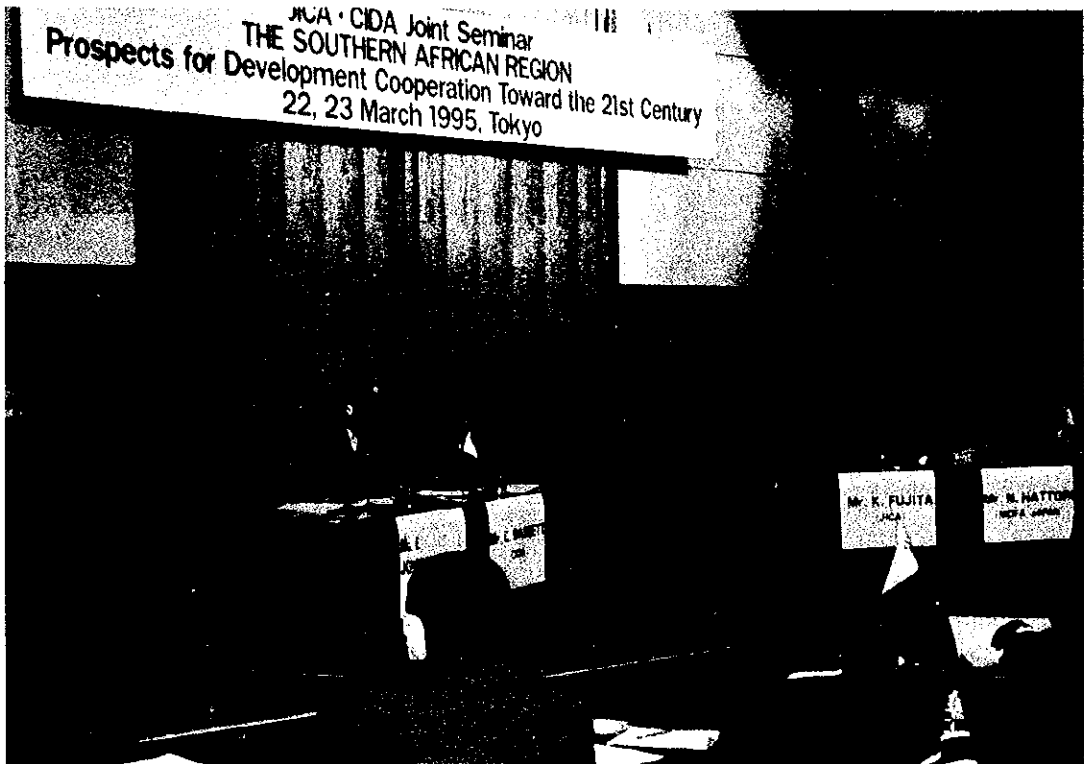
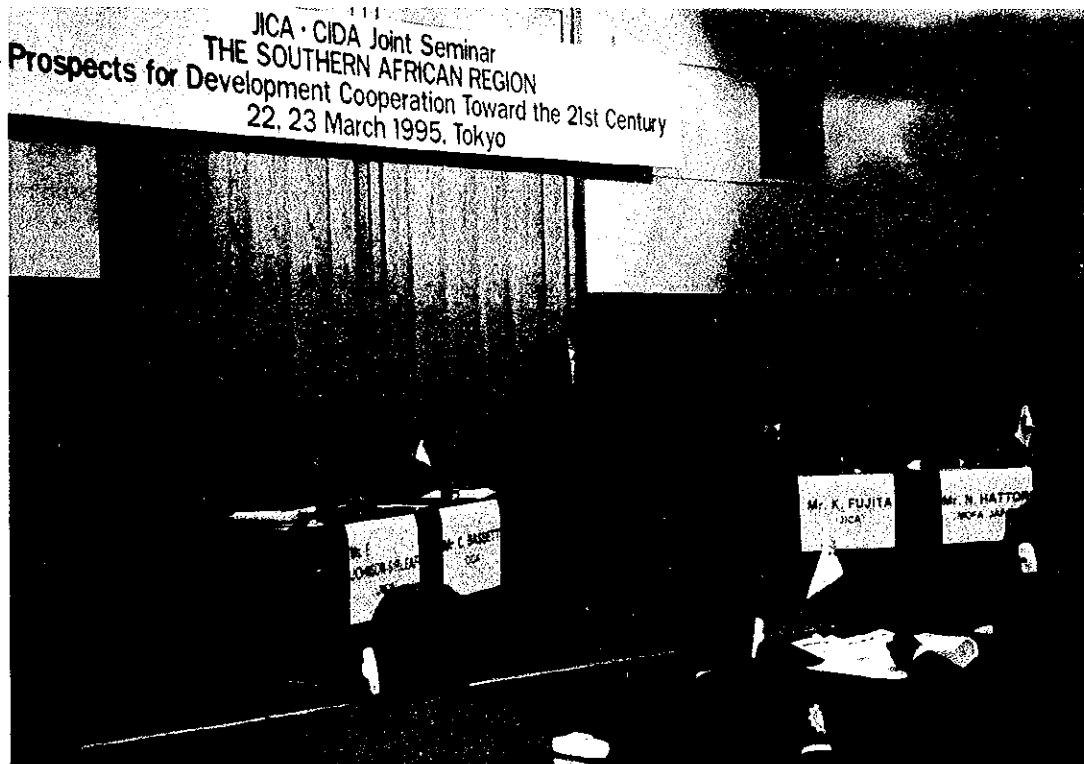


