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“Human Resource Development in Southern Africa in the 21st Century”

Kagami (JICA • Chairperson): Ladies and gentlemen, I hope you enjoyed a relaxing lunch time, and I request you to strengthen your energy and attention to the afternoon session, to have a fruitful discussion. As it was arranged, and as it was written in your program, this afternoon we have two sessions, and I am in charge of the first session, entitled “Human Resource Development for the Future of the Development in Southern Africa.” And in advance, we have asked four representatives to make an initial statement: Malawi, Swaziland, Zimbabwe, and Canada. And basically I would like to proceed in the same line as was done in the morning by Mr. Saper. And therefore, I would like to request, first of all, Mr. Kamanga of Malawi to make a presentation. Mr. Kamanga, please.

Kamanga (Malawi): Thank you, Mr. Chairman, distinguished participants, ladies and gentlemen, I am going to make my presentation from a regional perspective in terms of human resources development, because of the guidelines which actually make the framework of our presentation. But before I proceed, I would actually like to register our appreciation on behalf of the Malawi government to JICA and CIDA for organizing this international forum, which to Malawi, shows the keen interest Japan and Canada have in the region for sustainable development, not necessarily in terms of regional cooperation, but also in terms of the benefits that the region will have in its relation to the other regions in the world. From that perspective, I would also like to thank all the speakers before me for laying a very good framework for this discussion.

In Malawi, Mr. Chairman, we duly allow international and regional development to revolve around people that are at the same time, architects and beneficiaries. As such, we see in our respective countries and region, higher priority agendas being given to measures with direct impact in the well being of people, who are freed from poverty, are in control of their own lives, and are contributing to the common good of their own families, communities, nations, and regional grouping. These are far-reaching goals, and are common in our national policies within the region. Hence, for a new democratic country like Malawi, and the SADC community as a whole, the challenge for present and future leaders of development is to lay fine foundations for the 21st Century through constructive human resource development programs, which have as their primary objectives to contribute to environmental, economic, social, political, and cultural sustainability, as well as institutional development.

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To Malawi, this cause for opening up opportunities for the people within the region, to develop and apply their talents in the development process, ensuring everyone has access to the services and support that will enable them to make maximum contribution to our societies, of which they are capable. And also, creating and sustaining, mainly an investing in human capital.

In this regard, Malawi does not only see the HRD objectives as only being an instrument for sustainable economic growth and development, but also an essential characteristic, that entertains the essence of good governance that we desire in our region. To facilitate and manage the development process, and deliver the appropriate services, especially those which meet the basic needs of our people, both in the urban and rural areas. For one thing, in an increasingly complex and knowledge-based world, it is those who can analyze and articulate information and arguments that share most fully in influencing the course of their societies.

And the experience of Japan, Hong Kong, for example, Mr. Chairman, there is this testimony. More than ever before, HRD is increasingly becoming a strategic leadership function at national and regional levels, such that as a region, we cannot leave to chance issues of HRD that are to be addressed and sustained in specific and general terms. In this respect, a common understanding of HRD and the various issues that are associated with it, are not only vital but also essential elements for regional integration and development cooperation. Hence, Malawi wholly subscribes to the broad aspects HRD, and operational definition that member states within SADC agreed at the HRD Community Building Workshop that was held in Windhoek, Namibia, in September 1994. These broad and essential elements include education and training, labor and employment, social welfare, health and population, migration and movement, political and economic environment, gender issues, youth, refugees and displaced people, as well as people with disabilities. Although the specific details are yet to be worked out and agreed on, meaningful HRD initiatives and programs geared for sustainable development must sustain these issues without any unnecessary compromise. Hence, a policy and institutional framework at regional and national levels must urgently be developed, and supported at all levels to uphold the objectives of HRD for development cooperation among other things.

Malawi, therefore is encouraged by the efforts in this regard that are made by Swaziland as HRD Sector Coordinator. In Malawi, we realize the regional approach, we are committed, we thrive on the basis of mutual trust, good will, and inter-dependency among the various member states. And this is no exception in the HRD sector, that holds the key to progress in all other sectors within SADC. Malawi is bound to benefit in HRD original programs at various levels, offered in other countries. Similarly, other countries have something to gain from our HRD

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programs. What is required, however, is a strong vision within the region for a better future, which would be realized, only by making sacrifices, opening up, and investing in people, as a critical determinant for sustained development.

It is also important to realize that, due to the widespread nature of the HRD issues, that we are identified at a regional level, and the obvious limitations in terms institutional capacity and restrictions, at present, a regular view of priority aspects is fundamental. As such from a personal perspective, the following said of critical and related elements of human resource development will seem to be of immediate priority, both at national and regional levels, despite that the benefits still remain in the long term. These are education and training, especially in the area of primary education, science and technology, primary health care and nutrition, population policies, and employment. It should be noted, however, that regardless of any aspects of HRD that are critical to development in general within the region, at any given time, a number of impediments come in the way of effective implementation.

All stakeholders in HRD including our leaders, at regional and national levels, need to be aware of such obstacles, and should deliberately seek direct interventions. Among these obstacles are differences in culture, national priorities, economic problems, weak institutional capacities, political interests, issues of governance, hereby dependency on donors in some of the regional countries, shifting donor interests and approaches to HRD, lack of effective participation of nongovernmental organizations and private organizations, insensitive gender policies, low level of technological development, poor utilization of skilled human resources, and a host of many other related problems. In addition to these, national development processes are not as clearly focused to facilitate the development of strategic development planning. At organizational, government and national levels, sometimes top commitment to HRD is lacking, which is sometimes evidenced by the small amounts of finances, allocated to HRD.

In an economic crisis, which at present most of our regions are going through, the amounts may not even be available, or are significantly reduced by our governments, which should not be retained in future. Of greater concern, Mr. Chairman, is the elimination of population growth within the region, where there are still available development resources. For example in Malawi, the population growth rate is estimated to be at 3.2% per annum, and the literacy rate is estimated to be 39% which remains among the lowest in the developing world and region. However, this is not only unique to Malawi, but also applies to other countries within the region, and continues as a major challenge in spite of the AIDS problem which is claiming hundreds of lives at present.

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Although these impediments are real, there is hope for minimizing and clearing the impact on the HRD programs. Within the SADC gathering, the deliberate establishment for sectors to deal with matters of development affords great opportunities for sharing knowledge, expertise, resources, as well as understanding unique differences that can best be dealt with at the national level. Thus, at the 1994 HRD Community Building Workshop, a number of well-intentioned recommendations in each of the HRD aspects were agreed and advanced. The recommendations, therefore, need to be followed up and discussed and implemented. These include creating centers of specialization, entry and access to educational institutions, and as well as sustainability of HRD programs. Apart from this, it is important to consider other strategies that have, in one way or the other, been raised at this seminar, which include well-managed and more professional governments within the region, partners with the NGOs and the private sector, priority on women, mobilizing resources, and the use of technology. The importance and thorough consideration of these cannot be overemphasized in the quest for successful implementation of HRD.

It will be necessary, therefore, to consider these issues in more specific terms. To come up with more viable options in HRD that support long-term development and bring Southern Africa in a position of sustainable influence, not only within the region, but in Africa and the world at large. Considering the South African region, and indeed, individual member states have to achieve sustainable development levels through HRD programs. Mr. Chairman, Malawi shares the view of the support of the donor community in general, and that of JICA and CIDA in particular, that it is more appropriate in this age to share our future, and shape it accordingly. In this regard, financial, moral, and technical assistance is required. In poverty alleviation programs, primary education, human and institutional capacity building, development of priority development objectives, primary health care, and science and technology and many other critical areas already allocated to. JICA, CIDA, and other donor support is required in creating a well-managed government, fostering the partnership between NGOs and the private sector as well as governments, addressing gender issues, mobilizing resources, and the application of technology.

Malawi believes that a critical review of previous and present efforts is a fundamental factor of the JICA/CIDA future assistance in the region. Bearing in mind that the benefits are more in the long term. At the same time, Southern Africa must define its destiny and put in place HRD processes and activities within which donor support will work to deliver the goods we desire. The work we have begun in this forum, Mr. Chairman, affords the region that opportunity. Why donor support should be focused, for the region in order to enable member states to grow in an effective cooperation to depend on one another. Individual country interests should not be overlooked, because of the unique characteristics, which if not addressed, can become a

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threat to regional cooperation. At the member-state level, therefore, the level of development assistance would vary, whereby some would need more assistance in primary education, or primary health care, while others on other aspects.

