1st INTERNATIONAL TURKISH - AFRICAN CONGRESS
23-24 November 2005
Istanbul, Turkey
organized by
The Turkish Asian Center for Strategic Studies (TACSS)

THE ROLE AND EFFECIENCY OF FOREIGN AID IN AFRICA'S DEVELOPMENT (PROBLEMS AND RECOMMENDATIONS)

Paper by

Zahra NURU

Director and Senior Advisor to the Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS)

Extract from a paper on The Need to Transcend Special Interests by Dr Kenneth Kaunda, Former President of the Republic of Zambia (1964-1991):

> ***"In Africa we are confronted by four urgent problems that are ravaging our continent: (1) poverty and its offshoots of disease, illiteracy, crime, and social upheavals; (2) AIDS; (3) malaria (4) tuberculosis. It is sad that despite abundant resources, the continent continues to languish in abject poverty. I am sure there are many hypotheses as to why this is the case. Notwithstanding these, positive steps must be taken to reduce these poverty levels urgently, within the spirit of economic justice…our continent has been afflicted by conflicts and wars for decades …….This situation cannot be allowed to continue indefinitely. The time has come for a sincere, objective approach that will stand the test of time."***

Introduction

The Universal Declaration of Human Rights and the Millennium Declaration pledged to safeguard basic human rights-the rights of each person on the planet to health, education, shelter, and security. The Millennium Development goals are world's time-bound and quantified targets for addressing extreme poverty in its many dimensions-income poverty, hunger, disease, lack of adequate shelter and exclusion, while promoting gender equality, education, and environmental sustainability. The United Nations has defined 50 countries as least developed (LDCs) of which 34 are based in Africa, 14 in Asia and one each in the Pacific and in the Arab States and the Latin America and Caribbean region. These countries represent the poorest and weakest segment of the international community and one in every ten persons on this planet is living in an LDC. Countries within this group are identified on the basis of three important criteria of low-income, human resource weakness and economic vulnerability.

It is widely acknowledged that, the international development goals will not be achieved, and the populations of the vast areas of Africa and other LDCs will continue to live in conditions of dehumanizing poverty and exclusion, unless concerted action directed at national policies is taken, as well as targeted external support measures by their partners. The priority measures identified by the 2001 Brussels Declaration include, focus on significant reduction of extreme poverty, developing human and institutional resources to support sustained growth and sustainable development. They also focus on removing supply side constraints and enhancing productive capacity and expansion of domestic markets to accelerate growth, income and employment generation, and enhancing share of world trade and global financial and investment flows, environmental protection and food security and reduction of malnutrition.

The Africa Development Dilemma: The continent has a total population of about 850million people that has historically contributed its enormous human and natural resources to the wealth of nations far and wide. During the last thirty years Africa's political and socio-economic development has been haunted by its past, with the pains of independence and a serious dependence created by the inherited economic architecture and social infrastructure. Africa, with about 13% of the world population, account for about 2% of world economic output. North America, with about half as large a population as Africa, accounts for about one-third of world gross domestic product (GDP). Real GDP in Africa has remained constant as a share of the world total since 1970 at about 2%, and is projected to remain around 2% through 2020.

The demographic trends in Africa show increased population growth rates, from a population of 364 million in 1970 to nearly 800milion in 1999 and is expected to grow further to 1.3 billion, by 2020. As can be seen the population in Africa has more than doubled since 1970 and is growing at around 2.7% per year (the fastest in the world) with significant growth of younger populations of under 15 years reaching 40% in some countries making Africa a youthful continent.

African real GDP is forecast to grow slightly faster than the population at about 4% per year through 2020, and as a result of real income per capita is generally increasing slowly on average with significant variations by country. In 1998 real GDP per capita grew 3.8% was US$576, up slightly from $573 in 1995. Economic growth in oil exporting countries likes Algeria and Nigeria during 1998 and early 1999 were adversely affected due to sharp slump in world oil prices. Africa is heavily reliant on export of primary products of agriculture and minerals. African economies that are mainly oil importers were affected as a result of the rising global oil prices, the demand for services markedly increased partly due expansion of education and health to reach larger population mainly in rural areas and to meet the raised expectations. This in turn created alarming budget deficits as most countries still depended on the public sector in the provision of basic services of health, education, agricultural extension, water and sanitation etc.

