action for Sustainable Development have suggested an event to promote greater investment in LDCs. This would involve the Secretary General as it is based on the Global Compact which may make the timing rather inflexible. DFID are coming back with advice on the substance and DEFRA are investigating precise timings. Subject to their advice this looks a promising event.

We will set aside time for a potential Blair-Chirac initiative (subject to confirmation). We will also set aside some time for domestic bilaterals and domestic business in the afternoon and a short press conference for those travelling with us. I doubt we will have an opportunity for more than two bilaterals at the absolute maximum and probably only one.

I would be grateful if UKMIS New York could advise as soon as possible on the potential speaking slot and whether there are any formal occasions that will require the PM's attendance (lunch, opening ceremony, photo before dinner). DEFRA and DFID are coming back with advice on the morning's visit and DEFRA on the business event. You are providing advice on which bilaterals we should make a priority.

All advice should reach me by Noon on Friday 26th July wherever possible jointly agreed.

I am copying this letter to Anna Bewes (DFID), Alexia Flowerday(DEFRA), Jeremy Greenstock (UKMIS New York), Ann Grant (Pretoria) and Bob Dewar (Maputo).

LIZ LLOYD

Patrick Davies FCO

Copy in DCOINGOX Copied to cc addressees

From: Liz Lloyd

15 July 2002 Date:

Prime Minister

cc:

Robert Hill

David Hanson MP Sally Morgan Anna Wechsberg

MEETING WITH MPS ON FOLLOW-UP TO G8 AFRICA PLAN

You are meeting a potential "ginger group" of MPs interested in Africa on Wednesday afternoon. You might like to use the meeting to:-

- Go through where we are on the G8 (key conclusions attached) and priorities for the next year - conflict, pharmaceuticals, energy and water
- reiterate your commitment to increasing ODA (with reference to the PLP's campaign for 0.7% by 2012, with an interim target of 0.4% by 2006, which we will meet) and the £1 billion for Africa. Clare will be setting out where and how this is going to be spent, increasingly through multiyear budget support backed by a type of "contract" of mutual obligations and co-ordinated with other donors, especially northern European countries.
- reflect on the response of NGOs to the government's achievements at the G8 and how we need to do more to ensure the political momentum is maintained
- suggest some campaigning ideas as below

Suggested Campaigning/Action points for MPs:-

- they might like to offer to do sessions with NGOs and churches on the government's approach.
- This group in particular might like to offer to do more sessions with local parties on Africa given their interest and expertise
- ask more PMQs about it and generally raise in parliament

- 2 use their contacts with France and other G8 MPs to put pressure on their governments, especially through the international development committee - get in touch with the key people on the all-party groups for the G8, who may have built up good lobbying contacts (Alan Williams is the Hon. Sec of the APPG for America, Joyce Quin Chair for France, Roger Godsiff Chair for Japan, Tony Lloyd for Russia and David Marshall for Canada (no APPG's for Italy/Germany). Develop proper contacts with the equivalent back-bench committees in other Parliaments (country liaision MPs could help identify for European countries) Think about how to use Conference to highlight achievements of the last 12 months and setout the challenges for the next year. You might like to offer to do a wider PLP briefing later in the year, perhaps after Jo'burg and WSSD and Conference. Signed: Liz Lloyd 16/07/2002 LIZ LLOYD





From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 2AA Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419 E-mall: PrivateSecretary@dfid.gov.uk

12 July 2002

Dear ana

MALAWI/ZAMBIA: FOOD SITUATION: LAURENCE ROBERTSON MP

I attach a draft response to the short note which Laurence Robertson sent to the Prime Minister expressing concern about the food situation in Southern Africa.

Anna Bewes **Private Secretary** From the Private Secretary

July 2002

THE FOOD DEFICIT IN MALAWI AND ZAMBIA

Thank you for your note (undated, but received here on 4 July) and the helpful summary report describing food relief given by the Salvation Army to some of the worst affected areas in Malawi and Zambia. The Prime Minister is deeply concerned about the food situation in Southern Africa and has asked me to explain what the British Government is doing.

In Malawi, the Department for International Development (DFID) is taking the lead and has already provided:

- (i) £5.1 million between January and April to purchase food imports allowing local non-governmental organisations to access and distribute maize to the poorest households. This help was concentrated on children under five and breast feeding women;
- (ii) £3.5 million for agricultural inputs (seeds and fertiliser) in November 2001. The purpose of this was to raise food production in 2002 for 1 million small farmer families;
- (iii) £3.5 million for cash for work benefiting those farmers whose crops were damaged by early season flooding;
- (iv) £1.15 million for the 2002 "winter" inputs programme (expected to increase domestic maize production by 30,000 metric tonnes) benefiting 300,000 small farmers who have access to irrigated land.

Malawi will also benefit from a £5 million contribution to the World Food Programme's (WFP) international appeal which Clare Short announced last month. And to coincide with November rains, DFID will substantially expand this year's inputs programme (though the benefits will not appear until next spring's harvest). A further £1 million will also be provided for NGO supplementary feeding programmes.

In Zambia since February, a multi-donor funded WFP Emergency Programme has been providing food and support for 24 districts which have food shortages arising from a poor harvest in 2001. This Programme will ensure enough food is available until well into August. In response to WFP's Appeal, DFID has also pledged £5 million for Zambia.

DFID has allocated a further £5 million which will probably be used to support NGO supplementary feeding, Food for Work Programmes in support of recovery operations, and the supply of agricultural inputs for the next growing season. Substantial imports of maize by commercial organisations and the Government of Zambia will also be essential to help end the food crisis.

JAN TAYLOR

Laurence Robertson Esq MP House Of Commons



From the Secretary of State's office



1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0834

: 020 7023 0634 Fax

FACSIMILIE TRANSMISSION

TO: Liz Lloyd

FROM: Anna Bewes.

DATE: 10 July

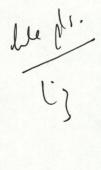
No of Sheets: 3

I told you today that Clare had written to Villepin to welcome him into his post. I am afraid I misled you - she was going to, while he was interim Minister with responsibility for Development, but then Mr Wiltzer was appointed, so she wrote to him instead.

I attach a copy of the letter, in case you wish to refer to this.

Anna Bewes

Private Secretary







DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0134 E-mail: c-short@dfid.gov.uk

From the Secretary of State

Monsieur Pierre-André Wiltzer

Minister for Cooperation and Francophonie
Ministry of Foreign Affairs
20 rue monsieur
75700 Paris

July 2002

Many congratulations on your appointm

Many congratulations on your appointment as Minister for Cooperation and Francophonie. I look forward to working with you, and to building on the progress on cooperation that we have made. France and Britain have an important role to play in working together towards the achievement of the Millennium Development Goals, particularly in Africa.

The G8 Summit will provide a first response to the New Partnership for Africa's Development (NEPAD). The special representatives made considerable progress in their preparatory work. It is now crucial that we build on the Action Plan in a way that really helps to move Africa forward. I look forward to hearing your ideas for pursuing this under France's G8 Presidency, as well as with the African countries themselves.

Conflict is a major constraint to development. I hope that we can work together to seize the opportunity that now exists to end Africa's three longest-running conflicts in Sudan, Angola and the Great Lakes. Africa's prospects as a whole would be transformed if peace were to be achieved in these three massive and resource-rich countries.

France and Britain also have strong interests in promoting peace and development in West Africa. I hope that we can combine our knowledge of the region to find ways of building greater stability and addressing the cross-border nature of the conflict there.

We need to ensure that the agenda set at Monterrey is properly implemented. An important area for continued cooperation is in improving the effectiveness of development assistance programmes — our own and others' — in pursuit of the elimination of poverty. My Department has developed close links with your Ministry, and with AFD, which I hope we will be able to strengthen further as we take this agenda forward.

Much work is still needed to improve the effectiveness of the development programmes managed by the European Commission, and to get them focused on achieving the Millennium Development Goals. This is another area where I hope we will be able to deepen our cooperation.

\ Finally, you may know that we have

Finally, you may know that we have serious concerns about the damaging effect of the Common Agricultural Policy on developing countries. I will write soon to set out why we elieve that it is so important that the forthcoming Mid-Term Review produces meaningful reform. I have already written similarly to other EU Development Minister colleagues.

It is good that that a high degree of contact exists between our respective officials, and I very much welcome the proposal that they should meet at senior level in September. Meanwhile, I look forward to an early opportunity of meeting you, in London or in Paris, as soon as our diaries will allow.

10.05

CLARE SHORT





From: Sent:

Anna Wechsberg 05 July 2002 09:49

To: Subject: Liz Lloyd; Duty Clerks FW: UK/French Africa talks (Restricted)

Liz - sensible suggestions on dealing with the French (though would have been better if he'd taken a DFID person along too).

DCO - to file the word attachment pls.

----Original Message--

From: Sent:

To: Cc:

Alyson.Garden@fco.gsi.gov.uk [mailto:Alyson.Garden@fco.gsi.gov.uk]
03 July 2002 13:04
psbamos@fco.gsi.gov.uk
Patrick.Davies@fco.gsi.gov.uk; psmrhain@fco.gsi.gov.uk; PSPUS@fco.gsi.gov.uk; Peter.Ricketts@fco.gsi.gov.uk;
Michael.Arthur@fco.gsi.gov.uk; Graham.Fry@fco.gsi.gov.uk; Simon.Fraser@fco.gsi.gov.uk; Kim.Darroch@fco.gsi.gov.uk;
Frank.Baker@fco.gsi.gov.uk; andrew.pocock@fco.gsi.gov.uk; Tim.Barrow@fco.gsi.gov.uk; john.williams2@fco.gsi.gov.uk;
Karen.Pierce@fco.gsi.gov.uk; Diane.McKelvey@fco.gsi.gov.uk; AWechsberg@no10.x.gsi.gov.uk; Lillian.Wong@fco.gsi.gov.uk;
Ed.Owen@fco.gsi.gov.uk; Michael.Williams@fco.gsi.gov.uk; sirjohn.holmes@fco.gsi.gov.uk; Teresa.Dumasy@fco.gsi.gov.uk
UK/French Africa talks (Restricted)

Subject:

Alternate Body Parts containin...

W va french africa talks

3.7.02...

From: Mark Lyall Grant

Date: 3 July 2002

cc: Private Secretary

PS/Mr Hain PS/PUS Peter Ricketts Michael Arthur Graham Fry

Graham Fry Simon Fraser Kim Darroch

Heads: AD(E), AD(S), CFSPD,

News Dept, EUD(B) Diane McKelvey

Graham Stegmann, DFID Anna Wechsberg, No 10 Stephen Pollard, MOD

Michael Shipster Lillian Wong, AfRG Special Advisers Sir John Holmes, Paris

Teresa Dumasy, Paris

Baroness Amos

TALKS WITH THE FRENCH: AFRICA

Summary

1. New French government wants to pursue St Malo co-operation; but signals clearly that scope for new momentum is limited by continuing differences over Rwanda. Willingness to consider extension of sanctions on Zimbabwe at July GAC.

Detail

2. Teresa Dumasy and Diane McKelvey are reporting separately my discussions in Paris on 2 July with Dupuch (Chirac's Africa Adviser) and Cros (Africa Director, Quai). But the following key themes are worth highlighting:

Policy-making in Paris

- Cros confirmed that Villepin would be more focussed on Africa than Vedrine (Villepin left yesterday for his second visit to Africa since his appointment in May). But, though the style might be more brusque, he had not detected any substantive shift of policy;
- Cros claimed that Villepin's higher profile and closeness to Chirac would reduce Dupuch's influence (Dupuch would retire anyway in the next six months) and close the policy gaps between the Quai and Elysée. The new Co-operation Minister, Wiltzer, though very competent, would also be less of an independent force than Josselin was. In short, Quai's Africa Command would move back centre-stage;
- no doubt an element of wishful thinking in this. But we <u>shall</u> be dealing with a more coherent and more formidable Africa policy machine than before. On balance, this is probably in our interests;

St Malo co-operation

- Dupuch and Cros gave the same assessment: St Malo co-operation was worthwhile and had delivered some results. The new government would continue with it. But it could have developed more if it had not been hamstrung by HMG's (and particularly Ms Short's) "blind spot" on Rwanda. This was going to make effective co-operation on the Great Lakes very difficult (see below);
- we took stock of the different St Malo initiatives and agreed to pursue:
 - (a) a joint Foreign Ministerial visit to Africa (I floated the idea of Sierra Leone and Guinea). Cros confirmed that Villepin was keen, but probably not until he had made a few solo visits to Africa. This pointed to end-2002/beginning-2003. If, as we have recommended, the Foreign Secretary visits southern Africa in October/November, January 2003 might fit well;
 - (b) a joint Heads of Mission Conference on the Great Lakes. Cros suggested Paris for logistical reasons and to facilitate Ministerial attendance. This seems sensible: the best timing might be late-2002;
 - (c) further consultations on development. The French remain keen on development talks (perhaps at Ministerial or Permanent Secretary level), a development seminar (with academics, NGOs etc they are still grappling with shifting development theory) and an exchange of DFID/Co-operation staff. I shall follow up with Graham Stegmann;

- (d) a (Planners) seminar on Islam in Africa. The French have already promised to involve Italy and the Netherlands, so this might be best done on a Europe-wide basis. I shall discuss with Simon Fraser.
- (e) a substantive African element to the next UK/French Summit (November 2002?);
- we also agreed to try harder on exchange of intelligence and political reporting at Posts; and to press on with co-location (the first examples Freetown and Niamey should be up and running soon). I also floated the idea of a joint visit by Defence Ministers to West Africa; a joint conference on small arms and light weapons; and early consultation (perhaps involving you and Camdessus) on G8/NePAD follow-up. The Quai seemed open to all these ideas;
- if we add these ideas to the existing pattern of secondments (François Croquette, our new Quai secondee, will take over as Head of the Africa Horn Section in August), co-operation and consultation, it represents a solid record of achievement for St Malo. But we have to accept that it will not be possible to push the initiative to a higher level unless we can overcome the Rwanda problem;

Great Lakes

- it is impossible to side-step Rwanda when talking to the French. It overshadows not just co-operation on the Great Lakes, but St Malo as a whole. As ever, the more we argued it out the narrower the real differences in our positions appeared to be. But they remain fixated by our "indulgent approach" to Kagame, both internally and as regards Rwandan actions in the DRC. It would be useful if the Secretary of State were to have a proper discussion of Great Lakes with Villepin at a forthcoming bilateral if only to head Chirac off from raising it yet again with the Prime Minister;
- in the meantime, there are still things we can (and have to) do together: we shall pursue joint demarches as necessary in Kinshasa, Kampala and Kigali; Cros and I agreed to hold some joint meetings with Africans in Durban next week; the French are interested in pursuing the idea of jointly training a new unified DRC army, perhaps preceded by a joint analysis of the army and its support for negative forces by our respective DAs in Kinshasa (though Cros warned that the French MOD were still somewhat cautious); the French volunteered interest in working with the Contact Group (US, UK, France and Belgium). The appointment of the sensible and Anglophile (ex-Vedrine Cabinet) Georges Serre as French Ambassador in Kinshasa should help surmount some of the political problems higher up;

Zimbabwe

- I encountered less opposition than I had expected to an extension of targetted sanctions on Zimbabwe at the 22 July GAC. Both Dupuch and Cros (who are unaware of the Secretary of State's telephone call to Villepin the previous day) were more worried about our threat to the EU/SADC Ministerial meeting in November – using our "NePAD argument" that it was

wrong to hold EU relations with the whole region hostage to Mugabe's behaviour. They would also side with the Scandinavians against adding spouses/family. But this gives us some room for manoeuvre. There is still a lot of work to do between now and the GAC, but I think we now have a reasonable chance of securing at least an extension of the travel ban to all members of the Cabinet/Politburo;

- as I left Paris, the French were on the verge of digging themselves out of their hole on Madagascar (securing enough concessions from Ravalomanana to enable them to deal with the new government): good for Madagascar (and OAU unity) but unfortunately weakens the scope for a bilateral "deal" on Madagascar/Zimbabwe.

Mark Lyall Grant

Park Gun Gut

PRIME MINISTER

From: Liz Lloyd Date: 3 July 2002

cc: Anna Wechsberg

Jeremy Heywood David Manning Sally Morgan Robert Hill

David Hallam (CO) - personal

AFRICA - YEAR 2

This note provides a broad account of progress in the last year, sets the scene for the coming year and asks for your guidance on priorities as we think about how to implement the G8 Action Plan.

In your conference speech last year you said:-

" sort out the blight that is the continuing conflict in the Democratic Republic of the Congo, A Partnership for Africa, between the developed and developing world based around the New African Initiative.....

On our side: provide more aid, untied to trade; write off debt; help with good governance and infrastructure; training to the soldiers, with UN blessing, in conflict resolution; encouraging investment; and access to our markets so that we practise the free trade we are so fond of preaching.

But it's a deal: on the African side: true democracy, no more excuses for dictatorship, abuses of human rights; no tolerance of bad governance, from the endemic corruption of some states, to the activities of Mr Mugabe's henchmen in Zimbabwe. Proper commercial, legal and financial systems."

In the past year we can point to:-

- Getting agreement for addition of up to \$6 billion to the current spend of \$12bn
- UK spend increasing to £1bn by 2006 on Africa
- Agreement to work up Africa peacekeeping plan by 2003 and contact groups co-ordinated by Kofi Annan
- Agreement on the eradication of polio by 2005
- NEPAD process focussing on economic and political peer review process
- Further \$1bn on debt relief
- · Hope of lasting peace in Angola
- DRC Sun City process (although shaky)

Now we need to decide what you would like to focus on in year 2. The G8 action plan provides a good starting point, and our top priority must be to ensure its implementation. This will mean working very hard with the French in particular. We know that they want to focus on water.

The <u>background</u> will probably be a depressing WSSD early September, continuing famine in Southern Africa, Zimbabwe further deteriorating. Nigeria holds elections in Spring 2003 with CHOGM later in 2003.

For our part, little movement on CAP reform in a way which helps Africa, probably some progress on the World Bank proposal for Education fast-tracking at the Spring meetings, which GB will push. The agenda moving on from education to health in terms of meeting the Millennium Development Goals, including by HMT. The US will take decisions on how the US's Millennium Challenge Account will be spent by the end of the year.

From the Africans there will be further pressure for debt relief as commodity prices fail to rally, and much much more pressure on trade and market access through the Doha Development Round which is likely to move slowly due to US and French positions.

Potential Priorities for Next Year

Health and education funding will probably be pursued elsewhere, so it might be best to focus on a number of the following elements from the Action Plan:-

1) Ensuring the 2003 plan for African peacekeeping capacity is drawn up, starting with ECOWAS.

The UK already co-operates closely with the French and the US on this. We are sending out a joint team to audit what is needed in West Africa shortly. This could be the basis of fulfilling the action plan remit. Other regions - eg SADC and Eastern Africa are must harder as are the politics with the AU which wants to retain control. We may need some high level - shall we approach Charles Guthrie to see if he would be interested?

2) Making real progress on one or more of the conflicts in DRC, Angola, Horn of Africa through a focussed Whitehall effort and Kofi's contact groups.

Pretty self-explanatory, but we would need to settle our differences with France on DRC. It would be a huge boost to the prospects of the continent if we could really support peace in these enormous regions. You might like to follow one of more of these more closely. The Portuguese are keen to work with us on Angola. We do not yet know how Kofi Annan proposes to take this forward.

3) Setting up an interest in the would need to settle our differences with France on DRC. It would be a huge boost to the prospects of the continent if we could really support peace in these enormous regions. You might like to follow one of more of these more closely. The Portuguese are keen to work with us on Angola. We do not yet know how Kofi Annan proposes to take this forward.

3) Setting up an international group on differential pricing for anti AIDS drugs etc with pharmaceuticals.

Chirac seems very interested in the role of the pharma companies. We will know the result of the UK's own taskforce by the end of the month. This would fit with a return to the agenda of the Global Health Fund at next year's G8, which will probably need replenishment.

4) 100% commitment to Doha and Cotonu negotiations, plus serious capacity building combined with a push on intra-African trade

Trade access is the biggest outstanding issue between us and the Africans. There are some very important negotiations taking place next year in the EU and in September 2003 in the trade round, but they will not take effect until 2008 or so.

In the meantime, we need to demonstrate our commitment to this agenda by focussing on the supply side. There is a general perception that the US's preferential trade scheme, AGOA is better than the EU's EBA. We should ensure that African exporters get the right information about how they can export to the EU using EBA. Perhaps we should ask the PIU to do a study of the strengths of each and how they might be improved?

On intra-African trade we could engage with the IMF and WB to ensure that those regions that are interested in removing barriers are compensated for a transitional period until they have alternative revenue streams (many Africa countries depend on customs revenue and have little direct or consumer tax). This is precisely the type of work DFID is now doing in Mozambique.

5) Private Sector Engagement

We spent some time with the NGOs this year, but less with the private sector in the UK. Despite the NGO reaction at Kananaskis (and they are now saying it was Oxfam International not Oxfam UK etc, etc) we will need to continue with this. For WSSD, Judith Mayhew at the Corporation of London has been working on 7 (voluntary) London Principles which will keep London ahead of the game. We should also take forward the Soros proposal on transparency and link this to our engagement in Angola. Valerie is keen that you host a private dinner with Africa leaders and key UK investors, as she believes that African leaders simply do not understand what they need to do to attract foreign direct investment - maybe you could do this at the time of CHOGM.

6) Engagement with Nigeria to prepare for the post-election period

We should keep quite low-key in the elections, but prepare to engage afterwards with a proper reform programme and possible an education for all programme. You may need to deliver a tough message to Obasanjo after the election on stepping up his reform and delivery programme. But this would only be worth doing if we think Obo has a structure round him which can implement is views, currently not the case. We may also have to return to the issue of Lower Middle Income Country debt as it is possible that the French will be more sympathetic on this.