Although in recent times sectoral training is the preference of many donors in the name of impact, open HRD programs in the area that empower individuals to participate in the affairs of our countries should not be closed. Rather, what is required is improvement in the practice. In this endeavor, however, the type of assistance should aim at sustainability not only of HRD programs and development in general, but also at key institutions while people at all levels are empowered in various aspects. Obviously this involves commitment and a clear understanding from both the donors and our governments. Mr. Chairman, Malawi looks forward to participate in a future forum of this nature, as part of shaping our nation of the future, and that of our region. Thank you.

Chairperson: Thank you very much, Mr. Kamanga, for your very clear points and intervention. I think you touched upon several priority issues concerning human resource development. In general, I wish to agree that the human resource development is a very important basis for sustainable development of the economy. At the same time, we should identify the priority areas of human resource development, such as education, medical, basic and primary health care, or training. And at the same time I think you mentioned about the impediments to promoting HRD, like the difference of culture for the economic situation, or the fragility of various kinds of institutions. And therefore, based on these points, we have to find out the best approaches for the promotion of HRD. And you introduced some kinds of discussions and studies made by SADC, and bearing this in mind, and also as donor countries we have to support the recipient governments to establish good relations with NGOs or other private sectors in promoting this very important HRD. Thank you very much.

And I would like to turn to the next presenter, who is from Swaziland. Mr. Hlophe. I will give you the floor.

Hlophe (Swaziland): Thank you, Mr. Chairman. May I share the compliments by my colleagues for the host government for taking care of us in working here.

Mr. Chairman, the South African countries are at the crossroads. They must decide the appropriate way for what first as individual countries, and as regional members of one community, a community faced with opportunity and many complex, social, economic, and political problems. The list of needs is far more than the resources available, at disposal to satisfy the needs. Most of the countries in the sub-Sahara region have very weak power base

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and this calls for careful management of the political change process that most of the countries are undergoing. Whatever political change that the countries choose to follow, it must recognize the culture and history of people concerned. The change must not be imposed, but must be a free choice of the people. Swaziland is going through a process of political and economic change, and most of the other countries are in the same path. It is the degree and the stage of that process that makes the difference. Mr. Chairman, yesterday, intervention after intervention, and yesterday and today as trust the need to develop the critical area of human resource development. Mr. K. Ishikawa from the Ministry of Foreign Affairs, Japan, flagged the importance and need to take into account the respect of the culture and history of every nation in the process of change. He further said, human resource development is the key to national development, and he is quite right. I agree with him.

Swaziland coordinates the human resource development sector within SADC. Due to the critical nature of this sector, there is new thinking. Like my friend has mentioned from Malawi. The convening, therefore, of a workshop on community building of the human resources development sector recently, came about because of that need. Mr. Chairman, I would like to highlight quickly, some of the outcomes of that workshop.

The workshop for community building on human resource development sector was held in Windhoek, Namibia, from the 26-30 of September, 1994. The workshop was attended by officials from government ministries, the para-statal and private sectors, training institutions, trade unions, non-governmental organizations, SADC national contact points and sector coordinators, regional training council contact points, and the SADC secretariat. All the SADC member states attended, except for South Africa. I think they had just missed, not that they were boycotting the meeting. The main objectives of the workshop were to consult and to discuss with the main stakeholders and key players in human resource development, on how SADC should be built and structured with respect to human resource development; discuss and make concrete ideas on the role, that the human resource development sector, the SADC member states and the key actors in the beneficiaries of education and training are willing and able to play in the integration process in the region, and show that their ideas and views discussed and agreed are captured in the drafting of protocols that will determine, in legal terms, the nature of the cooperation in the community for human resource development. Six regional experts presented discussion papers on six topics, and officials spent two days in groups deliberating on these topics.

The workshop discussed the following topics: the role of the human resource development sector in building the community, the long term strategy of human resource development sector, the impact of AIDS and population growth as critical factors in human resource

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development, the priority training areas, sustaining the human resource development programs and initiatives, institutional mechanisms for coordinating cooperation in the human resource development sector. The workshop made recommendations on the above issues which will enhance the building of the South African development community. The workshop further recommended critical issues, which should be included in the development of protocols for human resource development. The recommendations in summary are as follows:

The workshop noted that human resource development is central to overall development, and is broad based and encompassing all efforts and activities intended to make people productive. It does force beyond the narrow focus of education and training, to look into the aspects of employment, productivity of labor, entrepreneurship, shelter and social welfare, health of the human capital. The human resource development sector should address the multi dimensions of human capital, education and training, labor and employment, social welfare, population, health, gender issues, refugees, and people with disabilities. The HRD sector within the concept of education and training should take cognizance of the need, for the training in all areas of human resource development. The HRD sector should ensure that there is an active involvement of all stakeholders, employers, community, trade unions, NGOs and so on, private sector, etc., in training each issue of needs, identification curricula, design and standards. There is need for mobilization of resources in order to sustain human resource development programs and initiatives.

Member states need to reflect the centrality of the HRD sector, and thereby reorder the expenditure priorities to significantly increase investment in this area. Training responsibility should remain with the HRD sector, which should provide leadership and harmonize the training efforts currently in place across the sectors. The regional training council capacity should be strengthened for it to fulfill its mandate and responsibilities. The existing regional training council structure should be reviewed to incorporate the sub-sectors of labor and employment, as well as health, population, and social welfare. RTC should create a data bank for the HRD sector, on available specialized and trained manpower on other resources that can be shared in the region.

The workshop covered also, the long-term strategy for the HRD sector. The workshop noted that the long-term structure which was developed under the thinking and organization of the conference, and that there is the need for the structure to be reexamined in order to cooperate the emerging issues of human resource development under the community. The long-term strategy was reviewed with the aim of highlighting critical issues which should be a long-term strategy for the HRD sector for the development of the community. These are under basic education, the strategy should sufficiently address science and mathematics education,

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building of original identities through cultural exchange, special education for the physically handicapped, disabled and displaced persons, and teaching of sex and AIDS education through basic education.

Under vocational education, the technical training, the strategy should emphasize modular based competence training, and entrepreneurship education, and broad-based training before specialization to reduce skill shortages. The development of training programs for vocational education should be based on researched labor market needs, and should have a provision for open career paths to further any higher education. There should be regional cooperation in the establishment of centers for specialization in the strategic areas of vocational education and technical training. There should be national and regional systems for comparing training standards, and the various certificates issued by SADC country institutions.

The strategy should utilize the broader definition of gender instead of focusing on the female side of gender issues. Progressive policies and facilities covering female and students regarding areas such as access and pregnancy should be formulated. The critical importance of science and technology to development of the communities of its position should be clarified speedily. Efforts should be directed to what is harmonization of curricula, and examination standards.

The priority training areas were mentioned as the HRD sector coordinating, should expedite the implementation of the study of the regional labor market to identify skill in the region. A study on labor mobility in the region should be undertaken in order to establish its dimension and impact. Maximum utilization of availability of trained skills and man power in SADC, I remember in the keynote yesterday, these skills must be utilized, there should capacity to utilize them and to entertain them. Centers of excellence and academic institutions should look into ways and means of adopting training packages for self employment. Remuneration packages in SADC, member states should be harmonized — I wonder how — and rationalized in order to retain skilled manpower. Labor issues should be tabled at the next council of ministers, which was due, in fact, it has just gone past I suppose. Project management should take into account social and cultural dimensions.

Then, the workshop covers the impact of AIDS and population growth on the development of general, and human resource development in particular. The workshop noted that the rapid population and AIDS epidemic, occurring in the context of negative economic growth rates, will have a negative effect on the ability of the region to provide adequate and quality social services, which are health care, education, sanitation, etc. This situation will in turn, have a negative impact on human resource development and economic performance. A few

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recommendations were also brought up in this workshop, which I think are quite pertinent to our discussion. It is imperative that AIDS and population be taken up by the sub-region as a multi-sectoral issue. Recognizing the varying responses to the epidemic and population issues, the HRD sector should reorganize regional advocacy, workshops for policy makers such as heads of state, etc. SADC engages in resource mobilization in such HIV AIDS prevention and control activities, and the population growth control in the region.

Resources should be made available to carry out operational research in the region, including the possible integration of traditional medicine practices. The region should encourage member state governments to examine the impact of any planned development, to take into account the impact of the spread of the AIDS virus, and make preventive measures in an integral part of the project or program design. The HRD should undertake studies on the impact of AIDS and the population in the community, with a view to policies and regulations to immediate the impact. The question of sustainability came up. This initiative must be sustained. The role of the Regional Training Council should be redefined, to reflect coordination and facilitation of the mobilization of resources, for the provision of the required skills. There should be a needs assessment study and establishment of data-base, which should be regularly updated on the existing skills, shortages of skills and areas of specialization required.