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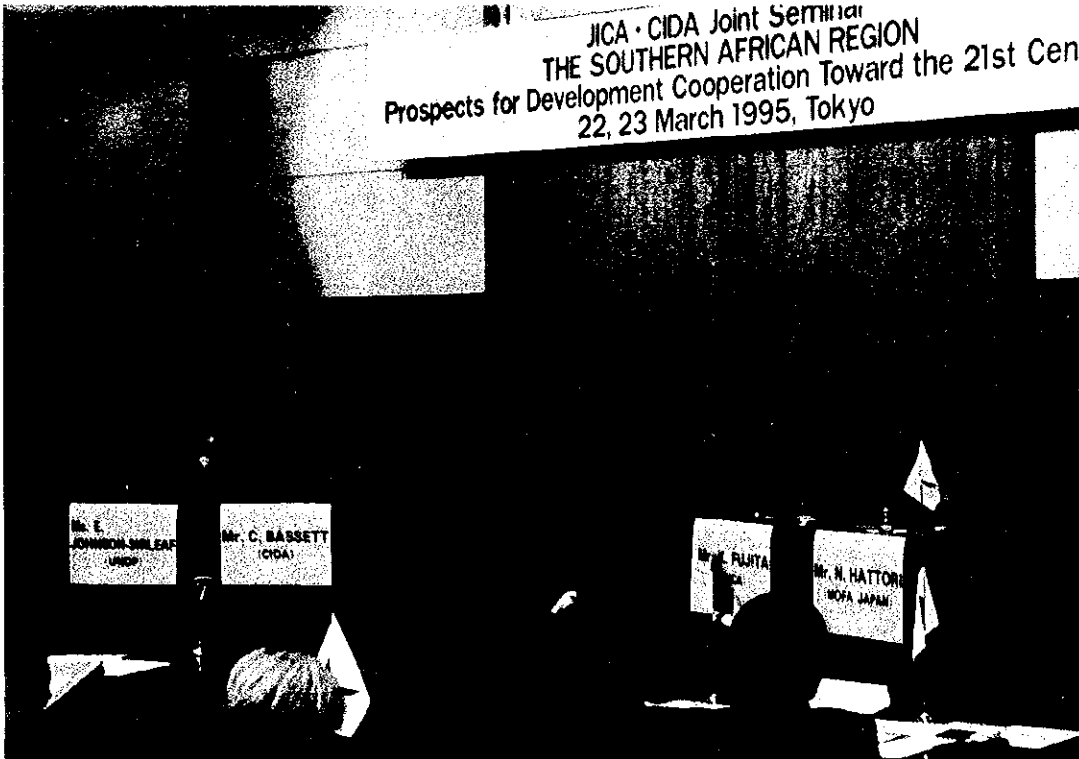
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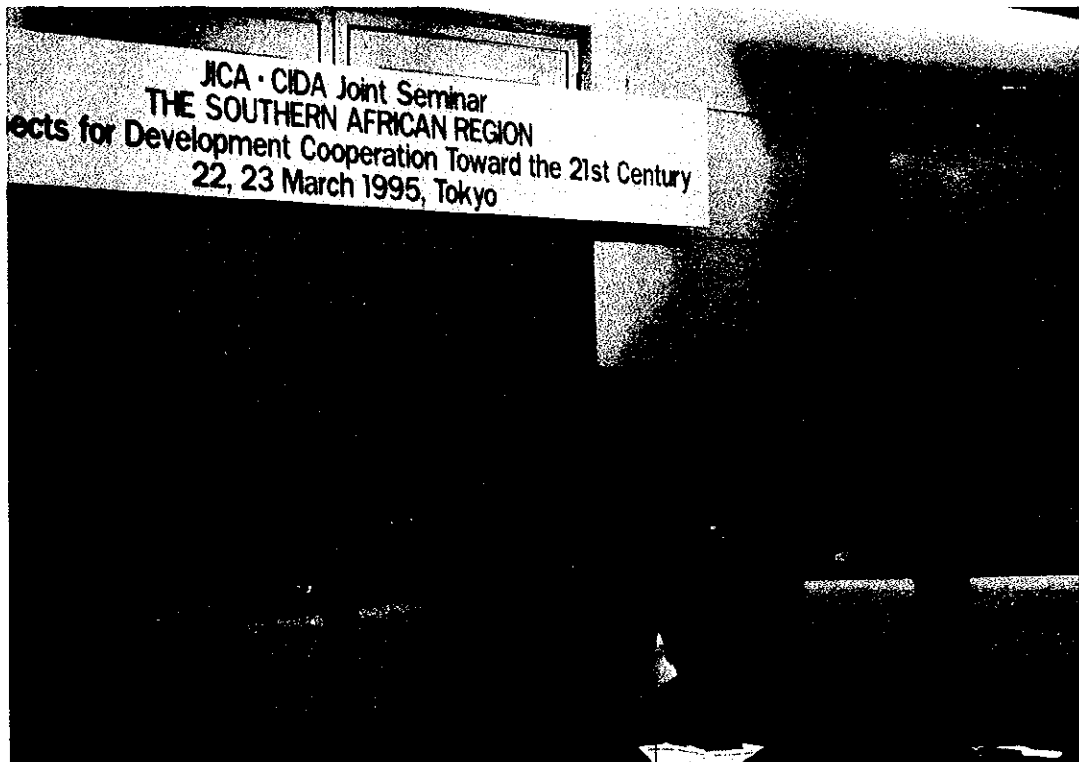
Mr. Kimio Fujita, President, JICA



Mr. Charles Bassett, Senior Vice President, CIDA



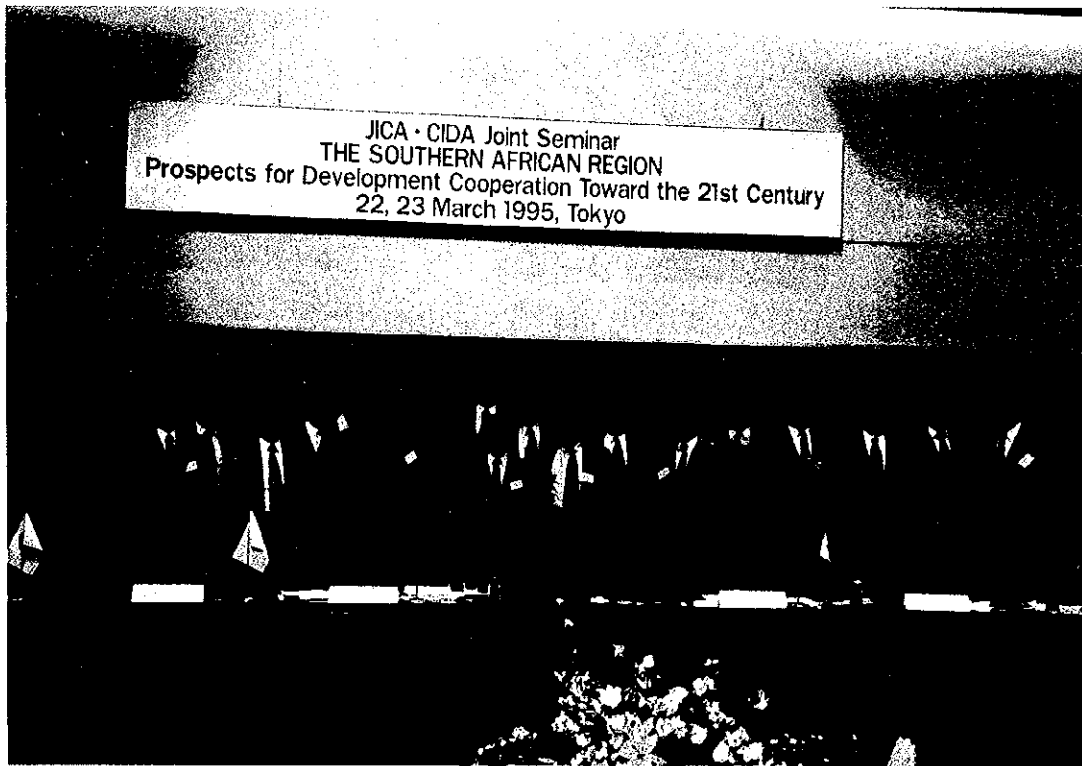
Mr. Norio Hattori
Deputy Director-General, Economic Cooperation Bureau, Ministry of Foreign Affairs



Ms. Ellen Johnson-Sirleaf
Assistant Administrator and Director, Regional Bureau for Africa, UNDP



Panel Discussion



Participants of the Seminar

**The Southern African Region:
Prospects for Development Cooperation
Toward the 21st Century**

FOREWORD

On 22 and 23 March 1995, the Japan International Cooperation Agency (JICA) and the Canadian International Development Agency (CIDA) held a joint seminar entitled "Southern African Region: Prospects for Development Cooperation Toward the 21st Century" at the Institute for International Cooperation in Tokyo under the auspices of the Ministry of Foreign Affairs of Japan. This report contains transcriptions of the speeches and discussions from the both days of the seminar.