7) Water

We know that the French are keen to use their Presidency to have water as a theme. Camdessus is already undertaking a study on how to double the financing needed to meet the MDGs. This may raise some eyebrows due to the strong French business interests in water and the policy reforms he is likely to suggest to encourage private sector involvement. As NGOs (and HMT although not DFID) think we should exempt water from GATS we can except some pretty vigorous campaigns. In any event we will need to develop a strong UK line on how best to move forward on this.

8) Energy

We should look for key African partners energy. Which countries in Africa are or could become major oil/gas producers; how do we ensure that they exploit their resources in a sustainable and efficient and fair way? The US have indicated they would like to look at this in the context of the UK-US dialogue.

9) Reform of EU aid.

Clare and Gordon have been pushing this with some success, but there is still a case for bringing it to heads level.

IT WOULD BE HELPFUL IF YOU COULD INDICATE WHICH TWO OR THREE OF THESE YOU WOULD LIKE TO FOCUS ON YOURSELF

AND WHICH YOU THINK WE SHOULD WORK UP WITH THE FRENCH IN PARTICULAR.

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Ans me sho be forline Islain Pouch about I Mary. Practice for Jimry. BASIL T. HONE

P.O. Box 680 (18 King Street) Oldwick NJ 08858

Tel: 908 439 3967; Fax: 908 439 3326; e-mail: bhone @blast.net

July 4 2002

Mr Jeremy Heywood
Principal Private Secretary to the Prime Minister
No: 10 Downing Street
London SW1A United Kingdom

Dear Mr Heywood:

I am taking the liberty of attaching a letter sent to the World Development Movement, with copies to nine other institutional organizations critical of the G8 Africa Action Plan.

While the success of NEPAD is of major importance for the advancement, politically and economically, of African states, my primary concern at the present time is to ensure that the Mugabe Regime is induced, either by persuasion or by coercion, to practice good governance, to uphold the rule of law and to respect the human rights of its ordinary citizens before Zimbabwe plunges into the abyss of anarchy. It would be a travesty of justice if NEPAD succeeds with Mugabe protected by that organization's leaders.

Respectfully submitted,

And to:

Dr Condoleezza Rice, US National Security Adviser, The White House, Washington DC

General Colin Powell, US Secretary of State, Washington DC The Hon: Paul H.O'Neill, US Secretary of the Treasury, Washinton DC

Mr Walter H. Kansteiner, Bureau of African Affairs, US State Department, Washington DC

Ambassador Robert R. Fowler, G8 Summit Management Office, Ottawa

Commissioner Christopher Patten, EU Commission for External Relations, Brussels

Baroness Amos, UK Foreign & Commonwealth Office, London

Mr Victor Pungong, Political Affairs Division, Commonwealth Secretariat, London

The Hon: Russell D Feingold, Chairman Subcommittee African Affairs, US Senate Foreign

Relations Committee, Washington DC

The Hon: Edward Royce, Chairman Subcommittee African Affairs, US House International Relations Committee, Washington DC

Members Subcommittee African Affairs, US Senate Foreign Relations Committee, DC Members Subcommittee African Affairs, US House International Relations Comm: DC

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July 4 2002

Mr Barry Coates
World Development Movement
25 Beehive Place
London SW9 7QR (e-mail: wdm@wdm.org.uk)

Dear Mr Coates:

It strikes me that in your oped piece in The Observer of Sunday June 30th, "The Blame the Victim Summit", you as well as many other institutional commentators such as Oxfam and the Commonwealth Secretariat either choose to ignore, or totally miss the point of, the conditional commitments made by the G8 leaders in answer to the NEPAD initiative.

When the politically correct diplomatically nuanced blah of the G8 Africa Action Plan is stripped away, we are left with the commitment of the G8 countries to provide funding and other assistance to those African countries which measure up to the requirements of the African peer-review process of NEPAD. Thus, the G8 countries:

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

This point is underlined several times in the Action Plan, as the following quotes show:

"The African peer-review process is an innovative and potentially decisive element in the attainment of the objectives of the NEPAD. The peer-review process will inform our considerations of eligibility for enhanced partnerships. We will each make our own assessments in making these partnership decisions. We will not work with governments which disregard the interests and dignity of their people."

"A clear link was made between good governance, sound policies, aid effectiveness and development success."

"The NEPAD maintains that "development is impossible in the absence of true democracy, respect for human rights, peace and good governance". We agree, and it has been our experience that reliable institutions and governance are a precondition for long-term or large-scale private investment."

The sad history of post-independence Africa, with unhappily few exceptions, has been one of gross wastage and misuse of funds provided by international institutions and wealthy nations. The NEPAD white paper addresses this issue in these terms: "At independence virtually all the new states were characterized by a shortage of skilled professionals and a weak capitalist class, resulting in a weakening of the accumulation process. Post-colonial Africa inherited weak states and dysfunctional economies that were further aggravated by poor leadership, corruption and bad governance in many countries. These two factors, together with the divisions caused by the Cold War, hampered the development of accountable governments across the continent."

It will surely surprise no one therefore that, in keeping with the adage: "Fool me once, shame on you; fool me twice shame on me", demonstration of good governance, adherence to the rule of law and protection of human rights by African states is required by the G8 countries before they act upon their conditional commitments. To do otherwise would be a reckless disbursement of the wealth of their peoples.

It is worth noting that the G8 leaders describe the peer-review process as "potentially decisive". In other words the NEPAD leaders must demonstrate that the process is substantive (and emphatically not a white-wash formality to trigger G8 commitments) before the G8 countries will accept the peer-review findings as dispositive.

Zimbabwe must be a leading test case for the peer-review process, given the total failure to date of two of the NEPAD leaders (Presidents Obasanjo and Mbeki) to achieve a re-run of the manifestly fraudulent Zimbabwe presidential election in March this year. If NEPAD fails promptly to discipline Zimbabwe, not only for the election fiasco, but also for the disregard of the rule of law together with the rapidly expanding human rights abuses by the Mugabe Regime, perpetrated upon an increasingly discontented general population, it is safe to assume the G8 countries will find the peer-review mechanism to be wanting and the commitments will remain promises not converted into performance.

The chances of decisive NEPAD action against Zimbabwe must be classified as poor, given the recent attempts of South African and Nigerian government officials to award Zimbabwe a passing grade for its governance and human rights performances. This probably signals a more profound problem than a mediator's desire to keep the Mugabe Regime at the table talking; more likely it reflects the phenomenon regarding national liberation movements, identified by the knowledgeable journalist on southern African affairs R.W. Johnson - Liberation was the just and inevitable conclusion of the struggle between the people and the forces of racism and colonialism, imbuing liberation movements with righteousness (no matter what venal acts participants in the movements may commit). All liberation movements thus being righteous, any opposition seeking to supercede them are deemed to be seeking to reinstate racism and colonialism.

Accordingly, your efforts - to spur the G8 countries into action - should be directed instead at ensuring the NEPAD peer-review process functions effectively, rewarding good governance and good human rights performers with clean bills of health, while sanctioning the egregiously bad performers. If the peer-review process proves to be a white-wash exercise, NEPAD is going to fail since the peer reviewers will be condemned as tacit accomplices of the abusers of democracy. If the peer-review process works as advertised, the G8 countries will be generous in their support of good governance and good human rights performers. The contingent commitments in the G8 African Action Plan set out baseline contributions, as the Plan makes clear. The opening paragraph of the Plan concludes with the statement that it is the G8s initial response "... designed to encourage the imaginative effort that underlies the NEPAD and to lay a solid foundation for future cooperation."

Yours truly,

CC:

G8/Africa Action Plan defective because:

Oxfam (Phil Twyford)

se sol

(offered) "peanuts to Africa and recycled peanuts at that"

Commonwealth Secretariat

"too little, too late"

(Don McKinnon)

Live Aid (Bob Geldof)

"unravelled into this meaningless conference"

NEPAD (Spokesman)

"absolutely empty"

Catholic Agency for Overseas Dev:

"only rhetoric and recycled promises"

(Henry Northover)

Christian Aid (Andrew Pendleton)

"G8 had the opportunity to write their names indelibly into the history books on Africa; they've only managed to pencil a

few notes in the margin"

Center on Universal Education (Council on Foreign Relations)

(Gene Sperling)

"It's all words, no action; all promises, no commitments"

South African Catholic Bishops Conf: "The hot air brigade returned a scandalous plan for no action on Africa" (Neville Gabriel)

Action for South Africa

(Aditi Sharma)

"stop tinkering at the margins and actually deliver on its long

standing promises to Africa"



10 DOWNING STREET

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Millennium Development Goals Africa: promises & progress

Report prepared by UNDP and UNICEF at the request of the G-8 Personal Representatives for Africa

New York • June 2002

We will assist Africans in their struggle for lasting peace, poverty eradication and sustainable development.

United Nations Millennium Declaration, 2000

n 2001, Mr. Nelson Mandela asked, "Will the legacy of our generation be more than a series of broken promises?" This report attempts to answer that question by reviewing the progress made in Africa in achieving the set of development goals agreed at the United Nations Millennium Summit of September 2000.

The Millennium Development Goals (MDGs) embody the aspiration for human betterment, expressed in a limited set of numerical and time-bound targets. They include halving income poverty and hunger; achieving universal primary education and gender equality; reducing under-5 mortality by two-thirds and maternal mortality by three-quarters; reversing the spread of HIV/AIDS; and halving the proportion of people without access to safe water. These targets are to be achieved by 2015, from their level in 1990.

Progress and Setbacks

It is often said that global targets are easily set but seldom met. In fact, the 1990s saw many success stories in Africa, even though efforts to ameliorate the continent's socio-economic and political situation do not always get full coverage. A number of countries—Cape Verde, Mauritius, Mozambique and Uganda—have sustained growth rates close to 7 or 8 per cent per year. The peaceful transition from apartheid to democracy in South Africa, as well as the lengthening list of countries where elections took place during the 1990s—Benin, Cape Verde, Gambia, Ghana, Malawi, Nigeria, Senegal, Tanzania, Uganda, Zambia—underscore Africa's aspirations for democratic governance and the protection of human rights. Improvements in education in Guinea and Malawi, reductions in child mortality in the Gambia, as well as the containment of HIV/AIDS in Senegal and Uganda deserve to be highlighted as concrete achievements.

But for each success story, there have also been setbacks. The under-5 mortality rate increased in Kenya, Malawi and Zambia—an unprecedented trend after

decades of steady decline. The primary school enrolment ratio dropped in Cameroon, Lesotho, Mozambique and Tanzania. The gender gap in primary education widened in Eritrea, Ethiopia and Namibia. Instead of decreasing, malnutrition increased in Burkina Faso. Most ominously, countless countries saw their HIV prevalence rate increase several times during the 1990s, severely undermining the feasibility of most MDGs, in health and beyond.

Progress in over 50 countries in the region is difficult to summarise. Regional information is not always reliable, comparable or up-to-date. Different sources often give different estimates, without necessarily being inconsistent. Regional trends, moreover, are only estimates; they are never precise or actual values. Hence, this review draws on the best data currently available. Indicators without trend data or with inconsistent data have been omitted.

Beyond Averages

Most importantly, averages—which are commonly used to measure MDG progress—do not tell the full story of how far countries have gone in fulfilling the development aspirations of their people. Groups for which social progress has been fastest seldom represent the disadvantaged people. Thus, while averages give a good sense of overall progress, they can be misleading.

Different groups in society usually have very different levels of social and economic well-being—based on characteristics such as gender, age, rural/urban location, region, ethnicity, religion, or wealth. Failure to disaggregate for gender may hide the fact that average household income is very much an abstraction for women who have little or no control over how it is spent. A child from a poor family is invariably more likely to die before age 5 than her counterpart from a rich family. Children from poor families are also less likely to complete primary education than children from rich families.

Disparities are also on the rise on the income front, both between and within countries. Income disparities are not only increasing between rich and poor, but among the poor as well—sometimes leading to an increase in the number of destitute people, even while the proportion of those living in poverty declines.

The poor, in short, are often by-passed by 'average' progress. As disparities are widening for a range of indicators, the informational value of national averages gradually decreases. A good assessment, therefore, must go beyond averages and aggregates to shed light on the situation of the most disadvantaged groups in a society.

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Eradicate extreme poverty and hunger

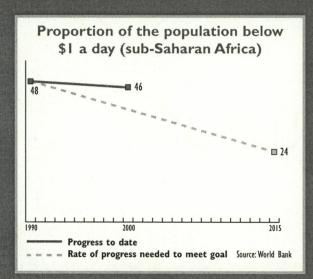
TARGET:

27 22 4 1

Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day

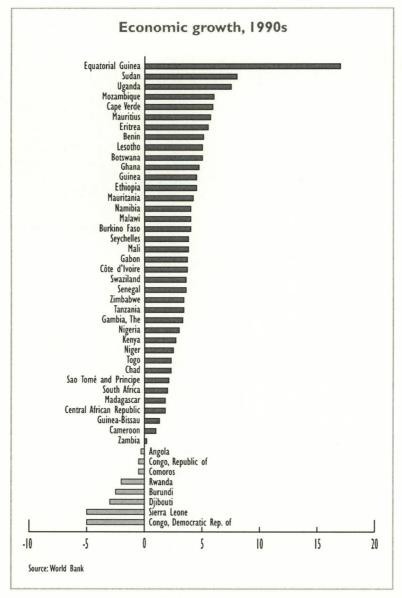
INDICATORS:

- Proportion of the population below\$1 a day
- Share of poorest quintile in national consumption



ub-Saharan Africa has the highest proportion of people living in poverty, with nearly half of its population below the international poverty line of \$1 a day. This means that some 300 million people face the daily struggle of surviving on less than that income. Thousands of them-especially children—lose that daily struggle. Between 1990 and 1999, the number of poor in the region increased by one-quarter, or over 6 million per year. If current trends continue, Africa will be the only region where the number of poor people in 2015 will be higher than in 1990. It will then account for nearly half of the poor in the developing world, up from less than a fifth in 1990.

Poverty reduction was hindered by the region's weak economic performance during the 1990s. While average growth improved in sub-Saharan countries in recent years, the annual average rate for the entire decade was a low 2.1 per cent. This average improves slightly when the growth performance of the North African countries is added.



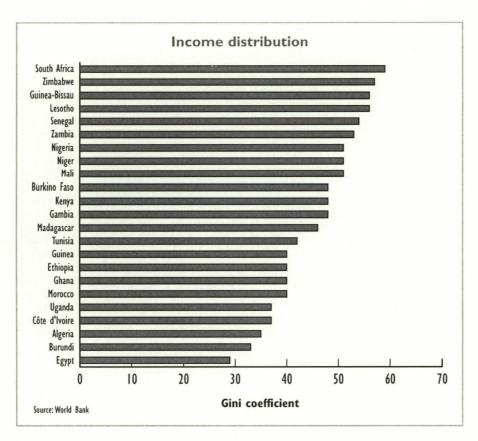
But if population growth is factored in, then the region registered a decline in per capita GDP of about -0.6 per cent per year during the 1990s. Economic performance was also highly uneven across countries: twenty countries with more than half the region's population are actually poorer now than in 1990, while per capita incomes grew at less than 1 per cent a year in a further six countries. In only five countries growth was greater than 3 per cent during the decade. Recently, the strongest performers have been concentrated among the oil producers as a result of strong terms-of-trade gains and sustained investments in the hydrocarbon sector.

Political turmoil and civil strife in a significant number of countries were a major factor in the region's weak growth performance. As a group, the worst affected countries—Angola, Burundi, Central African

Republic, the Democratic Republic of Congo, Rwanda and Sierra Leone—saw their GDP decline.

The vagaries of weather have been another important factor in the poor performance of many countries, particularly the predominantly commodity exporters. Protracted drought in Eastern and Southern Africa, the Sahel and the Horn of Africa, as well as typhoons and floods in Southern Africa, resulted in a major disruption of agricultural production, which constitutes the main source of livelihood for the bulk of Africa's population.

Progress in reducing poverty is further complicated by sub-Saharan Africa's highly skewed income distribution. Equatorial Guinea, Gabon, Guinea Conakry, Kenya, Lesotho, Senegal, South Africa, Zambia, and Zimbabwe are among the countries with very unequal income distribution. Not only does high inequality inhibit economic growth, but it may also neutralize and even cancel out whatever



positive impacts growth could have on poverty reduction. Because the poverty-reduction elasticity of growth diminishes as income distribution worsens, high-inequality countries will normally need substantially higher growth rates to reduce poverty. Should such levels of inequality persist, the prospects for translating any gains from economic growth into shared prosperity and meaningful poverty reduction will be dim.

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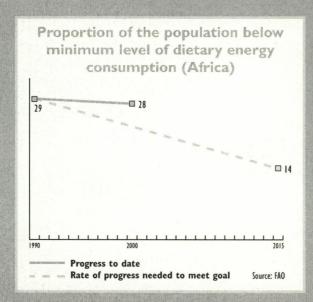
Eradicate extreme poverty and hunger

TARGET

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

INDICATORS

- Prevalence of underweight children under five years of age
- Proportion of population below minimum level of dietary energy consumption

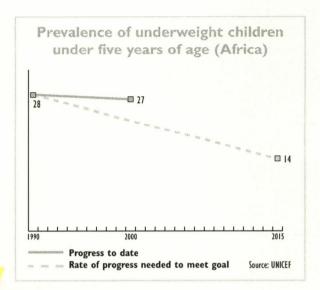


frica has made little progress in tackling food insecurity and malnutrition during the 1990s. Diets fall significantly short of what a person needs to undertake normal activities. In 18 out of 40 sub-Saharan countries for which recent data are available, the proportion of undernourished was very high, affecting one-third or more of the population. Sixteen countries are on track to halve hunger by 2015, but 19 are not. And in six of these, the proportion of undernourished people is actually increasing

The number of under-nourished people has increased steadily over the past decades to reach nearly 200 million people at present. The problem is especially severe in Central, East and Southern Africa, where almost half of their combined population of 360 million is under-nourished. At current trends, it is estimated that Africa will be able to feed less than half its population by 2015.

Children and women are particularly vulnerable to food insecurity. Indeed, malnutrition is one of the leading causes of death among children under the age of 5. In most cases, children who die from causes related to malnutrition are only mildly or moderately under-nourished. The young victims seldom show outwards signs of under-nourishment, as severe malnutrition is implicated in only one-quarter of the deaths. The plight of these children, therefore, is largely invisible.

While the average proportion of underweight children in the developing world declined during the 1990s, prevalence rates in Africa showed virtually no change. Eastern Africa even saw a full 5 percentage point increase, to reach a prevalence rate of 37 per cent in 2000. Because of population growth,



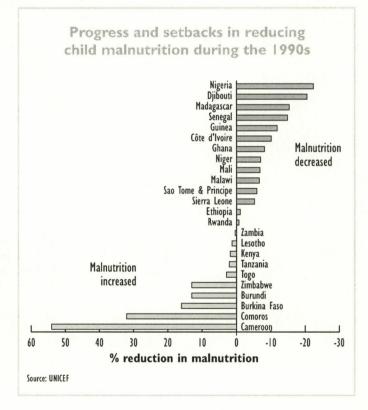
the number of underweight children under 5 years of age actually increased throughout the region—by an estimated 8 million children in sub-Saharan Africa alone.

The continent is the most seriously affected by desertification, which threatens more than one-third of its land area and undermines agro-pastoral activities that constitute a critical part of people's livelihoods. The problems of escalating soil erosion, rapid population growth, inequitable land distribution and poor farming methods often exacerbate declining fertility and persistent drought.

During the 1990s, the spread of HIV/AIDS also had a devastating effect on families and communities. The loss of productive capacity among families affected

by HIV/AIDS had a major impact on food production and nutritional well-being. To make matters worse, HIV/AIDS transmission rates and the progression of the disease tend to be higher in under-nourished populations, trapping them into a vicious cycle of hunger and disease.

Women's status in society, and particularly the level of women's education, has an important bearing on household well-being. Under-nourishment among girls and women is often compounded by their lack of control over resources and exclusion from decision-making. Reducing malnutrition among infants and young children will require significant improvements in the levels of education as well as the health and nutrition of women, especially during pregnancy.



TO AMO

Achieve universal primary education

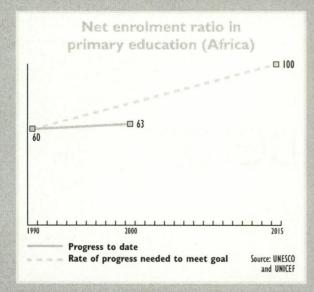
TARGET:

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Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

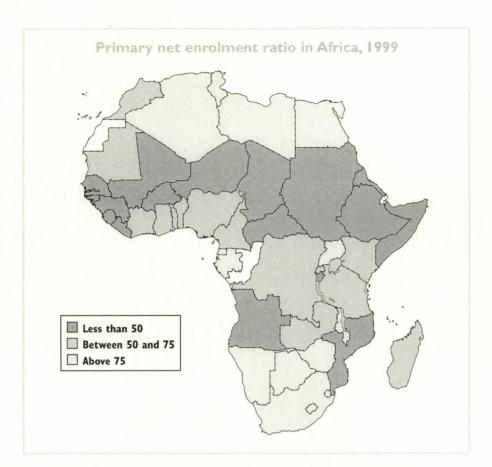
INDICATORS:

- Net enrolment ratio in primary education
- Literacy rate of 15-24 year olds



frica saw some progress in educating its children during the 1990s, but this progress was not nearly enough to meet the goal set for the year 2015. In over a third of the countries, every other child is out of school. The net primary school enrolment ratio grew by 3 percentage points over the decade, from 60 per cent in 1990 to 63 per cent in 2000. The increase was faster for girls (from 56 per cent to 60 per cent) than for boys (from 63 per cent to 65 per cent), thereby closing the gender gap. At this rate, nonetheless, Africa will not witness universal primary education until after the year 2100. Only seven countries are on track to make primary education universal by 2015.

Given the low enrolment at the beginning of the decade, some countries had the opportunity to make major gains. Benin, Mali, Niger and Swaziland increased their primary net enrolment by around 20 per cent, while Malawi and Uganda experienced a rise of over 30 per cent. However, there have also been countries where the enrolment ratio fell during



the 1990s—sometimes considerably, as in Central African Republic, Lesotho and South Africa, where declines were over 10 per cent.

