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THE AFRICAN CAPACITY
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AFRICA AND DEVELOPMENT COOPERATION: *SUCCESSSES, PITFALLS & AREAS FOR FURTHER REFORMS*

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The African Capacity Building Foundation

ACBF is Africa's premier institution in Capacity Building. Established in February 1991, ACBF is the outcome of collaboration between African governments and the international donor community. The major sponsoring agencies of the Foundation are the African Development Bank (AfDB), the United Nations Development Programme (UNDP) and the World Bank. The International Monetary Fund (IMF) became a member of ACBF in September 2002.

ACBF's mission is to build sustainable human and institutional capacity for sustainable growth, poverty reduction and good governance on Africa. The Foundation intervenes in six core competency areas, namely, economic policy analysis and management, financial management and accountability, strengthening and monitoring of national statistics, public administration and management, strengthening of the policy analysis capacity of national parliaments, professionalization of the voices of the private sector and civil society.

Besides intervening directly in the area of capacity building, ACBF also provides a platform for consultation, dialogue, cooperation as well as information and knowledge sharing amongst development stakeholders and partners across the African continent.

The Foundation is present in some 40 African countries in sub-Saharan Africa and has committed more than US\$350 million to interventions in capacity building since its inception.

The ACBF Development Memoirs Series

ACBF's Development Memoirs Series is a key instrument in the Foundation's knowledge management strategy aimed at harnessing the know-how and learned experiences of eminent senior policymakers and development managers. Central to the Series is the understanding that knowledge management tools and practices can be effectively employed to leverage both local and externally generated knowledge to bridge the knowledge gap between sub-Saharan Africa and the developed world.

The Development Memoirs Series, which is generated through contributions by from the ACBF Senior Policymakers and Development Managers Knowledge Sharing Program (SPM-KSP) provides professional insights, reflections, skills, processes and experiences in the management of specific policies and programs, and offer case studies on processes, practices and experiences associated with specific policies and programs that made measurable impact on the continent's development experience. The individual voices captured via the SPM-KSP collectively contribute to enhancing the effectiveness of the Foundation's operations, identifying learning and knowledge-sharing opportunities, and providing practitioners with guideposts to best practices in policymaking and development program management.

The Development Memoirs Series reflects the Foundation's vision and quest to actively embrace a diversity of knowledge sources and knowledge including the ways gender, values and culture

influence the generation, sharing and application of knowledge. The Series speaks to ACBF's vision that the creation, sharing and deployment of cutting edge knowledge in an increasingly complex, competitive and changing world, is imperative to Africa's current development efforts and future prospects.

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EXECUTIVE SUMMARY

Development assistance has been of benefit to developing countries over the years. It has helped to build physical infrastructural, human and institutional capacities and deliver some level of growth in recipient countries. Through civil society organizations, it has been instrumental in raising voices on the need for good governance, to stem the tide of corruption and promote development effectiveness of both aid and domestic resources.

Development assistance has equally had its negative results list. Traditional technical assistance has tended to supplant local capacity, undermine local knowledge and institutions and render recipient countries more vulnerable and dependent on aid. Reasons for these shortcomings are legion. Donor-driven projects are not derived from aid recipients' development priorities and are an expression of an attitude by donors that "they know better", "they lecture and recipients listen", "they give and poor countries receive", "they know and recipient countries learn", "they take care of things, because poor countries cannot"... Hence, as it was once said, when a professional from a donor country moves into a recipient country he/she is seen as an expert, but when a professional from a recipient country moves into a donor country, he/she is seen as an immigrant.

These and numerous other factors explain why aid has not succeeded in delivering development results in recipient countries. Trade is very important for poor countries. Yet, aid, because of donors' vested interest and recipients' development weaknesses remains a hugely attractive industry delivering billions of dollars annually to sub-Saharan Africa without tangible results. In spite of this, Africans are not speaking out loud and strong enough on the need for reforms to make aid deliver results. They are also not raising their voices effectively enough to deal with distortions in trade. For instance, disbursement of resources on commitments made by the G8 at its Summit in Glenn Eagles, Scotland in July 2005 is virtually zero and the European Union Economic Partnership Agreements are questionable. In summary, it is fair to note that:

- Aid that undermines recipient's capacity and sense of ownership of policies and programs cannot support sustainable growth. It perpetuates dependence.
- African countries, leaders and professionals are not speaking out enough in support of aid reforms. Their reticence weakens efforts by development cooperation ministers in donor countries who stand against vested interests that are paid out of ODA budget, and who seek reform to aid delivery mechanisms.
- Billions of dollars are still spent on expatriate staff and their perquisites. African governments should learn to say "No" to supply-driven and tied aid. They should also say "No" when doing business with a particular donor is just too costly.
- Governments, policies and institutions must work in Africa and citizens should be empowered to hold their governments accountable for results. This is the essence of democracy. Capacity of parliaments and civil society organizations needs to be stepped up to promote accountability by the governments. This will remain a vital area for intervention in capacity building.
- Mutual accountability between donor and recipient countries should be encouraged and the existing platform or mechanism strengthened.
- The Doha Development Agenda on trade is not delivering results. Distortions in trade in agriculture are still a major challenge. Until rich countries open up their markets and reform their

agricultural policies, success in achieving MDG 1 on poverty and hunger in African countries will remain a mirage. Rich countries' agricultural subsidies are an unfair trade practice. They are crowding out African farmers and destroying the livelihoods of small producers.

- African countries should strive to earn their external resources on the international market than endure endless lectures by World Bank and IMF officials as well by Development Cooperation Ministers from rich countries. Many African governments are still too focused on maximizing aid than trade opportunities.
- African governments are not speaking out loud and hard enough on trade issues. Trade is more important than aid. Poor countries still have very weak capacity for trade negotiations. This is a critical area for intervention in capacity building. For instance, not enough negotiations have gone into the Economic Partnership Agreements. These Agreements in the African context should:
 - Yield to intra-African integration.
 - Abstain from pushing Singapore or WTO-plus issues, which have the effect of creating burdensome obligations and distracting from or leading to inconsistency with development priorities.
 - Not demand reciprocity, as there are attendant trade-adjustment costs to African countries, which need attention. Instead, the EU should grant real and tangible market access to African countries by dealing with non-trade barriers (NTBs), including granting more flexibility on rules-of-origin and inordinately burdensome health and environmental standards.

But then, African countries should speak up and defend their own interests. It will be recalled that the Council of European Trade and Development Ministers met in the fall of 2007 with their African counterparts. At least two European Development Ministers took to task the Trade Commissioner, expressing doubt about the development impact of the EPAs. Not one African stood up and said, "I agree with the Dutch and the Italians on their observations on the EPAs." They just kept silent. It is extremely difficult then as a rich country to take issues with the European Trade Commissioner who would wonder whether we know African interests better than Africans themselves. This has been a recurrent experience for me, not only in the field of trade, but also in other spheres of development efforts.

- African Finance Ministers should be more vocal about the quality of aid, and should relentlessly advocate changes in donor behavior.
- African leaders like the former president of Tanzania, Benjamin William Mkapa, who is known all over as a person with enormous credibility and integrity, and who possess a record of effective leadership in economic reforms should continue to speak out on trade issues, poor performance by the G8, especially on Glenn Eagles commitments on which nothing has been delivered, and the quality of aid, among other issues.
- In speaking out in support of the efforts by some Development Cooperation Ministers who are doing the right thing in the area of trade and aid reforms, countries such as South Africa (that is not dependent on aid) and Nigeria (that should not) need to do a lot more on behalf of the continent.
- There are a lot of success stories on progress by African countries in the achievement of some of the MDGs. Ghana is on track to achieving the poverty goal; 10 countries have shown strong indications in achieving the education goal; Mozambique has made substantial progress on the infant mortality goal; Tanzania has progressed on most of the goals; Burkina Faso and Mali are on target to meeting a number of other goals, while Senegal is expected to secure the eighth goal. There are other promising cases as well.
- Africa countries must continue to invest in the building of capacity. The massive injection of billions of dollars in the old-fashioned technical assistance in Africa has failed to deliver

development results. Technical assistance programs are not built on local knowledge and development priorities. This is undermining human and institutional capacity, perpetuating aid dependence and destroying people's motivation to take charge of their own futures.

- Development assistance should be driven and guided by recipient's development priorities and capacity building strategies. Development assistance that does not have a clear path to sustainable capacity building and growth is of little or no value. To this, Africans must say "No".

Thus, in all, Africa must take charge of its development, push for trade and aid reforms and continue to invest in the development of its capacity.