As a wave of democratization sweeps the world in the aftermath of the East-West Cold War, attention has turned to the Southern African region. This region has undergone some of the world's most turbulent change in recent years, as witnessed by the inauguration of the Mandela Administration in the Republic of South Africa following the April 1994 national election, the first in which suffrage was granted to blacks, and by the cease fire reached in the civil war in the Republic of Mozambique. With economic and geographical conditions that vary widely from country to country, the region embraces a highly complex state of affairs. In order for these countries to achieve stability and sustainable socioeconomic development in this new era, self-efforts in steering this newly found political freedom in the direction of domestic self-reliance, coupled with effective assistance from the international community, is essential.

Japan, as the world's leading donor country and one of the providers of aid to this region, established the Study Committee for Development Assistance for the Southern African Region within JICA in 1992 in a bid to formulate a suitable response to this situation. This Committee compiled its recommendations for a basic assistance policy last year after gaining an accurate grasp of the region's development needs and considering the most efficient methods for providing assistance.

CIDA also maintains a long record of assistance implementation in this region. Its activities include support for sustainable development, the forging of a new assistance policy framework in 1992 for the realization of a stable and equitable world through the alleviation of poverty, and research with an emphasis on human resources development.

In view of these efforts by Japan and Canada, this seminar provided an opportunity for implementing agencies and others with expertise in the area of assistance cooperation from Japan and Canada to join representatives from international organizations and officials in charge of aid implementation from the recipient governments in Southern Africa, to exchange opinions on self-efforts toward development and the role of assistance, and to engage in discussions for two days on the future prospects for the Southern African region.

Based on the results of this seminar, Japan and Canada intend to make efforts to more effectively

FOREWORD

promote development cooperation in the Southern African region.

In closing, we would like to take this opportunity to express our sincere appreciation to all of the organizations that helped to sponsor this seminar and to all of the individuals who took part. The success of this seminar would not have been possible without such cooperation.

July 1995



Kimio Fujita

President

Japan International Cooperation Agency



Huguette Labelle

President

Canadian International Development Agency

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Mr. Kaoru Ishikawa Director, Technical Cooperation Division, Economic Cooperation Bureau Ministry of Foreign Affairs, Japan	
Ms. Ellen Johnson-Sirleaf Assistant Administrator and Director, Regional Bureau for Africa United Nations Development Programme	

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Dr. Jonas Paul Kipokola
Deputy Principal Secretary and Secretary to the Planning Commission for
Development Planning, Office of the President
The United Republic of Tanzania

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Director-General, Southern Africa, Africa and Middle East Branch
Canadian International Development Agency

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I. PROFILE OF KEYNOTE SPEAKER AND PANELISTS

1. KEYNOTE SPEAKER

Ellen Johnson-Sirleaf

Assistant Administrator and Director, Regional Bureau for Africa
United Nations Development Programme

A native of Liberia, Ms. Johnson-Sirleaf obtained a Master's Degree in Public Administration at Harvard University in 1971. She has served at the World Bank and as the Minister of Finance of Liberia, President of the Liberian Bank for Development & Investment, Vice President of Citibank and Vice President of the Equator Bank before assuming her current post in 1992.

2. PANELISTS

Ichiro Inukai (Chairperson)

Professor, Graduate School of International Relations, International University of Japan

After completing coursework for a Master's Degree in Economics at Waseda University, Professor Inukai has been conducting research with an emphasis on comparative analysis between the economic development of Japan and that of development countries. He has served as a university professor in Alaska, Sierra Leone, Nairobi, Kansas, and at Kyoto Industrial University. He has also acted as Chairman of the JICA Country-wise Assistance Research Teams for Kenya and Ghana.

Koji Hayashi

Senior Research Fellow, Development Studies Department
Institute of Development Economics, Japan

Mr. Hayashi graduated from Tokyo University, where he specialized in African History in the Department of Literature. He conducted research at the Development Research Institute of Nairobi in Kenya and participated as a member of the JICA Study Committee for Development Assistance for the Southern African Region.

I. PROFILE OF KEYNOTE SPEAKER AND PANEL

Kaoru Ishikawa

Director, Technical Cooperation Division, Economic Cooperation Bureau
Ministry of Foreign Affairs, Japan

Mr. Ishikawa worked at the Japanese embassies including in Egypt and Zaire after entering the Ministry of Foreign Affairs in 1972. Before assuming his current post, he served as Director of the Developing Economies Division and the First International Economic Affairs Division of the Economic Affairs Bureau, as well as Director for the First West Europe Division and the Minister's Secretary.

Jonas Paul Kipokola

Deputy Principal Secretary and Secretary to the Planning Commission for
Development Planning, Office of the President
The United Republic of Tanzania

Mr. Kipokola earned a Ph.D. in Economics at Boston University and went on to serve as a coordinator of technology for the economic reforms of Tanzania and as the Deputy Minister of Finance where he was in charge of financial matters. He assumed his current post in 1992.

Arthur Saper

Director-General, Southern Africa, Africa and Middle East Branch
Canadian International Development Agency

Mr. Saper entered CIDA in 1975 and has served as Country Program Director in the South Asia region and Director of Development Assistance Programs in the Eastern Caribbean Region. He assumed his current post in 1993.