Debt service has been a major problem for many African countries and African indebtedness nearly tripled between 1980 and 1995. The continents total debt burden amounts to $300 billion. Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative was US$1.4 billion in 2001. At the same time, trade-distorting policies have prevented the creation of incomes far in excess of these amounts. Of the15 Heavily Indebted Poor Countries (HIPC), 13 are in Africa. Assessment of trends in income poverty has shown massive reversals and stagnation in Sub-Saharan Africa with almost 100 million more people living on less than US$1a day in 2001 than in 1990. See the table below on **tracking changes and reflecting developing countries progress in selected regions since1990**.

Table1. Tracking developing world progress by region since 1990 – (selected regions)

	Sub Saharan Africa		Northern Africa		Latin America and the Caribbean		Eastern Asia		CIS (Europe)		CIS (Asia)	
	1990	2001/02	1990	2001/02	1990	2001/02	1990	2001/02	1990	2001/02	1990	2001/02
GDP per capita (constant 1995 US$)	595	581	1,263	1,484	3,290	3,735	351	943	3,553	2,617	1,223	938
Undernourishment Prevalence (%)	35	33	5	4	13	10	16	11	4	4	18	27
Net enrollment in primary education (%)	54	62	82	92	86	96	98	92	91	87	85	94
Ratio of girls to boys in secondary education	0.81	0.79	0.94	0.96	1.09	1.07	–	–	–	1.01	–	0.97
Under-five mortality rate (per 1,000)	186	174	87	41	54	34	48	38	–	–	–	–
Maternal mortality (per 100,000 live births)	_	920	_	130	_	190	_	55	–	–	–	–
Share of land area Covered by forest (%)	29	27	1	1	50	48	15	17	49	49	5	6
Access to improved water supply (%)	49	58	88	90	83	89	72	78	–	–	–	–
Access to improved sanitation (%)	32	36	65	73	69	75	24	45	–	–	–	–
Share of urban population living in slums (%)	72	72	38	28	35	32	41	36	6	6	6	6
Telephone lines and cellular subscribers (per 100 population)	1	5	3	17	6	36	2	38	–	–	–	–

Source: Investing in Development: A Practical Plan to Achieve the Millennium Development Goals

Agriculture is an economic mainstay of many least developed countries. In Africa, agriculture accounts for 24% of the continent's GDP, 40% of its foreign exchange earnings, and 70% of its employment. Women constitute the main workforce in agriculture, and in Uganda alone women produce 75% of the country's food and comprise 80% of agricultural labour force.

During post independence period, several efforts were undertaken to shape an Africa that seeks to re-engineer itself through sustainable economic growth, (and create institutions that support political independence and economic viability). These included expert meetings and summits of heads of state and government which were convened by the then Organization of African Unity (OAU) and UN Economic Commission for Africa (UN/ECA) in Addis Ababa and other capitals in the continent to discuss how Africa can attain its set targets and ambition, to fast track progress, bring real independence and integration, and realize the potentials of the continents people. The political and military struggles of liberation of Southern Africa, and anti-apartheid movements provided a strong rallying ground for the continent and enhanced African unity. During the 1990s the OAU enacted key compacts for sub-regional and regional integration that included the African Economic Community. These compacts provided a strategy for modernizing African economies and supported the transformation of the African body from being a purely political voice of Africa to an organization that can seriously advocate for the continent on matters of globalization that increasingly exhibited the growing marginalization of the continent to contemporary global economic issues and sustainable human development of the people of Africa.

The previous decades ushered in the Lagos Plan of Action, Africa Development Decade and the current African Union's (AU) blueprint, the New Partnership for Africa's Development (NEPAD). The Africa Peer Review Mechanism (APRM) has brought in a unique and dynamic tool which puts on the agenda issues of national governance that had always been sacrosanct. This is critical governance mechanism that has been endorsed by almost half of members of the AU which allows countries to conduct country-based self assessments in governance and its governance institutions. The APRM is facing enormous challenges that have the potential to affect its effectiveness, in especially in dealing with several countries in Africa that are facing situations of conflicts, civil strife and wars as well as those that are in fragile conditions of post-conflict, rebuilding and reconstruction. These are all pillars in the construction of a continent that seeks to be responsive to the needs of the population, that is more democratic, that is stable and peaceful and seeks to build a better future for the coming generations.