Urban-rural disparities in net primary school enrolment are all too common. In some countries, the enrolment ratio in urban areas is two or three times as high as in rural areas. In Burkina Faso, Mali or Senegal, there are three urban children going to school for every child of primary school age attending a rural school. Disparities are smaller but still significant in other countries such as Cameroon, Namibia, Uganda or Tanzania.

Urban-rural gaps declined in some countries during the decade. Kenya managed to close the gap almost entirely. In Niger, too, the ratio of urban to rural enrolment dropped—from 4:1 to 3:1—but huge disparities still remain. Tanzania, on the other hand, is among the countries that saw the urban-rural gap widen during the span of a decade.

Failure to meet the education target will reduce the chances of reaching other MDGs because basic education is key to unlocking positive externalities and synergies. Basic education empowers children, especially girls, and enhances their self-confidence. An educated mother is likely to marry later, space her pregnancies better, and seek medical care for her child and herself when needed. Health investments are also more efficient when people are better educated, in large part due to the adoption of good hygienic behaviour.

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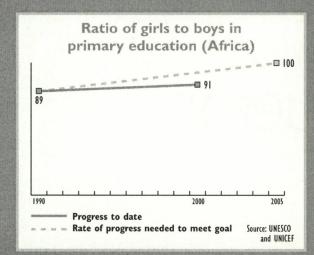
Promote gender equality and empower women

TARGET

Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

INDICATORS:

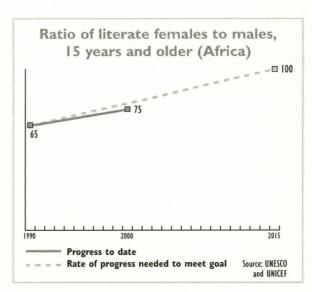
- Ratio of girls to boys in primary, secondary and tertiary education
- Ratio of literate females to males of 15-24 year olds



here has been a decline in the gap between girls' and boys' net primary enrolment ratios during the 1990s. While only 89 girls were enrolled in school for every 100 boys in 1990, the proportion rose to 91 girls per 100 boys in 2000. In more than half of countries in Africa, girls' enrolment represents over 90 per cent that of boys. In Botswana, Equatorial Guinea, Malawi, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, net enrolment of girls is equal to, or even larger than, boys'.

In other countries, however, the net enrolment ratio for girls is one-third or more below that for boys. It is often the case that the widest gender gaps occur where the overall net enrolment ratio is relatively low. Among the countries where the gender ratio worsened, Eritrea and Ethiopia registered an expansion of both female and male enrolments, but most of the gains accrued to boys. In contrast, in the Central African Republic and Lesotho, both male and female net enrolment ratios fell, with girls suffering disproportionately more.

Female literacy rose as a proportion of male literacy throughout the 1990s. For every ten literate men in 1990, less than seven women could read and write. Currently, for every ten literate men, almost eight women are literate. The smallest reductions in female/male disparity occurred in countries where female to male literacy ratios already were over 90 per cent—Botswana, Lesotho, Mauritius, Namibia, South Africa, Swaziland, and Zimbabwe. In Botswana and Lesotho, female literacy is actually higher



than that for males. By contrast, countries with the largest increases in the proportion of literate women to literate men are those with the lowest overall literacy rates and where primary schooling has expanded, even if slowly: Ethiopia, Mali and Nigeria.

Despite steady improvements in closing the gender gap in literacy, the pace will need to accelerate if the goal of gender equality is to be achieved by 2015. At the current rate, it will not be reached before 2035. The same applies to the continuing gap between girls' and boys' net primary enrolment, which at current rates will not be bridged until twenty years after the target date of 2005.

Evidence shows that babies born to mothers without formal education are at least twice as likely to suffer from malnutrition or die before age 5 than are babies born to mothers who completed primary school. An educated girl is also the best guarantor that her children will attend school—thereby ending the inter-generational transmission of poverty. Girls' education, therefore, is key to achieving the MDGs.

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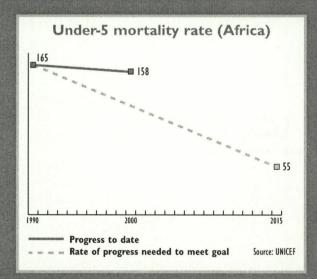
Reduce child mortality

TARGET:

Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

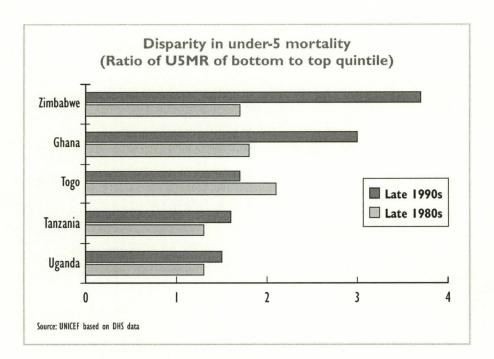
INDICATORS:

- Under-5 mortality rate (U5MR)
- Proportion of one-year old children immunised against measles



Imost one in six children in the region will not see their fifth birthday. While U5MR declined in the 1990s, progress has been too slow to achieve the global target of two-third reduction by 2015. In fact, only seven countries are on track to reach the target. Moreover, U5MR reduction was slower in the 1990s than in the 1980s, 1970s and 1960s. At the current rate of reduction, the two-thirds decline desired for 2015 will not happen in Africa until after the year 2140.

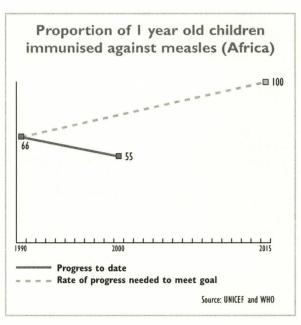
Nevertheless, some African countries seem to be on track for meeting the U5MR target. Equatorial Guinea, Eritrea and Guinea achieved reductions of over 20 per cent during the decade. Cape Verde and Comoros reduced U5MR by one-third, and even larger reductions were registered in Egypt, the Gambia, Libya, Morocco and Tunisia. Egypt, in particular, had the second highest rate of reduction in the world. Yet in many other countries, such as Botswana and Kenya, the spread of the HIV/AIDS pandemic has resulted in increased levels of U5MR.



The diversity observed across countries is also reflected in the presence of vast socio-economic disparities within countries. When households are ranked from the poorest to the wealthiest, a distinct pattern emerges: a child from a rich family invariably faces a much lower risk of premature death than a child from a poor family. On average, the latter is twice as likely to die than the former before age 5. The gap in terms of mortality between the bottom 20 per cent of a country's population and the top 20 per cent increased in most countries, including in Ghana, Kenya, Tanzania and Zimbabwe, while only Togo reported a significant improvement over time in child mortality for the poorest quintile vis-à-vis the richest quintile.

Gender disparities are usually not significant in child mortality. But differences between urban and rural families normally are. In some countries—Kenya, Tanzania—the rural U5MR is only 20 per cent higher than in urban areas, but they are almost double the urban rates in Burkina Faso or Senegal.

Measles is among the leading causes of child mortality that can be easily prevented through immunisation. Because it is so contagious and a small number of those vaccinated do not develop immunity, immunisation coverage must be at least 90 per cent to prevent deaths from measles. Yet the proportion of children immunised against measles is much lower in Africa, and unfortunately has

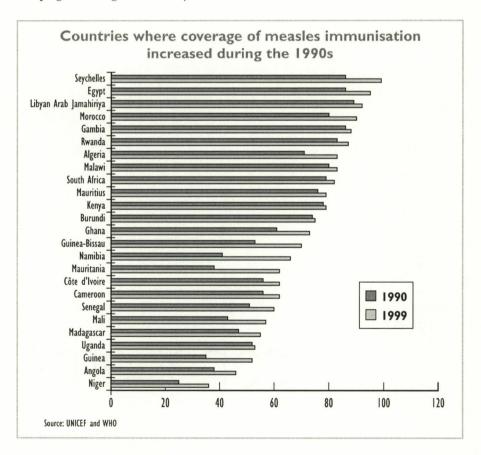


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dropped during the 1990s—down from 66 per cent in 1990 to about 55 per cent in 2000. Only Egypt, Eritrea, the Gambia, Libya, Morocco, Seychelles, and Zambia surpass the 85 per cent coverage. The level of immunisation against other childhood diseases is not very different.

The feasibility of effective measles control and the consequent interruption of indigenous measles transmission have been demonstrated in a number of countries. But despite the widespread availability of safe and effective vaccines, measles continues to be a major killer of children. In Burkina Faso, Central African Republic, Congo, the Democratic Republic of Congo, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Nigeria and Togo, immunisation against measles dropped dramatically, by at least 20 percentage points of the population.

Still a few countries—Ghana, Guinea, Guinea-Bissau, Mali, Mauritania, Namibia and Niger—succeeded in achieving more than 20 per cent growth in the coverage of measles vaccine between 1990 and 1999. Because they all started with a very low coverage in 1990, none had surpassed 75 per cent coverage by the end of the decade. However, they may soon achieve the 90 per cent target, as national campaign efforts get under way.



SOAIVE

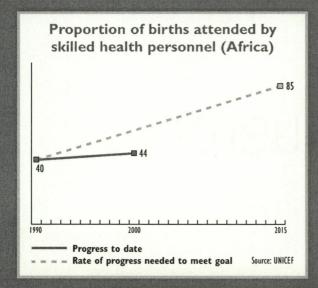
Improve maternal health

TARGET:

Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

INDICATORS:

- Maternal mortality ratio
- Proportion of births attended by skilled health personnel



omplications during pregnancy and childbirth cause the death of approximately 250,000 women each year in sub-Saharan Africa—about one every 2 minutes. The maternal mortality ratio for the world is estimated at 400 per 100,000 live births but, at 1,000 maternal deaths per 100,000 live births, Africa has the highest ratio. The countries with the highest maternal mortality ratio are all in Africa: Rwanda, Sierra Leone, Burundi, Ethiopia, Somalia, Chad, the Sudan, Côte d'Ivoire, Equatorial Guinea, Burkina Faso, Angola and Kenya. The continent is also home to seven of the twelve countries with the highest number of maternal deaths: Ethiopia (46,000 per year), Nigeria (45,000), Democratic Republic of Congo (20,000), Kenya (13,000), the Sudan (13,000), Tanzania (13,000) and Uganda (10,000). These seven countries account for one-third of all maternal deaths in the world.

Measuring maternal mortality is notoriously difficult due to under-reporting and incorrect diagnoses. There is consensus that 5

the proportion of births attended by skilled health personnel—doctor, nurse or midwife—is very closely correlated with maternal mortality. Access to the care by a skilled health provider at childbirth—when obstetric complications are most likely to occur—greatly reduces maternal mortality.

There has only been minimal change in the proportion of births attended by health personnel in the region during the 1990s. High fertility, combined with high maternal mortality risk, makes a woman in sub-Saharan Africa face a 1-in-13 chance of dying in childbirth, compared with 1-in-160 in Latin America and the Caribbean, and 1-in-280 in East Asia. In industrialised countries, the risk is 1-in-4100. At the present rate, complete coverage of births attended by skilled health providers will not be attained until after 2100.

80al. SIX

Combat HIV/AIDS

TARGET:

Have halted, by 2015, and begun to reverse the spread of HIV/AIDS

INDICATORS:

- HIV prevalence among 15-24 year old pregnant women
- Number of children orphaned by HIV/AIDS

dding to an already heavy disease burden in poor countries, the HIV/AIDS epidemic is deepening and spreading poverty, worsening gender inequalities, reversing human development and eroding the capacity of governments to provide essential services. By reducing labour productivity, the spread of HIV/AIDS is also hampering pro-poor growth in many countries.

The broader and deeper development implications of the pandemic are nowhere more vividly underscored than in Africa. Over three-quarters of all AIDS deaths occurred in sub-Saharan Africa. Worldwide, some 40 million people are currently infected with the HIV virus, over 25 million of them in Africa. More than 10 million children in the region have been orphaned by AIDS. While the global HIV/AIDS prevalence rate is estimated at 1 per cent, the average for sub-Saharan Africa is over 9 per cent. Thus, while HIV/AIDS is a global crisis, the African continent has the highest incidence of the disease.

Adult prevalence of HIV/AIDS and children under 15 who have lost one or both parents to AIDS since the beginning of the epidemic

	Adult prevalence (%)	Orphaned children (total)
Angola	2.8	98,000
Benin	2.5	22,000
Botswana	35.8	66,000
Burkina Faso	6.4	320,000
Burundi	11.3	230,000
Cameroon	7.7	270,000
Central African Republic	13.8	99,000
Chad	2.7	68,000
Comoros	0.1*	
Congo	6.4	53,000
Côte d'Ivoire	10.8	420,000
Dem. Republic of Congo	5.1	680,000
Djibouti	11.7	7,200
Equatorial Guinea	0.5	860
Eritrea	2.9*	000
Ethiopia	10.6	1,200,000
Gabon	4.2	8,600
Gambia	1.9	9,600
Ghana	3.6	17,000
Guinea	1.5	30,000
Guinea-Bissau	2.5	6,100
	13.9	730,000
Kenya	23.6	
Lesotho		35,000
Liberia	2.8	31,000
Madagascar	0.1	2,600
Malawi	15.9	390,000
Mali	2.0	45,000
Mauritania	0.5	
Mauritius	0.1*	21222
Mozambique	13.2	310,000
Namibia	19.5	67,000
Niger	1.3	31,000
Nigeria	5.1	1,400,000
Rwanda	11.2	270,000
Senegal	1.8	42,000
Sierra Leone	2.9	56,000
Somalia	•••	
South Africa	19.9	420,000
Swaziland	25.2	12,000
Togo	5.9	95,000
Uganda	8.3	1,700,000
United Rep. of Tanzania	8.1	1,100,000
Zambia	19.9	650,000
Zimbabwe	25.1	900,000

Source: Africa Recovery, October 2001 and UNAIDS.

Aggregate figures mask the true extent of the epidemic in some regions of the continent. In southern Africa, there are seven countries with prevalence rates above 25 per cent, with the highest in Botswana at about 35 per cent. Even countries with a relatively low national HIV prevalence rate can have pockets of crises that are concealed by national statistics-clusters of people or specific locations where the prevalence rate is as high as 20 per cent or more.

About one-third of those currently living with HIV/AIDS are aged between 15-24 years. Due to a mix of biological and social factors, adolescent girls are at particularly high risk. Indeed, HIV/AIDS is a disease for which gender could not be more central. In countries with high HIV prevalence, young women with little or no education—those without much power in society—face the greatest risk of infection. In many parts of Africa, teenage girls are five to six times more likely to be infected by the HIV virus than boys their age. New HIV infections are disproportionately concentrated among poor and illiterate adolescent women.

Millions of young people do not know how to protect themselves against HIV. Surveys conducted in the late 1990s in sub-Saharan African countries found that half of the teenagers did not know that a healthy looking person could be HIV-positive. The proportion of young people who do not know that HIV/AIDS cannot be transmitted by mosquitoes is over 80 per cent in Chad, Niger and Somalia.

In many countries, open and frank discussions about HIV transmission face a wall of silence. Four allies make the virus so prevalent in many societies: silence, shame, stigma and superstition. These four S's thrive in a climate of ignorance and illiteracy, making education a key to defeating this deadly alliance.

But several countries face a Catch-22: HIV/AIDS undermines the education system, thereby compromising the very ingredient—education—that is so critical to reversing the pandemic. Absenteeism and deaths among teachers is high. In Zambia alone, 1,300 teachers died in the first ten months of 1998—twice the number of deaths reported in the previous year. In the Central African Republic, 300 teachers died in 2000, 85 per cent of them because of AIDS. Several African countries are reportedly losing more teachers than the number of new recruits. HIV/AIDS also reduces the demand for basic education, due to a family's inability to pay for schooling, concerns about sexual activity at school, and the declining quality of education that make many children and parents lose interest in school.

Underscoring the prospective devastating impact of the epidemic in Africa is the fact that, even if new infection rates drop in the next few years, half of all 15-year olds alive today in the most affected countries are at risk of dying of the disease. If infection rates remain high, more than two-thirds of these young people will die.

HIV/AIDS has, therefore, become the leading cause of death in the African continent. It not only constitutes a serious constraint to growth and stability of most African economies and societies, but it has actually begun to destroy the hard-won development gains even of countries like Botswana, South Africa and Zimbabwe. As former President Nelson Mandela put it very vividly, "AIDS today in Africa is claiming more lives than the sum total of all wars, famines, and floods, and the ravages of such deadly diseases as malaria."

50al Seven

Ensure environmental sustainability

TARGET:

Halve, by 2015, the proportion of people without sustainable access to safe drinking water

INDICATOR:

 Proportion of people with sustainable access to an improved water source

Proportion of people with sustainable access to an improved water source (Africa)

64

60

Progress to date
Rate of progress needed to meet goal Source: UNICEF and WHO

frica is richly endowed with natural resources, but it has yet to put in place effective systems to enable it to fully exploit their development potential. African economies depend to a large extent on their rich biological diversity for growth and development.

Yet the continent is losing its natural resources at a relatively faster pace than other regions. Its wildlife population of rich and unique species of animals and plants is coming under increasing pressure. Its forests are being depleted at a rate of about 1.3 million hectares every year. An estimated 500 million hectares of land—including about 65 per cent of agricultural land—have been affected by soil erosion since 1950.

Africa's share of global carbon dioxide emission into the atmosphere is only 3.5 per cent. The majority of people do not have access to electricity or other clean and cheap sources of energy. Even in urban areas, electricity supplies lag significantly behind demand. More than 90 per cent of the population in rural

areas still depend mostly on traditional energy sources, notably fuel-wood, charcoal, crop and wood residues, and animal dung.

Access to improved water in urban areas has slightly declined during the 1990s, as the urban population increased faster than the expansion of safe water supply systems, especially in marginal and peri-urban areas. Although the trend has been more positive in rural areas, the pace of progress there has been slow. At the current rate of increase, the goal of reducing by half the proportion of people without access to improved water will not be achieved until the 2050s.

Lack of sanitation is a major public health problem throughout the region. Poor sanitation in school buildings makes them unsafe places where diseases are easily transmitted. It impairs children's health, limits school attendance, and negatively affects students' ability to concentrate and learn. Indeed, about one in ten school-age African girls drop out at puberty because of lack of clean and private sanitation facilities in schools.

Improvements in safe water supply, and in particular in hygiene and sanitation, can reduce the incidence of diarrhoea, as well as the number of under-5 deaths. Yet the proportion of African people enjoying access to adequate sanitation (both in urban and rural areas) has stayed essentially the same during the last ten years.

A few countries did manage to register some progress through the 1990s. An additional 12 per cent of the population gained access to improved water in Côte d'Ivoire, followed by Mali (10 per cent), Central African Republic (9 per cent) and Kenya (9 per cent). In turn, Senegal (13 per cent) and Chad (11 per cent) registered the fastest progress in sanitation.

Still, an additional 400 million persons will need to be provided with safe water supplies to reach the target by 2015. This implies roughly a tripling of the pace observed during the 1990s. Roughly similar numbers of additional people, both in urban and rural areas, will need to gain access to sanitation to meet the 2015 goals. This represents a rate of progress about four times higher than in the preceding decade.

Seight

Develop a global partnership for development

TARGETS:

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Address the Special Needs of the Least Developed Countries

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

INDICATORS:

- Official Development Assistance
- Proportion of exports (by value, excluding arms) admitted free of duties and quotas
- Proportion of official bilateral HIPC debt canceled

" Main Salar

he prospects for achieving the MDGs depend in large measure on the extent to which African nations can increase their participation in the global economy.

This is underscored by the fact that the region's declining growth performance since the 1980s is associated with a combination of trade-related factors: stagnant and declining exports earnings, export concentration in primary commodities, falling terms of trade, rising debt service payments and severe balance-of-payments problems. Owing to the small size of the markets of most African countries, increasing external trade from a diversified export base is essential to regain high rates of economic growth.

The average growth rate of Africa's exports of manufactured goods was over 30 per cent per year in the 1980s but slowed down to less than 3 per cent in the 1990s. The extent of export diversification actually declined during the 1990s, with exports largely concentrated on primary commodities. In addition, the region's share of the world export market for

8

primary commodities witnessed a secular decline. In total, Africa's share of global trade declined from about 5 per cent in the 1980s to less than 3 per cent in the 1990s. Coupled with deteriorating terms of trade, the weak export performance inhibited renewed economic growth in the 1990s.

There was also a steep decline in the flow of official development assistance (ODA) to Africa. After an increase in ODA in the latter part of the 1980s, the trend turned negative in subsequent years, particularly after 1992. Combined with the weak trade performance and the continent's inability to attract foreign direct investment in significant quantities, the reduced flow in ODA further constrained Africa's growth and poverty reduction efforts.

Africa's continuing heavy debt burden is another important constraint. As at the end of 2000, the continent's total debt stock was estimated at \$206 billion, up from \$177 billion in 1990. Close to 60 per cent of it is owed to bilateral creditors, much of it in non-concessional form, and another 25 per cent to multilateral institutions. On average, the ratio of the region's total external debt to its exports of goods and services stood at 180 per cent in 2000, while the ratio to GNP was 66 per cent. A significant number of countries face much worse debt ratios.

As a result, many countries spend more on debt servicing—sometimes three to five times more—than on basic social services. On average, sub-Saharan countries spent about twice as much to comply with their financial commitments visà-vis external creditors than to comply with their social obligation vis-à-vis their population. To spend more on external debt than on basic social services—when tens of millions of people lack access to basic education, primary health, adequate food and safe drinking water—makes little economic and moral sense. The HIPC initiative has yet to impact significantly on the debt problem of the region.

Undoubtedly, Africa's external indebtedness would not have been as problematic had the region been more successful in creating a more diversified export base and in attracting non debt-creating foreign direct investment as well as higher inflows of ODA.