II. LIST OF SEMINAR PARTICIPANTS

1. KEYNOTE SPEAKER

Ms. Ellen Johnson-Sirleaf
Assistant Administrator and Director, Regional Bureau for Africa
United Nations Development Programme

2. DELEGATIONS FROM SOUTHERN AFRICAN COUNTRIES

ANGOLA	Mr. Florencio Mariano da Conceicao da Almeida Director, Asia Oceania, Ministry of Cooperation
	Mr. Joao da Conceicas Ferreira Special Advisor to the Minister of Economic Cooperation and Planning
LESOTHO	Mr. Lefa Joseph Mokotjo Principal Secretary, Ministry of Trade and Industry
MALAWI	Mr. Rogers Tenthema Edward Kamanga Deputy Secretary for Human Resource Planning and Development Department of Human Resources Management and Development
MOZAMBIQUE	Mr. Americo Fortuna National Director for Cooperation, Ministry of Foreign Affairs and Cooperation
NAMIBIA	Mr. Andreas B. Guibeb Permanent Secretary, Ministry of Foreign Affairs
	Mr. I. Prolius Director, Development Cooperation, Ministry of Foreign Affairs
SOUTH AFRICA	Dr. E. Links Chief Director, International Financial Relations Department of Finance

II. LIST OF SEMINAR PARTICIPANTS

SWAZILAND	Mr. Ephraim M. Hlophe Principal Secretary, Ministry of Economic Planning and Development
TANZANIA	Dr. Jonas Paul Kipokola Deputy Principal Secretary and Secretary to the Planning Commission for Development Planning, Office of the President
ZAMBIA	Mr. Michael David Chiro Soko Director, Technical Cooperation, National Commission for Development Planning, Office of the President
ZIMBABWE	Mr. Leonard Matsvayi Under Secretary, Development Assistance, Ministry of Finance

3. CANADIAN PARTICIPANTS

Mr. Charles Bassett
Senior Vice President
Canadian International Development Agency

Mr. Arthur Saper
Director-General, Southern Africa, Africa and Middle East
Branch, Canadian International Development Agency

Mr. Steve Rayfield
Strategic Analyst, Africa and Middle East Branch
Canadian International Development Agency

Mr. Jim Mackinnon
Programme Development Officer for Southern Africa
OXFAM-CANADA

II. LIST OF SEMINAR PARTICIPANTS

4. JAPANESE PARTICIPANTS

Mr. Ichiro Inukai
Professor, Graduate School of International Relations
International University of Japan

Mr. Koji Hayashi
Senior Research Fellow, Development Studies Department
Institute of Development Economies, Japan

Mr. Norio Hattori
Deputy Director-General, Economic Cooperation Bureau
Ministry of Foreign Affairs, Japan

Mr. Kaoru Ishikawa
Director, Technical Cooperation Division
Economic Cooperation Bureau
Ministry of Foreign Affairs, Japan

Mr. Kimio Fujita
President, Japan International Cooperation Agency

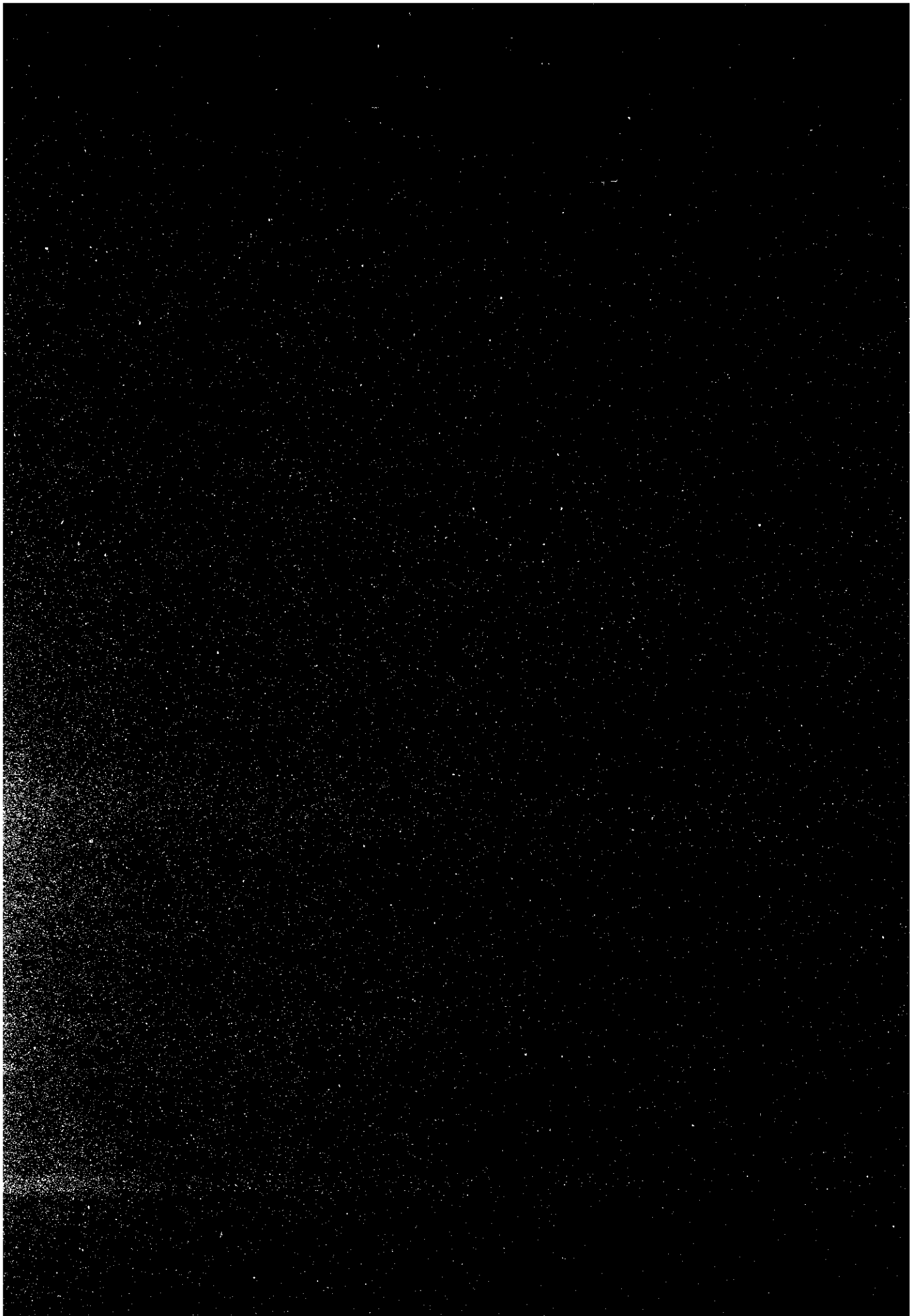
Mr. Teruo Kijima
Vice President, Japan International Cooperation Agency

Mr. Takeshi Kagami
Executive Director, Planning Department
Japan International Cooperation Agency

Mr. Kazutoshi Iwanami (Master of Ceremonies•Day1)
Executive Director, Institute for International Cooperation
Japan International Cooperation Agency

Mr. Keiichi Kato (Master of Ceremonies•Day2)
Director, Planning Division, Planning Department
Japan International Cooperation Agency

III. DAY 1 (Wednesday, March 22)



1. OPENING ADDRESS

Mr. Kimio Fujita

President

Japan International Cooperation Agency

On behalf of the organizers, it is my great pleasure to say a few words. And I would like to begin by expressing my heartfelt welcome to the members, Mr. Charles Bassett, Vice President of CIDA, and Ms. Ellen Johnson-Sirleaf, Director of the Regional Bureau for Africa of the UNDP, and members from the Southern African countries, for traveling long distances to participate in this seminar. Also to the members of the panel, and the participants on the floor, I would like to take this opportunity to thank you for your cooperation and attendance. It is a great pleasure to be able to hold a seminar of this kind with the cooperation of so many people.