The recent 2005 Commission for Africa report has challenged the G8 summit of industrial powers to make aid for Africa an urgent and issue of priority if the global community is to meet its development goals including the MDGs. (**See information on tracking developing world progress by region since 1990 (in selected regions**).

All these intentions and forward looking strategies that are not mutually exclusive are meant to outline parameters of how support to Africa could be used to deal with the challenges that the continent is facing. They clearly require visionary leadership and commitment, at the national, sub-national and local levels. They provide the basis for social and economic transformation of societies in the poor countries to bring about human dignity by increasing the level and quality of aid to Africa, support policies that focus on debt relief, humanitarian and emergency response as well maximize the impact of development assistance. While in some countries they catalyze and add value to national policy frameworks, in others they serve as the engine of reducing human and income poverty, combat environmental degradation, support efforts to deal with diseases and HIV/AIDS and assist institutions of governance. Policy implementation and monitoring of progress of these noble goals and targets, remain as the most divisive and challenging factor in the whole of the development equation in Africa.

The continent's population of Sub-Saharan Africa, prior to the onset of the HIV/AIDS epidemic had shown positive trends of increasing life expectancy to over 50 years in some of the countries. However, in the last decade following the wave of the epidemic, life expectancy has plummeted to an alarming level, reaching almost 39 years in some of the sub-Saharan countries. This demographic reality poses one of the most important challenges of our time. The continent's population is poorer than 25 years ago mainly due to AIDS, life expectancy and the rate of infant and maternal mortality is clearly worsening. The macro-economic impact of the loss of human capital will seriously affect economic development. (For countries such as Lesotho the 2002 GDP was 714.4million USD and GNI per capita of US$550(World Bank, 2005). In ten years the country's GDP would be US$200 million lower than it would have been without AIDS, and the country's GNI per capita would be $94 lower.)

As AIDS took hold in Zambia, the cost of human and institutional capacity has also translated into shrinking economies and falling of GDP by more than 20% from US$505 to US$370 between 1980 and 1999. However not all this decrease can be directly attributed to AIDS. In Burkina Faso, for example UNDP estimates that the proportion of people living in poverty due to HIV/AIDS will increase from 45% to nearly 60% by 2010.

Average incomes in Sub-Saharan Africa are lower today than in 1990. Recent years have witnessed signs of recovery in several countries, including Burkina Faso, Ghana, Ethiopia, Mozambique and Tanzania. However, to put recovery into context, it will take SSA until 2012 just to restore average incomes to their 1980 levels at the 1.2% per capita annual growth experienced since 2000. (p 34 2005 UNDP HDR).

Foreign Aid in Africa's Development

The issue of what needs to be done to enhance the impact of development assistance in Africa has been raised time and again. Basic parameters of what and how much aid and development assistance could support reforms and change living conditions of Africans, improve production, processing and marketing and provide micro-macro linkages remain linked to public policy and national plans and programmes. Issues of aid effectiveness and efficiency have been linked to recipient country's absorptive capacity, conditions for reforms and overall national macro-economic policies, public sector reforms and fiscal and monetary policies. On the other hand, donor funding and disbursements have traditionally been linked to donor country's policies that provide basic regulatory and management instructions and guidelines. These have included preferences for specific sector interventions, geographical zone, area or country and sometimes go further to outline where and in what programmes in certain countries the donor support should be targeted or directed at. As can be expected bureaucratic necessities of both parties give rise to delays in disbursements towards intended programmes. In some cases distortions have been caused by foreign exchange fluctuations at the time of disbursements which translated into budgetary management lapses/flaws. In determining the roles of both the donor countries and its partners in enhancing development effectiveness, it is essential to reflect on the multi-dimensional nature of donor policies and practices on the one hand, and recipient country's plans and approaches on the other. In order to facilitate aid coordination and ensure timely and efficient utilization of resources some measures to be taken would include creating appropriate mechanisms for promoting capacity to manage official development assistance (ODA) through intensive dialogue and joint appraisals.