Review of policies which will result in a more conducive environment, to introduce better staff incentives, and to finance staff exchange programs. More training of staff is needed, and scholarships could be available for regional training in specialized areas. There is need for mobilization of adequate resources to ensure continuing programs, and scope beyond external support. There should be commitment for member states to support regional programs. There is need for qualification of the full cost of the programs, and the development of effective cost recovery mechanisms. Institutions should engage in income-generating activities, and should fully utilize their facilities towards this purpose; develop policies to reduce dependency on cooperation partners in SADC, which has been the case. Some of our programs are donor driven.

Institutional mechanisms for coordination of the HRD community. In this area, the workshop identified a number of problems which are facing the HRD sector, such as staffing of the regional council, the Regional Training Council, lack of policies and plans to guide its work, resource constraints and lack of effective coordination machinery, at both regional and national levels. The workshop acknowledged the thinking to move the Regional Training Council from the present regional coordinating status to another status. But what of the view that this would not be feasible in the short-term due to resource constraints. However, reviews should be

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undertaken from time to time, on what is possible in attaining this long-term objective. The Regional Training Council attaining commission status will benefit, and it will make it more flexible and more forward looking.

The establishment of regional and national organs through a two-tier system of coordination organized on the principals of governing the work of sectoral coordination units as opposed to a commission. A number of other areas were covered I think, which I think, the paper will be made available so that members will read. The workshop was a success, because it met the objectives intended. Some of the recommendations outlined above will be used in development, in the development of protocols.

Mr. Chairman, may I conclude by suggesting that development assistance to the sub-region should not reinvent the wheel, but should recognize and start from existing institutional mechanisms. The need to strengthen work and relationships with current institutional outfits, will in my views, speed up the process of growth, performance, and excellence in the HRD sector. The central meeting for the HRD sector will be in Malawi in June. I will be more than happy to welcome my friend, K. Hayashi, so that we share experiences. I thank you.

Chairperson: Thank you very much, Mr. Hlophe. I had a very strong impression that this workshop has covered a very wide area of human resource development, and actually the points that you have raised almost cover the substantial part of the areas that we have to cover in this session. Except, if I understand correctly, the areas in which the donor countries should play a certain role. And therefore, it might be an idea for us to discuss in this session, about the relations between the human resource development of the Southern African countries and ODA to be extended by donor countries. This is one of my ideas. Well, I would like to give the floor to our next speaker. From Zimbabwe, Mr. Matsvayi, Please.

Matsvayi (Zimbabwe): Thank you, Mr. Chairman. I think for a change I will try to speak about Zimbabwe. Zimbabwe only experienced a little of this subject. I suppose what I will talk about, actually has been covered to some respect by my colleagues. But I will try to put in terms of Zimbabwe as a country.

Mr. Chairman, human resource development in any country is the centerpiece of meaningful and sustained development, for it impresses all upon human endeavors. Indeed, in development itself, to have an everlasting imprint on the human race, should be people centered. And therefore, the ultimate goal and objective is to develop it for the good of man. People are the most useful of all natural resources, and development of these resources, implications or impact on the long-term development of countries are the endeared renewable,

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or non-renewable sources.

Zimbabwe attained independence in 1980. And the democratically elected government inherited the system of education, which was not only racially or gender, but academically inaccessible and restrictive. In this regard, the majority of African people had no access to development-oriented education geared toward the needs of industry or commerce, let alone to formal education itself. Such systems of education would develop skills or technical know-how, which are for economic development and growth. Indeed, the education under the previous system was meant to develop an ineffective, dormant, and illiterate black labor force relegated to minimal or cheap labor for other classes. In other words, the curriculum development of that system ensured the marginalization of the black people from active participation in the mainstream of the economic development of the country.

At the attainment of national independence, the elected government overnight removed the restricted laws and the regulations, so that formal primary education could be free and accessible to as many people as possible. And the intake after independence rose from just below one million, to two million. Not only were the numbers increased, but other problems were quickly put in place, such as the urgent literacy program to allow all the people to attend classes, so that they could read and write, and therefore take an interest in the development of their families, and their country. The system developed both quantitatively and qualitatively, as part of human resource development efforts. The government initiated a participatory approach to the decision-making process. To achieve that, development of human resources was a top priority in the early development plans. With emphasis on infrastructure development, which encompassed the building of more schools, colleges, and institutions for higher learning. It was realized that, an educated society was more conscious for its needs, shortcomings, and potential, and could be capable of making informed decisions on matters which affect them as family units, at the national level.

These included access to basic human needs, such as safe drinking water and sanitary facilities, nutrition, primary health care, and general hygienic practices. In our case, the government wanted to assure that people were self reliant in basic human needs, and initial concepts such as cooperatives. But not so in lots of resources invested in these ventures failed to achieve objectives for which they had been created. It became apparent to the government, that managerial skills were lacking. This shortcoming was addressed through skills in financial matters, or financial management, project development, and management of worker education, to change attitudes through reorientation of business, ethics, and training. A lot has been achieved in the provision of basic training education. And now emphasis is on tertiary and vocational training.

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There are more vocational and technical colleges that teach skills in industrial and commercial sectors. Overall, there is a positive bias towards vocational and tertiary education geared towards the needs of expected expanding industrial and commercial sectors. This has become even more appropriate as we continue to embark on economic liberalization, and economic reform. The opening up of the economy requires people with a vision, who can adapt to changing business environments, and who are eager and creative in their ventures. This, of course, becomes critical if there is a higher level of human resource development. Liberalization requires entrepreneurs to gear themselves for competition. And only the highly skilled and literate manpower can survive such a change. Human resource development facilitates innovation and inventiveness. And therefore, scientific research is best done in an environment where human resource development have been developed. Economic structural adjustment programs will not truly succeed if the levels of human resource development are not upgraded to deal with the new changes and challenges in the new environment. The opening up of most of our economies, in the environment of liberalization requires a shift, and the refocus of national resources from consumption to production. Hence, efforts are being made to reform and restructure, even the public sector.

It is well known that most developing countries suffer from crippling debt problems, coupled with high debt service ratios, to their export earnings with adverse social, economic and political implications. High inflation rates, which discourages savings, and high government expenditures mainly in the form of current costs. And in any reform program, the governments are called upon to address the imbalance of the pattern of expenditures in favor of the productive sector, recognizing the engine of economic growth and sustainable development.

Indeed, soon after independence in most countries bureaucracies grow to levels where national economies could not sustain them. The public sector became the biggest employer, and therefore often competed for fewer resources with the private sector. There was, therefore, a crowding out of the productive sector in the allocation of resources.

The governments had to get more resources to service their huge bureaucracies through economic policies, such as high-tech sessions system to raise the revenue. Pumping in to earn the public enterprises millions of dollars to keep them operational as a social commitment. No sooner did this situation deteriorate so much, that in some cases economic systems almost collapsed. Did countries realize that the benefits which are occurring form a market-oriented economy, and hence, an adoption of the economic reform programs?

This meant also that governments had to face the truth that they had to restructure their systems, which were costing the fisc millions, if not billions of dollars, resulting in very high

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budget deficits, which left little for productive investment. Measures had to be put in place to streamline the civil service. Such measures included the reduction in the numbers of civil servants, reduction in the number of armed forces personnel, and eliminating huge subsidies to land profit, para-statal or public enterprises. It is one thing, of course, to reduce public service personnel numbers at quite a number to ensure the system remains stable. Here there is a need for concentrated effort by government, private sector, and the donor community, to address the problem of reorienting this resource to new roles. This calls for exchanging of views arising from similar experiences from both North America, Japan, and any other country where demobilization has been done after the Second World War.

Even experiences gained from reconstructing would be most pertinent. Japan is one of the most economically stable and richest countries, and we would like to learn from her experiences after the war which it lost. We need such inputs coupled with our own ideas and perspectives, relevant to our own political, economic, and social circumstances. It is not good enough to simply copy what is there, or was done, but make program which will address our own problems. Once again, training and retraining is necessary to ensure that effective people will continue to play an active part in the development of their countries. This is the essence of human development for practical purposes.

It is recognized that the concept of regional economic or political cooperation has been accepted. And for many years the South has been receiving technical assistance from the North. While there have been benefits under this approach, it is now generally accepted that for everlasting sustainable development and self reliance in skills and development, this should start within national boundaries, and spill over into regional boundaries. The rationality behind this approach is that local institutions have more or less similar problems, similar needs, and similar experiences. And one hopes sharing a common destiny allows for interchange of views and exchanges necessary to move forward. While it is recognized that in the case of SADC, levels of development are varied. It is also recognized that cooperation among the member states could be achieved a lot when compared to technical assistance we get from outside.