The Southern African Region is now entering a new age. Particularly with the historical election in South Africa last year, the election for democratizing the Region. We hope and believe that these fundamental changes in South Africa will become an engine of growth for the Region, and the international community is pinning high hopes on this. And as far as donor countries like us are also concerned, we are of the mind to render as much assistance as possible.

The Southern African Region is blessed with resources. The excellent human resources as well as natural resources like the mineral resources, and so it has a great deal of potential for development. These development resources must be used efficiently and effectively, in harmony with the environment, as these countries endeavor to achieve sustainable growth and development. But to do so, these countries must establish a democratic and national political and economic system, and to manage their economic policies in a sound way. The Southern African Region is now entering this period of solidifying their foundation and bases. Whether this Region can grow into a regional economic zone, with stability and prosperity, depends on whether or not the Region succeeds in solidifying those bases.

Now that the whole region is entering a very important era, the donor countries must have a firm and accurate grasp of what the real needs are of these countries, and to implement their cooperation in an effective way. To this end, JICA established a new study group in 1992, entitled Study Committee for Development Assistance for the Southern African Region. The Committee comprises prominent intellectuals, who discuss the appropriate forms of assistance to this Region, and also issue some policy recommendations.

I. OPENING ADDRESS

We understand also that CIDA has been doing some work — research work — on the human resources development in Southern Africa. I know that these programs can be extremely useful in implementing or formulating good aid policies. But now that the seas are changing, and the trend toward democratization is occurring in Southern Africa, it is very important for us to supplement this research through direct dialog with the people in the Southern African countries.

Today, we have here with us, representatives from the Southern African countries, who are directly involved in aid programs, and I believe that this is a very timely and useful opportunity for all of us to discuss freely of the prospects of development and assistance to this region towards the 21st century. JICA finds it extremely fortunate that we have been able to co-sponsor this seminar with CIDA, which has had long-established experience and knowledge in the Southern African Region. Also we have been assisted by the Japanese Foreign Ministry in conducting this seminar — We have a representative from the Foreign Ministry as a member of the panel. We believe that this seminar will provide for fruitful discussion on this very timely issue in a most effective way. Thank you very much.

1. OPENING ADDRESS

Mr. Charles Bassett
Senior Vice President
Canadian International Development Agency

Mr. Chairman, and distinguished delegates, it is both a pleasure and honor to be in Japan, and to participate in this seminar. I believe this is the first time that Japan and Canada have jointly sponsored a consultative exercise with representatives of partner governments in Southern Africa. I find this opportunity for a constructive exchange of views exciting, and I am optimistic that the result will be better understanding, greater mutual cooperation, and improved development cooperation for the Southern African Region.

Some may wonder why Japan and Canada are discussing Southern African development. The answer is that both Canada and Japan share a desire to make their development programs more effective through a better understanding of each other's programs, and of the expressed needs of the countries of the Region.

This is a unique time for Southern Africa, laden with great opportunities and great challenges. The foremost development in Southern Africa, of course, has been the achievement of majority rule in South Africa. We also celebrate the achievement of Namibia's hard-won independence, the achievement of multiparty democracies in Malawi, Zambia, and Mozambique, and also to the end of that country's civil war. We are hopeful that in 1995, this will be the year that the people of Angola will finally realize a peaceful settlement of their long and destructive civil war. All these momentous developments have created unprecedented opportunities for the Southern African Region.

Economic reform continues to be a major challenge for Southern Africa. In order for the people of the Region to realize economic success, economic stability is essential. The sound management of the Region's natural resources is another major challenge facing Southern Africa. Southern Africa is blessed with an abundance of natural resources. However, a rapidly increasing population and serious land degradation have already created situations where some countries of the Region are no longer able to feed their populations. Southern Africa is still recovering from some of the worst droughts of the century, and patience must be paid to long-term responses.

We believe that the most important resource is the human resource. We have devoted considerable time to this issue over the years, and the CIDA Director General for Southern Africa will be making a presentation later in this seminar on Canada's approach to this important topic. For CIDA, the timing of this seminar coincides with the release of Canada's new foreign policy statement. Within this

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statement, Canada has renewed its commitment to development cooperation, its commitment to low-income countries, and in particular, its commitment to Africa. To quote from the policy statement: "The purpose of Canada's development assistance is to support sustainable development in developing countries, in order to reduce poverty, and to contribute to a more secure, equitable, and prosperous world." To achieve this purpose, Canadian ODA will concentrate Canadian resources on the following six priorities.

First, basic human needs, to which a minimum of 25% of Canada's ODA will be committed. Secondly, women and development, to support the full participation of women as equal partners in the sustainable development of their societies, because there is growing evidence that gender-sensitive planning and investments in women make sense from an economic perspective. Third priority: infrastructure services to help developing countries deliver environmentally sound infrastructure services. Four, human rights, democracy, and good governance, to increase respect for human rights, promote democracy and better governance, and to strengthen civil society. Fifth is private sector development, to promote sustained economic growth through support for development of the private sector. And finally, the environment, to help developing countries protect their environment.

In addition to the programming priorities, certain other objectives were also identified as being essential to a sound development cooperation program.

These are improved effectiveness, because Canadians support international development cooperation; however, in a time of fiscal restraint, they are concerned that their investment be as effective as possible. Second is the need to demonstrate results, because Canadians also want to be sure that their aid dollars are really making a difference in the lives of its recipients. And finally, strengthening development partnerships: we are committed to working with our partners within Canada, our international partners such as JICA and Japan, and working with our developing country partners to assist them to participate more fully in the global economy, and to enhance their self-reliance.

Mr. Chairman, in closing I would like to express our pleasure at having this opportunity to meet with our African partners, and I am looking forward to the discussions over the next two days. Thank you.

2. WELCOME ADDRESS

Mr. Norio Hattori
Deputy Director-General
Economic Cooperation Bureau
Ministry of Foreign Affairs
Japan

Good afternoon, ladies and gentlemen. My name is Hattori. I am serving as Deputy Director-General of the Economic Cooperation Bureau.

First of all, I would like to welcome all of you, and thank you for coming to join us from different parts of the world to participate in this seminar. And also, I would like to say a special thank you to Mr. Bassett, the Senior Vice President of CIDA, and Ms. Johnson-Sirleaf, from the Regional Bureau for Africa of the UNDP, and to all the other participants.