Aid Flows

2005 marks 35 years since the international target of ODA of 0.7 percent of developed countries' national income was first affirmed by UN member states in a 1970 General Assembly Resolution which states:

"In recognition of the special importance of the role that can be fulfilled only by official development assistance, a major part of financial resources transfers to the developing countries should be provided in the form of official development assistance. Each economically advanced country will progressively increase its development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its gross national product at market prices by middle of the decade." (UN 1970 paragraph 43).

The first deadline passed as ten years after the declared target ODA reached 0.35 percent in 1980 and by 1990 ODA was at 0.34% of donor GNP. It then fell to 0.23% in 2002, when the same year the 0.7% target was reconfirmed by all countries in the Monterrey Consensus (OECD 2004). Parties to the Consensus committed to reversing the trends in declining ODA, when the European Union had agreed to an average of 0.39% of gross national income (GNI) by 2006 (from 0.33%). And OECD-DAC members had increased their ODA to developing countries by 4.8% in real terms from 2001 to 2002, to $57 billion, equal to 0.23% of their combined GNI. According to OECD estimates, fulfilling the promises of Monterrey would raise ODA in real terms by 31% (about $16 Billion) and bring the ODA.-to-GNI ratio to 0.26% by 2006, still well below the 0.33% consistently achieved until 1992. The commitment of attaining the long-established target of 0.7% of GNI appears to be a long way towards fulfillment.

So far only five countries have met and surpassed the 0.7% target: Denmark, Luxembourg, the Netherlands, Norway, and Sweden. In the past two years, however, six other countries have committed themselves to specific timetables to achieving the target before 2015: Belgium, Finland, France, Ireland, Spain, and the United Kingdom. Thus nearly half of the membership of OECD's Development Assistance Committee has now set a firm timetable for reaching 0.7% by 2015, (the target date for achieving the Millennium Development Goals).

Box 1. Assessing donor contributions to development effectiveness: A multidimensional approach

When trying to determine the proper role for donor countries in enhancing development effectiveness, it is critical to consider a wide array of donor policies and practices. Disbursements of official development assistance (ODA) are very important instruments. Trade, environment, investment and debt relief policies and practices are additional ways for donor countries to influence development effectiveness in poor countries. Evaluations of the development friendliness of donor policies and practices that explicitly take these additional variables into account will therefore paint a very different picture from evaluations that merely consider amounts of aid disbursed.

Promoting this need for a more comprehensive appraisal of donor policies and practices, the Center for Global Development, a Washington, D.C.-based think tank, analyzed the practices and policies of 21 donor countries in official development assistance, trade, the environment, investment, migration and peacekeeping to promote development. Underlying the findings (criticized because of the weighting system used for constructing the index) has been the belief that taking these additional variables into account provides a different picture of which donors are most committed to development.

For example, the two countries providing the highest absolute amount of foreign aid to the developing world are the United States and Japan. By this criterion alone these tow countries could be said to be doing the most to promote development (though both look less generous when ODA is viewed as a percentage of their gross national income). But when the additional policy variables are included in the analysis, the ranking of countries changed considerably; the Netherlands, Denmark and Portugal were regarded as the top three countries committed to development.

Source: Millenium Project: Investing in Development adopted from Center for Global Development, 2003, "Ranking the Rich", Foreign Policy May/June.

According to World Bank statistics, the flow of ODA in 2001 was equal to 8.1% of gross national income in the least developed countries and 2.3% in other low-income countries. Developed countries' political, economic and strategic interests in aid allocation continue to be issues of intense dialogue and debate. According to the UNDP's Development Effectiveness Report 2003, it is quoted that a World Bank study found that non-economic factors, such as colonial ties, the likelihood of voting with donor countries in the United Nations and special relationships, such as that between Egypt and the United States, have far greater bearing on aid allocation than do poverty, economic policies or political openness. But there is evidence that suggest that aid allocations are shifting more towards development, and a small upward trend in the last few years has been acknowledged particularly ODA to the least developed countries, low income and Sub-Saharan Africa. See table below