AFRICA AND DEVELOPMENT COOPERATION: SUCSESSES, PITFALLS AND AREAS FOR FURTHER REFORMS

I. INTRODUCTION

The African Capacity Building Foundation (ACBF) through its Knowledge Management Department (KMD, ACBF) is geared towards generating, sharing, disseminating and utilizing knowledge for capacity building and development management. The ACBF knowledge management program seeks to achieve four major objectives, amongst others. These are to:

- Enhance the performance of internal project and program operations based on best-practice methodologies, strategies and instruments.
- Foster the sharing of best practices in capacity building, in the design and implementation of development policies and programs as well as in reform programs that are directed at strengthening the effectiveness of Africa's development process.
- Contribute to programs and mechanisms for extracting and sharing tacit knowledge for the benefit of national and regional development.
- Enhance returns to, and the efficiency of, investments in capacity building

One of the key instruments in the Foundation's knowledge management toolkit is the Senior Policymakers and Development Managers' Knowledge Sharing Program (SPM-KSP). The program provides a platform for successful development practitioners - either currently serving or on retirement, sabbatical, or leave of absence, who have made significant contributions to the development process especially insofar as it relates to Africa - to share and document their tacit knowledge in the form of development memoirs, for the benefit of future efforts at African development. The program specifically targets very senior policymakers and development managers, including visiting academics and eminent guests to the Foundation. Participants are drawn selectively from national, regional, continental or global institutions. These consist of the public and private sectors organizations; national, regional and continental institutions; international development agencies; civil society organizations; ACBF partner institutions; tertiary institutions of learning; research and specialized training institutes, among others.

It is in this context that ACBF extended an invitation to Ms. Eveline Herfkens to participate in the SPM-KSP, to share her profound experience in international development - both as the current head of the UN Millennium Campaign, a former Executive Director of the World Bank, and an ex-Minister of Development Cooperation in the Netherlands - guided by the theme: *Africa and Development Assistance Cooperation - Successes, Pitfalls & Areas for Further Reforms*.

II. PROFILE OF THE CONTRIBUTOR

Currently the Executive Coordinator of the UN Millennium Campaign since October 2002, Ms Eveline Herfkens served as the Netherlands Minister for Development Cooperation between 1998 and 2002, concurrently serving as a member of the World Bank and IMF Development Committee. She is also a member of the World Commission on the Social Dimension of Globalization, established by the International Labor Organization. Between 1996 and 1998, Ms. Herfkens served as the Ambassador Extraordinary and Plenipotentiary and Permanent Representative of the Netherlands to the UN, WTO and other international organizations. Between 1990 and 1996, Ms. Herfkens was an Executive Director of the World Bank Group in Washington DC. Prior to this, Ms. Herfkens served as Member of Parliament in the Netherlands (1981-1990); Member and Counselor-Treasurer of Parliamentarians for Global Action (1985-1990); Member of the Economic Committee of the Parliamentary Assembly of the Council of Europe; Co-organizer of the North-South Campaign; as well as Policy Officer in the field of development cooperation at the Netherlands Ministry of Foreign Affairs (1976-1981).

III. INTERVIEW GUIDING QUESTIONS

Drawing on the foregoing rich profile, Ms. Herfkens had an insightful face-to-face interview with ACBF KMD in November 2007 with a focus on Africa and Development Assistance Cooperation. The following questions guided the interview:

- From a donor-country point of view, what are the challenges of dealing with domestic political economy issues when raising funds for development assistance to Africa?
- What are the expectations of donor countries towards ODA-recipient countries, which would qualify the latter for development assistance?
- Within the G8, what are the challenges in international donor coordination regarding the generation of sufficient and predictable funding for development assistance, taking the Nordic countries as a benchmark?
- Can you shed some light on the unsettled question of the optimal modalities for aid delivery mechanisms in Africa, balancing the reality of government failure on the one hand, and the exigency of capacity building of the same African governments in order to improve public-service delivery on the other? Is the rising growth of parliamentary democracy and strengthening economic management in Africa yielding aid dividends on the scale of mutual accountability for results between donors and recipients?

5. Given your long career on the donor-side of development assistance, directly or otherwise, what are your impressions regarding the thinking on the delivery and management of development assistance in Africa, especially within the context of the March 2002 Paris Declaration and similar initiatives?

6. What are your achievements and frustrations at the helm of the Millennium Campaign in trying to raise awareness on Africa's challenges at meeting the MDGs by 2015?

IV. TRANSCRIPT OF KNOWLEDGE-SHARING INTERVIEW

What follows in this section is a record of the interview between the Knowledge Management Department (KMD, ACBF) of the African Capacity Building Foundation, and Ms. Herfkens. Herein, Ms. Herfkens shares her thoughts and experiences guided by the theme: *Africa and Development Assistance Cooperation — Successes, Pitfalls & Areas for Further Reforms*.

KMD, ACBF: From a donor-country point of view, what are the challenges of dealing with domestic political economy issues when raising funds for development assistance in Africa? And, what are the expectations of donor countries towards ODA-recipient countries, which would qualify the latter for development assistance?

Ms. Herfkens: I think for aid to be spent well it is crucial that you can work with partner governments that give you a minimum degree of comfort for you to tell your Parliament and taxpayers that the money would be spent well: they must be committed to fighting corruption, and have sound policies in place, for which they are prepared to be held to account, not just by donors, but more importantly, by their own people. As long as capital flight out of a country is larger than the aid it receives, donors could start questioning why they should have more confidence in this place than the people themselves.

Secondly, leaders should have serious commitment to poverty reduction policies themselves. It is very hard to defend spending aid in African countries, if the feeling among northern taxpayers is that African governments themselves do not care about poverty reduction. Relatively poor taxpayers in the Netherlands would find it untenable to pay money to merely prop-up the rich elites in recipient countries. So, ethical behavior and serious commitment to caring about the poor by aid-recipient governments, translated into policies that actually address poverty, are the two concerns that I think are very important for mobilizing domestic resources in the North for investing in African countries.

Lastly, governance should be inclusive in the sense that people participate in decisions that affect them. I am an early and outspoken advocate of “ownership”, but ownership of course is not limited to ownership by governments only. Country ownership implies serious efforts to involve parliament, citizens and their organizations; particularly those representing the most disadvantaged and marginalized sections of society. Their involvement in holding government to account for public expenditure and in formulating, implementing and monitoring policies and programs is critical to development effectiveness.

Issue of Western Superiority

Regarding the challenges for Development Cooperation Ministers dealing with their domestic political issues, I think the most difficult one for me always has been this attitude of Western superiority. The attitude that —maybe the Dutch are even worse than other donors —“we know better”. Donor-driven projects fit-in with the myth of Western superiority, and indeed even reinforce it. We lecture, you listen; we give, you receive; we know, you learn; we take care of things, because you cannot; undermining Africans' own responsibilities, we take over.

When thinking about technical assistance, I am reminded of what a friend from Mozambique once told me: "when you move to my country, you are by definition an expatriate expert. But when I move to yours, I am only an immigrant."

Not realizing that we do not develop you, but you develop yourselves. And that concept is behind a lot of the donor hobbies. We know what your biggest problem is and how to deal with it. That is the attitude. So that leads to all these vertical funds. You know, we have got money for HIV/AIDS, we have got money to get your kids to school... but it all comes from a limited envelope. There is a real danger therefore that taxpayers in the North could be funding priorities that are disconnected with the real needs on the ground, which would be exceedingly wasteful.

So this supply-driven attitude, I think, is something that we should fight. Nevertheless, the idea that donors must respect stakeholder ownership for development interventions in aid-recipient countries, and that the recipients really know their needs and priorities better, is very hard to get through to parliamentarians and the general public in the North. Of course ownership should be inclusive ownership, not just the Finance Ministry or the government. National plans (or strategic frameworks) that arise from inclusive consultative processes would be a good port-of-call for gleaning the true priorities of recipient countries.

Issue of Donor Visibility

The second issue is this demand of donors to be visible. Ministers traveling want to have a photo opportunity and hoist their national or organizational flag in front of the little school that their taxpayers' money had been building. Yet this is one of the problems with aid delivery mechanisms that undermine ownership. This problem is especially acute nowadays compared to some sixteen or seventeen years ago when there was a limited number of bilateral donors, before the latter-day entry of additional ones from Finland, Estonia, Greece, Portugal, et cetera. Indeed, one of the drivers for the multiplicity of (relatively atomistic) aid boutiques with huge transaction costs to recipients is this quest for flag visibility, which spawns the challenge of how to curtail this competition between donors among their collective taxpayers. So that is the second issue. We have to stop thinking in terms of "Dutch or Italian" projects, but talk about Mozambique or Mali's programs instead.