Now, two years ago, we held a conference with Canada — with CIDA — on the aid policy of the two countries, and this seminar was decided to be held. At that time, the head of CIDA and our government decided to have this kind of seminar or conference every year to discuss the policy matters about overseas assistance.

And this seminar is part of our effort, and on behalf of the Ministry of Foreign Affairs, I would like to express how happy we are to be able to hold this kind of seminar. Of course, today it is said that overseas assistance is becoming more and more important in the entire world context, and our ministry and the government would like to carry on cooperation and coordination with other countries in the area of overseas cooperation and assistance.

Now, looking at the trends in ODA in different parts of the world today, in the developing countries, attention is being paid to environmental issues, AIDS, and women and development, and also to poverty alleviation. There are a number of areas where more and more assistance is needed. At the same time, we have started to see that donor nations are becoming sort of tired of providing aid. In 1993, the total assistance provided by the 21 DAC countries was \$54 billion, which was about an 11% decline from 1992's \$60 billion. I haven't seen the results for the following year, but I believe that the figure is declining further.

Still under such circumstances, Japan has provided about one-fourth of the assistance provided by DAC to the rest of the world last year. So, we are at the top of the list in terms of the provision of assistance overseas. Japan requires now, a great deal of money for the recovery of its economy, and

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also for the reconstruction of the Western part of Japan which was struck by a major earthquake in January. So we need to have more funds for that, but at the same time, we would like to continue to provide overseas assistance to the countries needing it. And, we also believe that we need to have great accountability as far as overseas assistance is concerned. In other words, the Japanese people — the taxpayers — are becoming more critical about what we do with the money we collect from them and use in providing overseas assistance. So, we have to be very efficient in using the money available to us, and we need to have the cooperation and coordination amongst the donor countries to that end.

As Mr. Bassett just said, in Southern African countries, democratization is taking place, and economies are being liberalized. That is our understanding. We appreciate these events — or developments — in those countries very much. But still, there are a number of difficulties those countries in the Southern African Region face. In the development of their countries, we need to seek new ways, new directions for their development, from the viewpoint of securing the stability and economic prosperity of those countries in that Region.

At the same time, the Japanese government, of course, wishes to enhance our assistance to those countries. There was an international conference called TICAD, which was an international conference held in Tokyo two years ago on the development of African countries. Among the African countries, we believe the Southern African countries are the ones which have greater potential for prosperity and development. And the development of those countries is quite important, and will be a key to the development and prosperity of the entire African Region. So, we would like to put an emphasis on our overseas aid to this Region. At the same time, we would like to have the close cooperation of countries like Canada.

Human resource development is one of the most important factors in the development of a country, and I hope this seminar will provide an opportunity to find meaningful ways to pursue human resources development in each of the countries participating in this seminar.

I hope that you will have a very heated — or very meaningful — discussion during the two days of the seminar. It's getting warmer and nicer here in Tokyo as spring has come. I hope you will enjoy yourself. I don't know if you can see the cherry blossoms blooming or not, but I hope you will enjoy your stay in Tokyo. Thank you very much.

3. KEYNOTE SPEECH

“DEMOCRATIZATION AND SELF-RELIANCE”

Ms. Ellen Johnson-Sirleaf
Assistant Administrator and Director
Regional Bureau for Africa
United Nations Development Programme

Master of Ceremonies, Conference Chair, Mr. Fujita, Mr. Bassett, honorable participants from Africa, Excellences, ladies and gentlemen,

Let me first, on behalf of all the African participants here and on behalf of all the African people everywhere, commiserate with the people of Japan on the events of last year, and the more recent events of a few days ago. The hearts of all African people join in expressing sympathy to you.

I wish to commend the co-sponsors of this event — this seminar — it is a very timely one, and I am very pleased to be here, perhaps among the many reasons, for two main reasons that come to mind:

First, this is a follow up to the Tokyo International Conference on Africa, in which many of us were privileged to participate in October 1993. This and many other events that have followed that, keep the momentum of that conference alive.

Secondly, as we now look toward Beijing, I can only say that my own selection attests to the gender sensitivity of the co-sponsors.

There are periods in the life of nations, as indeed, in the life of individuals, when winds have change and opportunity for rapid progress emerge. Failure to harness the potentials of such momentous epochs often results in decades of loss, which are sometimes impossible to recapture.

Good leadership, sound strategies and policies at such moments result in total transformation of economies, societies, and people, in a relatively short period of time. Those of us who have lived a bit longer, remember that it was not too long ago when countries in Southeast Asia were classified as the world's best basket cases. In fact, the World Bank was transformed and made poverty sensitive in the early '60s, by the creation of the International Development Association, because of the need to respond to poverty and deprivation in Asia. It is to the credit of the leadership of so many of those countries, and to the leadership of Japan, that today Southeast Asia is at the forefront of global economic expansion and trade.

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I believe, that a similar wind of opportunity is blowing in South Sahara Africa today, and in the Southern African Region in particular. Political, economic, and social transformation has taken root at an unprecedented scale, which is a cause for both optimism and support. The Region presents a formidable case for the friends of Africa, despite demands elsewhere, to help the continent to succeed.

As an African leader, and an African mother, and coming from Liberia, I know too well the pains of young men who's lives have been snatched away in conflicts. I can share in the agony of the six million refugees, and the even greater numbers of internally displaced throughout our continent. I can appreciate the challenges implied in the rapid population growth, the environmental degradation, HIV/AIDS, and the much too low level of technology.

Nevertheless, my optimism in Africa's future is not misplaced. There are powerful reasons for this. First, most African countries are still young — 30 years or less — and people tend to forget this. Yet they have achieved, even under extremely difficult circumstances, demonstrable progress. For example, since 1960, Africa's GNP per capita has doubled, to an average of US\$530.

Overall human indicators monitored by UNDP's Human Development Index, show that combined literacy rates, life expectancy, and income per capita rose by close to 50% on average throughout the continent. In the two decades, 1960-1980, primary school enrollment rose from 41% to 80%, and the under-five mortality rates dropped from 300 per 1,000 to 200 per 1,000. Skilled manpower has risen increasingly to a level that presently, for each of the 100,000 foreign experts in Africa, there are at least equal numbers of Africans with comparable qualifications and experience who are living and working abroad. Transport and communication infrastructure has expanded several times.

Starting from a relatively low base, there is still much in Africa that still needs to be done, but the record achieved under the most extreme internal and external pressures, give me — and I hope it gives to you — a great cause for optimism.