We believe through an exchange of program on industry, commerce, agriculture, and infrastructure, a lot can be achieved. In fact, there is a lot that can be learned from each other, in the areas where each has a comparative advantage, at a lesser cost than would be the case if we used the technical assistance from countries without similar experiences. In SADC for example, member countries have had a portion of national responsibilities, depending on the level of expertise in those countries. For example, Zimbabwe is responsible for food security in the region. This is based on the high level of agricultural expertise developed over the years in the country. And the other countries can learn a lot from what is available, and apply this to

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their own situations. Our own future leaders would best be advised that regional cooperation is the most viable option to our long prosperity in business, trade, research, and scientific and technological advancement. This is best done through interchange of experiences, programs, and mutual trust among others, even though there may be linguistic barriers.

For example, we have got English speaking counties versus Portuguese speaking countries. The important thing, however, is to draw up a program of action, based on identified needs, and translate these into "implementable" action plans.

In our view, therefore, the road to success is through developing our human resources. Take what is in the region and fuse it with other expertise from outside to get hopefully a better product. We also believe that political cooperation and commitment are first and foremost fundamental to proper integration, and other programs or initiatives will fall in place. Nothing is insurmountable if there is political will and commitment. And development of resources, both human and natural, will be done to the full. The political will may be required in directing resources where medium- to long-term benefits will come. In this respect, the first thing in human resource development is one way to ensure success, and a way to provide the tools to assist in achieving desired goals.

Human resources are plentiful in all the countries of the region. Of course, with the varying levels of development or sophistication. However, what is required is support to strengthen, develop, and build national institutions, which in turn will serve for capacity building. Financial and technical support are the two components needed from donors to strengthen national institutions for proper capacity building. Very often, what is lacking are not the physical bodies, but financial and technical skills to augment existing capacities. In our view, more resources should actually be spent on capacity building, but our short experience shows that, when technical assistance is given, sometimes it benefits more the donor than the recipient, thereby creating a dependence syndrome. In our view, therefore, the only way donors can provide everlasting assistance in human resource development, is through providing more financial resources to enable national and regional institutions to cope with heavy demands and need in developing local skills.

Finally, Mr. Chairman, it is our desire, our considered view, that all efforts should be directed towards maximum utilization of regional institutions. And the increased cooperation based on the South-South cooperation concept. Otherwise, we will never fully develop or realize our own potentials. It is said, charity begins at home. I thank you sir.

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Chairperson: Thank you very much, Mr. Matsvayi. I think you gave us quite a good picture about the situation of Zimbabwe, and at the same time, you raised a couple of points which are quite interesting. Including, for instance, the possible competition for obtaining skilled or qualified people between governments and private sectors. And also I think you pointed out the necessity in taking a participatory approach for the further human resource development, and I think I can also agree to the points about the requirements to train the people who are equal to the further advanced liberalization of economy, and at the same time, the promotion of structural adjustment. I think these are very interesting points.

Now I would like to turn to the last speaker. From Canada, Mr. Mackinnon, please. I will give you the floor.

Mackinnon (OXFAM-CANADA): Minasan-konnichiwa. I would like to thank the Chairman and JICA for giving me the opportunity to speak to you today on the role of NGOs within democratic civil society within the frame of human resource development. I would also like to thank CIDA for inviting me to represent the Canadian NGO perspective, demonstrating that the partnership between government and non-government is healthy and important. Finally, I would like to greet the honored guests from Southern Africa. OXFAM-CANADA has worked in Southern Africa for over twenty years and I feel privileged to be here to discuss the key issues facing Southern Africa, and creative ways we can work together on long-term development issues.

When looking at human resources necessary for the future of development in Southern Africa, I would like to speak today on the role of NGOs within democratic civil society. Before I continue, civil society needs to be defined. We view civil society as a complex, dynamic arena of institutions and organizations, which exist outside of the state apparatus. It is rich in variety, interactions, and linkages. Within this frame, people learn, pursue their interests, in collaboration and competition with others. To be a viable and effective civil society, we believe it requires three elements, each of which must function well.

First, a secure economic base, providing a sustainable livelihood for all. Second, organizational mechanisms which allow people as equals to define, share, and pursue their goals and interests. And third, a dynamic complex set of values, beliefs, or ideologies, which give meaning and purpose to people's lives.

The roles of Canadian NGOs are to build or strengthen civil society, to address these three sets of factors in a coherent way. OXFAM-CANADA has experience in Angola, Mozambique, Zimbabwe, Namibia, and South Africa — all countries where liberation movements became the

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government. After independence, we learned it was better to continue to support civil society than to shift our support to the new government. The new governments enter a new phase, a new level. This is acceptable, and this is good. It just has to be recognized. To become a new organization, called upon to govern rather than to oppose, as an NGO, our mandate is to support NGOs and community-based groups. The reality is that governments can never fulfill all the promises or expectations of their people. This is true for all countries, including countries in Southern Africa.

The whole issue of who controls development is critical. Governments are mixed on this issue. Some say all development assistance should be centralized and controlled. Others believe that NGOs are healthy for development, and should be encouraged. The word "watch-dog" is used regularly in South Africa in describing civil society. The debate on whether a healthy, vibrant civil society is necessary for democracy is alive and well in Southern Africa, both within and outside the government. A democratic country requires a strong state, and a strong civil society, and this should be seen as healthy. This does not have to be oppositional.

The necessity of open dialog, attempting to create a partnership is critical. This does not mean that both sides agree on all issues. At times, one might call it creative tension. Or, a term that Southern Africans might appreciate, constructive engagement. Ongoing interaction and dialog builds the trust — and I stress the word trust — that is needed for a healthy partnership. From our experience, to have a democratic country, both civil society and the state need to be strong, and interactive. Other key elements are transparency and accountability from all sides.

There are many different combinations of this. Canada enjoys a strong state and a strong civil society. Southern Africa demonstrates a wide spectrum, from a strong state with a weak civil society, to weak states with weak civil societies, to countries like Namibia and South Africa, where states and civil societies are equally strong. From our experience, the relationship between NGOs and the state is in flux within Southern Africa. However, there seem to be several tendencies which appear. First, revolution is more popular and easier to sell than governing.

Once the revolution is over and the government is in place, interest wanes, and therefore, resources from the outside decrease. A battle for scarce resources starts. Less resources are available from the international community. There is a perception that the problem has been solved, when in reality, the real work starts. Long-term sustainable development is a tougher call than anti-apartheid. It is not simply a black and white issue anymore. Secondly, there is a blurred line between the state and civil society. Many old community friends become members of their respective governments. Old debts are being called, patron-client relations are

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changing, and a new unsettling situation is unfolding. Thirdly, civil society in Southern Africa, in particular South Africa, is undergoing, profound change. Resources, in particular human resources, are shifting to the state from civil society. Many organizations are losing their leadership to the government, at both the political and administrative levels. This raises the real quandary; how to have a strong government, and a strong civil society with a limited pool of capable people. We believe ongoing support for building the capacity of community groups is critical.

And finally in this is the tendency, the need for the new government to legitimize itself by taking control. The liberation government believes it can do all, and that civil society is no longer necessary. And this can be a very dangerous trend. There are exciting ways in which Southern Africans are attempting to grapple with democracy. Canadians and Japanese can learn from Southern Africa, as countries that go through a new wave of multi-party democracy, and the creation of an enabling environment for civil society to flourish. In much the same way, an enabling environment was spoken about earlier today, when we were discussing the role of the private sector. Many of these new ways of interacting are taking place, in particular in South Africa. They are attempting to bring all the major stakeholders, both state and civil society, including business to the table to divide up the scarce resources.

The challenge remains for civil society to monitor and attempt to keep the state institutions transparent. When there has been little history of, or experience with, transparency, civil society needs to continue to provide input in decision-making processes, and to keep an alternative channel open for individuals and groups to voice their concerns on all social issues. As NGOs, we need to continue to support the various actors of civil society. In particular, concerning human resource development. And we must do this now, more than ever. Thank you for your attention.

Chairperson: Thank you very much, Mr. Mackinnon. I think your intervention deepened our understanding and awareness of the importance of civil society versus the role of the government, and I would like to appreciate that. We have just finished the intervention of our four representatives from four countries, and now we have a bit more than one hour for free discussion. As the paper on the guide for this discussion which was distributed in advance for this session and other sessions says, this paper says at the part of session 2, the first part of the sentence notes that this is a huge subject. This means human resource development. Human resource development is a huge subject, which covers not only education, technical assistance, and so and so. I agree to this description 100%. This is really a huge subject. And therefore, in this session if you would agree, I would like to invite you to focus on some important issues or points.