Fighting Vested Interests at Home

The third issue concerns vested interests at home. In many of the big donor countries you have a huge development industry. A lot of jobs are derived from development aid. The Netherlands started its Development Cooperation some 57 years ago when we were thrown out of Indonesia. Thousands of tropical agriculture experts, tropical health experts came back to the Netherlands. So we started with Development Cooperation to create jobs for these (displaced) experts. And we continued to have universities, which teach these "tropical" disciplines, and students expect the Dutch Development Cooperation to create jobs for them.

I tried to counter these vested interests at home. I went to universities in the Netherlands to tell students that the days of the expatriate experts are over. I told them, you can study whatever you want but I am not going to provide you a job. This did not contribute to my popularity at home.

Vested interests are also found in NGOs in the North, a lot of which are very dependant on the largesse from the Development Cooperation Ministry. In fact, these allocations are also "tied aid". Much of these funds are in fact channeled to their counterparts in the South: why would not these

receive funds directly from the Ministry, without the overhead of Northern NGOs? But the latter resist “untying” this part of the aid budget.

In the U.S. many NGOs even depend on distributing tied food-aid for their financing. Only now a few of them decided not to accept this anymore, given the negative impact of in-kind food aid on local farmers. In Italy, as soon as there was some hope, the country finally started to increase its development co-operation budget, instead of campaigning for aid effectiveness; many NGOs only focused on getting their piece of the pie. It is very hard to take on these vested interests while you try to enhance aid effectiveness.

Let me give another example. When I became Development Cooperation Minister, there were still tens of Dutch doctors practicing in the rural areas of Ghana, paid out of the development budget. This was very costly because these people had relatively good salaries and perks, not least their four-wheel drive vehicles suited to the African terrain. In the meantime, Ghanaian doctors were leaving Ghana to work in hospitals in Washington or London. So my idea was to withdraw these Dutch doctors, freeing up funds that would help pay for hundreds of Ghanaian doctors to stay in Ghana. My hunch was that they did not need that much more of a salary, rather a little bit of the perks; the four wheel drive and the energy supply to ensure that the fridges were working for the medicines, and a little top-up of salary would be enough of an incentive for Ghanaian medical personnel to stay put in their home country. Most people do not want to go elsewhere, they want to stay home. As I was moving Dutch aid to budget support in Ghana, I suggested to add the money saved by withdrawing Dutch doctors to supplement the Health budget to allow for supplementary funding to create incentives for Ghanaian doctors to practice in Ghana. The Finance Minister in Ghana agreed with me. So what happened?

The organization in the Netherlands that sends out doctors of course was very much dependant on the development budget, so it started a campaign against me. And the headline was I was “killing babies in Africa”, ostensibly because withdrawal of Dutch doctors would be the end of health care for babies. And it was a very tough issue that one faced, because these groups used the good cause to cover up their own vested interests. It was very hard reality to battle.

And the Reticence of Africans Makes it Worse

And my biggest frustration at the time was that there would be no African voice speaking out publicly for you if you did the hard thing. I can give you many examples of occasions when I was trying to do the right thing: Africans happily agreed but were not prepared to speak out publicly. And then it was very hard if you had to battle your own parliament, your own public opinion to do the right thing. Meanwhile, while Africans would only privately acknowledge you for your valor, they would not stand by you in public when all hell breaks loose. What is the purpose of having Ambassadors in donor capitals?

So to battle the vested interests in your own country, which are paid out of the ODA budget is an uphill task. In a country like Portugal, universities depend very much on the development cooperation budget, which pays for scholarships for African students to study in Portugal, without any check to ascertain if the content of the university study is relevant upon students’ return to their home countries, if they would return at all.

Spain is another case in point. Part of the Spanish development budget is spent on promoting Spanish history, Spanish culture, Spanish language, etc. That is a waste of money with respect to bottom-line development results. There is an inherent conundrum though, deriving from the fact

that taxpayers in the north do wield votes and can protest if one tries to restructure development cooperation contrary to their interests. So these vested interests are very, very hard to tackle. And it would be wonderful, if an Education Minister in Africa, better yet a group of them, would stand-up and say, we do not want any development aid wasted anymore. Our pupils who study in Europe or America never return or study irrelevant curricular. We would prefer that the aid money be spent in the recipient countries on education, preferably primary, but otherwise in strengthening and improving tertiary education in our countries.

KMD, ACBF: But they don't want to bite the hand that feeds them?

Ms. Herfkens: That is indeed the problem, though they should care about development aid getting wasted in tremendous amounts. The same observation holds for tied technical cooperation, one of the things I have always been fighting against. In many of my speeches there are references to this and how at the end of the day technical cooperation actually undermines Africans taking responsibility for their own development. Billions of aid are still spent on expatriate staff with their four-wheel drives and other perquisites, counting as development money that could be spent in much better ways. Why can Africans not get together and say, "We are going to resist tied aid including technical assistance; we do not want it". It is not a freebie; it is out of your (*ipso facto* limited) ODA envelope.

KMD, ACBF: I suppose organizations like ACBF have started to do that, funding and rallying support for capacity building for higher education in Africa, as well as funding specific post-graduate training programs in applied policy analysis and management, and public administration within Africa, as a counterpoint to the tradition of sending African students abroad?

Ms. Herfkens: But that means that they should get African governments to start saying, "no, we don't want that anymore, untie it. We want to choose the best people, preferably Africans. But if some expertise is really needed that is not available in Africa then at least let us get the best person for the money from wherever."

KMD, ACBF: So there are a lot of difficult issues. With the three points that you made about respecting ownership, flag planting, and vested interests, it is a sort of a catch-22 situation... how do you change those perceptions? How do you unravel that?

Ms. Herfkens: Just tell the plain truth about what kind of aid is effective and efficient in terms of actual poverty reduction. I tried to do so when I was a Minister in the Netherlands, and I think I am proven right because my policies ultimately got the support of public opinion. One had to make the case that ultimately, the Dutch taxpayer wants to contribute to achieving bottom-line development results, key of which is poverty reduction. In particular, I argued that appreciably more babies would be saved with the new plan. Public opinion is quite rational though it takes a lot of time to actually invest in the public debate before these vested interests can be exposed. The problem is that one really has to spend more time on it than most Development Cooperation Ministers are typically prepared to put in. Educating public opinion is a long-term investment for which most politicians do not have much incentive, not least because one is typically in government for a limited time, say three or four years, implying therefore that educating public opinion is not a priority for a lot of Ministers.

KMD, ACBF: Within the G8, what are the challenges in international donor coordination regarding the generation of sufficient and predictable funding for development assistance, taking the Nordic countries as a benchmark? ...Moving onto the Millennium Development Goals, there have been a number of initiatives when it comes to the G8 and lots of aid contributions and suggestions on how to change things... Why is it that a lot of these initiatives are never followed through?

Ms. Herfkens:

Lip Service

The problem is that international meetings like the UN General Assembly can create platforms for governments to talk, to make speeches, to make pledges, to sign onto international documents and consensus. But there is no international organization that can actually send the police after a country if they do not implement what they promise. We live in a world of sovereign states and no foreigner can fly into a country and lecture to get things done. There is no international mechanism to ensure implementation of promises made, or compliance with Declarations agreed internationally, be it at the UN or the G 8.

The only way you can get a government to implement what it promised is if its own citizens and parliament hold it to account. So governments can make the most moving speeches at the United Nations, or other international forums, but if they take the plane home and revert to business as usual, they can get away with it, unless their own citizens and parliaments actually hold them to account. Thus, a lot of these international meetings are just for public relations, for the cameras, and I think the G8 is most guilty of this shortcoming. There is no monitoring and follow-up whatsoever on promises and pledges. It does not become specific in terms of who is doing what.

G8 Ignorance

I come from the Netherlands: within two hours drive you are abroad and have to speak another language. In a country like the U.S. half of the Congressmen do not even have passports. Here in the U.S. you can drive for days on end, and you still do not run into another country. Bigger countries are much more inward looking. So, even less, you cannot influence such inward-looking countries at all as a foreigner. They do not care much about what even the Secretary General of the United Nations has to say. In most G8 countries there is a fairly high level of ignorance on development issues (less so in the U.K.), compared to the Scandinavians or the Netherlands.

According to polls, the average American thinks more than 15% of the federal budget is actually spent on aid, and states that it should be around 10 %. The actual percentage is less than one, so desirably, there should be public support for some 15-fold increase! Americans are not less generous at all: they are just ignorant...

Investing in Education

One of the interesting things to mention in this regard is, when the 0.7% resolution was passed at the United Nations, another resolution passed which had been proposed by President Julius Nyerere at the time, that every rich country should spend at least 1% of their development budget on educating their own citizens on development issues. And the group of countries that tends to meticulously implement whatever comes from the UN, the Scandinavians and the Netherlands, actually implemented that too. So for 38 years now in the Netherlands and in the Nordic countries, there has been steady investment in education of the people, not only through the formal school

system but also through supporting civil society and citizens that want to build public awareness, public opinion around these issues. Thus, in these countries there have emerged over the years tremendously strong political constituencies for these issues across parties, left or right. Contrary to common perceptions you can have the most right-wing government in history in Denmark or in the Netherlands, they still spend more than 0.7%, they still have relatively better aid effectiveness and take more pro-development positions in E.U. Trade Councils. So that investment in education is effectively paying off.