My second cause for optimism derives not from history, but from the present. Key positive trends are underway in Africa today, which while requiring support to remain sustainable, are bound to change the nature of the continent forever. In effect, there is a major transformation underway. Growth and expansion of democratic governments paralleled by far-reaching economic reforms and liberalization. In many cases, this has required boldness to implement sound economic policies taking actions such as: reducing the budget deficit; adopting realistic exchange rates; deregulating domestic markets; privatizing state enterprises; and then in the area of political reordering, a transformation from authoritarian and centralized regimes to political pluralism.

3. KEYNOTE SPEECH

Let me detail a bit, on these two parallel channels of transformation. As the background document of this seminar points out, within five years the 30 single-party-rules systems in Africa, one excepting, have changed, or have begun to change, to democracy. If the then-prime minister of Britain, Harold MacMillan, termed in the late 1950s and early 1960s the African independence movement as a wind of change, one might conclude that current thrust toward pluralism is nothing short of a cyclone.

In fact, since 1980, Sub-Sahara Africa has conducted at least 35 elections. UNDP, my own institution has itself been actively involved in this process, providing technical support to 26 countries, from the drafting of constitutions to the monitoring of elections. To demonstrate this point further, in 1988, 36 out of 52 African countries were rated as least free with regards to civil liberties, as registered in the U.S. Freedom House scale. By 1992, this number had dropped by two-thirds to only 12 countries, even before the historic transformation in South Africa, Mozambique, and Malawi, to mention just three.

Significant progress has also been achieved on the economic front. Two-thirds of African countries — 22 in Sub-Sahara — have embarked on structural adjustment programs in liberalizing their economies, reducing structural imbalances caused by inadequate fiscal and monetary policies, and adjusting overvalued exchange rates. In January 1994, the long overrated CFA franc, of some 15 Western-Central African countries, devalued by 50%. It is indisputable that this painful implementation of reform has begun to show results.

According to the World Bank, over the 1988-1993 period, 21 African countries achieved positive good rates, 12 at an impressive 4.4% per annum. The stagnation of exports between the period of '81 and '87 gave way to a more than 4% growth between 1988 and 1993. Formally centralized economies in, say Ethiopia and Mozambique, are at the very forefront of implementing market-based economic policies, while those such as Mauritius and Botswana, which have maintained reforms and democratic regimes over longer periods, are among the fastest growing economies in the world. Admittedly, these reforms need deepening, and the number of good performers need to be increased, but the record in itself, is a harbinger of the future that is to be.

Nowhere has the drive toward economic reform, democratization, and self reliance been more evident on the continent than in South Africa. Over five years ago, with a notable exception of Botswana and Mauritius, the Region was faced with almost insurmountable difficulties: devastating civil wars in Angola and Mozambique, between communist regimes and rebel groups, and apartheid in South Africa preceding over the worst form of racial oppression within its borders, and exporting seen to its quasi-colony Namibia, and an estimated \$10 billion cost annually by front line states due to the destabilization policies of then-South Africa. Economic reforms and political liberalization hamstrung, if not actively resisted in most countries, the presence of refugees, liberation armies, and suffering

3. KEYNOTE SPEECH

humanity — all of these were the prominent characteristics of many countries in the Southern Africa subregion.

As in the rest of the continent, in fact, even more so, developments in the last five years have been nothing short of phenomenal. Namibia is not only independent, but has just yesterday inaugurated a new government through the ballot box observing its five years of independence. Zambia and Malawi have successfully transformed from one-party — the latter from a life presidency — to multi-party democracy. Zimbabwe having abandoned a one-party rule and a one-party system is due to hold multi-party elections soon. Mozambique's devastating civil war has ended, and democracy is being embraced. Lesotho, with the support of its neighbors, has peacefully averted a potentially destabilizing constitutional crisis. And in South Africa itself, a reconciled coalition government is rising from the ashes of decades of racial strife and conflict. Moreover, with the albeit uncertain prospect of peace in Angola, for the first time in post-independent Africa, a whole Region of some 11 countries are poised to experience peace, to embrace the prospect of the ability which are necessary preconditions for development.

On the economic front, almost every country in Southern Africa is undertaking difficult economic reform programs. More significantly, even in those countries such as Namibia and Botswana, which have rejected reforms under the umbrella of conventional structural adjustment programs supported by the IMF and the World Bank, are implementing their own economic reform programs. And it is working with equally impressive results. If this progress is not news, and it is hardly reported in the world media, then nothing more reflects the poverty of our modern-day mass communication. In other words, the world's media need to know that Africa is not only starving babies, war, destruction, but an arena in which an irreversible evolutionary transformation of structures and systems is taking place.

Let me talk a bit more about South Africa, probably the greatest example of change in the Region, a catalyst of good things to come, the transformation that is taking place in South Africa under the leadership of President Nelson Mandela. For the first time, this regional giant has become a positive force for change. In the past, South Africa's military aggression and destabilization of its neighbors cost the Region — as I mentioned before — \$10 billion a year. The potential of its economy was partially closed to its neighbors, and to the world, not to mention the enormous human and economic cost to the people of that country itself.

Today, South Africa has an open and growing economy, and is trading vigorously and openly with its neighbors. Second, the sheer size of South Africa's economy, vis-a-vis the other countries in the Region, is enormously impacting. Here we are talking about a gross domestic product of approximately \$105 billion — and I hope Dr. Links will confirm that figure, or correct me if I haven't stated it clearly. South Africa has the 10th largest stock exchange in the world, bigger than Hong

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Kong's and growing. This implies direct regional impact of significant proportions. Perhaps for the first time, the world is taking notice -- there is business out there.

The important inter-regional trade giant, with global trade implications, is about to be unleashed. Already, formal trade in the Region has increased by at least 10% in the less than one year that South Africa has been truly independent. This trend is likely to increase now that South Africa has formally joined the 11 members of the South Africans development community, comprising, as you all know, all the countries that are subject to this conference: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, and Zimbabwe.

In turn, SADC has recently transformed itself into an economic community to foster the movement of goods and people over its borders. This is why it is so important that the international community supports the SADC countries in their effort at regional cooperation and integration. SADC, as you know, has its genesis in an institution which was organized to counter the adverse impact of apartheid. Now the hope, well on the way to being realized, is for economic integration which is business driven.

As many of you also know, economic and political integration has long been the dream of Africa's founding fathers. This led to many initiatives since independence. The East African Community, the Economic Community of West African States, the Preferential Trade Area, and more recently the Union Economic et Monetaire Ouest-Africaine (UEMOA) to name just a few. The Organization of African Unity, born in 1963, launched the most ambitious integration initiative, the Abuja Treaty, of 1991, which established the African Economic Community, and which envisions an African economic grouping comprising a market size of 600 million people, and a combined GDP of 320 billion, across the boundaries of some 54 countries.

The benefits from this ambitious undertaking may be long in the coming, given all the problems that we all know at integration and cooperative efforts. But we must note that these important first steps have been taken, and the building blocks are going to be the subregional institutions, such as SADC which is now poised to be off and running.