Magness at a glance

frica saw some success stories during the 1990s but, on balance, the continent's record in moving towards the Millennium Development Goals has been inadequate, especially for the poor. Twenty-three sub-Saharan countries are failing in half or more of the goals; twelve do not have enough data to be assessed. This leaves a mere ten countries on track to meeting half the goals or more, which underlines the need for urgent and concerted efforts to reverse these trends.

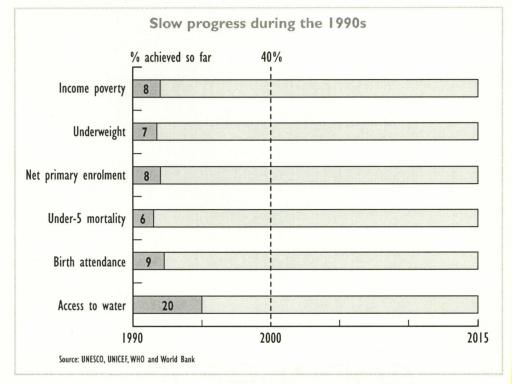
Progress was slow for child mortality, basic education, malnutrition, improved water supply, maternal mortality and gender discrimination in primary enrolment. With the exception of safe water, regional progress was less than one-tenth of the agreed target between 1990 and 2000. Since the MDGs are to be achieved over a 25-year span starting in 1990, 40 per cent of the road should have been covered by 2000—meaning that Africa's progress represents about one-fifth of what should have been accomplished by now. Even worse, little or no progress was achieved in reversing the HIV/AIDS pandemic. HIV prevalence rates continue to rise in numerous countries, whereas only a few succeeded in reducing the spread of the virus.

Not only was progress inadequate, much of it by-passed the poor. Global goals are primarily meant to help improve the situation of the poor and the disadvantaged, not only that of better-off and privileged people. Unfortunately, the poor

have benefited proportionately little from 'average' progress, as evidenced by widening disparities in terms of income, education and mortality. Thus, slow 'average' progress in Africa was further compounded by limited progress for the poorest and disadvantaged groups within countries.

Whether the challenge is HIV/AIDS, child mortality, malnutrition, income poverty, maternal health, gender discrimination or environmental degradation, basic education is a central part of the solution. Yet, only 8 per cent of the education target was achieved in the first ten years, leaving 92 per cent to be covered in the next fifteen years. Failure to keep the promise to give each and every child a good basic education will undermine the chances of reaching the other MDGs.

There is no good reason why universal primary education should not yet be a practical reality. Its cost is perfectly affordable; no new technological breakthroughs are needed to get all children in school; there is consensus that it makes good economic sense; and basic education is a fundamental human right that must not be denied to any child. If these conditions are not enough to ensure success, then the question arises as to what it will take to meet the other MDGs.



In opening the Children's Summit in May 2002, Kofi Annan, UN Secretary-General, stated, "We the grown-ups must reverse this list of failures". The MDGs remain unfulfilled, but they also remain feasible and affordable. If the legacy of our generation is to be more than a series of broken promises, then committed leadership, stronger partnerships, extra money, and deeper participation by the poor are needed to bring the region back on track towards the MDGs.

It is not too late to realise the dream by 2015.



G8 AFRICA ACTION PLAN

- 1. We, the Heads of State and Government of eight major industrialized democracies and the Representatives of the European Union, meeting with African Leaders at Kananaskis, welcome the initiative taken by African States in adopting the *New Partnership for Africa's Development* (NEPAD), a bold and clear-sighted vision of Africa's development. We accept the invitation from African Leaders, extended first at Genoa last July and reaffirmed in the NEPAD, to build a new partnership between the countries of Africa and our own, based on mutual responsibility and respect. The NEPAD provides an historic opportunity to overcome obstacles to development in Africa. Our Africa Action Plan is the G8's initial response, designed to encourage the imaginative effort that underlies the NEPAD and to lay a solid foundation for future cooperation.
- 2. The case for action is compelling. Despite its great potential and human resources, Africa continues to face some of the world's greatest challenges. The many initiatives designed to spur Africa's development have failed to deliver sustained improvements to the lives of individual women, men and children throughout Africa.
- 3. The New Partnership for Africa's Development offers something different. It is, first and foremost, a pledge by African Leaders to the people of Africa to consolidate democracy and sound economic management, and to promote peace, security and people-centred development. African Leaders have personally directed its creation and implementation. They have formally undertaken to hold each other accountable for its achievement. They have emphasized good governance and human rights as necessary preconditions for Africa's recovery. They focus on investment-driven economic growth and economic governance as the engine for poverty reduction, and on the importance of regional and sub-regional partnerships within Africa.
- 4. We welcome this commitment. In support of the NEPAD objectives, we each undertake to establish enhanced partnerships with African countries whose performance reflects the NEPAD commitments. Our partners will be selected on the basis of measured results. This will lead us to focus our efforts on countries that demonstrate a political and financial commitment to good governance and the rule of law, investing in their people, and pursuing policies that spur economic growth and alleviate poverty. We will match their commitment with a commitment on our own part to promote peace and security in Africa, to boost expertise and capacity, to encourage trade and direct growth-oriented investment, and to provide more effective official development assistance.

- 5. Together, we have an unprecedented opportunity to make progress on our common goals of eradicating extreme poverty and achieving sustainable development. The new round of multilateral trade negotiations begun at Doha, the Monterrey meeting on financing for development, this G8 Summit at Kananaskis and the World Summit on Sustainable Development in Johannesburg, are key milestones in this process.
- 6. NEPAD recognizes that the prime responsibility for Africa's future lies with Africa itself. We will continue to support African efforts to encourage public engagement in the NEPAD and we will continue to consult with our African partners on how we can best assist their own efforts. G8 governments are committed to mobilize and energize global action, marshal resources and expertise, and provide impetus in support of the NEPAD's objectives. As G8 partners, we will undertake mutually reinforcing actions to help Africa accelerate growth and make lasting gains against poverty. Our Action Plan focuses on a limited number of priority areas where, collectively and individually, we can add value.
- 7. The African peer-review process is an innovative and potentially decisive element in the attainment of the objectives of the NEPAD. We welcome the adoption on June 11 by the NEPAD Heads of State and Government Implementation Committee of the Declaration on Democracy, Political, Economic and Corporate Governance and the African Peer Review Mechanism. The peer-review process will inform our considerations of eligibility for enhanced partnerships. We will each make our own assessments in making these partnership decisions. While we will focus particular attention on enhanced-partnership countries, we will also work with countries that do not yet meet the standards of NEPAD but which are clearly committed to and working towards its implementation. We will not work with governments which disregard the interests and dignity of their people.
- 8. However, as a matter of strong principle, our commitment to respond to situations of humanitarian need remains universal and is independent of particular regimes. So, too, is our commitment to addressing the core issues of human dignity and development. The Development Goals set out in the United Nations Millennium Declaration are an important component of this engagement.
- 9. At Monterrey, in March 2002, we agreed to revitalize efforts to help unlock and more effectively utilize all development resources including domestic savings, trade and investment, and official development assistance. A clear link was made between good governance, sound policies, aid effectiveness and development success. In support of this strong international consensus, substantial new development assistance commitments were announced at Monterrey. By 2006, these new commitments will increase ODA by a total of US\$12 billion per year. Each of us will decide, in accordance with our respective priorities and procedures, how we will allocate the additional money we have pledged. Assuming strong African policy commitments, and given recent assistance trends, we believe that in aggregate half or more of our new development assistance could be directed to African nations that govern justly, invest in their own people and promote economic freedom. In this

way we will support the objectives of the NEPAD. This will help ensure that no country genuinely committed to poverty reduction, good governance and economic reform will be denied the chance to achieve the Millennium Goals through lack of finance.

- 10. We will pursue this Action Plan in our individual and collective capacities, and through the international institutions to which we belong. We warmly invite other countries to join us. We also encourage South-South cooperation and collaboration with international institutions and civil society, including the business sector, in support of the NEPAD. We will continue to maintain a constructive dialogue with our African partners in order to achieve effective implementation of our Action Plan and to support the objectives of the NEPAD. We will take the necessary steps to ensure the effective implementation of our Action Plan and will review progress at our next Summit based on a final report from our Personal Representatives for Africa.
- 11. To demonstrate our support for this new partnership, we make the following engagements in support of the NEPAD:

I. Promoting Peace and Security

Time and again, progress in Africa has been undermined or destroyed by conflict and insecurity. Families have been displaced and torn apart, and the use of child soldiers has robbed many individuals of the opportunity to learn, while also sowing the seeds of long-term national disruption, instability and poverty. Economic development has been deeply undermined as scarce resources needed to fight poverty have too often been wasted in deadly and costly armed conflicts. We are determined to make conflict prevention and resolution a top priority, and therefore we commit to:

1.1 Supporting African efforts to resolve the principal armed conflicts on the continent – including by:

- Providing additional support to efforts to bring peace to the Democratic Republic of the Congo and Sudan, and to consolidate peace in Angola and Sierra Leone within the next year;
- Assisting with programmes of disarmament, demobilization and reintegration; at the appropriate time,
- Taking joint action to support post-conflict development in the Great Lakes Region and Sudan; and,
- Endorsing the proposals from the UN Secretary-General to set up, with the Secretary-General and other influential partners, contact groups and similar mechanisms to work with African countries to resolve specific African conflicts.

- 1.2 Providing technical and financial assistance so that, by 2010, African countries and regional and sub-regional organizations are able to engage more effectively to prevent and resolve violent conflict on the continent, and undertake peace support operations in accordance with the United Nations Charter including by:
 - Continuing to work with African partners to deliver a joint plan, by 2003, for the development of African capability to undertake peace support operations, including at the regional level;
 - Training African peace support forces including through the development of regional centres of excellence for military and civilian aspects of conflict prevention and peace support, such as the Kofi Annan International Peace Training Centre; and,
 - Better coordinating our respective peacekeeping training initiatives.
- 1.3 Supporting efforts by African countries and the United Nations to better regulate the activities of arms brokers and traffickers and to eliminate the flow of illicit weapons to and within Africa including by:
 - Developing and adopting common guidelines to prevent the illegal supply of arms to Africa; and.
 - Providing assistance in regional trans-border cooperation to this end.
- 1.4 Supporting African efforts to eliminate and remove antipersonnel mines.
- 1.5 Working with African governments, civil society and others to address the linkage between armed conflict and the exploitation of natural resources including by:
 - Supporting United Nations and other initiatives to monitor and address the illegal exploitation
 and international transfer of natural resources from Africa which fuel armed conflicts,
 including mineral resources, petroleum, timber and water;
 - Supporting voluntary control efforts such as the Kimberley Process for diamonds, and
 encouraging the adoption of voluntary principles of corporate social responsibility by those
 involved in developing Africa's national resources;
 - Working to ensure better accountability and greater transparency with respect to those involved in the import or export of Africa's natural resources from areas of conflict;
 - Promoting regional management of trans-boundary natural resources, including by supporting the Congo Basin Initiative and trans-border river basin commissions.

- 1.6 Providing more effective peace-building support to societies emerging from or seeking to prevent armed conflicts including by:
 - Supporting effective African-led reconciliation efforts, including both pre-conflict and post-conflict initiatives; and,
 - Encouraging more effective coordination and cooperation among donors and international
 institutions in support of peace-building and conflict prevention efforts particularly with
 respect to the effective disarmament, demobilization and reintegration of former combatants,
 the collection and destruction of small arms, and the special needs of women and children,
 including child soldiers.
- 1.7 Working to enhance African capacities to protect and assist war-affected populations and facilitate the effective implementation in Africa of United Nations Security Council resolutions relating to civilians, women and children in armed conflict including by supporting African countries hosting, assisting and protecting large refugee populations

II. Strengthening Institutions and Governance

The NEPAD maintains that "development is impossible in the absence of true democracy, respect for human rights, peace and good governance". We agree, and it has been our experience that reliable institutions and governance are a precondition for long-term or large-scale private investment. The task of strengthening institutions and governance is thus both urgent and of paramount importance, and for this reason, we commit to:

2.1 Supporting the NEPAD's priority political governance objectives – including by:

- Expanding capacity-building programmes related to political governance in Africa focusing on the NEPAD priority areas of: improving administrative and civil services, strengthening parliamentary oversight, promoting participatory decision-making, and judicial reform;
- Supporting African efforts to ensure that electoral processes are credible and transparent,
 and that elections are conducted in a manner that is free and fair and in accordance with the
 NEPAD's commitment to uphold and respect "global standards of democracy";
- Supporting African efforts to involve parliamentarians and civil society in all aspects of the NEPAD process; and,
- Supporting the reform of the security sector through assisting the development of an independent judiciary and democratically controlled police structures.
- 2.2 Strengthening capacity-building programmes related to economic and corporate governance in Africa focusing on the NEPAD priority areas of implementing sound macro-economic strategies, strengthening public financial management and accountability, protecting the integrity of monetary and financial systems, strengthening accounting and auditing systems, and developing an effective corporate governance framework including by:
 - Supporting international and African organizations such as the African Capacity Building Foundation (ACBF) and the African Regional Technical Assistance Centres (AFRITACs) initiative of the International Monetary Fund (IMF) in expanding regionally-oriented technical assistance and capacity-building programmes in Africa; and,
 - Financing African-led research on economic governance issues (through the United Nations Economic Commission for Africa (ECA), sub-regional and regional organizations, and other African institutions and organizations with relevant expertise).

2.3 Supporting African peer-review arrangements – including by:

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

2.4 Giving increased attention to and support for African efforts to promote and protect human rights – including by:

- Supporting human rights activities and national, regional and sub-regional human rights institutions in Africa;
- Supporting African efforts to implement human rights obligations undertaken by African governments; and,
- Supporting African efforts to promote reconciliation and to ensure accountability for violations of human rights and humanitarian law, including genocide, crimes against humanity and other war crimes.

2.5 Supporting African efforts to promote gender equality and the empowerment of women – including by:

- Supporting African efforts to achieve equal participation of African women in all aspects of the NEPAD process and in fulfilling the NEPAD objectives; and,
- Supporting the application of gender main-streaming in all policies and programmes.

2.6 Intensifying support for the adoption and implementation of effective measures to combat corruption, bribery and embezzlement – including by:

- Working to secure the early establishment of a UN Convention on Corruption, and the early ratification of the UN Convention Against Transnational Organized Crime;
- Strengthening and assisting the implementation and monitoring of the OECD Convention on Bribery and assisting anti-bribery and anti-corruption programmes through the international financial institutions (IFIs) and the multilateral development banks;
- Intensifying international cooperation to recover illicitly acquired financial assets;
- Supporting voluntary anti-corruption initiatives, such as the DAC Guidelines, the OECD
 Guidelines for Multinational Enterprises, and the UN Global Compact;

- Supporting the role of parliamentarians in addressing corruption and promoting good governance; and,
- Assisting African countries in their efforts to combat money laundering, including supporting
 World Bank/IMF efforts to improve coordination in the delivery of technical assistance to
 combat money laundering and terrorist financing in African countries.

III. Fostering Trade, Investment, Economic Growth and Sustainable Development

Generating economic growth is central to the NEPAD's goal of mobilizing resources for poverty reduction and development. A comprehensive effort is required to stimulate economic activity in all productive sectors while paying particular attention to sustainability and social costs and to the role of the private sector as the engine for economic growth. In this context, the particular importance of infrastructure has been emphasized by our African partners – including as a domain for public-private investment partnerships, and as a key component of regional integration and development. In order to achieve adequate growth rates, Africa must have broader access to markets. The launch of multilateral trade negotiations by World Trade Organization (WTO) members in Doha, which placed the needs and interests of developing countries at the heart of the negotiations, will help create a framework for the integration of African countries into the world trading system and the global economy, thus creating increased opportunities for trade-based growth. We are committed to the Doha development agenda and to implementing fully the WTO work programme, as well as to providing increased trade-related technical assistance to help African countries participate effectively in these negotiations. With these considerations in mind, we commit to:

3.1 Helping Africa attract investment, both from within Africa and from abroad, and implement policies conducive to economic growth – including by:

- Supporting African initiatives aimed at improving the investment climate, including sound
 economic policies and efforts to improve the security of goods and transactions, consolidate
 property rights, modernize customs, institute needed legal and judicial reforms, and help
 mitigate risks for investors;
- Facilitating the financing of private investment through increased use of development finance
 institutions and export credit and risk-guarantee agencies and by strengthening equivalent
 institutions in Africa;
- Supporting African initiatives aimed at fostering efficient and sustainable regional financial markets and domestic savings and financing structures, including micro-credit schemes while giving particular attention to seeing that credit and business support services meet the needs of poor women and men;
- Enhancing international cooperation to promote greater private investment and growth in Africa, including through public-private partnerships; and,
- Supporting the efforts of African governments to obtain sovereign credit ratings and gain access to private capital markets, including on a regional basis.

3.2 Facilitating capacity-building and the transfer of expertise for the development of infrastructure projects, with particular attention to regional initiatives.

3.3 Providing greater market access for African products – including by:

- Reaffirming our commitment to conclude negotiations no later than 1 January 2005 on further trade liberalization in the Doha round of multilateral trade negotiations taking full account of the particular circumstances, needs and requirements of developing countries, including in Africa;
- Without prejudging the outcome of the negotiations, applying our Doha commitment to
 comprehensive negotiations on agriculture aimed at substantial improvements in market
 access, reductions of all forms of export subsidies with a view to their being phased out, and
 substantial reductions in trade-distorting domestic support;
- Working toward the objective of duty-free and quota-free access for all products originating from the Least Developed Countries (LDCs), including African LDCs, and, to this end, each examining how to facilitate the fuller and more effective use of existing market access arrangements; and,
- Ensuring that national product standards do not unnecessarily restrict African exports and that African nations can play their full part in the relevant international standard setting systems.

3.4 Increasing the funding and improving the quality of support for trade-related technical assistance and capacity-building in Africa – including by:

- Supporting the establishment and expansion of trade-related technical assistance programmes in Africa;
- Supporting the establishment of sub-regional market and trade information offices to support trade-related technical assistance and capacity-building in Africa;
- Assisting regional organizations in their efforts to integrate trade policy into member country development plans;
- Working to increase African participation in identifying WTO-related technical assistance needs, and providing technical assistance to African countries to implement international agreements, such as the WTO agreement;
- Assisting African producers in meeting product and health standards in export markets; and,
- Providing technical assistance to help African countries engage in international negotiations,
 and in standard-setting systems.

3.5 Supporting African efforts to advance regional economic integration and intra-African trade – including by:

- Helping African countries develop regional institutions in key sectors affecting regional integration, including infrastructure, water, food security and energy, and sustainable management and conservation of natural resources;
- Working towards enhanced market access, on a WTO-compatible basis, for trade with African free trade areas or customs unions;
- Supporting the efforts of African countries to eliminate tariff and non-tariff barriers within Africa in a WTO-consistent manner; and,
- Supporting efforts by African countries to work towards lowering trade barriers on imports from the rest of the world.

3.6 Improving the effectiveness of Official Development Assistance (ODA), and strengthening ODA commitments for enhanced-partnership countries – including by:

- Ensuring effective implementation of the OECD/DAC recommendations on untying aid to the Least Developed Countries;
- Implementing effectively the OECD agreement to ensure that export credit support to lowincome countries is not used for unproductive purposes;
- Supporting efforts within the DAC to reduce aid management burdens on recipient countries and lower the transactions costs of aid;
- Taking all necessary steps to implement the pledges we made at Monterrey, including ODA level increases and aid effectiveness; and,
- Reviewing annually, within the DAC and in coordination with all relevant institutions, our
 progress towards the achievement in Africa of the Development Goals contained in the
 United Nations Millennium Declaration.

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IV. Implementing Debt Relief

- 4.1 Our aim is to assist countries through the Heavily Indebted Poor Countries (HIPC) Initiative to reduce poverty by enabling them to exit the HIPC process with a sustainable level of debt. The HIPC Initiative will reduce, by US\$19 billion (net present value terms), the debt of some 22 African countries that are following sound economic policies and good governance. Combined with traditional debt relief and additional bilateral debt forgiveness, this represents a reduction of some US\$30 billion about two-thirds of their total debt burden that will allow an important shift of resources towards education, health and other social and productive uses.
- Debt relief alone, however, no matter how generous, cannot guarantee long-term debt sustainability. Sound policies, good governance, prudent new borrowing, and sound debt management by HIPCs, as well as responsible financing by creditors, will be necessary to ensure debt sustainability. We are committed to seeing that the projected shortfall in the HIPC Trust Fund is fully financed. Moreover, we remain ready, as necessary, to provide additional debt relief—so-called "topping up"—on a case-by-case basis, to countries that have suffered a fundamental change in their economic circumstances due to extraordinary external shocks. In that context these countries must continue to demonstrate a commitment to poverty reduction, sound financial management, and good governance. We will fund our share of the shortfall in the HIPC Initiative, recognizing that this shortfall will be up to US\$1 billion. We call on other creditor countries to join us. Once countries exit the HIPC process, we expect they will not need additional relief under this Initiative. We support an increase in the use of grants for the poorest and debt-vulnerable countries, and look forward to its rapid adoption.

V. Expanding Knowledge: Improving and Promoting Education and Expanding Digital Opportunities

Investing in education is critical to economic and social development in Africa, and to providing Africans with greater opportunities for personal and collective advancement. Education also holds the key to important goals such as achieving full gender equality for women and girls. Yet most African countries have made poor progress towards the attainment of the Dakar Education for All (EFA) goals. In addition, the capacity of information and communications technology (ICT) to help Africa exploit digital opportunities, has not yet been realized. ICT has been identified by the NEPAD as a targeted priority for economic and human development in Africa. With this in mind, we commit to:

5.1 Supporting African countries in their efforts to improve the quality of education at all levels – including by:

- Significantly increasing the support provided by our bilateral aid agencies to basic education for countries with a strong policy and financial commitment to the sector, in order to achieve the goals of universal primary education and equal access to education for girls. In that regard we will work vigorously to operationalize the G8 Education Task Force report with a view to helping African countries which have shown through their actions a strong policy and financial commitment to education to achieve these goals; and to encourage other African countries to take the necessary steps so that they, too, can achieve universal primary education by 2015;
- Supporting the development and implementation by African countries of national educational plans that reflect the Dakar goals on Education for All, and encouraging support for those plans particularly universal primary education by the international community as an integral part of the national development strategies;
- Giving special emphasis and support to teacher training initiatives, in line with the NEPAD priorities, and the creation of accountability mechanisms and EFA assessment processes;
- Working with IFIs to increase their education-related spending, as a further supplement to bilateral and other efforts;
- Supporting the development of a client-driven "Education for All" Internet portal;
- Supporting programmes to encourage attendance and enhance academic performance, such as school feeding programmes; and,
- Supporting the development of community learning centres to develop the broader educational needs of local communities.