This type of investment is however lacking in most of the G8 countries. Of course in the U.K. some of this has been done. In the U. K. you have very powerful civil society as well. And you see in the U.K. that it is again bi-partisan. The Tories have now also promised that they would achieve the 0.7% target. So that investment is very important. I see now in Japan that they have also decided, but that was only a few years ago, to start covering these issues in their formal education system. I am convinced that some ten to fifteen years from now we will see this translated in more pro-development policies in Japan.

The United States

Here in the United States there is also another problem, which is, whenever you advocate more international aid, the first riposte often is: "What about poverty at home?" This is less the case elsewhere because the US is a more unequal society.

Second, the conception of the role of governments is different in the US. While it is totally normal in the Netherlands that you pay taxes for development cooperation, alongside those for the museum, the university, etc, in the US a lot of what we perceive as being basic government functions that you pay taxes for, are dependent on private charity. And that is also a difficult debate. To what extent is it the federal government's responsibility to care about the poor elsewhere, given the fact that it is not even clear to most Americans that it is the government's responsibility to take care of the poor at home? That makes it very difficult.

Nevertheless, there are many good NGOs working really hard in the US to try to create public awareness on these issues. All the Democratic candidates for the current election season have fairly good positions on development issues. A few of them are now even advocating creating a Cabinet level position for development issues. This is of crucial importance. Presently within the G 8 only Germany and the U.K have a cabinet-level Development Cooperation Minister, which allows for the voices of the poor being heard in the corridors of power. There is need to actually get that voice out to counter those of the foreign affairs establishments, which favor planting flags, seeking visibility and linking aid with security and geo-politics. However, to obtain a Cabinet level position, is a bit of the chicken-and-egg conundrum: you do not get that until development is a relevant political issue, which is hard to achieve unless you have a cabinet-level position for it, which enables a powerful voice in your own public opinion to advocate these issues.

Another footnote on the US: USAID is the only aid outfit that I know that is not allowed by law to actually publicize itself. While most Development Cooperation Ministries are actually spending money to show taxpayers development results — it is perceived as being part of their job to actually do so — USAID cannot do that. So this is also a missing element in the toolkit of ways to get to the US public opinion important development cooperation issues.

The bottom line is that all politics is local and unless you have an indigenous effort by local voters nothing happens. The essence is that politicians have to feel that they are going to win votes and not

lose them if they do the right thing on development. Now in the Scandinavian countries every politician knows they are not going to win elections if they promise to cut the development budget below the 0.7% target.

KMD, ACBF: Can you shed some light on the unsettled question of the optimal modalities of aid delivery systems in Africa, balancing the reality of government failure on the one hand, and the exigency of capacity building of the same African governments in order to improve public service delivery on the other? Is the growth of parliamentary democracy and strengthening economic management in Africa yielding aid dividends on the scale of mutual accountability between donor and recipients?

Ms Herfkens: Absolutely!!! The perception has always been that governments and public sector institutions do not function well in Africa. Thus, many donors do not listen to governments, do not fund them and often try to even bypass them to work through NGOs. It is high time we helped build up functioning public sectors and institutions in Africa and find a better balance working with governments and NGO's to deliver aid most effectively.

Governments Must Work in Africa

I believe that the only way to get sustainable health, sustainable education, development, and achieve the Millennium Development Goals, is to help make governments work. As long as governments do not work, you can have the best of intentions for humanitarian assistance, but it is not going to be sustainable, it is not going to survive once the donor leaves. Governments need to take their responsibilities seriously.

Indeed, life has become a great deal much easier for us advocating this because there is an incredible amount of reforms going on in Africa. If you look at economic management there are still some nagging spots, but there has been an incredible improvement. The same goes for democracy. Although I find democracy a difficult term: even among democratic countries, few agree on what in essence defines democracy. The essence to me is domestic accountability: the requirement that governments are accountable to their own citizens and their own parliaments (instead of to their donors, their paymasters). And you see an incredible improvement of that too: civil society is thriving in many African countries and the functioning of parliaments is improving.

Africans need to invest more in the building of the capacity of their parliaments: I think it is one of the most important issues that Africans have to deal with themselves: how to empower their legislatures is more than anything a domestic responsibility, even if donors can help finance needs such as computers and training.

Aid Delivery and the Paris Declaration

For countries where parliamentary democracy, accountability and transparency as well as good economic management have deep roots, the Paris Declaration is the silver bullet for aid delivery, particularly budget support for the good performers. I have been a strong advocate for this from the outset. My article in *The African Economic Review*, 1999, was the opening shot of this new approach to ownership, alignment and donor harmonization. I edited it from a speech I gave at the UNECA-sponsored African Finance Ministers' Caucus that year. In that speech, I said:

“We donors have to be much more helpful than in the past. We do not have an unblemished record. We have regularly bothered developing countries with our latest hobbies. We have imposed counterpart and recurrent costs on their budgets, without talking to them first to find out if it was a good idea to start specific projects in the first place. We have been micromanaging. Each of us has different procedures for accounting, for procurement, for evaluation etc. We have been erratic in terms of our commitments and unpredictable to recipients, in terms of both timing and volume of funding. We have tied our aid in a way, which is both costly and prone to corruption. We have imposed a huge number of missions on beneficiary countries. They had to wine and dine us instead of focusing on what they should be doing: running their countries and trying to develop their own policies. And, even worse, we went behind the back of the Ministers of Finance and Planning – by adopting regions, creating our own little enclaves, running them without bothering to talk to governments, local or national, and recruiting with high salaries the best civil servants from their administrations, thus undercutting their institutional capacity. Finally, we acted inconsistently by supporting our own exports with our aid and at the same time not allowing recipients to sell products in our countries because of our protectionist trade policies. These are bad habits and I commit myself to improving the behavior of the Netherlands as a donor.”

And I did.

The fillip to change the aid paradigm, was very much prompted and pushed by, on the one hand, four development Ministers who wanted to do things different on our side, dubbed the Utstein Group, comprising Hilde Johnson from Norway, Clare Short from the U.K., myself (from the Netherlands), and Heidi Marie Wieczorek-Zeul from Germany. The four of us visited Tanzania, acknowledging what a headache each individual donor was, pledging we would merge our efforts into ONE “headache” instead of four, prompting an incredible successful endeavor among ALL donors in Dar-es-Salaam to harmonize, which experience touched off the global agreement that culminated and was later codified in the Paris Declaration.

On the demand side of aid, we were happy to find a lot of reforming Finance Ministers in Africa, not least Donald Kaberuka (Rwanda), Luísa Dias Diogo (Mozambique), and various Finance Ministers in Tanzania, Uganda and Mali, to name the very successful ones.

Together with the then Executive Secretary of UNECA, Kingsley Y. Amoako, we created this platform called “The Big Table” of Ministers (I hosted its second meeting in Amsterdam) in which African Finance Ministers felt less inhibited to tell the truth a little bit more on the African side. ECA is still hosting these “Big Tables”, but the format has changed, and Ministerial attendance, particularly from the OECD side has tumbled, so it lost its intended character, and thus the candid conversation.

At that time also, for the first time ever, we developed the concept of “mutual accountability”: recipients should not only be accountable to donors, but donors should be accountable to Partner Countries for their pledges and efforts, including the importance of multi-year predictability of aid.

In this context, Donald Kaberuka and I chaired an important Roundtable at the Third UN Conference on LDCs in 2001, launching the idea of a “Framework for Mutual Commitments”. We did not get much traction at the time, but now this concept has become part of the Paris Agenda on Aid Effectiveness.

When I left office in the summer of 2002, still some donor countries had not joined the consensus on this new aid paradigm. So, UNECA invited me once again to address the same forum of African Finance Ministers, in Johannesburg, where I reiterated the most important points:

“Many failures of aid that you are blamed for actually represent the failure of the donor community to harmonize and adjust our delivery systems. Donors should finally get rid of their multiple, high cost aid boutiques, planting flags and offering only their hobbies. As far as these are relevant at all, they are very limited in geographical and sectoral scope and undermine ownership and local institutional capacity. Donors have to stop pushing blueprints for development written at their headquarters. They have to shift from procedures to real impact. They have to move away from supply-driven projects. Sometimes these projects have had temporary successes at the micro level. But they have been irrelevant and thus a waste of scarce resources at the macro and sectoral levels”

The good news is that, five years later, a much larger number of donors now acknowledge that they are part of the problem. By now there is genuine consensus in the OECD/DAC, in the Development Committee and in other relevant donor forums on what we donors have to do to become part of the solution, and the Paris Declaration is a concrete agreed plan of action, with timelines and indicators to improve aid effectiveness.