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In my view, there are, through the discussion which we heard, several issues regarding this human resource development. One is the basic importance, or significance of promoting human resource development for sustainable development. And secondly, what are the priority areas in human resource development? Is it education, health and welfare, or training the people to meet the further liberalization of the economy, and so and so. Well, I think there may be some important priority issues on human resource development. And thirdly, what are the impediments or obstacles to develop the human resources in the Southern African countries. And fourthly, then what are the approaches for solution to overcome the impediments. And these are, as far as I think, the main points which have to be addressed when we consider human resource development.

And I would like to invite you to make your own comments or questions to the presenters, or any opinions. But if you take these four points in your consideration, I think it is good. And of course, you can touch up on any other issues. Now the floor is open, would you like to speak?

Mokotjo (Lesotho): Yes, thank you. I am not really getting into the guideline that you're giving us. About Canada on the presentation of civil society. Maybe I didn't understand the definition of civil society here. But things are beginning to be clearer to me. One thing I want to signal is that governments have a different perception about this civil society, about NGOs. The suspicion, I think is exacerbated by the way cooperating partners or donors really work with the NGOs, to the extent of, as he said, continuous consultation, working together builds trust. But what is happening is that, there is, in some cases, direct flow of ODA resources to the NGOs. Now here is a government that says, "look, yes I think we have to account for that. That should not bypass the system of the government for accounting the resources that flow into the country." But NGOs, at times say, "no, we are independent, we are dealing indirectly. Why should we report to you, and so that you capture the resources and then reflect them in your capital budgets or whatever. Why do you have to account that to the nation? We are also independently accounting." And the responsibility for the civil society. So you find that there is really a sort of suspicion on the part of the government. That these NGOs are telling us they represent civil society, and that there is a government representing civil society.

What's wrong? Maybe there is something wrong with it. And then they go to the extent of even being supported externally in terms of political lines. I like it when he says, "ok, the liberation movements when they attained, most of them are governments now." And OXFAM from Canada shifted, and said, "ok, you are governments now. We are remaining with the civil society." The civil society has to be very strong, has to monitor governments. Monitor governments — These are the sort of thing, that I think are misunderstanding. I'm not even saying that is very wrong. It's misunderstanding. It's like this presentation probably could

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have been presented to politicians, ministers, and prime ministers to really understand the importance of strong civil society. I will pass the word, but it is very difficult. I think it falls much more in the political arena. But I think we have to endorse the element of really a system, the civil society. My bias is only if they get involved in the development aspect, in developing people. I am very much worried about that politics. If we use them as a vehicle to develop people, so that people participate in the development, so that we say; "ok, this is development by the people, for the people, they're involved, they have input in policy formulation, and development — not in politics." Thank you, Mr. Chairman.

Chairperson: Thank you very much. Well, I have two or three requests for intervention. First, I would like to give the floor to Mr. Soko from Zambia.

Soko (Zambia): Well, thank you very much, Mr. Chairman. I will make a very brief intervention on this concept of NGOs. In principle, at least in the Zambian context, we have no problems working with NGOs. It makes a lot of sense to work with them, anyway. However, I think we need to extend this a little bit further and make a specific identification of national NGOs, and the international NGOs, because the two are very different. The national NGOs have specific characters, and the international ones are much stronger, while the national ones are very weak. Now, if one doesn't make the differentiation and they you end up with the sort of, donor-recipient relationship, which is not exactly the most ideal situation in terms of development of a community.

So, what I really thought one would like to look at, to some extent, is this whole aspect of national NGOs, how best can they be integrated, and how best can they be useful. Not that I think they are not useful, but I think to some extent, one has got really to strengthen the national NGOs, because one of their biggest characteristics — at least the Zambian ones, that I can speak of — would be that their ability to mobilize resources is much lower than the international ones, and you find that their own managerial capacities may be lower, and their own abilities to carry out projects appraisals and things like that, may be much lower. So, a sort of question in a way, but what one would really want to see in terms of NGOs, would be specific effort. Be it from NGOs or governments, it doesn't really matter which ever way it is done. But the specific effort to strengthen the national NGOs to be able to do certain things, to be almost partners to international NGOs. And also what one would like to see would be the specific collaboration between international NGOs and national NGOs in carrying out the work. Not that someone would like to substitute international NGOs, but to build also, a partnership amongst NGOs, so that there is a partnership in that sphere as well. And to kind of kill this donor-recipient attitude, one does not really want to have to replace bilateral cooperation between governments with donor cooperation or general support by NGOs, it

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really remains a donor-driven sort of environment, but one would like to see an environment where there is this self-propelling effort from among the people themselves. Thank you, Mr. Chairman.

Chairperson: Thank you very much. When we are now focusing our discussion on civil society, as well as the role of NGOs. I wonder whether we should deepen our discussion to answering this single question, but I think it is all right for you to touch upon this question. This is a very important issue. The next speaker is Mr. Matsvayi of Zimbabwe, please.

Matsvayi (Zimbabwe): Thank you, Mr. Chairman. Well, I didn't want to speak on the subject, but I think my colleague from Lesotho has raised a very fundamental question, or issue. I think the issue is not that governments have any objection in working with NGOs. But I think the fundamental point here, which appears to be a point, it is agreed between donors and governments. But along the same line, there is a diversion on the way. This diversion arises from the fact that when you discuss with donors, we agree that priorities are the responsibilities of national governments. And NGOs are supposed to come and complement the efforts of the government. But then this question of ownership of priorities become questionable.

Because, if in fact resources are channeled directly to the NGO, and knowing the NGOs — the independence they want — then the question of directing their efforts towards national priorities becomes questionable. But I think this is the point he is making. That, sometimes it becomes very difficult, because they are supposed to complement, assist, or help in the implementation of the development programs. But you cannot direct them to say "you go there, and you go there." Because of that independence of the resources, they can also manipulate the civil society. To the extent where the whole thing is shrouded with other political interventions and other kinds of things.

And I think it becomes very difficult for an operational person who is trying to manage the resource. So, at the same time, we are not saying it's a wrong thing. I think they are useful cooperating partners, but I think it is the direction of the resources. And even the point he makes about the accountability, what we have also noticed is that when a donor outlines how much in terms of resources they have provided to your country, they also put this as an input into the total inflow of resources, but these are not accounted through the government system, and that creates a problem. Sometimes it looks like we are saying "you haven't given us so much," when in fact we know that the money has come. But I think it is a question of accounting for this into the mainstream of the system itself. So that there is no difference in how much say Canada has given, and how much Zimbabwe has received. But normally we would be obliged to account for those resources that have come through our treasury. And I

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think this is the point my colleague is making. Because there has to be an input into the budgetary system itself. Thank you, Mr. Chairman.

Chairperson: The next speaker is Professor Inukai, please.

Inukai: Thank you very much, Mr. Chairman. Well, I would like to change the topic a little bit. But before that, as a matter for information, the main theme the UN ECOSOC NGO workshop for African development, which was held on January 16th and 17th this year was how to create a working framework, and working modality between NGO and the government. The participants agreed to have an international conference on this issue in the near future. So, we can discuss the issue at that forum, not here.

Anyway, when I was listening to the debate on civil society, I immediately felt that the concept of civil society was Western civilization born. It is not a kind of philosophical term developed in Asia or Africa, I think. In that respect, there may be some sort of misunderstandings. But this raises a very important issue, for me at least. I am a professor teaching about Japan's development experience in Japan, as well as in developing countries. And although I think Japan made a tremendous mistake in the beginning of modernization and industrialization, that was, we thought modernization meant Westernization, and after 20 years of false starts we realized that modernization didn't mean Westernization. Modernization means continuous improvement of tradition by applying science and technology. We reached this concept in 1880, when Japan drew up the first ten-year comprehensive development plan in 1884. Many friends think that Japan has something to offer from our development experience. But their concern is primarily post war years. But please remember the fact that, during World War II, Japan was manufacturing the world's finest battleship, and the world's best fighting aircraft. Our level of technology was in fact one of the world's top three industrialized countries. Of course, we were defeated, we were ruined, but we had tremendously disciplined, educated human resources. That was something World War II never destroyed. We lost 25% of our national wealth by the war. Of course, I am not talking about what kind of suffrage we gave to the Asian countries, I am not talking about it. But I think always, and ask to my students, at the time of the great transformation from feudal agrarian to the modern capitalist system, Japan naturally, inevitably made many mistakes. And it took 20 years to realize how many mistakes we made.