5.2 Supporting efforts to ensure equal access to education by women and girls – including by:

- Providing scholarships and other educational support for women and girls; and,
- Supporting African efforts to break down social, cultural and other barriers to equal access by women and girls to educational opportunities.

5.3 Working with African partners to increase assistance to Africa's research and higher education capacity in enhanced-partnership countries – including by:

- Supporting the development of research centres and the establishment of chairs of excellence in areas integral to the NEPAD in Africa; and,
- Favouring the exchange of visiting academics and encouraging research partnerships between G8/donor and African research institutions.

5.4 Helping Africa create digital opportunities – including by:

- Encouraging the Digital Opportunity Task Force (DOT Force) International e-Development Resources Network to focus on Africa, and supporting other DOT Force initiatives that can help to create digital opportunities, each building wherever possible on African initiatives already underway;
- Working towards the goal of universal access to ICT by working with African countries to improve national, regional and international telecommunications and ICT regulations and policies in order to create ICT-friendly environments;
- Encouraging and supporting the development of public-private partnerships to fast-track the development of ICT infrastructure; and,
- Supporting entrepreneurship and human resource development of Africans within the ICT sector.

5.5 Helping Africa make more effective use of ICT in the context of promoting sustainable economic, social and political development – including by:

- Supporting African initiatives to make best use of ICT to address education and health issues; and,
- Supporting African countries in increasing access to, and making the best use of, ICT in support of governance, including by supporting the development and implementation of national e-strategies and e-governance initiatives aimed at increased efficiency, effectiveness, transparency and accountability of government.

VI. Improving Health and Confronting HIV/AIDS

The persistence of diseases such as malaria and tuberculosis has remained a severe obstacle to Africa's development. To this burden has been added the devastating personal and societal costs resulting from AIDS, the consequences of which stand to undermine all efforts to promote development in Africa. The result has been a dramatic decrease in life expectancy in Africa and a significant new burden on African health systems and economies. Substantial efforts are needed to confront the health challenges that Africa faces, including the need to enhance immunization efforts directed at polio and other preventable diseases. Therefore, recognizing that HIV/AIDS affects all aspects of Africa's future development and should therefore be a factor in all aspects of our support for Africa, we commit to:

6.1 Helping Africa combat the effects of HIV/AIDS – including by:

- Supporting programmes that help mothers and children infected or affected by HIV/AIDS, including children orphaned by AIDS;
- Supporting the strengthening of training facilities for the recruiting and training of health professionals;
- Supporting the development, adoption and implementation of gender-sensitive, multi-sectoral HIV/AIDS programs for prevention, care, and treatment;
- Supporting high level political engagement to increase awareness and reduce the stigma associated with HIV/AIDS;
- Supporting initiatives to improve technical capacity, including disease surveillance;
- Supporting efforts to develop strong partnerships with employers in increasing HIV/AIDS awareness and in providing support to victims and their families;
- Supporting efforts that integrate approaches that address both HIV/AIDS and tuberculosis;
 and,
- Helping to enhance the capacity of Africa to address the challenges that HIV/AIDS poses to peace and security in Africa.

6.2 Supporting African efforts to build sustainable health systems in order to deliver effective disease interventions – including by:

- Pressing ahead with current work with the international pharmaceutical industry, affected
 African countries and civil society to promote the availability of an adequate supply of lifesaving medicines in an affordable and medically effective manner;
- Supporting African countries in helping to promote more effective, and cost-effective, health interventions to the most vulnerable sectors of society including reducing maternal and infant mortality and morbidity;

- Continuing support for the Global Fund to Fight AIDS, Tuberculosis and Malaria, and working to ensure that the Fund continues to increase the effectiveness of its operations and learns from its experience;
- Supporting African efforts to increase Africa's access to the Global Fund and helping to enhance Africa's capacity to participate in and benefit from the Fund;
- Providing assistance to strengthen the capacity of the public sector to monitor the quality of health services offered by both public and private providers; and,
- Supporting and encouraging the twinning of hospitals and other health organizations between G8 and African countries.
- 6.3 Accelerating the elimination and mitigation in Africa of polio, river blindness and other diseases or health deficiencies including by:
 - Providing, on a fair and equitable basis, sufficient resources to eliminate polio by 2005; and,
 - Supporting relevant public-private partnerships for the immunization of children and the elimination of micro-nutrient deficiencies in Africa.
- 6.4 Supporting health research on diseases prevalent in Africa, with a view to narrowing the health research gap, including by expanding health research networks to focus on African health issues, and by making more extensive use of researchers based in Africa.

VII. Increasing Agricultural Productivity

The overwhelming majority of Africa's population is rural. Agriculture is therefore the principal economic preoccupation for most of Africa's people. Agriculture is central not only to the quality of life of most Africans, but also to the national economy of nearly all African states. Increased agricultural production, efficiency and diversification are central to the economic growth strategies of these countries. In support of the NEPAD's growth and sustainable development initiatives on agriculture, we commit to:

7.1 Making support for African agriculture a higher international priority in line with the NEPAD's framework and priorities – including by:

- Supporting the reform and financing of international institutions and research organizations that address Africa's agricultural development priority needs;
- Supporting efforts to strengthen agricultural research in Africa as well as research related to issues and aspects that are of particular importance to Africa; and,
- Working with African countries to improve the effectiveness and efficiency of ODA for agriculture, rural development and food security where there are coherent development strategies reflected in government budget priorities.

7.2 Working with African countries to reduce poverty through improved sustainable productivity and competitiveness – including by:

- Supporting the development and the responsible use of tried and tested new technology, including biotechnology, in a safe manner and adapted to the African context, to increase crop production while protecting the environment through decreased usage of fragile land, water and agricultural chemicals;
- Studying, sharing and facilitating the responsible use of biotechnology in addressing development needs;
- Helping to improve farmers' access to key market information through the use of traditional
 and cutting edge communications technologies, while also building upon ongoing international
 collaboration that strengthens farmers' entrepreneurial skills;
- Encouraging partnerships in agriculture and water research and extension to develop, adapt
 and adopt appropriate demand-driven technologies, including for low-income resource-poor
 farmers, to increase agricultural productivity and improve ability to market agricultural, fish
 and food products;
- Working with African countries to promote property and resource rights;

- Supporting the main-streaming of gender issues into all agricultural and related policy together with targeted measures to ensure the rights of women for equal access to technology, technical support, land rights and credits;
- Working with African countries to support the development of agricultural infrastructure including production, transportation and markets; and,
- Working with African countries to develop sound agricultural policies that are integrated into Poverty Reduction Strategies.

7.3 Working to improve food security in Africa – including by:

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

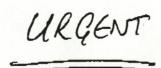
VIII. Improving Water Resource Management

Water is essential to life. Its importance spans a wide range of critical uses – from human drinking water, to sanitation, to food security and agriculture, to economic activity, to protecting the natural environment. We have noted the importance of proper water resource management. We note also that water management is sometimes at the centre of threats to regional peace and security. We also appreciate the importance of good water management for achieving sustainable economic growth and development, and therefore we commit to:

8. Supporting African efforts to improve water resource development and management – including by:

- Supporting African efforts to promote the productive and environmentally sustainable development of water resources;
- Supporting efforts to improve sanitation and access to potable water;
- Mobilizing technical assistance to facilitate and accelerate the preparation of potable water and sanitation projects in both rural and urban areas, and to generate greater efficiency in these sectors; and,
- Supporting reforms in the water sector aimed at decentralization, cost-recovery and enhanced user participation.





TO 10 DOWNING ST. P.01 рерагинени юг International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0834

: 020 7023 0634

From the Secretary of State's office

FROM

FACSIMILIE TRANSMISSION

TO: Karen Lovesey

FROM: Anna Bewes

DATE: 27 June

No of Sheets: 4

Karen

I should be grateful if you would pass the attached to Liz Lloyd or Anna Wechsberg as soon as possible.

Anna Bewes

Private Secretary

Anna Liz

Central America

We have seen Anna's record of the Prime Minister's conversation with Bush, for which thanks. We note that Bush twice raised Central America during a conversation essentially on Africa, suggesting that this is a matter (understandably) of some interest to him. I attach some information on DFID's involvement in Central America, in case this may be of use in other discussions before you leave in a few hours' time.

Africa visit

Liz and I briefly discussed the possibility of the Prime Minister visiting another African country following WSSD in September; she said this might be raised on your flight home. DFID would very strongly urge the Prime Minister to visit at least one other country on his way home. This would usefully underline his own and HMG's long term commitment to Africa. It would also be an excellent opportunity for the Prime Minister to follow up his visit to North and West Africa earlier this year, and allow him to deepen his own understanding and experience of (another part of) We would strongly recommend a short visit to Africa and its challenges. Mozambique (50 minutes flight Johannesburg - Maputo). This is an interesting test case for NEPAD and the G8 process - a country which is among the poorest in Africa, with a government in principle committed to reform, but facing extreme challenges in implementing change. We would recommend not only a meeting with the President, but also that the Prime Minister take the opportunity to travel outside Maputo to visit 'real' Mozambique, and the development issues on the ground. We would be happy to put forward a more considered outline for a visit if this would help the decision making.

If the Prime Minister decides instead to spend a little longer in South Africa (a second best in our view) we would strongly suggest that he visit a less developed area of the country, such as the Eastern Cape, rather than remaining in and around the very 'westernised' Johannesburg.

Another alternative would be Tanzania, should the Secretary of State's visit there next week go well. Again, for any of these options we would be happy to put together a more detailed proposal.

Anna Bewes

Issue

DFID programme in Central America

Points

- DFID policy commits us to address serious poverty and inequality.
 There are over 10 million people living in extreme poverty in Central America.
- DFID concentrate on Honduras, Nicaragua, Guatemala, El Salvador, the regions four poorest countries and those hardest hit by Hurricane Mitch (1998) and other recent natural disasters.
- DFID focus on areas where we have expertise and can add value, particularly to the effort by multilateral agencies. Multilateral aid flows to the four countries amount to about \$0.5 billion per annum.
- DFID's programme in Central America supports these objectives and provides support as part of our international effort on debt relief and support for the Poverty Reduction Strategy Papers (PRSPs) of the Highly Indebted Poor Countries initiative (HIPC).

Background

The DFID Central America programme concentrates on Nicaragua, Honduras, Guatemala and El Salvador. The key objectives for the programme are to work on pro poor growth, violence reduction, good governance (including anti-corruption), HIV/AIDS, implementation of the PRSPs and health.

2. Our existing programme totals £5.3 million (2002/03). It focuses on improving health systems (£2.6 million) and a major disaster preparedness programme (£2.5 million) in all four countries with the Pan American Health Programme. We are also working with UN Family Planning Association in the four countries on improving sexual reproductive health (£2.8 million). In

addition we provide almost 20% of the European Commission programme, which is approximately 550 million euros for the period 2000-2006, and focuses on education, governance, environment and decentralisation.

3. We are closely involved in the development and implementation of the Poverty Reduction Strategies for Nicaragua and Honduras where we have established two small DFID offices. Our programme fits well with the PRSP and government agendas. We play a key role in the improvement of donor coordination.

Guatemala

- 4. HMG has been working to secure a peaceful settlement of the border dispute between Guatemala and Belize.
- 5. The current round of negotiations between Guatemala and Belize under the auspices of the Organisation of American States (OAS) appears to offer the best chance of a resolution. The UK has offered Guatemala £15 million in development support if a settlement is reached. The United States has said privately that they will make a similar contribution to that of the UK.

Latin America Department
DFID
27 June 2002







DEID Department for International Development

1 Palace Street, London SW1E 5HE

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From the Secretary of State's office

FACSIMILIE TRANSMISSION

TO: Karen Lovesey

FROM: Anna Bewes

DATE: 27 June

No of Sheets: 4

Karen

I attach some information requested by Liz Lloyd, on (1) proportion of G8 oda expenditure going to Africa (broken down by total aid; bilateral only; aid to Africa as a whole; and aid to Sub Saharan Africa); and (2) the Emerging Africa Infrastructure Fund.

I should be grateful if you would fax this on to Liz in Kananaskis as soon as possible.

Anna Bewes

Private Secretary

Donors aid to Africa in 2000

\$ million

	oda to Africa	oda to	Bilateral oda	Proportion of bilateral			Proportion of total (including multilateral)	
				% to Africa	% to SSA	Total oda	% to Africa	
France	1811	1209	2829	64	43	4105	44	
Germany	869	766		32	29	5030	17	15
	243	261	377	64	69	1376	18	19
Italy	1226	968			10	13508	9	7
Japan	218	180			16	1744	13	
Canada					41	4501	26	25
UK	1151	1124			15		21	11
US	2108	1139	7405	20	13	3300		

Russia

not a donor

EMERGING AFRICA INFRASTRUCTURE FACILITY (EAIF)

- 1. Increased private sector investment in infrastructure is essential if the rate of growth required to eliminate poverty is to be realised. Consultation with potential investors indicates that the main constraints to increased investment are: an inappropriate enabling environment, lack of long term debt finance, high up-front costs of project preparation, and inadequate local currency guarantees. Over the past 2-3 years, the UK has been working with others to address these issues.
- 2. The Emerging Africa Infrastructure Fund (EAIF) is a fund established by a group of public and private sector institutions to provide long-term debt finance to commercially viable private sector infrastructure ventures in sub-Saharan Africa. Following a successful tender to international private bidders in 2001, DFID is providing initial equity finance of US\$100 million, which is matched by over US\$200 million of loans from a private banking consortium. A group of European donors (currently Holland, Sweden and Switzerland) are preparing to augment the equity invested in EAIF by US \$75million, which will enable the Fund to grow to an anticipated US\$ 450million.
 - 3. The EAIF will lend to infrastructure projects in consortia with other banks and financial institutions, thus leveraging in additional funds at the project level. This could make available more than \$2 billion at project level to response to viable African proposals. Three projects are already being appraised by EAIF. These are a toll bridge in the Ivory Coast, rehabilitation of a thermal power station in Nigeria and a regional telecommunications project in West Africa.
 - 4. Experience to date has demonstrated that there are other gaps that should be filled. DFID is therefore appraising a facility which would meet the costs of designing complex public private partnership arrangements, as well as a separate company to guarantee local currency payments. Both are likely

to need start up costs totalling £50 million; followed in 2006 by annual payments of about £30 million a year. No resources have yet been committed. There is also scope to increase the EAIF as demands from Africa are met, and existing finance drawn down. We would like other G8 countries to take a positive interest.

DFID 27 June 2002

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From the Principal Private Secretary

25 June 2002

Der Fick,

G8 SUMMIT: £1 BILLION FOR AFRICA

LONDON SW1A 2AA

The Prime Minister and the Chancellor of the Exchequer had a brief discussion today following your letter of today's date.

The Chancellor said that he was concerned that it would not be possible for DFID to meet all their essential multilateral commitments (eg the IDA 13 replenishment and a further contribution to the HIPC Trust Fund) if they were only given a budget consistent with an overall ODA/GNI ratio of 0.39 per cent. However, if DFID were given a higher budget than this - as Clare Short would demand - then it would not be possible to give the FCO an "ODA budget" of more than about £40 million a year.

The Prime Minister said that he wanted a decent settlement for the FCO, and he would support the Chancellor in taking a tough line on any further increases for DFID. I noted that Clare Short's letter of 21 June had strongly implied that she could live with a 0.39 per cent ratio. How much that would leave over for the FCO would depend partly on the timing of the planned HIPC and IDA contributions.

The Prime Minister and the Chancellor agreed that they would need to return to these issues in the SR2002 end-game.

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JEREMY HEYWOOD

Mark Bowman HMT



In Mahr

THE PRIME MINISTER

24 June 2002

Lea Venan.

Thank you for your letter of 31 May. I was grateful for your participation in the meeting on 23 May and also for this subsequent thoughtful outline of specific areas to contribute to the success of NEPAD.

I very much welcome the interest and commitment you have shown towards Africa's development and I strongly agree with the three areas that you identify in your letter. As you know, the Government recognises the critical role of the private sector in achieving the Millennium Development Goals. These goals can be achieved, but they will require higher levels of growth, especially in Africa; and the private sector drives this growth.

Clearly, as you say, governments also have a critical role. They provide the framework to promote productive investment and ensure that poor people can participate and are not left behind. There is therefore a greater need than ever for market-based policies in developing and developed countries to promote responsible and sustainable business. There is also a greater need to underpin these policies with programmes to promote opportunities for poor people.

I have asked my Secretary of State for International Development, Clare Short, to invite key private sector leaders, including yourself, to identify what

specific actions individual multinational companies can take to make a real contribution to poverty reduction. The opportunities for Africa presented by NEPAD should be part of this discussion. She will be contacting you shortly.

your fively, Tany Hair

Thank you once again for your continued support and valuable contributions to the debate so far.

Mr Vernon Ellis

RESTRICTED

From: Anna Wechsberg

21 June 2002 Date:

Jeremy Heywood cc:

Jonathan Powell

Liz Llovd Jacob Nell

PRIME MINISTER

DFID/AFRICA

You are seeing Gordon and Clare on Monday to agree what we can announce on Africa/development as our contribution to the Kananaskis Africa Action Plan.

Clare's letter (attached) is very helpful. For a settlement equivalent to 0.39% of national income (which is in fact slightly below the Treasury's current assumption for DFID), Clare will give us all of our key deliverables - in particular the £1 billion for Africa and the UK's contribution to a \$1 billion top up for the HIPC Trust Fund (which Gordon has pressed strongly for too).

In order to finance this Clare says she will have to contain her prospective contribution to IDA (the World Bank's soft loan/grant facility). This is fine by us even at reduced levels the UK's share of IDA is likely to increase. But Gordon may need persuading (he is a big supporter of IDA).

If we agree all this, you might ask Clare for a note illustrating how we propose to spend the £1 billion for Africa - ie on reforming countries, lots of health and education, etc. Our announcement will be much more credible if we can give a flavour of what it will finance. (DFID have such a note, but Clare is cagey about sharing it with us, worried that it will limit her flexibility in spending the money.)

We also need to check that DFID and HMT have agreed a fix for next year's budget. On current plans DFID's Africa spend is set to fall slightly compared with this year (essentially because DFID's EU contributions have turned out to be higher than budgeted). DFID need another £50-100m in year 1 - or agreement that they can access the Reserve - to avoid an embarrassing dip in Africa spending. fire.

ANNA WECHSBERG

21-JUN-2002 19:41

TO 10 DOWNING ST.

CONFIDENTIAL



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Department for

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Telephone: 020 7023 0000 E-mall: c-short@dfid.gov.uk

From the Secretary of State

The Rt Hon Tony Blair MP Prime Minister 10 Downing Street London SW1A 2AA

2 June 2002

Pear Prime Minister

UK DELIVERY OF G8 INTERNATIONAL DEVELOPMENT PLEDGES AT KANANASKIS

Deliverables you and Gordon might announce at or before Kananaskis. Conditional on an understanding of the outcome of the Spending Review for DFID.

You, Gordon and I are due to meet on 24 June to discuss what might be announced at or before Kananaskis as the UK's contribution to expected G8 development pledges, especially for Africa. Given your personal engagement on Africa, and Gordon's leadership of the international community on ald and debt issues, we will be expected to take a lead. The problem is that I cannot commit to new announcements without an understanding of the funding to be provided to DFID in the spending review.

If the outcome of the review is in line with DFID's bid, our commitments could include:

- a. an announcement that the UK would meet its share of the additional \$1billion needed for the HIPC Trust Fund to ensure that the initiative is fully financed, on the basis that others would also meet their shares;
- b. an announcement that, as part of an overall G8 effort to help finance the costs of basic education for all, we would be ready to commit an average of £250-300 million a year from the DFID bilateral programme over the next three years, following up the agreement reached among G7 Finance Ministers in Halifax:
- c. confirmation of an additional pledge of \$25 million towards polio eradication, as the UK's share of what is needed to fill the overall financing gap;

\ d. an announcement that we expect

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CONFIDENTIAL

d. an announcement that we expect to increase our overall spending on bilateral aid to Africa to £1 billion by 2005/06. This would be dependent on the performance of reforming countries in Africa warranting such levels of assistance. We would set out more details when Gordon announces the outcome of the Spending Review.

The £1 billion for Africa would include our bilateral contribution on education in Africa, but would be additional to the HIPC and polio initiatives, which are both multilateral.

My Spending Review bid proposes a Departmental Budget in 2005/06 sufficient for aid to reach 0.40% of national income. Within this officials have estimated that debt relief, which does not require public expenditure, might account for £450 million, or 0.04% on the oda/GNI ratio by 2005/06. I can finance the commitment set out above if my budget is set at that level.

Gordon successfully lobbled other EU colleagues in the run up to Monterrey for the EU collectively to reach 0.39%. If my budget was set for the UK to reach that level in 2005/06 (and it would be embarrassing if we did less), I would still be ready to finance the commitment set out above. But in these circumstances, in order to ensure there is sufficient room to finance the £1 billion Africa pledge, I may need to contain my contribution to the replenishment of IDA13, including what is necessary to finance the introduction of IDA grants. We would still make a substantial contribution to IDA13 but it would be at a level lower than provided for in the bid.