What I had not realized when I started to advocate budget support for good performers, was the fact that it created, for the first time ever, crucial incentives to improve public financial management for both the recipient and the donors. This has enormously contributed to improving public financial management in recipient countries, which means not only that northern taxpayers’ money is spent better, but —and this is much more important —domestic resources in recipient countries are used more effectively.

The whole aid debate had ignored much too long that development is not just about the marginal donor Dollar or Pound spent well, but about how aid-recipient countries spend their *own* resources. Even in the most aid-dependent country, domestic resources ultimately constitute the bulk of the finances for development. And over time the only way to finance achievement of the Millennium Development Goals and thus, to finance development, is domestic resource mobilization and efficient utilization of such resources.

Therefore, I think the Paris Declaration and the move towards budget support have made enormous difference for these countries where the quality of economic management and accountability provide a basis for their implementation.

Regarding your earlier question about donor expectations towards recipient countries, let me add the criteria I used for them to qualify for budget support. In that same speech in 1999 in which I announced I was prepared to simply write checks, be predictable and reliable, fitting in with the recipients overall planning and budget, I did put a few conditions: a basic agreement, reflecting international consensus on what good sector policies (in health, education) are; decentralization to empower local governments to deliver basic services, and —most importantly —basic agreement on a broad fiscal framework:

“I must be able to tell my Parliament and the Dutch taxpayers: ‘I gave this check to the Minister of Health and I can assure you it will not end up on the Defense Minister’s desk.’ We have to agree on a broad fiscal framework for donors to be informed of total public expenditure. And I really mean all of it: no shadow budget, not just the development budget, but all public expenditure, because money is fungible

and therefore aid is fungible. Sound public expenditure policies and effective public expenditure management are crucial elements of good governance —and of this new partnership.”

And in Johannesburg, three and a half years later, I reiterated:

“If you want budget support, then that presupposes decent public expenditure management on your part. Otherwise you can’t expect budget support. It presupposes accountability to your own people and your policies being validated by your own people. In particular, you should allow and foster parliamentary scrutiny, and not only civic engagement. Budgeting systems are important as well, to absorb increasing aid levels.

I am concerned about how many donors have started complaining about the absorptive capacity problem. Please help me remove that fig leaf, which is used as an excuse not to raise ODA. Prove that you can cope with more funds, especially in sectors relevant to the MDGs, such as health and education.

Ownership can only work if you, Ministers of Finance, take charge and take responsibility. That implies your active involvement in the public debate leading to poverty reduction strategies, underlining the limitations of the envelope and educating people about the concept of opportunity costs. Taking charge also means: say no, make the donors accountable, say no when doing business with a donor is just too costly, say no to supply-driven and tied aid.

I acknowledge that this is a tall order. It presupposes a high level of performance and governance. I am aware that some in this audience object to increase linking of aid to performance. However – as a friend – I will tell you the truth: performance-driven allocation of aid is here to stay. The reality is that the same amount of money lifts three to five times as many people out of poverty in well-performing countries. Taxpayers and legislatures insist on more bangs for their buck in terms of reducing poverty and child mortality and getting kids to school. There is no such thing as aid fatigue – as long as aid contributes to achieving the MDGs.

There is however fatigue among northern taxpayers and parliaments when it comes to bailing out local elites who fail to deal with poverty in their own country. Local elites who prefer to continue rent seeking instead of pushing for reform in order to achieve real and sustainable poverty reduction by achieving the MDGs. These goals are part and parcel of the Global Deal, of the mutual obligations which are at the heart of NEPAD and which we codified in Monterrey.”

Now what do you do with countries that do not meet these criteria? This is the big thing for which the donor community has no answer. And I do not think there is much of an answer, because I do not believe we foreigners can fix governance challenges in Africa. Conditionality does not generate reforms. If reforms are not owned they are simply not going to happen. I learned a lot being on the board of the World Bank. You had structural adjustment loan number seven, with the same conditions as in structural adjustment loan number one because they were never fulfilled. Or they were quickly fulfilled to get the money and then reversed. Conditionality simply does not work without domestic ownership. So there is no way that donor money can on its own give rise to improved governance. It has to come from the inside. What we can do as an international donor community in the meantime, is giving humanitarian aid, which is per definition marginal and, in the long run, not sustainable.

Do No Harm, Empower People

People should be empowered through aid and by their governments. Any child who does not go hungry and goes to school is empowered later in life to demand better accountability from his/her own government. The same goes for health issues: there are always ways that you can by-pass governments. However, we have to be extremely careful in this type of aid, not to perpetuate the situation. If you do not work through governments, you have to be really careful not to do any harm and revert to the mistakes we made with 60 years of development cooperation: when we, donors, run the projects, the citizens start to look at us, the donor community, for fulfillment of their needs, instead of demanding that their own governments shape up.

And there is no better way to get their own government to shape up than having their own citizens stand up, speak out and put an end to the abuse they are suffering, demanding accountability. You have to be very, very careful if you bypass governments not to undermine the ultimate objective of getting the citizens to hold their government to account. As a result, I always tell NGOs not to put the emphasis on building schools. Rather they should empower citizens to demand the building of schools from their governments. This old donor-driven project mold is just not working. It leads to a waste of funds. However, if it is doing harm ultimately to the purpose, and undermines ultimate development objectives then we're in trouble. So we have to be very careful.

KMD, ACBF: Is it appropriate for you to argue that NGOs should not focus on building schools...when a celebrity like Oprah Winfrey is building a girl's academy in South Africa?

Ms. Herfkens: I do not think that is the most effective way to spend your money.

KMD, ACBF: What should she have done?

Ms. Herfkens:

Do Not Raise Funds, Raise Voices

I think empowering civil society to demand more accountability and better education for all is more sustainable: it generates more bang for public resources. The case that you cited will only help a limited number of girls. But by contributing to a movement, she will ensure that the South African school system - particularly since South Africa is the richest country on the continent - actually provides a decent education for all girls, and that way many more would benefit.

This is one of the biggest problems of the Millennium Campaigns in rich countries. We try to raise awareness about poverty out there, to educate people to hold their governments to account for their international promises to provide more and better aid, but the immediate Pavlov reaction of people is charity: "Where can I send a check?" My advice to audiences in rich countries is: "*do not raise funds, raise your voices. Raise your voice to hold your government accountable to deliver on their promises*".

Also from a practical point of view this is more effective. The billion people living in extreme poverty simply cannot rely on the charity of the less than a billion citizens in rich countries. Private initiatives, by definition small, however many times multiplied, will never compensate for the lack of government action in living up to what they promised. For instance, the G8, during its summit in

Glenn Eagles, Scotland in July 2005, promised to deliver an additional \$50 billion annually. There is no way that private charity can make up for their lack of implementation of this promise. Hence, my line of argument is: "Raise your voices. And as far as you are able to generate funds, try to invest such resources to strengthen voices in Africa for accountability."

KMD, ACBF: With the Millennium Development Goals Campaign, in October you had the "Stand up, Speak up Against Poverty." What did you hope to come out of that?

Ms. Herfkens: The global Guinness Book of Records helps to attract a lot of media attention, but the essence of the campaign is to focus messages on the national or domestic front, since the required government action differs across countries. In Europe it is: "live up to your 0.7% pledge; make aid more effective; and reform agriculture trade policies". In Nigeria, it is "make our money work for us". Thus, the messages are context, country or region-specific.

The "Global Millennium Deal" is, on the one hand (Goal 8) that rich countries should increase aid, improve effectiveness and change the rules of trade to allow poor countries to export and stop destroying markets of poor farmers in poor countries by their agricultural policies: this is the focus of the Northern Millennium Campaigns. On the other hand, with this "Global Deal", developing countries commit to taking primary responsibility for their development, and improving their governance and policies in order to achieve the first 7 Goals. And the Campaign's message in developing countries is: even if rich countries do not comply with their part of the deal and continue to perform lousily, many governments in poor, even the poorest, countries can do a lot better: It is not rocket science or too costly to provide all kids with at least primary education. You really do not need foreigners to help you with that. Every developing country can do a better job at home by improving domestic resource mobilization, policies and financial management.

KMD, ACBF: Carrying on from that and talking about better and more effective ways to deliver and spend aid, looking specifically at the point concerning trade, I know you have said a great deal about that; could you expand on what you would like to see come out of increased effectiveness, especially in the area of trade?

In addition, what are your achievements and frustrations at the helm of the Millennium Campaign in trying to raise awareness on Africa's challenges at meeting the MDGs by 2015?