Table 2. Aid flows by region, 2001								
Region	Country	Aid (% of GNI)		Aid (% of central government expenditures)		Exports of goods and services (% of GDP)		
		1990	2001	1990	2001	1990	2001	
North Africa and the Middle East	**Overall**	**2.6**	**0.7**			**32.9**	**33.8**	
	Algeria	**0.4**	**0.3**		**1.0**	**23.4**	**37.2**	
Sub-Saharan Africa	**Overall**	**6.4**	**4.6**			**27.0**	**31.2**	
	Tanzania	**28.8**	**13.3**			**12.6**	**15.6**	
	Senegal	**14.9**	**9.2**		**41.6**	**25.4**	**29.6**	
East Asia and Pacific	**Overall**	**1.2**	**0.5**			**25.0**	**40.7**	
	China	**0.6**	**0.1**	**5.3**		**17.5**	**25.8**	
	Philippines	**2.9**	**0.7**	**14.7**	**4.2**	**27.5**	**49.3**	
South Asia	**Overall**	**1.5**	**1.0**			**9.0**	**15.2**	
	India	**0.4**	**2.0**	**2.7**		**7.2**	**13.7**	
	Bangladesh	**7.0**	**2.2**		**2.0**	**6.2**	**15.4**	
Europe and Central Asia	**Overall**	**0.3**	**1.0**			**23.1**	**41.2**	
	Russian Federation	**0.0**	**0.4**		**1.5**	**18.2**	**36.8**	
Latin America and the Caribbean	**Overall**	**0.4**	**0.3**			**14.1**	**18.6**	
	Bolivia	**11.8**	**9.4**	**68.6**	**34.1**	**22.8**	**18.3**	
	Dominican Republic	**1.5**	**0.5**	**12.3**		**33.8**	**23.9**	
Source: World Bank, 2002.								

ODA can help fill resource gaps and ensure that, after recurrent expenditures, more resources are available for development.

Aid has worked in Europe with the Marshall Plan, and has also worked in countries as diverse as Botswana and the Republic of Korea, with GDP per capita growth of 5-6% a year between 1975 and 2000. Aid is valued not only for the funds it provides, but also for the additional benefits to the receiving country, such as new ideas, knowledge and expertise. While a number of countries that were once dependent on aid now essentially do without it, such as Botswana and the Republic of Korea, a far greater number are more dependant than ever. The analysis implies aid should be better targeted to help the development of the most needy countries and reduce aid dependency.

ODA to Africa in 2002 reached $22.23 billion. Preliminary data show that OECD/DAC countries increased their ODA by 3.9% in real terms between 2002 and 2003. Using that growth rate to estimate ODA into Africa would yield an ODA flow of approximately $23.09 billion for 2003.Both before and since the international Conference on Financing for Development, held in Monterrey Mexico in 2002, several studies have shown that Africa will need about half of the estimated $50 billion of additional ODA, over 2001 ODA level, required to achieve the MDGs by 2015. These studies did not explicitly incorporate the cost of building economic infrastructure needed. Moreover

African countries remain burdened by the issue of improving aid effectiveness and harmonization and simplification of the complex reporting, administrative and financial procedures as required by donors, as exemplifies by the Rome Declaration on Harmonization.

The need for policy coherence in international assistance to Africa is highlighted by lack of complementarities in debt, aid and trade policies towards Africa. For example, period stretching back more than 20 years ODA to Africa has been almost offset by debt service. See Table 3 below:

Table 3. Net ODA flows to and debt service[1] of Africa

	1990	1995	2000	2001	2002
Net ODA flows to Africa[2] (billions of US$)	25.56	21.96	15.78	16.63	22.23
Debt service of Africa on long-term debt[3] (billions of US$)	22.00	20.30	20.00	19.00	17.60
(including private non-guaranteed debt)	23.02	22.24	22.14	21.39	21.93

Annex to the UN General Assembly report A/59/206

Sources: OECD/Development Assistance Committee Statistics and Monitoring Division

This refers to debt service of Africa on long-term (public, private guaranteed and private non-guaranteed) debt.

[2] OECD/DAC Statistics and Monitoring Division indicates that the Libyan Arab Jamahiriya progressed from part I to part II of the DAC list on 1 January 2000. This means that as of that date the Libyan Arab Jamahiriya is eligible to receive official aid and not ODA.

[3] UNCTAD, based on calculations from World Bank Data.