And please think in that perspective, the famous book "False Starts in Africa". It was written nearly 30 years ago. And my students in my university, coming from Africa, the first book they have to read in my class, is "False Starts in Africa". And then, "Japan's Ten-year Development Plan", which I translated into English. And then I ask them to think, what is the

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objective of human resource development? It is to create the ability to think. The ability to think can be generated, in a very humble way, in a very simple way, even in a kitchen in a rural village house. The ability to think can probably be best generated by how a mother takes care of babies.

We had tried to build up a modern educational system, but we failed, because the textbooks were totally irrelevant to us. I have studied primary school textbooks in Nigeria, and Kenya, and Tanzania, and also textbooks in secondary schools, and I realized some of the textbooks were totally irrelevant to African tradition. And also, totally irrelevant to Africa's resource Africa has now. Of course, when I started teaching in Africa in 1967, at Hulabe College in Sierra Leone, it was worse. So I realized that there was a tremendous improvement in the teaching method, teaching materials, and so on. But now we are talking about financial assistance to human resource development. Well,

I do agree, there is money needed. But before the money, we can develop, we can generate our children's ideas. Some deep ideas, which is the truth in African tradition, for which I don't think money is needed.

So what I would like to say here is, let's start to re-think again about human resource development. What kind of human resource development are we going to create. Jobless university graduates? Or urban-oriented rural boys? We have to think very very carefully, what kind of human resource we are going to create in our own society. That's all I would like to say. Thank you.

Chairperson: Thank you very much, Professor Inukai. I think that is really the basic points which you have to consider when we discuss human resource development. And I think that is why I raised as one of the points, the priority issues, the priority areas in the field of HRD, which we have to address ourselves. Unless we know the priority areas of human resource development, on the part of the donor countries, we cannot extend efficient and effective cooperation of ODA. So therefore, for the rest of the time, I would appreciate it if some of the members of this room would touch up on what the priority issues are, in the field of HRD.

The next speaker is Mr. Guibeb from Namibia.

Guibeb (Namibia): Thank you, Mr. Chairman. You will have to bear with me if I have to come to the tail end of my contribution to the framework which have given, and which Professor Inukai has so eloquently defined for us. But I wanted to start at a different point, and start as was said at the social summit on development. The beginning point, or starting point for social

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development as for human resource development, has to be on the national level. And in that sense, I think the critical question will be not so much what we say about human resource development, but the resources we allocate on a national level by way of budget allocations to human resource development.

I think that will demonstrate in many ways the importance we attach to this particular subject. I think the contributions which can come in from overseas or ODA can only complement those national efforts. There is, I think remarkable work being done within the region, now that we are all experiencing the dividends of peace. Now that most of our countries have democratized, have reconciled internally, and now that peace has generally — with a few exceptions — generally prevailing in the region, it gives us an opportunity to allocate more resources to human resource development.

Within this framework, the government is obviously not the sole agent, it is not the sole inheritor of wisdom. As to which solutions are best, we are learning. Obviously, someone referred to, in our own case and in the case of several governments in our region, that we are emerging from the past of revolution movements. When we were ourselves nongovernmental organizations, and were advancing certain solutions about the solutions for problems in our society. Therefore, we have a natural appreciation, not only for NGOs domestically but also for NGOs internationally, as we were conferring with them as friends, as allies in brainstorming on the best possible approaches to our societal problems. There will always be a role, and there is a role, and spaces need to be created for both domestic and international nongovernmental organizations.

I can just give an example in our own case. In spite of the extremely high allocation which we are reserving towards our budget consistently over the last five years — 34% of our budget is allocated to education — and it is still not enough in spite of this high allocation. It is still not enough. And as a result of that, both international and local NGOs in the form of private churches, private schools have a place to provide education, and training. Trade unions, the business through the chambers of commerce have opportunities and have the space to provide extensive skill training. So there is room for all of these. Obviously when you are starting from the national perspective in response to a very keen and critical question, which Ellen underscored during her keynote address, that of ownership, definition of the goals and the objectives of human resource development.

I think it ties very neatly in with what Professor Inukai was trying to say. What is the objective? What are the goals? What should be the content of the human resource development? So in that sense, I tend to agree with Professor Inukai. We need to reflect very

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closely on that, but most important of all, we should, through our own budget allocations, through our national budget allocations, underscore the importance which we attach to human resource developments, so we are credible when we are approaching our partners abroad, both governmental and nongovernmental for further and additional assistance. Thank you.

Chairperson: Thank you very much, Mr. Guibeb. I think we are supposed to finish at a quarter past three, that means we have almost 25 minutes. And I have asked five speakers on the waiting list, and therefore, I hope each of these speakers waiting for their intervention, I kindly request them, to wind up his intervention within five minutes at the most.

The next speaker is Mr. Kamanga of Malawi.

Kamanga (Malawi): Thank you, Mr. Chairman, for giving me the second opportunity regarding this subject. I just want to actually comment on the issue of priority areas.

And as my colleagues and most of us are tending to agree, basic education in terms of primary education, is very valuable to Malawi. Malawi only adopted universal education last year in October. And as my colleague from Namibia has indicated, the new government has actually devoted a lot of resources in terms of the national budget to that. But considering the literacy rate, which I indicated in my paper, and the mass at large, we find that it is really inadequate, because in those schools, there are thousands and thousands of pupils. Actually some of them are schooling under a tree. And of course, there is not enough teaching material, and so forth. So really, I think that is one of the priority areas in human resource development. Because if we are to embrace the concepts, and the issues we are talking about here — sustaining the economy and democracy and reliance — it is not this generation, it is the generations to come. It is not ourselves. So really, I think donor investment there plus what we are doing is really significant.

And indeed, as others indicated earlier on, we really need the involvement of all the people in the society, including NGOs and so forth. And for that reason, we have launched a poverty alleviation program which is very massive, everyone is involved. And we believe that the international nongovernmental organizations have also a role to play there. But of course, coming again to the same subject, which is another priority area, we believe vocational training and industrial training is also another area whereby we have to give people the best excuse to engage in self employment, and the like. So really, I think Mr. Chairman, those are some of the issues, at least to Malawi which are very vital. And I'm not only believing that this is only Malawi. I believe even our neighbors have that. As Swaziland indicated, in terms of the areas of HRD which we agreed, that actually comes out to be one of the most crucial areas. It

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is unfortunate that we are having to grab between our basic casual aspects and actually of what is required at an international level. So really, I think that is one other problem which must be understood in terms of human resource development. Thank you.

Chairperson: Thank you very much, Mr. Kamanga. I would like to turn to Mr. Mackinnon of Canada to speak.

Mackinnon (OXFAM-CANADA): Thank you, Mr. Chairman. I will first of all start off by saying I think it's a very lively discussion, in particular around civil society, and I always appreciate it. This is what I mean by creative tension. I would like to try and bring it back around human resource development, and one of our objectives as Canadian NGOs is to build the capacity of local NGOs and community-based organizations. And I appreciate Mike Soko's intervention to make a distinction between international NGOs and local NGOs and community-based organizations. I think it is a very good one, and it clarifies some issues. And one of the things we do, is try and build a partnership and try — and yes it is a donor-recipient relationship — but we try and build up as much of a partnership as possible. Another one of our objectives as NGOs, is try and keep issues around Africa on the map for Canadians, which influences, which helps the Canadian government be able to continue support bilaterally from the Canadian government to say the Zimbabwe government, or to the Lesotho government. So it's not just as an NGO in Canada supporting NGOs in Southern Africa, we also try and keep the issues and the key issues that are facing you on the map of Canadians, so that continued aid and continued ODA can continue to flow to Africa.

And I also would like to just say finally is that there is a blurred line sometimes between civil society and the government. And in one case in point, in Zimbabwe, is the leader of the largest NGO probably in Southern Africa — an organization with ORAP — the executive director for ORAP for thirteen years just by an election as of December '94, entered parliament as an MP. And so there is an interaction in between, and I think a very healthy one, and I think that should be continued and supported.

Chairperson: Thank you very much. Well, the next speaker is Mr. Ferreira of Angola, please. I will give you the floor.

Ferreira (Angola): Thank you, Mr. Chairman. Let me begin with these obstacles to deal with the development of human resources. I think that if we focus this in the middle of the discussion, I think we will be able to identify priorities and solutions. The start point is what we are thinking about sustainable development. Yes, we are under, I would say orientation not to say under pressure, orientation of such an intention to identify the direction of sustainable development

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in the same way as the counters that are existing as — It is very difficult not to reflect these in the orientation of the human resource development. And one of the most important obstacles, is the scarcity of resources. Global overall resources that we have at our disposal for different objectives, and we have to allocate very limited resources for the human resource development. And if we take the approach of the good coordination between the various politics, we may increase the resources allocated to human resource development.