I am not proposing that we announce our oda/GNI figure for 2005/06 next week, because that would pre-empt the Spending Review. But I would, in order responsibly to agree to the set of announcements set out above, need to have an understanding to the effect that my Spending Review settlement would be consistent with at least 0.39%.

The ideas set out above are not intended as a package, and might be better announced separately than together. We can discuss this further on Monday.

I am copying this letter to Gordon.

CLARE SHORT

your sincerty Brouts fleeter

(Agreed by the Secretary of State and signed in her absence)



DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419

E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 2AA cc. Dm

20 June 2002

Dear ana

CHRISTIAN AID WEEK: LISTEN TO AFRICA

Dr Daleep Mukarji, the Director of Christian Aid, wrote to the Prime Minister on 31 May thanking him for the meeting at No.10 on 23 May at which African development issues were discussed.

In his letter, Dr Mukarji also makes reference to the report that Christian Aid produced for Christian Aid week: Listen to Africa. A copy of this was presented to the Prime Minister at the meeting and Dr Mukarji requests a response to the report and particularly to the 10 recommendations it makes.

I enclose a draft reply from the Prime Minister to Dr Mukarji.

Anna Bewes
Private Secretary

10 DOWNING STREET LONDON SW1A 2AA

THE PRIME MINISTER

June 2002

CHRISTIAN AID WEEK: LISTEN TO AFRICA

Thank you for your letter of 31 May. I was delighted that you were able

to join us at No.10 on 23 May and it is very encouraging to receive such positive

feedback from the meeting.

I welcome the practical contributions you have made and especially the

report that you produced for Christian Aid week. This report rightly emphasises

that if the opportunities for Africa presented by NEPAD are not be missed, we

must create effective and cohesive partnerships between the developed world

and Africa, based on shared responsibility and mutual accountability. The

forthcoming G8 Summit offers us a unique chance to continue making progress

with this agenda.

The action plan the G8 adopts will have to make specific commitments,

not only to assist Africa directly but also to reform those policies of our own that

affect the continent.

You have asked for a response on the ten specific suggestions in your

report.

Conflict is a serious barrier to development in Africa and the Government is committed to supporting peace processes in Africa. Bringing peace to Angola, Sudan, and the Democratic Republic of Congo (DRC), would improve the lives of 91 million people who have known nothing but conflict for a more than a generation. We can support Africa's own efforts to achieve peace and security through the development of African capability to undertake peace support operations, including at regional level, and programmes of disarmament, demobilisation and reintegration in post-conflict countries. We are committed to supporting peace processes in Africa, and are working with our G8 partners and others to prioritise action to address Africa's conflicts. We are contributing significant resources to the UN's mission in DRC (MONUC), and also providing resources to support the process of disarmament in DRC, along with other governments, through a multi-donor trust fund.

The Export Control Bill already includes a general power that allows controls to be imposed on trafficking and brokering activities by UK persons wherever they are located. We have said that we will use this power to control trafficking and brokering in military equipment to any country. Additionally, the Government will use the new power to control, and in effect prohibit, trafficking and brokering in arms to embargoed destinations. This latter provision will extend to activities carried out by UK nationals overseas, as well as to activities in the UK.

The illegal exploitation of natural resources in conflict regions is a serious concern and the UK is working with African Governments, Civil Society and others to address the linkage between armed conflict and the exploitation of

natural resources. On the UN report into the exploitation of diamonds in the DRC, the UK is awaiting publication of this report later this year. Once the content of the Report is known, we will respond appropriately.

Poor health undermines Africa's development potential. HIV/AIDS represents the single greatest threat, with 28 million Africans affected. The UK has been increasing its contribution to the fight against HIV/AIDS. Last year we invested over £200 million in HIV/AIDS-related bilateral programmes. We have also committed £14 million to the International AIDS Vaccine Initiative and £16 million to the Medical Research Council: Microbides Development Programme. We have emphasised that donors need to increase spending on health systems development through bilateral and multilateral channels. We have committed £1 billion since 1997 to help developing countries put in place and strengthen effective health care systems.

Increased participation in world **trade** is essential in for poverty reduction in Africa. The opening of markets in industrialised countries is important to demonstrate commitment to the principles endorsed by the G8 in multilateral trade liberalisation, and would be a significant step towards helping African countries being able to increase their exports and promote growth and development. The preferential access schemes offered by G8 countries have been an important step towards this but we agree with you that more than increased market access is required.

Insufficient diversification and capacity to export presents a major transitional problem for most African countries when market access becomes available. Many countries are not able to use the available scope and market opportunities in industrialised countries, and product and health standards often present real barriers to diversifying and increasing African exports. We are pushing for further G8 action in these areas.

We believe that harnessing trade for development requires a good understanding of trade and poverty linkages and the development of a comprehensive domestic strategy for supporting small-scale producers would be part of that. We are working in several African countries to mainstream trade into their overall poverty reduction strategies, including for example the African Trade and Poverty Programme.

Aid is vital to Africa and more aid resources will be required if the Millennium Development Goals are to be achieved. Progress will not be made without strong effort from developing countries themselves. No country that is genuinely committed to economic development, poverty reduction and good governance, should be denied the chance to achieve progress in health and education and the other Millennium Development Goals through lack of finance.

At the Financing for Development Conference in Monterrey in March, the EU announced its commitment to raise its average Official Development Assistance from 0.33 % to 0.39% of Gross National Income, amounting to an additional \$20 billion by 2006 and an additional \$7 billion a year thereafter.

Taken together with the US announcement of extra finance for their Millennium Challenge Account, this adds up to a really significant increase in resources for development. For our part, we have already raised our total level of ODA to £3.6 billion, a 45% increase in real terms from 1997/98, and we are committed to further substantial increases. But it is not enough to increase the levels of aid: We also have to work to make it more effective.

We have also untied all aid allocated after April 2001, and we are increasingly focusing on the poorest countries, with 80 percent of bilateral aid going to low-income countries.

Finally, while recognising the challenges faced by Africa we do need to celebrate the progress that is being made, some examples of which I saw for myself earlier this year during my visit to West Africa.

I would like to thank you once again for your continued support and valuable contributions to the debate.

TONY BLAIR

Dr Daleep Mukarji Director, Christian Aid





1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419

E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 2AA CC. DM

20 June 2002

Dear ana

NEW DIRECTIONS FOR THE ACTION PLAN FOR AFRICA

Charles Clayton, Executive Director of World Vision UK, wrote to the Prime Minister on 31 May about African development issues and the forthcoming G8 Summit. He enclosed a copy of the World Vision briefing paper (Obuntu: Eight for the G8 – New Directions for the Action Plan for Africa)

In his letter, Mr Clayton welcomes the steps that the Prime Minister has already taken towards progressing the African development agenda and lists the eight areas that World Vision would like to see addressed. He also encourages the Prime Minister to use his influence to maintain Africa at the top of the agenda at the G8 Summit.

I enclose a draft reply from the Prime Minister to Mr Clayton.

Anna Bewes

Private Secretary

10 DOWNING STREET LONDON SW1A 2AA

THE PRIME MINISTER

June 2002

NEW DIRECTIONS FOR THE ACTION PLAN FOR AFRICA

Thank you for your letter of 31 May and the enclosed briefing paper (Obuntu: Eight

for the G8 – New Directions For the Action Plan for Africa).

I have said on a number of occasions that Africa is a major priority for this

Government, and this remains so. Africa is the poorest continent and on current trends will

get poorer. I too have therefore warmly welcomed NEPAD, with which we share a common

vision: to tackle poverty, and to achieve the Millennium Development Goals in Africa.

The G8 Summit offers a unique chance to support African efforts to reverse the

economic marginalisation of the continent. The developed world must work with Africa to

develop the effective and cohesive partnerships, based on shared responsibility and mutual

accountability, that will be necessary to lift Africa out of poverty. I hope that the action plan

the G8 adopts will make specific commitments, not only to assist Africa directly but also to

reform those policies of our own that affect Africa. The plan should cover the key areas of

conflict, trade, education, health, development assistance and debt.

We must be ambitious about what can be achieved. I assure you that every effort will

be made at Kananaskis to avoid missing this historic opportunity.

TONY BLAIR

Charles Clayton Esq Executive Director, World Vision UK

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PRIME MINISTER ger Lize Lloyd Date: 20 June 2002

CC: Robert Hill

Anna Wechsberg

FRANK DOBSON AND AFRICA

21/05/2002

I saw Frank to follow-up your last meeting with him. He really does want to do something on AIDS and not conflict, playing to his strengths.

One of the UK's key aims for the plan was to replicate the UK exercise that Clare has been leading with the pharmaceutical companies to get agreement for differential pricing for AIDS drugs. Our proposal was:-

"Ensure essential medicines are provided to the world's poor at affordable prices, on a sustainable, predictable basis through mechanisms and policies that support differential pricing. Specifically we recommend:

- a. Developing countries to put in place policies that prevent the reimportation of differentially priced products (DPPs) into higher priced markets, in exchange for greater application of differential pricing by pharmaceutical companies;
- b. Where DPP agreements for poor countries exist the price of these medicines will not be used by G8 countries as a reference or in negotiations to set the price of that same medicine in their own market known as "international price referencing"."

I told Frank that we were exploring this type of approach, and that there might be a role connected to it. (I had thought that he could be the Chair of an international implementation group for example). After our last experience you would need to clear this with Clare in due course.

Unfortunately, the US have resisted our proposal and it is now very watered down with no obvious role. You will be arguing to reinstate this type of language next week. You might also like to bear in mind the Frank angle.







Foreign Policy Adviser to the Prime Minister, and Head of the Defence and Overseas Secretariat

20 June 2002

Sem Linn,

THE PRIME MINISTER'S DINNER WITH PRESIDENT CHIRAC: AFRICA

The Prime Minister had dinner yesterday evening at the Elysee with President Chirac. De la Sabliere and Lapouge accompanied Chirac; Stephen Wall and I accompanied the Prime Minister.

Towards the end of dinner, Chirac raised Africa. Reading from notes, he said that there was at last the prospect of some sort of deal in the DRC. But the Rwandans continued to make difficulties. No one in the US or EU was now supporting their position with the exception of the UK.

As far as Liberia was concerned, he had no brief for Taylor. But he was worried that that the LURD was destabilising the country and that this would in turn create a wave of refugees that would destabilise Liberia's neighbours. He was particularly anxious about the Ivory Coast. He commented that Guinea was helping to supply the LURD because it was intent on overthrowing Taylor.

He also raised Madagascar. He said that we should allow the Africans to take their own decisions on how to resolve this protracted political crisis. He criticised the US for interfering. The Bush Administration insisted that Africans should take responsibility for themselves, yet they could not stop intervening and interfering. They should let Africans decide. He hoped the Addis Ababa meeting would resolve the situation.

I am copying this letter to Anna Bewes (DFID), Andrew Allberry and Jim Drummond (Cabinet Office), Sir John Holmes (Paris), Sir Christopher Meyer (Washington) and Jonathan Powell.

DAVID MANNING

Simon McDonald FCO

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PRIME MINISTER . PREMIER MINISTRE

OTTAWA, K1A 0A2

June 18, 2002

Dear Prime Minister

Thank you for your letter of May 30, 2002 in which you offer substantive recommendations regarding the content of the Africa Action Plan that we are to approve at Kananaskis later this month. Our telephone conversation June 12, 2002 was helpful. Throughout the process of preparing this Plan, I have been struck by the extent to which British and Canadian objectives have coincided. I share fully the importance you accord to ensuring that the Plan contains commitments that are both specific and ambitious.

Our Personal Representatives for Africa and our regular Sherpas had an opportunity to discuss the emerging Africa Action Plan at separate meetings in Kananaskis last week. It seems that a good result is within reach. Bob Fowler tells me that Valerie Amos and Jeremy Heywood both worked hard to make the Action Plan as concrete as possible. Their support at the table is greatly appreciated.

A number of important issues have still to be agreed upon and may remain unresolved until June 27. These include our shared interest in ensuring that no less than half of the new development assistance commitments announced at Monterrey are directed to Africa. I understand that Jeremy Heywood tabled useful language on this in Kananaskis. You and I will need to work together to achieve such a commitment on June 27. Such a commitment is crucial to the credibility of the Action Plan.

The Right Honourable Anthony Blair
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland
10 Downing Street
London, United Kingdom

Print Time

Jun. 19. 10:14AM

-2 -

l am in full agreement with you on the need to monitor the commitments that we and African partners enter into. It is important that an effective implementation process be put in place among G-8 partners, failing which the momentum we have worked so hard to build up will simply dissipate. The African partners at our meeting in Kananaskis will want to know that such an implementation process is in place.

Equally, we need to ensure that effective G-8-NEPAD dialogue continues, possibly broadened to include other major donors. The G-8-NEPAD dialogue that began in London in October and continued through meetings in Addis Ababa, Cape Town, Dakar and Maputo has been remarkably successful. It is important that it continue. This, too, is an issue our African partners will want to discuss at Kananaskis.

I look forward to seeing you at Kananaskis where I hope we can work together on some specific deliverables. I intend to announce several Canadian initiatives but think there is equally a need to show G-8 determination to do more, collectively for Africa.

Yours sincerely,

Jesu Chietine

Print Time Jun. 19. 10:13AM

Received Time

Jun. 19. 10:12AM

Canadian Kigh Commission



Hant Commissariat du Canada

Macdonald House 1 Grosvenor Square London W1K 4AB

June 20, 2002

Sir David Manning
Private Secretary Foreign Affairs
10 Downing Street
London SW1A 2AS

Dear David,

to Pls

Thank you for the very helpful meeting on Tuesday.

Enclosed is Prime Minister Chrétien's answer to Prime Minister Blair's very substantive letter on Africa dated May 30th.

Bon voyages.

Jeremy K. B. Kinsman

High Commissioner



PRIME MINISTER . PREMIER MINISTRE

OTTAWA, K1A 0A2

June 18, 2002

Thank you for your letter of May 30, 2002 in which you offer substantive recommendations regarding the content of the Africa Action Plan that we are to approve at Kananaskis later this month. Our telephone conversation June 12, 2002 was helpful. Throughout the process of preparing this Plan, I have been struck by the extent to which British and Canadian objectives have coincided. I share fully the importance you accord to ensuring that the Plan contains commitments that are both specific and ambitious.

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The Right Honourable Anthony Blair Prime Minister of the United Kingdom of Great Britain and Northern Ireland 10 Downing Street London, United Kingdom

Received Time Jun. 19. 10:12AM Print Time

Jun. 19. 10:14AM

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I look forward to seeing you at Kananaskis where I hope we can work together on some specific deliverables. I intend to announce several Canadlan initiatives but think there is equally a need to show G-8 determination to do more, collectively for Africa.

Yours sincerely,

Jean Chiefere

Print Time Jun. 19, 10:13AM







1 Palace Street, London SW1E 5HE

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E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 2AA

18 June 2002

Dear ana

Niall FitzGerald wrote to the Prime Minister on 16 May declining an invitation from the Prime Minister to attend a breakfast meeting at No 10 on 23 May.

In his letter, Mr FitzGerald also made a number of points relating to hopes and expectations for the NEPAD/G8 process summit and in particular the role of the private sector. The Secretary of State is keen to harness the energy of Mr FitzGerald and other private sector leaders towards the Millennium Development Goals and she is arranging a mechanism by which to do so.

I enclose a draft reply from the Prime Minister to Niall FitzGerald.

Anna Bewes

Private Secretary

10 DOWNING STREET LONDON SW1A 2AA

THE PRIME MINISTER

June 2002

NEPAD and the G8

Thank you for your letter of 16 May. I was sorry that you were unable to join us at Number 10 on 23 May but it was certainly helpful to receive your views.

I very much welcome the interest and commitment you have shown towards Africa's development and I strongly agree with the five points you make in your letter. As you know, the Government recognises the critical role of the private sector in achieving the Millennium Development Goals. These goals can be achieved, but they will require higher levels of growth, especially in Africa; and the private sector drives this growth.

Clearly, governments also have a critical role. They provide the framework to promote productive investment and ensure that poor people can participate and are not left behind. There is therefore a greater need than ever for market-based policies in developing and developed countries to promote responsible and sustainable business. There is also a greater need to underpin these policies with programmes to promote opportunities for poor people.

I have asked my Secretary of State for International Development, Clare Short, to invite key private sector leaders, including yourself, to identify what specific actions individual multinational companies can take to make a real contribution to poverty reduction. The opportunities for Africa presented by NEPAD should be part of this discussion. She will be contacting you shortly.

Thank you once again for your continued support and valuable contributions to the debate so far.

TONY BLAIR

Niall FitzGerald KBE





DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419

E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg 10 Downing Street London SW1A 2AA

18 June 2002

Dear ana

Vernon Ellis wrote to the Prime Minister on 31 May following the PM's breakfast meeting at No 10 on 23 May.

In his letter, Mr Ellis outlined three specific areas identified by Accenture for NEPAD to reach its full potential: sustained partnerships between the public and private sectors; practical initiatives such as the DOT Force; and creating the conditions in which local enterprises and entrepreneurship can flourish. This letter follows a similar one from Niall FitzGerald of Unilever.

I enclose a draft reply from the Prime Minister to Vernon Ellis along similar lines to the draft letter to Niall FitzGerald. (also rest today).

ous

Anna Bewes
Private Secretary

10 DOWNING STREET LONDON SW1A 2AA

THE PRIME MINISTER

June 2002

NEPAD and the G8

Thank you for your letter of 31 May. I was grateful for your participation in the meeting on 23 May and also for this subsequent thoughtful outline of specific areas to contribute to the success of NEPAD.

I very much welcome the interest and commitment you have shown towards Africa's development and I strongly agree with the three areas that you identify in your letter. As you know, the Government recognises the critical role of the private sector in achieving the Millennium Development Goals. These goals can be achieved, but they will require higher levels of growth, especially in Africa; and the private sector drives this growth.

Clearly, as you say, governments also have a critical role. They provide the framework to promote productive investment and ensure that poor people can participate and are not left behind. There is therefore a greater need than ever for market-based policies in developing and developed countries to promote responsible and sustainable business. There is also a greater need to underpin these policies with programmes to promote opportunities for poor people.

I have asked my Secretary of State for International Development,

Clare Short, to invite key private sector leaders, including yourself, to identify

what specific actions individual multinational companies can take to make a real

contribution to poverty reduction. The opportunities for Africa presented by

NEPAD should be part of this discussion. She will be contacting you shortly.

Thank you once again for your continued support and valuable contributions to the debate so far.

TONY BLAIR

Vernon Ellis Esq



From the Principal Private Secretary

18 June 2002

Dar BSI,

G8 SUMMIT: AFRICA PLAN

I read Gary's letter of 16 June with some concern. As you know PM Tony Blair feels very strongly that the G8 Africa Action Plan must contain some specific deliverables when it is announced at Kananaskis if it is to be credible both to the African leaders present, the media, and to our demanding civil society critics. He could not support any further watering down of the Action Plan below the position already agreed by Africa Personal Representatives.

G8 Heads must be able to say how they intend to give effect to the commitments they make at the Summit. Funds are available and we are missing a major opportunity if we do not say something more specific. When we last met we agreed that it would in practice be inconceivable if at least half the money committed at Monterrey were not spent in good performing countries in Africa. We have to find a form of words for the Africa Action Plan which notes this reality without pre-empting Congressional agreement to the MCA or earmarking US funds.

On HIPC, I note that the Finance Ministers' Communiqué said only that we would complete the financing of the initiative. It did not specify a commitment to an additional \$1bn for the Trust Fund as we discussed in Kananaskis. This could therefore be a strong deliverable for our Leaders to announce.

Equally, Finance Ministers only made very general references to the World Bank plans for a fast track initiative on education. We cannot simply repeat previous statements. We remain convinced that Leaders should say now that they support the World Bank initiative and commit to finding the additional resources to finance it in Africa. This is one area where tangible outcomes are easily understood and communicated. Gary has also written on the Report of the Education Task Force. The Prime Minister will continue to argue in favour of the second of the two texts we discussed at Kananaskis. Other than this

important issue, I had understood that the report was finalised. I believe it is important to retain the reference to sector wide approaches (SWAp) as the preferred instruments for our coordinated activities. As drafted, I do not believe that the sentence implies the unqualified endorsement that is of such concern to Gary.

The Prime Minister believes that some movement on trade access by the G8 will be <u>essential</u> to the credibility of the Africa Action Plan. Our Africa Plan will have little credibility if we cannot even <u>examine</u> the simplification of our existing market access schemes. It cannot make any sense for us each to impose different technical requirements on hard-pressed developing countries. We can build on the success of AGOA and EBA. Gary's redraft of the language under 3.5 on responding to African free trade zones weakens the objective to the point that no reciprocal incentive remains for Africans to reduce their own trade barriers.

I believe that we should use section VI of the Action Plan to galvanise work in the health sector. The issue of affordable drugs is one where we can easily take a lead. Almost all of the work that we engage in is open ended but our governments, working with our domestic pharmaceutical industries and other interested parties, with a deadline of the next Summit, can give some momentum to this important area of work. Likewise, a commitment to the eradication of Polio is an easy and relatively cheap win for the Action Plan. Of the remaining \$1 billion that is required to eradicate polio by 2005, \$725 million has already been pledged (more than one fifth of it by the UK). I hope that we can retain the language we agreed in Kananaskis to commit to provide the resources necessary to fill the remaining \$275 million funding gap.

Finally, I would like to resist in the strongest terms Gary's suggestion that you should shorten our Leaders' discussion of the Africa Action Plan at G8 before the Africans arrive.

I am copying this to our G8 colleagues.

JEREMY HEYWOOD

7m, () ~

Ambassador Bob Fowler

G8 AFRICA PLAN: PROPOSED HEADLINE COMMITMENTS

Conflict

- 1. Work together to support (including financially) the development of **African capability to undertake peace support operations**, including at regional level. Work with our G8 and African partners to elaborate a joint plan for this work by 2003; and ensure that by 2010 African regional organisations and armed forces are able to intervene effectively to prevent and resolve violent conflicts on the continent.
- 2. Provide additional support to efforts to bring peace to the DRC, Sudan and Angola within the next year; assist with programmes of disarmament, demobilisation and reintegration; and agree a joint plan to support development of the Great Lakes, Sudan and Angola when peace comes.