Other examples of incoherence are evident in trade and ODA, as well as trade and debt relief. For nearly a quarter of a century, starting in 1970, the dramatic decline in Africa's market share amounted to an estimated income loss of $70 billion per year, almost five times the average annual amount of ODA to Africa. Moreover the sharp decline in prices of key export commodities explains the deterioration of net present value of debt-to-export ratios projected at decision point for 2010. Of the15 Heavily Indebted Poor Countries (HIPC), 13 are in Africa. Improved policy coherence, national ownership and strategic focus provide a virtuous link in the chain of increased and effective aid, reformed trade policies and debt relief by developed countries towards Africa.

Flows of foreign direct investment to Africa continue to rise, although the absolute value and share of global FDI flows remains small. FDI flows to Africa increased from $11 billion in 2002 to $14 billion in 2003c accounting to a mere 2% of global FDI flows. FDI flows into the continent are highly concentrated in a few countries and a few extractive industries, mainly oil, gold, and aluminum.

1

2

3

Reflections and Conclusion

Africa is at crossroads of human development given the fragility of African economies, political stability, governance and emerging conflicts, interventions to the continent need to take certain factors into account. Policy makers and their partners are facing critical decisions of what, where and when to provide support. The challenge that Africa is facing in this context would not only to focus on mobilization and management of aid and ODA but create an environment that would pave the way towards preventive development through effective mobilization and utilization of internal capacity and internal resources to build sustainable human development.

The continent, particularly Sub-Saharan Africa has the highest rate of undernourishment, with one-third of the population below the minimum level of dietary energy consumption, the lowest primary enrollment rates of all regions with gender disparity at the primary level the lowest at 0.86. The HIV/AIDS crisis is devastating much of the continent, destroying lives and livelihoods, with women disproportionately affected, with 13 infected women for every 10 infected men (UNAIDS2004). Malaria and TB incidences are also the highest in the world with attendant high maternal and child mortality ratios of 46 times higher than in developed world. A number of countries in Africa have initiated Poverty Reduction Strategies, and there has been progress in access to safe drinking water, but Sub-Saharan Africa is the region with the greatest MDG investment needs and most vulnerable in the world to a persistent poverty trap. There are five structural reasons given by the Millennium Project: very high transport costs and small markets (this situation is even more dire in the landlocked countries), low-productivity agriculture, very high disease burden, a history of adverse geopolitics and very slow diffusion of technology from abroad. Aid has to take into account these realities as well as their underlying causes. Constraints which could hamper the effectiveness of assistance (including lack of various capacities and sustainability) should be addressed in practical ways, factoring in past experience and opinion of a broad spectrum of stakeholders.

As an example of targeted aid that has had substantial impact, is ODA to Asia from Japan that created support to transformed economies of partner countries and raised their status to middle income and provided the East Asian Miracle. Japan was the largest donor from 1991 to 2000, its ODA between 1990 to 2003 was US$153.3 billion, which represents nearly one-fifth of total ODA provided during that period and largest among DAC member countries. For current volume, in 2003 Japan provided US $8.9 billion (net disbursement) and US$13.0 billion (gross disbursement) while the DAC average was US$3.1 billion (net disbursement). Asia received 53.6% of its total bilateral ODA-US$3.2 billion out of US$6.0 billion in 2003 (according to the OECD IDS Online 4 CRS 2005). With regard to Africa Japan has provided bilateral assistance and development assistance through the TICAD process amounting to more than US$12.7 billion in areas such as basic human needs, infrastructure, and agriculture.

The rise in aid has been significant and ODA increased by US$12 billion from 2002 to 2004. The world's largest donor, the United States has announced the biggest increases in its national aid programmes since 1960s. Their increase in development assistance accounts to US$8 billion, although the increase has been from a low base measured in terms of aid as a share of national income, it includes large aid transfers for Afghanistan (which is an LDC), and Iraq.

The Group of Eight (G 8 industrial Countries) summit in 2005 provided a boost to development assistance in the form of additional debt relief and new commitments on aid. The United Kingdom through its support to the Commission for Africa is urging their European Union colleagues to assist Africa through a new "Marshal Plan" for Africa's revival advocating the doubling of aid and total debt write off. This initiative has been welcomed and endorsed by African Ministers at the Cape Town meeting of the Commission for Africa. A number of European Union members have pledged support to the Commission's poverty reduction initiatives. In order realistically maximize the impact of aid on development in Africa; these efforts require policy coherence in reforms of trade regimes. Farm production in many economies has been affected by export subsidies, tariff peaks and escalation.