Talking about the SADC countries themselves, here we are talking about a market with 146 million people, in 1992 data terms, and a total income of about \$150 billion. Those countries produce strategic and valuable minerals, such as gold, diamonds, copper, oil. As noted in the background document, the Region is blessed with an abundance of natural resources: water, timber, gas, hydro power, minerals, oil, and land capable of producing the Region's basic food requirements, plus a surplus for export. Unleashing and transforming its resources to a higher level of productivity, and value added, will yield great returns, not only to the Region, but to its partners as well.

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There is always the danger of over-optimism. So let me be quick, to interject some notes of caution, in reviewing this face of the tremendous change that is taking place in South Africa. In other words, let me join for a little while the skeptics, those who say that the jury on South Africa is still out.

Indeed, South Africa has a long way to go to overcome the legacies of apartheid. Inequities still abound, the blacks majority has income only a tenth that of whites, about 40% of the blacks are unemployed. They are politicized, and they are socially active. The economy has experienced recession in four out of the last five years, with the road to recovery just beginning. The country's budget deficit remains high, reportedly at somewhere about 6% of GDP. Attempts in the past to achieve industrial self-sufficiency under apartheid implied high protectionist measures, and foreign exchange controls, which brewed inefficiency and high unit costs.

Thus, despite its relatively high level of industrialization and technology, South Africa depends primarily on basic commodities for exports, while industrial business is highly concentrated in the hands of a few conglomerates. In fact, with four business groups accounting for almost three quarters of the capitalization of the Johannesburg Stock Exchange, the pressures for massive state intervention has been great. In a nutshell, South Africa is a mosaic of first world and third world economies. This means that in the short term, at least much of the efforts of the new government, much of the energies of South Africa, will have to be directed to the needs of the internal economic transformation.

Be that as it may, the catalytic role of South Africa in the subregion is indisputable, and we remain optimistic that the leadership which directed the formidable internal political transition in South Africa is not only in tact, but has shown sufficient evidence of being up to the task, nationally and regionally. I do not want to leave anyone with a notion, that the battle of development is won in all of Southern Africa. Far from it. If this were the case, we would not be here today.

We are talking about 11 nations, six of which are classified as least developed, and five having a GNP per capita of less than \$600. Moreover, certain composite figures can be quite misleading. For example, in Namibia, in 1992 terms, we showed GNP capital of over \$1,610, and in South Africa itself, a GNP of \$2,670. But these mask the fact, that the majority of the population have incomes below an average of \$250. Mozambique, emerging from war, has the world's lowest per capita income level at \$60. Tanzania, after three decades of independence and a huge amount of foreign assistance, still has an income per capita of only around \$110. Overall, the Region has experienced an average 2% negative growth rate since 1979. A situation due in part, to the uncertainties of nature, which twice in the last five years, saw these areas having to rely on the international community to help in adverting drug-induced famine.

Thus for the Region, the role towards sustainable human development is likely to be long, and likely

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to be full of difficulties. Weak human resources will need to be strengthened. Infrastructure, railways, roads, telecommunications, power, etc., while above the African average will require improvement and expansion. Imbalances in fiscal monetary exchange, trade and investment regimes, will need to be tackled.

These are the challenges which first and foremost confront the Southern African countries themselves. It is they, who have to put in place the long-term strategic framework. It is they who have to pursue vigorously the right path and pace of regional integration. It is they themselves, the countries, and the people, and the governments in those countries, who will have to formulate and implement the policies that command international respect, and attract foreign investment. The manner in which they handle these challenges are what eventually will determine the pace of their development.

Their collective responses to these challenges, have for the most part and for most countries, been impressive. And my own institution, UNDP, strongly supports their efforts in this regard. We are presently, in every one of these countries, their allies in the struggle for democracy, and self reliance. And we will be over the period of 1992 to 1996, delivering some \$250 million, essentially in keeping with our mandate for the technical assistance that complements their own efforts in their programs of national capacity building. South Africa, and Southern Africa, with their ample resources, large market size, ample biodiversity — and South Africa, as a growth pole, with a sophisticated financial and banking system — is poised to become the hub of a regional economic center serving the entire African continent.

Ladies and gentlemen, the pre-independence history of Africa has often undermined the development of genuine business-government relationships in Africa. In fact, although this is not enough to explain the crises that have haunted parts of the continent, one might say that history has not been kind to Africa. Like all other parts of the world, Africa started off with evolving civilizations, centered around large political structures, empires, political institutions. But the evolution into more than nation states, was preempted by the slave trade, then followed by a century of colonialism, which introduced a system of exploitation, and which lead to the colonization of Africa without respect for ethnic and cultural groupings. In recent times, direct intervention by Europe and the superpowers in the era of the Cold War, in the era of geo-politics, exacerbated Africa's own internal shortcomings of weak governance, mismanagement, inefficiencies, and corruption.

But Africa must now leave this history behind. We must move forward, taking giant strides toward becoming a free and self-reliant region, taking our rightful place among the family of nations. In doing so, Japan and Canada will be counted upon as important allies. This would appear particularly appropriate. First, there is the absence of a direct link between your nations and Africa's unfortunate past. This makes you honest brokers for African development.

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Second, Japan and Canada have been exemplary in their catalytic initiatives in support of African development efforts. I believe the records will show that nearly half of Canada's development assistance goes to Africa, a sizable proportion of which is channeled to the Southern African Region. Japan is number one in terms to ODA to Africa. Multilateral institutions — the IMF, the World Bank, the African Development Bank, UN system including my own, UNDP — are all indirect beneficiaries of this assistance, which is then channeled to African countries. Japan, as I mentioned before, in October 1993, hosted the first-ever international conference on Africa — TICAD — thus keeping Africa in the forefront of international development dialog.

A small final word on this. Just before I left New York, I had the opportunity to meet with a mission from Keidanren that has just gone to the United States in response to a request from former President Jimmy Carter. They went to Atlanta and pledged a relatively small amount, \$1.5 million, to the Carter Center, to support the purchase of vehicles and motorbikes in support of the Carter Center's work on the Guinea worm in the subregion of West Africa. Since Keidanren represents corporate Japan, coming from the businesses of Japan, in my view it symbolizes a small amount, nevertheless an example of corporate partnership that can be forged between those of the private sector with a corporate conscience, and those supporting public initiatives in areas of non-profitable social development in Africa.

It is for these reasons, all of these reasons that I have cited, that I believe that this conference, this seminar, bringing together two important and exemplary allies of Africa is one that is timely, one that is beneficial, one that is momentous. I am glad that JICA and CIDA decided to hold this forum, and I thank them and I thank you all for the opportunity and the honor to participate by sharing these few words with you. Thank you.