Trade

- 3. Ensure that any operational African free trade area containing three or more African countries will be given immediate, predictable tariff-free and quota-free access with simplified rules of origin for all goods and services to the markets of the EU, North America and Japan.
- 4. Work to reverse the declining trend in Africa's share of world trade from the current under 2% back to the levels of 1980. Do this through delivering a real WTO Development Round, encouraging investment and providing support to take advantage of the opportunities presented.

Education

- 5. Fully endorse the World Bank's Action Plan to achieve universal primary completion and provide sufficient resources to support the fast tracking of at least eight African countries that are themselves committing additional resources to achieve this.
- 6. Help other African countries to join the fast track process, giving particular attention to those countries where there are large numbers of children out of school, and those recovering from conflict.

Health

- 7. Ensure essential medicines are provided to the world's poor at affordable prices, on a sustainable, predictable basis through mechanisms and policies that support differential pricing. Specifically we recommend:
 - a. Developing countries to put in place policies that prevent the reimportation of differentially priced products (DPPs) into higher priced markets, in exchange for greater application of differential pricing by pharmaceutical companies;
 - b. Where DPP agreements for poor countries exist the price of these medicines will not be used by G8 countries as a reference or in negotiations to set the price of that same medicine in their own market known as "international price referencing".
- 8. We will assess the impact on the delivery of the MDGs of Africa's health systems and identify the gaps by the Annual Meetings of the IMF; and we commit ourselves now to adequate support for an Africa-wide response.
- 9. Provide additional resources of £275 million over the next four years to complete the eradication of polio.

Development Assistance

- 10. No country that has a continuing commitment to poverty reduction, sound governance and financial management will be denied the resources it needs to deliver the Millennium Development Goals. We aim therefore to spend at least half the additional resources pledged at Monterrey to help genuinely committed African countries to progress towards the Millennium Development Goals, and in particular to invest in providing universal primary education and development of comprehensive basic healthcare systems.
- 11. Make our assistance more effective by providing predictable resources in support of nationally owned Poverty Reduction Strategies, coordinating and harmonising our assistance, and reducing transaction costs. We will invite the OECD DAC [in consultation with others] to agree a Compact with NEPAD setting out the nature of the development partnership and establishing an independent mechanism for assessing donor and recipient country performance.

Debt

[Subject to the outcome of negotiations by Financial Sous Sherpas and the G8 Finance Ministers' meeting in Halifax]

12. Ensure that countries exit HIPC with a sustainable level of debt. This will require additional resources of at least \$1bn including for topping up of debt relief at completion point for those countries whose debt levels are no longer sustainable. All G8 countries should give 100% debt relief for pre-and post-cut-off debt, and this additional relief should not be taken into account in the debt sustainability assessments at completion point, since it is intended to be additional debt relief.

Il\g8 africa plan proposed headline commitments



LETTER TO THE HEADS OF STATE AND GOVERNMENT OF THE "GROUP OF EIGHT"

June 2002

Excellencies,

I would like to thank you for inviting me, along with five African Heads of State, to join you for a working session during your Summit meeting in Kananaskis later this month.

I am much looking forward to that meeting. Your decision to focus on Africa's problems is particularly welcome, at a time when Africans themselves have devised a New Partnership for Africa's Development that reflects at once their determination to tackle their own problems and their acute need for international support. The special needs of Africa were clearly recognized by world leaders in the Millennium Declaration, and the United Nations system as a whole is firmly committed to supporting African efforts.

And yet, as Secretary-General of the United Nations, I also have wider concerns, which I know you will share.

All of us must be concerned by the struggle against international terrorism, which requires the active cooperation of all States, using the machinery of the United Nations to ensure that they give each other all necessary support in upholding the rule of law.

And all of us must be concerned to see the world economy return to a path of sustainable economic growth.

Both those objectives concern humanity as a whole, and not least the peoples of the developing world. They have suffered disproportionately from the slowdown in the world economy, and they are also the primary victims of terror and violence.

Equally, even the richest and most powerful countries, such as those represented at your meeting, are unlikely to achieve lasting security, either in the economic or the physical sense, so long as billions of people in other countries are denied those benefits.

I therefore hope that your meeting will bear in mind the objectives set by the Millennium Summit two years ago, and in particular the eight Millennium Development Goals, all of which are aimed at dramatically reducing the amount of extreme poverty and human misery on our planet during the first 15 years of this century. These are goals set by the world for the world, although it is in

2

Africa that they present the toughest challenge, and in Africa that their achievement will depend most crucially on international solidarity.

All of us have a vital interest in seeing these goals achieved, and I trust we can all accept them as the common framework for measuring our progress.

Our prospect of achieving them depends first and foremost on the peoples of the developing countries, and above all on their leaders. Those peoples clearly recognize that, unless they themselves have the will to resolve their conflicts, eliminate corruption, uphold the rule of law, give priority to the needs of the poor, create an investment-friendly climate, and use their natural resources in a sustainable manner, no one else will be able to do these things for them.

But even the best efforts of these countries to break out of the cycle of poverty, ignorance, disease, conflict and environmental degradation are likely to be insufficient unless they can count on the support of the international community. And it is to your countries that they look most urgently for that support.

The peoples of the developing world would therefore be bitterly disappointed if your meeting confined itself to offering them good advice and solemn exhortation, rather than firm pledges of action in areas where your own contribution can be decisive. They would hope, in particular:

- That you would commit yourselves to help them resolve conflicts and build peace, both by strengthening their capacities and institutions and, when appropriate, by contributing to the United Nations peacekeeping operations;
- 2. That you would hold firmly by the commitments you made in Doha last November, to conduct a round of <u>trade</u> negotiations offering real benefits to developing countries, notably by giving full access to your own markets for their textiles and agricultural products both raw materials and processed goods as well as helping the poorest countries develop their capacity to export. This requires that you take care neither to allow the political will manifested in Doha to dissipate, nor to derail the negotiations by adopting protectionist measures, whether barriers to imports or subsidies to domestic producers;
- 3. That you would build on the recent success of the Monterrey conference by working towards the additional \$50bn a year of official development assistance that is the minimum needed if the Millennium Development Goals are to be met and by ensuring that that money is spent in a coherent and coordinated fashion, so as to have maximum impact;

- 4. That you would also make sure that sufficient resources continue to be devoted to helping heavily indebted countries so that their external debt can be reduced to, and maintained at, genuinely sustainable levels;
- 5. That you would make specific commitments to implement the report of your Task Force on Education for All, and would make sure that this applies to girls as well as boys;
- 6. That you would continue and strengthen your support for the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, as well as other efforts to combat endemic or epidemic diseases, including through access to affordable drugs, and through the research and development of ways to prevent and treat diseases that particularly affect tropical countries;
- 7. And that you would commit yourselves to making a success of the World Summit for Sustainable Development, which must mark a real step forward in implementing the commitments given in Rio ten years ago notably in the five priority areas of water and sanitation, energy, health, agricultural productivity (especially in Africa) and biodiversity as well as the pledge in the Millennium Declaration "to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs".

In conclusion, Excellencies, let me say that this historic summit, at which the most privileged countries in the world will focus on the plight of the poorest, represents a historic opportunity for progress. I am sure all of you will be mindful of the heavy responsibilities that that implies.

Please accept, Excellencies, the assurances of my highest consideration.

TOTAL P.05

212 745 9316

UNITED NATIONS



NATIONS UNIES

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EXECUTIVE OFFICE OF THE BECRETARY.GENERAL CABINET DU SECRETAIRE GENERAL

14 June 2002

W. LL Dr

Excellency,

Please find attached a note on conflict resolution in Africa which the Secretary-General would be grateful if you would transmit urgently to His Excellency The Rt. Hon. Tony Blair, Prime Minister, First Lord of the Treasury and Minister for the Civil Service of the United Kingdom of Great Britain and Northern Ireland.

Please accept, Excellency, the assurances of my highest consideration.

Michael Møller Director for Political, Peacekeeping and Humanitarian Affairs

1. cc Richard Lindsa nor get seen. 2. btm.

His Excellency Sir Jeremy Greenstock, KCMG Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations New York

212 745 9316

CONFIDENTIAL

Areas of G-8 initiative to support conflict resolution in Africa

- 1. Contact groups, Troikas, Quartets or other similar mechanisms composed of influential (politically, economically, morally) countries could have a catalytic impact in certain African conflicts, though there are inherent risks of G-8 involvement in conflict resolution in Africa. Their composition, character and role will need to be adapted to each individual situation.
- 2. Such groups would devise their own modus operandi based on the comparative advantages that each member brings and the prevailing need for international action at a given time. It would not necessarily have to act and make demarches collectively at all times. It could create sub-groups and ad hoc teams ("variable geometry") for specific tasks, exercising flexibility in its activities, including in the mix of public and private, formal and informal approaches, bearing in mind what would work best for a each situation.
- 3. At the same time, given the disadvantages of creating a semi-independent body that is not accountable to organs such as the Security Council, these should be used as temporary tools to bolster actual United Nations initiatives. The legitimacy of G-8 involvement in each conflict situation should also be carefully reviewed.
- 4. The G-8 may wish to extend support to African conflict resolutions by issuing a statement along the following lines:

"The G-8 calls on all responsible parties to put an end to conflict in Africa. As the G-8 sees progress towards peace, it will make a renewed effort to work in partnership with African countries to build viable post-conflict economies"

The DRC

1. The situation in the DRC calls for a concerted, carefully coordinated and calibrated set of pressures and incentives by the international community. Such coordination should aim at achieving a coherence of approach that would limit the ability of recalcitrant parties to avoid dealing with critical issues and making the requisite compromises. While different formulae could be explored regarding the composition of a G-8 "contact group" on the DRC, a group consisting of the US, UK, France, EU and Canada would bring considerable advantages to any collective or coordinated demarche that may be initiated.

- 2. Such a group would work closely with the Secretariat to support the existing and on-going effort to find a political solution to the complex situation in the DRC, to clear roadblocks and to encourage flexibility and compromise; any G-8 initiative should not overlap with the mission of Special Envoy Niasse that is currently underway. In the event of a breakthrough where an agreement is reached between Kinshasa and Kigali G-8 should be invited to foster a broader consensus on a package of incentives and disincentives to be provided to support the peace process. Hence the need for close coordination with the UN and other relevant international actors.
- 3. The complexity of the situation in the DRC lies to a large extent in the regional nature of the problem. However, to attempt to address the problem in its entirety would be too ambitious and could result in losing grasp of critical issues. A more targeted effort, focused principally on Rwanda as well as DRC itself, is needed to tackle the key obstacles on the road to peace.
- 4. G-8 political and financial support to the proposed Great Lakes Conference would be of considerable importance

Horn of Africa

- 1. The inter-related conflicts in the area (Somalia, Ethiopia/Eritrea, Sudan) would benefit from being seen and treated in a regional perspective. Regional mechanisms and initiatives are weak, continue to face major obstacles and can only move forward with a serious push from the international community acting in a coordinated manner.
- 2. The G-8 countries have a major influence individually, but more importantly collectively, given the level of physical destruction and the massive task that faces governments to restore a degree of normalcy, carry out reconstruction and generate economic revival.
- 3. In the Eritrea-Ethiopia conflict, a major milestone has been achieved on the road to resolving the border dispute if not the normalization of relations between the two countries. However, there are political obstacles impeding the rapid implementation of demarcation based on the binding decision of the boundary commission. These could conceivably be mitigated or resolved with the provision of economic incentives that demonstrate the benefits that compromise and flexibility could bring to the two sides.
- 4. Progress on that front would have a salutary effect on the rest of the region. But a more targeted effort on Somalia and the conflict in the Sudan will be

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needed, where again the G-8 countries (and others such as Norway) could apply their influence in a coordinated way. Here again, a Contact Group approach could be very helpful.

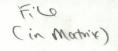
Mano River Union

1. Existing regional mechanisms would continue to work closely with the new regional UN office and ECOWAS. Those efforts should be supported by G-8.

Angola

- 1. The situation in Angola has changed drastically. The parties are now working to consolidate the peace they have negotiated. The challenge in Angola is not one of peace-making but of consolidating peace. The parties have been quite clear in stating that the need for international support is in the rehabilitation of the country's devastated infrastructure and in dealing with the massive humanitarian legacy of the war. The supportive role of the US-Russia-Portugal Troika and the Friends of Angola continues. These mechanisms provide vital channels for international support.
- 2. In that light, the G-8 would have an important role to play in the effort to address the humanitarian and developmental priorities as well as in encouraging and supporting improvement in governance and democratisation.

RESTRICTED







From the Private Secretary

14 June 2002

Dear Anna

AFRICA: PRIME MINISTER'S TELEPHONE CONVERSATION WITH PRESIDENT BUSH

The Prime Minister spoke to President Bush on the phone today.

The <u>Prime Minister</u> said we were making progress on Africa for the G8; but if things got stuck he might want to give Bush a quick call pre-Kananaskis. <u>Bush</u> said that was fine. Chretien had already rung him, to ask him to agree to commit 50% of US Monterrey money to Africa. Bush had said no. He was sure that more than 50% of the new US money <u>would</u> go to Africa. But he was not prepared to commit to that now. Pre-committing in this way would undermine the purpose of the new fund, and would open up the whole Millennium Challenge Account to micro-management by Congress. Bush said he had asked his people to work with Chretien's to find some compromise G8 language. The Prime Minister took note.

Comment

Disappointing that Bush already seems so set against this, particularly when he said himself that at least half the money would end up in Africa in practice.

I am copying this to Patrick Davies and Tom Fletcher (FCO), Mark Bowman (HMT), Andrew Allberry (Cabinet Office), Sir John Holmes (Paris), Sir Andrew Burns (Ottawa) and Sir Christopher Meyer (Washington).

Yours ever

Ana Wichsber

ANNA WECHSBERG

Anna Bewes DFID

Foreign Direct Investment for Development

Policy Challenges for Sub-Saharan African Countries

Dirk Willem te Velde





Foreign Direct Investment for Development

Policy challenges for Sub-Saharan African countries

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Acknowledgements

This paper is based on research conducted for Te Velde (2001) for which I am grateful to the UK DFID for funding under grant R7927.

I thank conference participants at the Africa/Europe Economic Conference, held in Abuja, Nigeria, 30 October – 1 November 2001 for valuable comments.

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Introduction

At least two issues make Foreign Direct Investment (FDI) a hotly debated issue in the Sub-Saharan African (SSA) context: 1) SSA countries attract only a small share of total FDI flows and 2) Concerns exist as to whether FDI really leads to economic and social development in SSA. This paper discusses these issues on the basis of ten challenges faced by SSA policy makers to make FDI work for development.

Ten policy challenges to make FDI work for development: a summary

- 1. Determine whether and how FDI fits in with development objectives
- 2. Think in terms of quality, not quantity
- 3. Prepare well
- 4. Reduce conflict and corruption
- 5. Provide appropriate infrastructure and appropriate skills
- 6. Implement FDI policies consistently and actively
- 7. Understand the pros and cons of international investment agreements
- 8. Facilitate trade
- 9. Provide a transparent and appropriate incentive and regulatory framework
- 10. Promote linkages within available means

We do not contend that the list of challenges in this paper offers sufficient or even necessary guidelines for SSA countries wanting to attract FDI. Rather, it is a checklist for those countries in need of appropriate policies to make FDI work for development. Each country will have different answers and priorities in relation to these challenges, but here we mention challenges in the more general context of Sub-Saharan Africa.

We focus on what host countries can do to influence FDI. This leaves aside whether and how regulation and voluntary initiatives at regional or global level can affect the level and impact of FDI. Actions at national and international level may not be substitutes but can act as complements.

Host country policies need to address information gaps in the international investment process (e.g. Lall, 2000), market failures in the market for skills and technologies which limit the possibilities for TNCs to upgrade and finally, capture possible externalities associated with TNCs, for instance in the form of promoting linkages between TNCs and local firms.

1. Determine whether and how FDI fits in with development objectives

FDI is not a solution to all development problems. Nor is domestic investment, aid or government expenditure. However, in order to find solutions to development issues, it is important to realise that FDI is *different* from local investment, external aid flows, or portfolio inflows. The existence of such differences requires that a country examines how FDI fits in with development objectives. For instance, while FDI can lead to capital intensive projects that embody state-of-the-art technology with regards to the extraction of resources, FDI in the garments and textiles industry is likely to lead to employment intensive, but technologically less-advanced production processes.

One type of FDI cannot always serve separate development objectives. FDI in the extractive industries may help to achieve the objective of exploiting natural resources for economic development; attracting FDI in the textiles industry helps to achieve the objectives of low-skill job creation and exports; and attracting FDI in the high-tech industry can lead to further innovation, exports and high-skill job creation. Any SSA country is unlikely to be in a position to attract all these types of FDI and achieve the various development objectives at the same time. Clear choices need to be made.

Depending on a country's factor endowments (skills, natural resources, capital) and its development objectives (poverty reduction, growth, job creation, financing a current account deficit, etc.), a government (whether in Africa or elsewhere) should determine what type of FDI is needed and how the positive and negative, long-run and short-run characteristics of the various types of FDI fit in. FDI and other types of policies follow on from this. For instance, FDI in the textile industry helps to create low-skill jobs and to reduce poverty, but without further policy intervention is unlikely to lead to significant growth in the long-run. FDI attracted by privatisation of state utilities may enhance efficiency, but does not guarantee affordability of services for all without proper regulation or competition policy.

2. Think in terms of quality, not quantity

According to UNCTAD, Africa, excl. South Africa, attracted \$8198 million (\$5582 million for SSA) of FDI inflows in 2000; representing 0.65% (0.44 for SSA) of total FDI flows and 3.4% (2.3 for SSA) of total developing country FDI inflows. The main recipients were Angola (\$1800 million), Egypt (\$1235 million) and Nigeria (\$1000 million). Given the low share of FDI flows, there are concerns that 'Africa is marginalised' in the global economy.

However, there are various reasons why a low share in total FDI flows should be of little concern to policy makers. For instance, the stock of FDI (accumulated inflows), which is arguably a better measure of the 'port to new ideas and technologies' than flows, scaled by the market size (which is low for SSA countries), is higher for SSA than for the developing (or developed) world as a whole. On this measure, Angola, Equatorial Guinea, Lesotho and Liberia received more FDI than e.g. Singapore.

Inward FDI stocks, as a% of GDP by region and county

	1980	1985	1990	1995	1998	1999
Developed countries	4.7	6.1	8.3	8.8	12.1	14.5
Developing countries	5.4	9.1	10.5	13.4	20	28.0
Africa*	6	9.5	12.4	19.9	21.1	21.0
SSA	4.9	8.7	14.3	23.5	27.7	29.9
Nigeria	2.6	5.5	28.3	50	50.5	50.5
South and East Asia	7.9	9.7	11.2	15	23.3	23.3
Central and East Europe			1.5	5.2	12.1	12.1
Latin America and Carib	5.7	8.6	10.5	11.9	19.5	19.5

Source: UNCTAD (2001) * excl. South Africa

Furthermore, the key is not quantity, but quality of FDI: what can FDI do for a country's development objectives. In other words, a dollar of oil investment may do less to Equitorial Guinea's development in the long-run compared to one dollar in the hard disc industry for Singaporean development, because of differences in profit repatriation (75 cents for every dollar invested in Africa was repatriated compared to 37 cents on average for all countries: UNCTAD), contribution to human capital development, linkages with the local economy etc. Nearly two thirds of the stock of US FDI in Africa was located in the petroleum industry in 1999 (compared to 9% world-wide), over 40% of UK FDI in Africa was in the mining and quarrying industry (compared to 20% world-wide). Natural resources FDI may offer short-run benefits, while other types of FDI may offer long-run benefits.

3. Prepare well

There is macro-evidence that FDI is associated with faster economic growth in developing countries (and SSA), but it is not clear whether this is due to a composition effect, with TNCs locating in high-value added sectors, or due to TNCs transferring skills and superior techniques to a local economy, or both. Importantly, the existing evidence also suggests that the impact of FDI on development is a process characterised by informational market failures requiring policy interventions. Competition, education or technology policy is required to raise the capacity of the local economy to absorb positive spillovers and mitigate negative aspects.

A link clearly exists between FDI, trade and domestic policies. Relying on one type of policies should not deter the implementation of other types of policies. East Asian countries (Taiwan and South Korea) show that good domestic policy (e.g. providing the right type of education) permits countries to benefit from trade liberalisation. The real issue is which policies should have priority in terms of timing and implementation. Countries wanting to follow WTO rules should take action domestically to reap benefits from increased trade and investment opportunities.

GATT/WTO agreements related to FDI and domestic policy action (situation October 2001)

WTO agreement	Exceptions	Possible direct effects on domestic policy (apart from administrative effects)	Complementary domestic policy required to react to new agreements
Trade Related Investment Measures (TRIMS)	Affects trade in goods only; exceptions for least developed countries (until 2002).	Abolishing performance requirements on TNC affiliates (e.g. local content or export requirements).	Domestic policy towards TNC-SME linkage creation
Trade Related Intellectual Property Rights (TRIPS)	Delayed implementation of agreement in developing countries until 2005 (food, chemical and pharmaceutical sector), and until 2006 for least developed countries; certain exceptions possible.	Upward harmonisation of national legislation with regard to IP protection and patent law towards developed country standards; change in certain R&D activities	Support for domestic technological activity (e.g. R&D subsidies); implementation of effective competition policy.
Subsidies and Countervailing Measures (SCM)	Affects trade in goods only; export performance subsidies permissible for countries with GNP per capita less than \$1000 per year	Reducing export and domestic subsidies (e.g. for attracting foreign investors)	Upgrade potential and existing exporters, providing a favourable environment for skill and technological upgrading; implement anti-dumping legislation.
Agreement on Trade in Services (GATS)	Voluntary commitments and flexibility for individual developing countries; but once signed up MFN, national treatment and market access principles apply; does not include procurement of government services, but does FDI in services	Removal of regulation	GATS commitments can speed up or lock in privatisation policies; privatised 'utilities' are sometimes monopolies and hence need to be regulated. Subsidies may also be needed to ensure services for all.
Agreement on Textiles and Clothing (ATC)	Successor of MFA agreement governing a large portion of trade in textiles and clothing. Members to bring textiles and clothing sectors under WTO rules in steps until 2004, but with 'safeguards' during transitional phase.	Reduction in quotas on textiles and clothing imports by members	Improve supply-side constraints (infrastructure, access to inputs, marketing facilities and standards control) to benefit from export opportunities after liberalisation (especially those countries losing preferential access).