Ms. Herfkens: Goal 8, regarding rich countries responsibility basically contains three elements: aid volume, aid effectiveness, and trade. On trade I am really very disappointed that the Doha agenda is not delivering. Distortions in agricultural trade constitute one of the most important issues. As two thirds of the world's poor live in rural areas, and depend on agriculture for their livelihood, they will not be able to lift themselves out of poverty unless we (rich countries) stop destroying the markets they depend on to sell their produce. MDG 1 (regarding poverty and hunger) will not be achieved in many African countries unless rich countries' agricultural policies change. And I think my deepest disappointment over the last thirty years, has been that we were not able to get that sufficiently in rich countries' public opinion. It is also a problem of the present Millennium Campaigns: 0.7% you can put on a banner, but issues of aid effectiveness and trade are so difficult to simplify into campaign slogans.

Trade and Public Awareness

Trade is the most difficult of all. Many reform programs in Africa based on export-led growth have failed. They will continue to fail unless participation in the global economy becomes a reality for Africa. For that to happen we have to open our markets. At present, the playing field is not level. Protectionism in the North is focused precisely on those products that matter to African producers - labor-intensive products and agricultural commodities. And we are carrying on with agricultural subsidies that crowd out African producers.

However, the political economy in rich countries is complicated: though farmers are a tiny part of the population in terms of their votes, their vested interests are hugely influential politically, rendering it very hard to battle them. This is the more difficult, given the general ignorance regarding trade issues, including in Europe. Few people know that our present common agricultural system does not even help our own small farmers as mostly the rich farmers benefit, nor that it is bad for our own environment because incentives are for large-scale production, prompting the use of more pesticides, which in turn leads to more destruction of the environment. It has been extremely difficult to get public opinion to understand that these policies in the meantime destroy the livelihood of small producers in poor countries.

At present in northern Europe, the positions of the governments are basically adequate, and public awareness has deepened sufficiently. In southern Europe, however - including France - the debate has not really yet started. And one of the things I hope the Millennium Campaign manages to do is instigate public debates about these issues in these 'frontier' countries. Until now, in a country like Spain, you have the same people demonstrating in the morning for the 0.7% and demonstrating in the afternoon against tomatoes coming from Africa. That part of the education is extremely important, but it will take some time to produce desired results.

In the Netherlands, we had the first public debates about the consistency of our development cooperation objectives with our trade policies thirty years ago, and for the United Kingdom some twenty years ago. So, here it is possible to strengthen an already existing basic awareness, compared to Southern Europe where such awareness is barely existent. The same is true in the United States. Regarding U.S. cotton subsidies, *Bread for the World*, among other NGOs, has made some efforts to create awareness regarding the devastating impact on West African cotton growers, and the New York Times published a few great articles about cotton subsidies, but less than one percent of the population of this country reads the New York Times.

Again, we do not hear many African voices here on these issues. I used to ask my African counterparts: *would you not rather earn your foreign exchange on the international market than have to endure endless lectures by Bank and Fund officials and all these development cooperation ministers?* Many African governments are more focused on maximizing aid than trade opportunities. Most, until maybe very recently, do not even have cabinet level Trade Ministers with sufficiently capable staff.

Let me illustrate with an example. I was the Netherlands Ambassador in Geneva, including to the WTO at the time of the Singapore Conference. I was elected to the chairmanship of the WTO subcommittee for the Least Developed Countries (LDCs) and tried to put beef to the Singapore language to do something for this group of countries. I managed to forge consensus to launch the Integrated Framework for Trade Related Assistance. In the process, I discovered that actually most

of the African countries did not even have a Trade Minister. There was little “ownership” of trade to begin with, which makes it quite useless for a donor to try to be helpful, a fortiori without a counter-part on the other side. The agreed framework still exists, but it has been revamped and re-launched several times since then. At the root of many of its problems was the lack of ownership on the African side. *They were not focused on trade. They were focused on aid.*

Africans not Speaking Out; Weak Ownership

What happened at the launch of the Integrated Framework was typical: Africans not speaking out, not taking care of their own concerns. To identify the first pilots, to see how this framework for trade would work, we required the very minimum of ownership: two pages on the main problems the country’s exporters faced. However, even for that minimum some African representatives insisted they needed the provision of foreign consultants to write these. I had this fight with one country’s Ambassador who insisted on having consultants sent over to write that two-pager. And I suggested to him to just talk with his own private sector, asking them what their problems were in exporting to western markets. But he insisted donors should send consultants to do the task. This really taught me a lot about *ownership* and the need for Africans to get their act together, and how little donors can contribute without ownership on the African side. Today, twelve years later, there is a lot of good news of that happening now.

Let me share a very recent example regarding the Economic Partnership Agreements (EPAs) that Europe is trying to force-feed Africa, about which I have many doubts. Only in Multilateral negotiations can poor countries muster the negotiating power —through forming broad alliances — needed to extract real tangible concessions of relevance to them, e.g. on agriculture. Similarly, it is only multilateral rules that can constrain the powerful countries (e.g. to arm twist on WTO plus) and protect the weak ones. Poor countries have extremely limited capacity for trade negotiations: they should not be forced to play chess on multiple boards if they can hardly get their act together in the WTO. And even if the DDA would deliver soon, sub-Saharan Africa in particular needs more time. Sub-regional integration within the African market should precede the EPAs, which would keep African Trade Negotiators fully occupied for quite some time.

So the EU EPAs should: (1) yield to intra-African integration; (2) abstain from pushing Singapore or WTO-plus issues which have the effect of creating burdensome obligations and distracting from or inconsistent with development priorities; (3) not demand reciprocity, as reducing trade barriers for only the EU increases cost of imports and reduces much-needed government revenues. In other words, there are attendant trade-adjustment costs. Instead, the EU should grant real, tangible market access, i.e. deal with non-trade barriers (NTBs), including more flexibility on rules-of-origin and inordinately burdensome health and environmental standards.

But again, Africans should speak up and defend their own interests. The Councils of European Trade and Development Ministers met in the fall of 2007 with their African Counterparts. At least two European Development Ministers challenged the Trade Commissioner, doubting the development impact of these EPAs. Not one African stood up and said, “I fully agree with the Dutch and the Italians, we should not do this.” They just kept silent. It is extremely difficult then as a rich country’s Development Cooperation Minister to fight the European Trade Commissioner who would retort, “who the heck are you? Do you know African interests better than the Africans themselves?” And this has been a recurrent experience for me, not only in the field of trade but also in other in other development realms as I mentioned in various places in this interview.

Tobacco and the US

In the early nineties, when I was on the board of the World Bank, in this need to please the American public opinion, the Bank wanted to add to their list of sectors the Bank would not invest in, the tobacco sector. For some African countries, tobacco is one of their most important export products. We in Europe even subsidize tobacco production in Greece and elsewhere. In the US tobacco is grown in North Carolina. So who are we to tell Africans not to produce tobacco, which for some of these countries is their main export earner? So I tried to stop that policy change. There were three Africans on the board of the Bank. I was stunned that none of them dared speak out to say in the Board they agreed with me, especially bearing in mind that they effectively had nothing to lose. The President of the World Bank does not appoint board members: they are elected or appointed by the countries they represent. While African bank staff understandably may have had difficulties speaking out, the African Board Members should not have been similarly shackled.

In summary, therefore, on the trade issue, greater care should be taken to factor-in the cause of development into international trade deliberations. Rich countries should in turn put greater effort in working domestic public opinion - through formal education and other campaigns - to explain the importance of incorporating development in the domestic political economy. Trade is more important than aid, and it would be so helpful if once in a while Africans would speak up and add their voice.

KMD, ACBF: Do you think that might change in future?

Ms. Herfkens: I hope it is actually changing. I was very inspired by NEPAD at the time of its inception. In fact, I stated in that same speech in Johannesburg in 2002, that:

“We need the African voice in our debate. Let me tell you a story [of withdrawing Dutch doctors from Ghana]. It shows the interests that are at stake in our own societies. The obstacles are huge for development ministers who try to do the right thing. We cannot do so, unless you help us. Help us overcome the vested interests in our own societies. Help us fight aid fatigue by showing concrete results. Help us deal with parliaments that rightly want to see outcomes”

The credibility of the African Union on some of these issues has not really improved, as you know. But a collective voice should make it easier. I would hope South Africa speaks up more publicly. It would also help if President Thabo Mbeki, in the context of G8 gatherings, speaks out more emphatically at public conferences, not only about the African view of the G8 delivery on Glenn Eagles commitments —which has been zero in actual fact —but also on the central importance of trade issues for sustainable African development.

KMD, ACBF: So are you saying there are no African leaders that have a voice on the international stage when it comes to changing western public opinion on development?