Ending the poverty trap in Africa will require a comprehensive strategy for public investment and improved governance. Special consideration has to be given to issues of gender equality and social and economic status of women. Women in Africa continue to carry a triple burden of production of food, processing and preservation using traditional methods (most times with little or no access to technology that minimizes drudgery). They are also responsible for family's welfare including taking care of the sick and with the advent of AIDS in households and communities, women's roles in care-giving has become central and indispensable. As Africa is left behind the development pendulum, technology and innovation, when introduced continue to exclude women and the role of African women to fetch fuel-wood, portable water for the family and many other errands that require drudgery make the women of Africa the central locus of its development. Support in development assistance and aid to the continent should and must be directed at policies that are gender equal and women inclusive if the development and peace dividend is make any mark for Africa's future development

According to the UNDP Development Effectiveness Report, 2003, more aid ODA goes to policy and administrative management than to education, health, population, water and sanitation combined. Prospects for meeting the Millenium Development Goals depend not just on more aid, but more on effective aid as well. It also advocates for ODA that works towards enhancing development effectiveness only when it recognizes the obstacles to development-only when it is better targeted and used to address the gaps in a country's capacity, ownership and policy environment.

Aid governance continues to present critical management challenges on the part of donors as well as the recipient countries. It also exhibits duality of perceptions. Needless to say the issue of improving ownership of aid needs to be enhanced. However, this has to be accompanied by improved coordination of aid, targeting of aid to policies and programmes that have the potential to deal with income and human poverty, as well as to improve the livelihoods and incomes of the people in recipient countries. In order to enhance better aid governance, the aid package needs to respond to the needs, and be flexible enough to allow both parties to cater for the evolving demands and emerging needs that the aid policies are designed to meet. Various country led initiatives for aid coordination are now becoming the rule rather than the exception. For expediency human and institutional capacity demands including pooling of needed resources for targeted sectors often have the potential meet economies of scale in the management of aid, in addition to reducing the cost of aid. Some of the initiatives implemented in Southern Africa, by the some donors notably the Nordic Countries particularly Norway and Sweden have the potential to reduce transaction costs, enhance ownership and realize the intended objectives. United Nations, has as a matter of policy introduced at the country level the Common Country assessments and UN Development Frameworks that seek to coordinate its development support and enhance coherence at the country level. The DAC group has built also regular in country dialogue to foster more coordination.

In conclusion improving the quality of aid, timely flow of aid resources and clear design of policies and programmes to human development, as well as clear monitoring of aid through coordinated guidelines, continue to provide the best measure for aid effectiveness and efficiency.

References

1. Investing in Development: A Practical Plan to Achieve the Millennium Development Goals: Millennium Project 2005 Report to the UN Secretary-General.
2. Population Challenges and Development Goals, UN Economic and Social Affairs.
3. Declaration and Programme of Action for the Least Developed Countries for the Decade 2001-2010.
4. Special Report: World Innovative Approaches to Peace – A Publication of the Interreligious and International Federation for World Peace-the UN at 60 Challenge and Change.
5. Hoping and Coping: A Call for Action: The Capacity Challenge of HIV/AIDS in Least Developed countries by UNDP/UN-OHRLLS.
6. Development Effectiveness Report 2003: Partnerships for Results, by UNDP.
7. New Partnership for Africa's Development: Second Consolidated Report on Progress in implementation and International Support Report of the UN Secretary-General to the UN 59the session of the UN General Assembly.
8. Business Day Africa January 24, 2005, Is this the real deal for a new Africa?
9. Reconstructing Governance and Public Administration for Peaceful, Sustainable Development, UN Economic and Social Affairs publication, 2004.
10. UNDP Human Development Report 2005, International Cooperation at crossroads: Aid, tarde and security in an unequal world.
11. Dennis A.Rondinelli and G.Shabbir Cheema, Reinventing Government for the Twenty-First Century: Capacity in a Globalizing Society, 2003.