That is why I would say we could get some progress if we take this problem under the focus of implementation of capacities of the government to formulate good politics, in order to be able to make a coordination between several politics, and this takes me to the priorities. In most of our countries, people are living very badly, especially concerning nutrition. So, if good coordination of politics could result in an improvement in the production of food, this will contribute to this scenario of development of human resources, because if you are trying to educate or give good health to somebody who is not eating well, you are not making good use of your resources. As the time is scarce, I will stay by here. Thanks.

Chairperson: Thank you very much, Mr. Ferreira. I think the lack of the resources for human resource development is a question or problem common to almost all developing Southern African countries. The next speaker is Mr. Soko of Zambia, please.

Soko (Zambia): Thank you, Mr. Chairman for giving me a second opportunity, and I think I will be slightly untraditional in the Zambian way. And I think I have some difficulties with Professor Inukai. At least in Zambia we don't argue too much with the elderly people. But I have some difficulties with the concepts. Maybe it is a misunderstanding on my part. In the first place, I tended to understand that professor was saying that the transition of human resource development should maintain something African. And almost wholesale knocking out the concept of receiving education and say if they do, to go to university, and so on. I think we really have to make a difference between the two. Because there was one aspect, if you're looking at the sociological training maybe and philosophical training, probably you may have certain values imparted. But when you're looking at specific skills, if you are teaching skills on an evaluating project, for example, evaluating policy, engineering skills, construction of certain frameworks, be them economic or whatever, I have doubts if such skills can actually have specific values. Then neither Japanese and neither Westerners as such, but they are actual skills that you learn.

I mean I had an education in Canada, CIDA paid for my education. I don't think I very much think like Canadians do, maybe to some extent I do, but I don't think I do anyway. I still have my own values and my own understanding. And so, I don't think, if I understood him

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correctly, I think there is a danger in this idea of trying to compartmentalize African human resource development into this special group called Africa. Because that's really assuming that the world can be split into Africa, Asia, and so on, which may not be real. Certain skills are universal. And certain skills, of course, it's only the thinking that has got to be different. So in that aspect, I really would like to request, at least those who are in the donor community, to consider these aspects differently. Technical skills are technical skills. But if I wanted to go and learn some, I don't know, some sociological aspect or things like that, then maybe you may want to say, "look, you can't do your sociology in this place." But maybe, if I am doing some learning skills, that is a different story. So really, I think we have to be very different about it, and be very specific, because I think Africans still need an education in whatever universities outside Africa, as much as their education at home. Thank you, Mr. Chairman.

Chairperson: Thank you very much, Mr. Soko. You raised a question which is related to the basic points of Professor Inukai. I have three waiting speakers, but in order to settle this question quickly, I think we've got the priority of intervention to Professor Inukai, asking the approval of two other waiting speakers.

Inukai: Let me repeat my definition, and our Japanese definition of modernization. Modernization means nothing but continuous improvement of tradition by applying science and technology. Please be careful. By science and technology.

Soko (Zambia): Thank you.

Chairperson: I hope it's clear. Well, our next speaker is Mr. Saper of Canada.

Saper (CIDA): Thank you, Mr. Chairman. I must say that I'm going to be very brief, because when I put my flag up the discussion was heading off of human resource development at the time, and since then some of the point I was going to make thankfully have been raised by others. But let me just say, since having taken the floor, that you asked for your important questions. There can be absolutely no question I think in anybody's mind here today that the basic importance of human resource development, or the development process is unarguably central. In that respect, I was happy to hear Mr. Kamanga speak for himself, and of course our distinguished delegate from Zimbabwe and others in the room can attest one having invested heavily in human resource development over the years, and the other embarking on what is perhaps the most ambitious plan at the moment in the region. As to the importance and the potential payoff. It has been demonstrated over and over again that the highest return on investment, of any development project whatsoever, is investment in human resources. And this has been repeated by every study that has ever been done. And having said that, I will even go one step

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further, and say that when that investment is in women, in women in development, the rates of return even go higher still. So I just wanted to make that point.

Secondly, on your question of priority areas, I will leave that for the countries themselves to define. Let me say, however, as the question was raised yesterday, recognize what might be called global phenomena in setting those priorities. We live in a global society, and we are all trying to obtain a higher standard of living for the people of the future generations. And having said that, I think that basic literacy, and numeracy, and basic health have got to figure somewhere on that list of priorities when they are finally established by countries represented here today. Personally, I am very concerned about that. The rate of change of the definition of numeracy is scary. I see this in my own household, when my children can learn at twice and three times the speed I can, and the technology that they're absorbing. And as I travel through Africa, I have very great concerns about the future.

On the questions of impediments and solutions, we have been studying this in CIDA now for some time. Our colleagues in JICA will know it's been painfully long. It is occurring to us that we may have to be looking at a different structure for delivering these public goods. And I have heard various statements today, about transferring deliverability from Western, or in this case Eastern societies to African societies. We may have to start thinking about these things differently. We may have to start thinking about what is the delivery of these public goods which is appropriate within the African society.

I am not in a position to go too much further with that today, but I would like to say that in that sense, the civil society at large, or the NGO community at large, in our view is going to be part of that solution, not in a contestable way with the government, but purely because there is no possibility for governments to meet this demand. That reality was raised by the delegate from Namibia, and I think the mathematics are there. Seventy-five percent of your budgets go to teachers. Ninety percent of your budgets now go to primary education. The teacher ratios are already 40 to 1. So there is not much chance for quantum leaps in efficiency or productivity. You can't put 100 kids in a classroom. So, faced with that, you will have to form partnerships. We recognize that as a donor, I think you will recognize that ultimately as governments. You will have to have partnerships with us, and as I said yesterday, with elements of your civil society to be successful. Otherwise, your children will not be educated. It's basically as simple as that.

I will stop there, Mr. Chairman, we will discuss obstacles, impediments, and many other things — I think our delegate can hardly wait to read this paper — to cover your questions of obstacles later, I pass the floor. Thank you.

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Chairperson: Thank you very much, Mr. Saper, particularly for your cooperation in the intervention you made along the line I suggested. If I am not wrong, I think I have the last speaker. Mr. Links of South Africa, please.

Links (South Africa): I think when we think of human resource development, education, health, training, these areas are not easily separable in terms of priority. Let me put it a different way. It would differ, this prioritization would differ, from country to country, and also within a country over time. One of the criteria my Namibian colleague mentioned here is expenditure on a specific budget. The total social budget is however only one criteria of whether we are on the right track. Mr. Saper mentioned now the point, the more important one however, is the effectiveness with which this amount is being utilized. Unless we are effective in the usage of that high percentage of expenditure, we will not achieve the objectives. I can illustrate this very visibly, Mr. Chairman, if you would allow me.

Education in South Africa is a priority. Our latest budget of last week, made available 26% of the budget total expenditure on education. That's high for a South African government. It is higher than any time before. Let us go back two years ago, when 20% of the budget was spent on education. That is, one out of every five dollars was spent on education. And you would also say it is very high. But, we have the most unequal education system I would think in the world, in terms of the various geographic areas and racial groups. What I am trying to say is that the emphasis can be very wrong despite this large percentage that we spend on tertiary high education instead of targeting correctly on the adult education, pre-school education, primary education. The same goes for health. We have a budget of 13.5% of the total budget spent on health. But there again, misdirected.

So besides looking at the total allocation for a specific sector, you need to look at how effective that that money is being utilized. In this respect may I just say incorporation of the donor assistance into your program of expenditure is of the utmost importance. Unless they fit that pattern that you have prioritized those sectors, it would be very difficult for you to achieve those objectives. Not only in terms of the various sectors, Mr. Chairman, but also in terms of geography, the special spread of their involvement, especially by NGOs for them to be in one of nine provinces, or three of nine provinces, upset the equity you disperse all of these services across the board. Thank you, Mr. Chairman.

Chairperson: Thank you very much, Mr. Links. I think we have already exhausted our list of speakers. And it's almost time to break up for coffee, which I think you might be waiting for earnestly. We have a separate session for the summary, by the Chairmen, therefore I don't intend to summarize what was discussed in this session.