Ms. Herfkens: President Museveni of Uganda made that point in several speeches over the last few years, stating that “*we do not need aid, let us start trading*”. There are a few African leaders who have distinguished themselves in that regard. African Finance Ministers could be much more vocal about the quality of aid, advocating changes in donor behavior. Some of the African participants in these first two “Big Tables” continued to speak out and I think that is important. But there should be more and it should be consistent. I would like to hear the former president of Tanzania

Benjamin William Mkapa on these issues for instance. He is well known across the globe for his integrity and his effective leadership in economic reform. He has tremendous credibility, and is now free to speak out. I wish he would more often make speeches and talk about these issues, traveling to this part of the world or to Europe.

KMD, ACBF: I think again there's still a little of that biting the hand that feeds you reticence.

Ms. Herfkens: As Benjamin William Mkapa is a former president, how is Tanzania going to be punished for what he says?

KMD, ACBF: Maybe some people would think he used to be President, and maybe he still speaks for the country.

Ms. Herfkens: If you are being fed bad stuff all the time, how long are you going to swallow it before you say enough is enough, particularly as there are other hands around? It is not that I want Africans to say things that none of us is saying. Some people in the North want to do the right thing, and are being blamed for apparently knowing better than Africans themselves, because Africans are not speaking out. We are not asking Africans to say things that there is no resonance about. Just put a little bit of your weight in the balance of the public debate.

KMD, ACBF: So you're saying, help us to help you?

Ms. Herfkens: South Africa is not dependent on ODA, so should be Nigeria; they could do a little bit more.

KMD, ACBF: Going back to this idea of aid, should African countries - more generally, developing countries - be competing for aid from non-traditional donors?

Ms. Herfkens: I find it very hard to make a judgment about new emerging donors like China. I come from a part of the world where we used wrong models for aid delivery, for several decades - which undermines our case were we to tell these up-and-coming donors to now join our recent new invention, the Paris Declaration. However, I just hope that the new emerging donors will see it in their interest to make aid work and not make the type of mistakes we made for 50 years, leading to excessive losses. And again if Africans shape up, if domestic accountability is improved, that by itself would limit the chance of other donors on the horizon doing the wrong thing.

KMD, ACBF: And even the new donors from the East (China, India) have often failed when it comes to trade with Africa, take Lesotho as a case-in-point. These Asian tigers came to Lesotho to invest in the textile industry and take advantage of Lesotho's preferential trade access to the USA. Life was good as long as it lasted. For when the rules on international trade changed - as China acceded to the WTO and was granted most-favored-nation status to the lucrative US market - these investors relocated their capital literally overnight, leaving Lesotho in the lurch. What advice would you give to African countries regarding how they should strategically engage these new donors and trade partners?

Ms. Herfkens: Well, I would say, reflect very seriously on the experience you had with the traditional donors and what went wrong there, and what stinks there. Apply lessons learned to any donor.

And one of the lessons learned to me is, please start to say “no”. Africans could unilaterally put an end to tied aid and foster other best practices, if they just would say no. And there is nothing to fear much here, as tied aid has reduced to such a small percentage that it should be possible to extinguish it totally if Africans start saying no. Admittedly, the same is not true for tied technical assistance, which is still widespread. But again Africans should evaluate what is brought to them.

KMD, ACBF: Back to the MDGs, in some of your writings and in many reports we see that many African countries are not on track to meeting many of the goals by 2015. Can you give us some success stories, countries we can look at and say this part is working for them, maybe we should extrapolate it and use lessons learned from those countries to help other countries reach these goals?

Ms. Herfkens: The interesting observation is that countries which posted success stories are the same countries where aid works more generally, and are therefore the same countries that benefit from the implementation of the Paris Declaration, budget support etc. Ghana is going to achieve the poverty goal next year, which is incredible. Ten countries at least are on track to achieving the education goal; and Mozambique is on track to achieving the child mortality and the infant mortality goals in addition. Tanzania is on track on most of the goals; while Mali and Burkina Faso are on target to meeting several of the goals; and Senegal is expected to secure the eighth goal. So there are a lot of success stories. By the way, many of these countries are not just African countries, they stand out from among the Least Developed Countries.

The essence of these success stories is that this is where the ‘Global Deal’ was implemented—that is, developing countries assuming their responsibilities; and rich countries enhancing the volume and effectiveness of aid. These African countries took their responsibilities to reform, improve their policies and public financial management, fight corruption, and take ownership. And these countries thus benefited from fairly generous aid, which was delivered according to the Paris Declaration principles, with donors respecting domestic ownership of priorities and programs; accepting that they had to align their money to recipients’ priorities, harmonizing in many ways including by giving budget support, itself being the ultimate way of harmonizing and alignment. It is also instructive to note that, these are also some of the countries that benefited from debt relief. We tend not to mention this any more because it is sort of done and over with.

What this proves to me is that if both parties live up to their promises, i.e. the recipient and donor governments, we can achieve the goals. Not much of a secret to the success stories, and in speeches I often quote this wonderful song about New York: “If you can make it there you can make it everywhere”. Likewise, if you can achieve the goals in some of the poorest countries in Africa you can achieve them anywhere. But it really takes living up to the promise of governments on both sides.

KMD, ACBF: In the 30-odd years spanning your service in the government, at the UN, and at the World Bank, as a woman you have been paving the way for others, one of the first in many cases, where you taken seriously by your male colleagues? How hard was it?

Ms. Herfkens:

Gender and Leadership

It was hard, fortunately less so in the Netherlands for female politicians. When I became a member of parliament we were one out of ten, but by the time I left we were more that one out of three, which means that the participation of women in public life had improved quite markedly. However, at that time I was also very young — I was 29 when I was elected the first time — and I suffered at that time more from ageism than of sexism. That changed a bit when I went to the World Bank in 1990. I was also the youngest there among the members of the board, but the real problem for me was that I was the only woman. I was the only woman on the board and there were no women among senior management. In this annual photograph taken of the 24 board members and the top 50 managers in the Bank, I was the only woman in that whole environment.

I tended to be identified purely only with gender issues. Of course, I felt that I had to fight for gender issues: that was necessary, it still is, but at the time it was particularly necessary. But very often I would make serious statements in discussions of finance or trade, yet people would only identify me as the woman who has always been promoting gender issues. You know, you just felt you were not listened to at the time. It was really, really hard.

KMD, ACBF: Has it changed?

Ms. Herfkens: Within the United Nations, there are women, but I think it is still very much male dominated and they don't like strong women, so to speak. But it is changing. For something that is so deeply embedded in our DNA and in our cultures, I think the gender issue has been an incredible success story, because actually within a generation we are moving. I remember Mexico, the first UN conference on women in the 1970s. African governments were making statements that they didn't accept Western feminism to export alien values to their country. But now you cannot go to a conference without hearing African presidents recognizing the role of women in their countries, even if it is only lip service from some of them. The fact that this has changed in 30 years is in itself quite incredible. So I am actually fairly positive about what we have achieved. It was hard for me, but I must say it was incredibly motivating to be acknowledged as a role model. You visit these villages in Africa or Yemen and see the little girl in the school recognizing that, "I am a woman too". So women can do it. After making speeches, I often get comments or letters regularly from young women in the audiences who want to follow my example. And while I was serving on the board of the World Bank, a young professional in one of the Executive Director's office jotted me a little note saying that, "*My country would never have sent a woman if you had not pestered the boss to send women in your office here*". These experiences are very inspiring.

Africa Must Build Its Capacity

Relating to this issue of technical assistance and the wasting of aid money, let me mention the billion dollars of grant money spent annually in Africa on technical assistance. These massive injections of old-style technical assistance have failed. Resident expatriate staff are trying in vain to superimpose institutions and concepts on the existing social and political fabric, norms and values. In the meantime, this practice is undermining institutional capacity, perpetuating aid dependency and destroying local people's motivation to take charge of their own futures.

There is one thing that I think is really crucial for effective governance in Africa, and that is national development plans or poverty reduction strategies should address, at their core, the crosscutting issue of capacity building. Indeed, it is recipient countries' capacity building strategies that should guide development assistance, particularly in the field of technical assistance. Technical assistance will only deliver results if it is truly demand driven and a part of a homegrown holistic capacity building strategy. This is absolutely crucial for the sustainability of capacity building in Africa. The traditional donor's attitude in the face of capacity problems is just to open a can of expatriate experts and throw them at random at the problem. These experts often just simply undertake the assignment and leave. Their knowledge might not have been relevant in the first place, because they are not building on local knowledge, local needs and priorities etc. It is not sustainable. So at the heart of every national development framework there should be the capacity building strategy, across the Ministries, with priorities set allowing only truly demand-driven forms of expatriate support. I think that is crucial.