Based on Morrissey and Te Velde (2001)

4. Reduce conflict and corruption

Research suggests that conflict and corruption deter foreign investment (e.g. Wei, 2000). For a firm, paying bribes is like paying a tax, but then the firm is faced with more uncertainty. Transparency International collects data on the perception of corruption, mainly on the basis of private sector surveys. Corruption is defined as the misuse of entrusted power for private gain and ranks from 10 (no corruption) to 0 (highly corrupt). The table shows the ranking of 91 countries.

In general, African countries score low. Only Botswana (rank 26), Namibia (30) and South Africa (38) are ranked in the top 50. Countries such as Nigeria, Uganda, Kenya and Cameroon are found at the bottom. While it is more difficult and uncertain to do business in a country with more corruption and conflict, some investment is likely to take place regardless. In particular, FDI in the extractive industries does not have a choice but to locate near the available natural resources (e.g. Nigeria, Angola etc.).

However, certainty in future operations is required for FDI in activities such as manufacturing and services. In particular, FDI in manufacturing (garments, assembly operations) can often choose between locations, and the 'footloose' investor is likely to choose a country with less corruption and conflict to avoid taking too much risk. Corruption and conflict are important elements of

political risk assessments, which in turn determine investor perceptions of the business climate in a country. With only limited available information, such perceptions are difficult to change and are sometimes applied to countries or regions with a good economic business climate in practice. With few natural resources and lots of corruption and conflict, countries may not appear on an investor's shortlist.

Corruption Perception Index 2001 - Transparency International

1	Finland	9.9	31	Hungary	5.3	61	Malawi	3.2
2	Denmark	9.5		Trinidad &Tob	5.3		Thailand	3.2
3	New Zealand	9.4		Tunisia	5.3	63	Dom. Rep	3.1
4	Iceland	9.2	34	Slovenia	5.2		Moldova	3.1
	Singapore	9.2	35	Uruguay	5.1	65	Guatemala	2.9
6	Sweden	9.0	36	Malaysia	5.0		Philippines	2.9
7	Canada	8.9	37	Jordan	4.9		Senegal	2.9
	Netherlands	8.8	38	Lithuania	4.8		Zimbabwe	2.9
9	Luxembourg	8.7		South Africa	4.8	69	Romania	2.8
10	Norway	8.6	40	Costa Rica	4.5		Venezuela	2.8
11	Australia	8.5		Mauritius	4.5	71	Honduras	2.7
12	Switzerland	8.4	42	Greece	4.2		India	2.7
13	United Kingdom	8.3		South Korea	4.2		Kazakhstan	2.7
14	Hong Kong	7.9	44	Peru	4.1		Uzbekistan	2.7
15	Austria	7.8		Poland	4.1	75	Vietnam	2.6
16	Israel	7.6	46	Brazil	4.0		Zambia	2.6
	United States	7.6	47	Bulgaria	3.9	77	Côte d'Ivoire	2.4
18	Chile	7.5		Croatia	3.9		Nicaragua	2.4
	Ireland	7.5		Czech Rep	3.9	79	Ecuador	2.3
20	Germany	7.4	50	Colombia	3.8		Pakistan	2.3
21	Japan	7.1	51	Mexico	3.7		Russia	2.3
22	Spain	7.0		Panama	3.7	82	Tanzania	2.2
23	France	6.7		Slovak Rep	-3.7	83	Ukraine	2.1
24	Belgium	6.6	54	Egypt	3.6	84	Azerbaijan	2.0
25	Portugal	6.3		El Salvad	3.6		Bolivia	2.0
26	Botswana	6.0		Turkey	3.6		Cameroon	2.0
27	Taiwan	5.9	57	Argentina	3.5		Kenya	2.0
28	Estonia	5.6		China	3.5	88	Indonesia	1.9
29	Italy	5.5	59	Ghana	3.4		Uganda	1.9
30	Namibia	5.4		Latvia	3.4	90	Nigeria	1.0
						91	Bangladesh	0.4
						2000		

5. Provide appropriate infrastructure and skills

Research shows that infrastructure and skills are important determinants of FDI (Wheeler and Mody, 1992, and Noorbaksch, 2001). Surveys show that a low level of appropriate skills is one of the main barriers to investing in Africa. In addition, if there is no proper infrastructure, investors have to build their own in order to produce, transport, sell or export their products.

At the same time, infrastructure and skills help to absorb the positive effects from FDI (e.g. Borensztein *et al*, 1998). With a more skilled workforce and a better infrastructure (ports, roads water pipelines, electricity and telecommunications), local firms can more easily capture knowledge spillovers, for instance through becoming local suppliers.

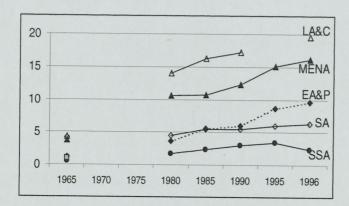
The state of the infrastructure and educational attainment or enrolment rates in Africa compares unfavourably with those of other regions and the situation has become worse during the past decade. Some African countries have relatively good infrastructure facilities (South Africa,

Mauritius) but many have facilities that provide an environment disabling for productive activities(e.g. Cameroon, Ethiopia, Nigeria and Uganda).

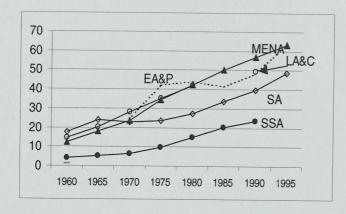
While the provision of good quality and appropriate basic education is important, attention should also be focused at high-level specialised training in technical subjects to meet the needs of the industry. However, the encouragement of training is more effective when basic skills are already available.

Enrolment rates (% of age groups)

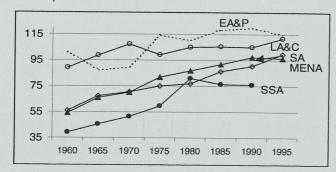
Tertiary education



Secondary education



Primary education



LA&C = Latin America and Caribbean SSA = Sub-Saharan Africa EA&P = East Asian and the Pacific SA = South Asi MENA = Middle East and North Africa

Source: World Development Indicators 2000

Selected indicators of infrastructure, by region

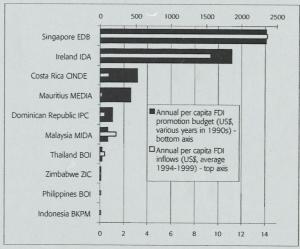
	Telephone ma	ainlines per 1000 inhabitants	% road pave	ed
	1975	1997	1990	1996
World	62.37	118.43	39.05	44.40
Sub-Saharan Africa (SSA)	6.90	16.13	16.60	15.75
South Asia (SA)	2.30	18.35	37.50	40.75
Middle East & North Africa (MENA)	12.97	74.90	67.00	50.20
Latin America & Caribbean (LA&C)	28.57	110.20	21.90	25.95
East Asia & Pacific (EA&P)	2.18	50.16	17.20	9.85

Source: World Development Indicators, 2000.

6. Implement FDI policies consistently and actively

A simple change in the law to allow foreign ownership in certain industries may do little to attract foreign investors. If a country really wants to attract FDI, a change in law needs to be followed by a consistent and active implementation of a range of FDI policies. This involves the setting-up of an effective and aggressive Investment Promotion Agency (IPA) that targets particular firms and industries that fit in with the FDI strategy. The targeting of star transnational corporations (TNCs) has preceded episodes of successfully attracting FDI in Costa Rica, Ireland and Singapore. IPAs in these countries had significant influence over policy (in order to plan for a demand for skilled labour), engaged in significant FDI promotion activities (site visits, match-making, etc), helped with obtaining permits, and were able to follow a strategy consistently over 40 years.

Is FDI promotion (excl. grants and fiscal incentives) successful?



Sources: see references in Te Velde, 2001

There are concerns that many African IPAs are not the one-stop centres that investors like to see. Obtaining permits is difficult and takes a long time. African IPAs often lack the funds for consistent implementation of FDI promotion policy. Many also appear to lack a targeted and long-term focus that is required to attract TNCs. Others do not have sufficient power to decide on relevant issues. In addition to a consistent implementation of FDI promotion efforts, it is also important that government policy in other fields (e.g. policy related to education, technology, competition or privatisation) is implemented consistently without engaging in policy reversals. Policy reversals often create an uncertain and business-unfriendly world. The successful countries

of today have in the past gone through periods (sometimes over 5 years) when their investment strategies did not pay off. It is useful to define an FDI strategy, and stand by the implementation of policies to achieve this strategy until better strategies arise.

7. Understand the pros and cons of international investment agreements

The past decade has seen rapid changes in the international regulatory framework for FDI in Africa. Almost all African countries have signed Bilateral Investment Treaties with other countries aimed at protecting and promoting FDI and clarifying the terms under which FDI can take place between partner countries. By 1999, African countries had signed 335 BITs, most of which were signed in the last decade. The conclusion of double taxation treaties, avoiding companies to pay taxes twice, has also risen sharply, but appears to be concentrated in countries such as Egypt, Mauritius, South Africa and Tunisia.

Most African countries have also signed the Convention on the Multilateral Investment Guarantee Agency (MIGA) and on the Settlement of Investment Disputes Between States and Nationals of Other States. Since 1991, MIGA has issued \$400 million in coverage in Africa which is around 8% of the total exposure. It has facilitated \$3.7 billion in FDI in 19 African countries. Bilateral export credit agencies are also involved in investment insurance. For example, the maximum investment exposure by the UK ECGD increased from £205 million in 1995/1996 to £797 million in 1999/2000. However, only 7.5% went to just four African countries (South Africa, Egypt, Morocco and Zimbabwe).

The international regulatory changes should make African countries more attractive for investors by offering contract stability. For instance, research shows that the US FDI responds positively to the conclusion of BITs (Blonigen and Davies, 2000). However, while some argue that African countries are rated more risky than is warranted by economic fundamentals and hence there is a potential role for political risk insurers, others suggest that economic variables are the primary determinants of risk ratings, and political variables merely reinforce the picture sketched by economic variables. International political risk insurance should not become a substitute for good economic fundamentals, to avoid that foreign investors are lured into economically or politically risky projects. Political risk insurance is useful for countries that want to lock-in economic reforms and improve their image, but probably not for countries whose business environment in disabling or for countries involved in frequent policy reversals.

8. Facilitate trade

Foreign investors are usually more trade intensive than local firms. TNC affiliates may depend on capital goods imported from their parents' network, they may export natural resources overseas or they may use cheap labour to produce competitive products for export. For these reasons, TNCs are relatively sensitive to conditions that facilitate trade: ports, customs regulation, tariffs, roads.

Surveys can help to assess how managers perceive the business environment in Africa compared to the rest of the world, with the caveat that surveys are subjective. While many obstacles are perceived as similar, foreign trade and exchange regulations, infrastructure, inflation, crime and corruption are considered worse in the African context. It would thus be helpful if countries integrate more with other countries and provide a good quality infrastructure. In order to facilitate

FDI inflows in the presence of a weak infrastructure, African governments have set up export processing zones (EPZ). EPZs offer special tax incentives, streamlined customs procedures, low tariffs and specialised infrastructure. However, with the exception of Mauritius, African EPZs have failed to make a significant impact on economic development. EPZs elsewhere have been more successful. Costa Rica, Singapore and Malaysia have used EPZs as a first set up the ladder to diversify from garments into more complicated manufacturing operations.

Research suggests (e.g. ILO, 1998, Madani, 1999) that EPZs have been most successful in countries that started out with minimum basic conditions in place (infrastructure, stability, some trade liberalisation, etc.); when zones are well managed with few administrative burdens and streamlined customs procedures; when zones are built in appropriate locations, with reliable infrastructure and utilities; and when zones were aimed at specific industries.

World Bank Survey of managers considering an obstacle to doing business (very) strong (1997)

	Africa	Worldwide
Regulations for starting new business	17	18
Price controls	13	13
Foreign trade regulations	27	18
Financing	45	41
Labour regulations	21	25
Foreign currency regulations	27	21
Tax regulations or high taxes	59	58
Inadequate physical infrastructure	50	39
Policy instability	28	32
Safety or environm regulations	22	19
Inflation	47	35
General uncertainty cost of regulations	28	27
Crime and theft	49	37
Corruption	60	46
Terrorism	13	13

Selected African export processing zones - impact and incentives

	employment	% of labour force	incentives			
Cameroon	2567	0.04%	10-year tax holiday, duty-free imports and			
			exports			
Egypt	67000	0.28%	tax and duty exempt			
Kenya	3000	0.02%	10-year tax holiday, duty-free imports			
Madagascar	25000	0.35%	5-year tax holiday, duty-free imports and			
			exports			
Mauritius (1995)	82000	17.36%	10 to 20-year tax holiday, no customs duty			
Namibia (1996)	2000	0.31%	tax exempt, liberal customs regulations			
Senegal (1990)	600	0.02%	tax and import duty exempt, unrestricted profit			
			repatriation			
Togo	10000	0.53%	10-year tax holiday, duty-free imports			

Source: UNCTAD, World Development Indicators 2000 and author's own calculations

9. Provide a transparent and appropriate incentive and regulatory framework

Governments have offered various incentives schemes to attract investors, ranging from corporate tax holidays, exemptions for taxes and import/export duties, to offering pure grants. TNCs in the natural resources industry hope to repatriate large sums of profits without paying taxes, and are sometimes prevented from disclosing taxes paid. However, tax experts indicate that many TNCs are interested in predictable tax regimes, especially in low-income countries, rather than unpredictable tax rates. Of course, corporate taxes should not be too high from a business

perspective. With respect to pure grants, research indicates that offering grants is questionable in terms of efficiency and effectiveness (Hanson, 2000), and for many governments beyond their budgetary means.

On the other hand, governments can improve the regulatory framework by removing unnecessary regulations (some, such as environmental regulations, may still be necessary). There is still a wide difference in regulations between countries, and investor roadmaps show the extent to which some of these regulations are unnecessary. In Ghana and Uganda it can take one or two years to establish a business and become operational, 18 months to three years in Tanzania and Mozambique, six months to one year in Namibia, but only six months in Malaysia. This sends the wrong signal to other potential investors. Whilst some regulations hinder foreign as well as domestic firms, some hit foreign firms particularly hard such as expatriate work permits and access to land. In many African countries, freehold ownership for foreigners is prohibited or requires explicit approval, which may involve long delays varying considerably across countries (up to two years in Ghana, several years in Mozambique, no freehold ownership in Namibia, up to three years in Tanzania, up to 8 years in Kenya and up to six months in Uganda).

Policy related to FDI should not stop when TNCs begin their operations. There are various measures that can be used to upgrade the operations by TNCs. For instance, the tax/subsidy system can be used to encourage training or to foster relationships with research institutes.

10. Promote linkages within available means

Linkages between TNCs and SMEs (small and medium sized enterprises) can bring positive effects for SMEs directly through employment and indirectly through technology and skill transfer and access to export markets and finance. However, linkages in many African countries appear to be underdeveloped.

Linkages in African countries can be underdeveloped for various reasons. Most TNCs in Africa locate in sectors with relatively low linkage possibilities (natural resources and textiles), while Asian and Latin American countries have also attracted linkage intensive TNCs (electronics and automobile industry). In addition, linkage creation depends on TNC strategies and level of development of the host country. TNCs are willing to source locally when reliable, good quality and cheap products are available. Sometimes TNCs are willing to assist in the development of local suppliers. However, there is also a role for government policy.

There are two WTO agreements that may limit the means available to governments to strengthen TNC-SME linkages. The TRIMs (Trade-related-investment-measures) Agreement bans the imposition of performance requirements TNCs, such as local content requirements. Further the Agreement on Subsidies prohibits subsidies contingent on the use of domestic goods or export performance. Exemptions or grace periods can apply to both agreements, particularly for least developed countries. A review of the TRIMs Agreement is scheduled.

However, various other options still exist for government policy to strengthen TNC-SME linkages. These include national linkage programmes and support services that help to upgrade technology and skills in SMEs. Some countries have established national linkage programme promoting linkages between TNCs and SMEs through matchmaking, organising fairs, offering training,

quality certification, etc. Examples can be found in Costa Rica, Malaysia, Mexico, Singapore and Thailand, but no significant initiatives exist in African countries. Policy is most important to improve the capabilities in (potential) local suppliers, reduce information failures between buyers and sellers, and to reduce the costs and risks of setting-up linkages.

Conclusions

This paper suggested ten general areas which pose a challenge to policy makers in Sub-Saharan Africa concerned with Foreign Direct Investment (FDI). If FDI is expected to play a role in achieving the country's development objectives then an active policy is required to attract FDI and to make FDI work for development. If not, many of the challenges in this paper may also be seen as part of a general development agenda that fosters (domestic) private investment. Of course, the details and relative importance of these will differ by country and there are exceptions. This paper set out challenges in general terms.

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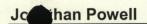
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From: Sent: Cliff Grantham [Cliff.Grantham@unilever.com]

11 June 2002 15:11

Jonathan Powell; LLloyd@no10.x.gsi.gov.uk

To: Jonathan Powell; LLloyd@
Subject: FT ARTICLE ON AFRICA

ly to su





RevisedAfricarticle2.doc

Dear Jonathan, Liz,

Niall is travelling at present but asked me to forward to you the attached article on Africa, which will appear as a Personal View piece in tomorrow's FT. He asked if you would draw the PM's attention to the article, which he hopes will be a helpful contribution ahead of the G8 meeting.

Many thanks and kind regards

Cliff

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Draft FT article

Why Africa's future is in its own hands

Niall FitzGerald

Later this month, the leaders of the developed world will gather in the comfortable surroundings of Kananaskis in Canada. As usual, the agenda at the G8 Summit will include the 'problem' of Africa's continuing economic and humanitarian crisis. Cynics are already anticipating a talking-shop dispensing nothing more than platitudes to the hungry millions. But for friends of Africa, there are real reasons to hope that this meeting will be different.

The opportunity springs from an initiative launched and led by Africans themselves. The New Partnership for Africa's Development – or NEPAD – represents the most serious and credible effort so far by African leaders to take control of their continent's own destiny. Inspired by South African president Thabo Mbeki's vision of an 'African renaissance,' NEPAD focuses on reform and trade rather than aid. This fact alone offers genuine hope after so many false dawns.

The G8's – hopefully positive – response to NEPAD will be important in helping Africa to help itself. But not decisive. The key to Africa's development ultimately lies in its own hands, and in its ability to prove to investors and governments worldwide that it is committed to permanent change. While the politicians will create the environment for change, it is business investment which will ultimately anchor it in place. And first, business needs to be convinced that the risks are acceptable.

I say this as a friend of Africa and as the head of a company that as been in Africa almost as long as it has been in business. Today our products are sold in nearly every country across the continent, and we have manufacturing operations in every region. In the past decade alone we have invested millions of pounds in Africa, and we plan to double our turnover in Africa in the next five years.

So we believe in Africa. And the economic and political health of the country matters greatly to us and to companies like ours. As investors, we have a commercial interest in Africa being healthy, economically vibrant and integrated with the rest of the world. Yet the human tragedy of Africa is continuing to unfold on an immense scale. Poverty, hunger and the ravages of HIV/AIDS affect millions. Almost more worrying, Africa is the only continent in which the proportion of children receiving schooling is actually falling.

What can the G8 do to help? A lot. For all their talk of development, Western nations effectively exclude many African exports from their markets. It gives me no pleasure to say that the European Union is a prime offender, despite its laudable 'Everything But Arms' initiative. The US is equally culpable. Fine words about a Doha development round ring hollow and appear cynical in the face of foot-dragging on CAP reform, and a US farm bill which further entrenches protectionism. The consequences of these policies for Africa are quite literally a matter of life and death.

OECD countries must now apply the spirit of Doha as they committed themselves to do in last month's OECD Ministerial communiqué. The starting-point must be coherent trade and development policies, enabling fair access to Western markets. Yet the question is not just what the West can do for Africa, but what Africa can do for itself. This is where NEPAD is so encouraging. Too many times in the past, African leaders' vague promises of social, economic and political reform have been conveniently forgotten as soon as the begging-bowl has been replenished.

But with NEPAD, Africa is challenging itself to develop the political and social infrastructure necessary to reassure the international companies who will ultimately provide the bulk of the desperately-needed investment. That means African governments investing in good governance and human rights; in education and health; in sustainable agriculture; and in those areas neglected for three generations in favour of grandiose industrialisation and infrastructure projects, which became riddled with corruption and often led to environmental damage.

An African-led initiative puts even greater responsibility on the West to play its part. African Governments, crippled by debt and facing daily challenges that render longterm planning impossible, will need strong financial and capacity-building help. This will involve the West in refocusing aid on longer-term aims and poverty reduction, and in showing a willingness to extend debt reduction programmes.

True, more is also needed from NEPAD. An important step will be the development of an action plan that supports the business case for investment. But the key is a real commitment to implementation among the African nations who have signed up to it.

NEPAD offers a once-in-a-generation chance to end the economic and political disenfranchisement of a continent of 850 million people. If the developed world fails to respond positively, or if Africa's leaders once again fail to follow through on their promises, the consequences will be felt far beyond Africa. And future generations will have good cause to blame us all.

Ends

Niall FitzGerald is a member of President Mbeki's International Investment Advisory Committee.

Word count: 843