Being on the Recipient Side Shaped my Views

Let me say a little bit about what shaped my own views. It was when I was at the World Bank representing not only my own country but 12 countries, several of which were aid recipients, including Armenia, Georgia, and some of the Balkans. And thus as their representative I was sitting on their side when they were negotiating with the World Bank and during the consultative group with all their donors. And it really was an eye-opener to me how it felt to be on the recipient side, how conditionalities did not seem to touch on the real issues, and were irrelevant or impossible vis-à-vis the domestic political economy. And the absolutely chaotic aid architecture one had to deal with, with all the different donors, with all the different hobbyhorses, and with all their inconsistent conditionalities. I remember a consultative group on a recipient, during which the World Bank had put as a condition for its adjustment loans that the recipient should not invest further in nuclear energy, while at the same meeting, Canada was proudly offering the expertise to build yet another plant. This type of contradictory position is often very common. It was really an eye-opener.

The second eye-opener came when I was Development Cooperation Minister in the Netherlands. The first place I went to was Mozambique. The Netherlands had been spending some 60-odd million Euros every year in Mozambique. So I met with the officials of the Finance Ministry - by then Luísa Dias Diogo was not the Minister yet, maybe the number two or three - and nobody in the Finance Ministry had a clue where that 60-million Euros was being spent on. We were just spending it left and right, in regions, for the University, with some sector Ministry but we never even informed the Finance Ministry. How could the schools or whatever we were building be sustainable? I found this just incredible, how a fairly decent and functioning government would not have any oversight on how the huge amounts of aid money at stake were actually used.

Part of what we had done was in the environmental sector; conserving the environment has been a staying political priority of the Netherlands. So we had actually built the environmental Ministry (in Mozambique), staffed it, provided equipment, which included fax machines and computers. When I met the Environment Minister, I asked: "*you have got this wonderful building and all your staff, what are your priorities now?*" To this he responded: "*what do you think they should be?*" This effectively made the point: "*was it not you who wanted this, so now tell us what we should be doing?*" This I also found incredible. This experience motivated the mantra in my later work, namely, ownership, and responsibility of the recipient for setting priorities and financial management. In other words, I grew to advocate the importance of overall governance and policies on the recipient side and the irrelevance and lack of sustainability of individual donors adopting a little town, village

or even a whole province. In other words, I spoke about the futility of erecting a little paradise in an ocean of misery and then flaunting the apparent success of our little project. But on withdrawal, the little paradise would collapse back in the ocean with nothing to show for it two years later. Billions of aid have been wasted like this, and I resolved that I would not be a party to such malpractice anymore.

One more example to illustrate the intrinsic lack of sustainability of projects, as opposed to influencing the overall policies of the recipient government by co-funding them, was, again, in Ghana. There, I met the Finance Minister and was sensitizing him about our readiness to give budget support to the health ministry, money that we had saved by withdrawing the Dutch Doctors as mentioned earlier. I brought up another subject in that conversation, which was that, at that time in Ghana malaria bed nets were attracting the highest value-added tax (VAT). They were really therefore very expensive. This, I thought was not a good idea. So I tried to explain to the Finance Minister that abolishing this tax on bed nets would constitute an important public-health investment in Ghana. To allay his fears of lost tax revenues, the Dutch government would increase its already substantial budget support to the health ministry. So he did, but it was a bit of a joke because he was claiming higher losses in tax revenues than what I felt was actually the case, but we ended up great friends.

Years later at an international conference, I ran into officials from Ghana's Finance Ministry who on identifying me said, "*You are the malaria bed-net woman.*" I was no longer a Minister and I was there as a less important person. They called out to me, insisting, "*You have to meet the Minister. We so often still talk about you and about the influence of that one meeting!*" They took me to the VIP corner where I did not belong any more and the Minister said warmly: "It is so good to see you again". He remarked that, the conversation we had years back had turned out to be very important to him, because it did make him think about these issues with the result that they were now socially marketing the bed nets. Alas, my successor in the Netherlands actually reversed this and went back to the "Dutch" projects, and ended up providing bed nets. Still, in terms of constructive donor influence, this anecdote serves as a lucid example of how budget support allows the type of conversation to ensure affordable bed nets all over the country, instead of a little project where the donor could only hand out a few.

Concluding Summary

In conclusion, I would like to reiterate that:

- Aid that undermines recipient's capacity and sense of ownership of policies and programs cannot support sustainable growth. It perpetuates dependence.
- African countries, leaders and professionals are not speaking out enough in support of aid reforms. Their reticence weakens efforts by development cooperation ministers in donor countries who stand against vested interests that are paid out of ODA budget, and who seek reform to aid delivery mechanisms.
- Billions of dollars are still spent on expatriate staff and their perquisites. African governments should learn to say "No" to supply-driven and tied aid. They should also say "No" when doing business with a particular donor is just too costly.
- Governments, policies and institutions must work in Africa and citizens should be capacitated to hold their governments accountable for results. This is the essence of democracy. Capacity of

parliaments and civil society organizations needs to be stepped up to promote accountability by the governments. This for long will remain a vital area for intervention in capacity building.

- Mutual accountability between donor and recipient countries should be encouraged and the existing platform or mechanism strengthened.
- The Doha Development Agenda on trade is not delivering results. Distortions in trade in agriculture are still a major challenge. Until rich countries open up their markets and reform their agricultural policies, success in achieving MDG 1 on poverty and hunger in African countries will remain a mirage. Rich countries' agricultural subsidies are an unfair trade practice. They are crowding out African farmers and destroying the livelihoods of small producers.
- African countries should strive to earn their external resources on the international market than endure endless lectures by World Bank and IMF officials as well by Development Cooperation Ministers from rich countries. Many African governments are still too focused on maximizing aid than trade opportunities.
- African governments are not speaking out loud and hard enough on trade issues. Trade is more important than aid. Poor countries still have very weak capacity for trade negotiations. This is a critical area for intervention in capacity building. For instance, not enough negotiations have gone into the Economic Partnership Agreements. These Agreements in the African context should:
 - Yield to intra-African integration.
 - Abstain from pushing Singapore or WTO-plus issues, which have the effect of creating burdensome obligations and distracting from or leading to inconsistency with development priorities.
 - Not demand reciprocity, as there are attendant trade-adjustment costs to African countries, which need attention. Instead, the EU should grant real and tangible market access to African countries by dealing with non-trade barriers (NTBs), including granting more flexibility on rules-of-origin and inordinately burdensome health and environmental standards.

But then, African countries should speak up and defend their own interests. It will be recalled that the Council of European Trade and Development Ministers met in the fall of 2007 with their African counterparts. At least two European Development Ministers took to task the Trade Commissioner, expressing doubt about the development impact of the EPAs. Not one African stood up and said, "I agree with the Dutch and the Italians on their observations on the EPAs." They just kept silent. It is extremely difficult then as a rich country's Development Cooperation Minister to take issues with the European Trade Commissioner who would wonder whether we know African interests better than Africans themselves. This has been a recurrent experience for me, not only in the field of trade, but also in other spheres of development efforts.

- African Finance Ministers should be more vocal about the quality of aid, and should relentlessly advocate changes in donor behaviour.
- African leaders like the former president of Tanzania, Benjamin William Mkapa, who is known all over as a person with enormous credibility and integrity, and who possess a record of effective leadership in economic reforms should continue to speak out on trade issues, poor performance by the G8, especially on Glenn Eagles commitments on which nothing has been delivered, and the quality of aid, among other issues.
- In speaking out in support of the efforts by some Development Cooperation Ministers who are doing the right thing in the area of trade and aid reforms, countries such as South Africa (that is

not dependent on aid) and Nigeria (that should not) need to do a lot more on behalf of the continent.

- There are a lot of success stories on progress by African countries in the achievement of some of the MDGs. Ghana is on track to achieving the poverty goal; 10 countries have shown strong indications in achieving the education goal; Mozambique has made substantial progress on the infant mortality goal; Tanzania has progressed on most of the goals; Burkina Faso and Mali are on target to meeting a number of other goals, while Senegal is expected to secure the eighth goal. There are other promising cases as well.
- Africa countries must continue to invest in the building of capacity. The massive injection of billions of dollars in the old-fashioned technical assistance in Africa has failed to deliver development results. Technical assistance programs are not built on local knowledge and development priorities. This is undermining human and institutional capacity, perpetuating aid dependence and destroying people's motivation to take charge of their own futures.
- Development assistance should be driven and guided by recipient's development priorities and capacity building strategies. Development assistance that does not have a clear path to sustainable capacity building and growth is of little or no value. To this, Africans must say "No".

Thus, in all, Africa must take charge of its development, push for trade and aid reforms and continue to invest in the development of its own capacity.

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