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As I said, as far as I found, there were several issues, or points of issues that were the basic requirements or necessity of human resource development. Also you touched upon the priority areas in resource development, and that was as somebody said, was indicated by the amount of allocated budgets and that was an interesting point. Then, we also discussed on impediments to promote and advance further human resource development, and that I think it was an important point. And we particularly spent a lot of time on the discussion of civil society, and NGO's role. Of course, this is a very important aspect. Also when we discuss human resource development, I think it was a very significant fruitful time. Now I would like to finish this session, and I thank you for your cooperation. Thank you very much.

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“Issues for Development Assistance and Future Prospects”

Bassett (CIDA • Chairperson): We come to the last session of the day. The last session of the conference, in terms of plenary, the “Issues for Development Assistance and Future Prospects.”

And this is above all an opportunity for the African representatives to put their views across as to what they feel they would be looking to in terms of donor support over the next years. What they would require of the donors. We have three representatives to do that. And then following those three presentations, Mr. Kagami of Japan will also make some comments, and then we will throw it open for contributions from the rest of the table.

So to start off, let me ask Dr. Kipokola of Tanzania, who will set the framework for the session this afternoon.

Kipokola (Tanzania): Thank you, Mr. Chairman, distinguished seminar participants, and ladies and gentlemen. Earlier, Tanzania was asked to prepare a paper on the prospects for development cooperation in the Southern African region. This paper was prepared, and has been circulated. However, as you notice from the theme for this session, the subject is much wider. So, I am not going to present the paper, and instead I will give you a rundown on what the topic is about — Issues for development assistance and future prospects. But the paper on the prospects for regional cooperation is a very useful one I think, because it's nicely complementary to the background paper of JICA, and I should probably add that it also reflects some of the contents of a recent study by a team of the African Development Bank, so I would recommend it for reading. Just by way of background, and this is a familiar background, at the moment, there are about six kinds of aid, we have historically at the moment. We have project aid, program aid, balance-of-payment support, budgetary support, debt relief, and technical assistance.

Now, these are very familiar forms of aid, and therefore, I would not like to deal with them apart from listing them down. But I think it is important at this stage to try to clarify on one aspect. There is a general thinking at the moment, or recently, against project aid, which has been the main form of aid in the past, and which continues to be the dominating form of aid. But if we can remember this was in fact by design. And as all of us who have done development in economics may recall, during the '60s and '70s, it's Keynesian economics which was the fashion. And that involved government intervention in all the aspects of public

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administration, and the economy.

And secondly, in the '60s also capital was considered to be the key factor for accelerating economic growth. And indeed, the Harrod-Domar Model for example, was very much based on that. So the dominance of project aid, which in fact has led to development of capacity in different aspects of economies of the Southern African region was by design, and by looking back, we should just see how best we can move forward.

Program aid evolved from there out of the need to concentrate and coordinate aid better. And then of course, more recently we have experienced the emergence and the growing importance of balance-of-payment support, and budgetary support, where as especially with the introduction of structural adjustment programs in the '80s, technical assistance has always been there I know, it's going to continue for a long time to come. Now, another aspect I would like to look at is the effectiveness of the aid. Naturally, this has to do with history. Now, we are looking at history. Here I would like to share with you, the experience of Tanzania. Because generally my outline here is regional in perspective. The Nordic and Dutch governments recently conducted an evaluation study on the effectiveness of aid in Tanzania. What came out of those studies is that project aid has not been effective, because this study was done in 1993 and mainly 1994, when balance-of-payment support was really important, the studies found that balance-of-payment support was effective. Now, these results seem to suggest that for the future, project aid should be avoided and balance-of-payment support aid strengthened. However, this may not be quite correct.

In a conference which discussed the aid effectiveness studies, I have made reference to, it was pointed out that the evaluation of project aid was partial in that it was only based on capacity utilization analysis. In the event, the conference found it necessary to include capacity creation in the assessment, since this was the main objective in the first place. In the discussion, it was further pointed out that capacity and its utilization could be explained by the failure of both the government of Tanzania and donors to address adequately, the foreign exchange recreated cost requirements for new projects. The assumption that the agricultural sector would constantly generate, for an exchange to meet demand, was definitely wrong. It was also observed that while in utilizing new aid resources, priority should be assigned to rehabilitation and existing capacity utilization. New projects will, nevertheless, continue to be necessary, to assist in rationalizing existing capacities and their utilization, and in meeting growing demand, and for economic diversification. The next subheading I am going to address, is future demand for development assistance.

Southern African countries are at a stage where they require development assistance more than

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ever before. South Africa has not been part of this game, but they are welcome aboard. These countries need such resources, first to rehabilitate run-down or worn-out plants and machinery in the productive and economic infrastructural sectors; second, to rehabilitate the social infrastructures after a long period of under-funding these sectors; third, to modernize all the investment in all the sectors; fourth, to create new capacity to meet increasing demand, from the growing populations in the region; fifth, rationalize existing investments and restructure economies for sustainable development; sixth, to alleviate poverty, protect the environment, and invest adequately in human resources development; seventh, to utilize effectively existing and new capacity and facilities; and lastly, to meet the costs of ongoing political and economic reforms. I will mention this later, because I will try to suggest a framework towards the end.

Now I am going to look at future forms of aid. South African countries are over-burdened by debt servicing obligations, and are suffering from serious balance-of-payment problems. This is generally true for the whole region. Under these circumstances, ideally they would need development assistance in the form of grants, or if loans, they should be under IDA term conditions. In addition, debt write-off or substantial reductions in their debt stock would be highly desirable, since this would provide budgetary and balance-of-payments relief at the same time. With regard to the form of aid, there is a general consensus for a combination of balance of payment support, budgetary support, and project aid. But for the latter, this should be in a program framework.

Commodity import support, which I mentioned yesterday, has not been recommended generally, because it is incompatible with trade liberalization. However, and this is important, it has also been argued that commodity import support can be useful for targeting beneficiaries within national boundaries, or in a regional cooperation framework — this may probably become an import instrument at some stage, provided that it is ministered carefully. Now, the balancing of the different forms of aid would depend on the circumstances of individual countries, and therefore should differ from country to country and the Southern African region.

Now, what are the future prospects for development assistance. Recent trends would seem to suggest bleak prospects for the Southern African region to continue to secure development assistance, to meet present requirements. The reasons: (1) apparent aid-fatigue by donors; (2) new demands for aid resources in Central and East European countries; (3) domestic economic problems and the emergence of rightist regimes in the donor countries. This means that countries in the Southern African region will need to work harder, and compete harder for aid resources, if they are to secure development assistance in the future. For example, they will need to ensure preparation of good programs for aid utilization, and convince donors that prospects for performance and economics are better now than in the past.

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In this regard, I can see several points in the form of new development in the region, in favor of the Southern African region. And these include the following: (1) with the ending of the political conflicts in Mozambique and Angola, the region can turn more attention to economic issues including regional integration plans; (2) the death of apartheid and the birth of a free South Africa improves the prospects for regional economic cooperation and interdependence, and therefore better prospects for economic growth in the Southern African region; (3) the economic reforms in the Southern African region countries, have created a better environment for productive investment. And very fortunately, they are also leading to a convergence and harmonization of economic management policies, while democratization will encourage good governance; (4) as the result of past investment in human capital, and the accumulated experience under structural adjustment programs, the region has more capacity now to design good programs for donor support, and to exercise — which is very important — strong ownership for the programs; (5) a strong private sector, which as part of the economic reform, can be expected to improve the prospects for better economic performance.

In the past, as we all know, private-sector development was discouraged in most of the countries in the Southern African region, apart from say Botswana, and Lesotho I think, and Swaziland. Here I would like to say, if I may, that Japan and Canada can assist by leading the way, especially at this stage when the prospect for aid to Africa is at a crossroads. The programs already embarked upon in these countries in the Southern African region are irreversible and necessary, and should really not be allowed to falter. If bilateral aid can be continued, more resources toward regional integration coupled with more effective use of development assistance, as we all anticipate at this stage, would create good prospects for accelerating growth, and overcoming poverty in the Southern African region.

Now, very quickly, I would like to propose a framework for development assistance. Now, I am doing this recognizing very well that some fundamental changes have occurred in the Southern African region, and therefore, the environment has changed, the terrain has changed, political changes have occurred, economic reforms, which have brought in a lot of changes, the importance of the private sector and the need to promote and strengthen the sector. And we also have been told, and we are aware of other changes in the region, including the death of men of the conflicts in the region. So, I am proposing this framework within that environment.

At the national level — so, I am looking at it from the national and regional levels — at the national level, development assistance would be required to provide a strong support for economic and political reforms, particularly to sustain these reforms. Here I would think that the development assistance would be in the form of balance-of-payment support, budgetary support. And here for example, in the fiscal sector, the reforms involve retrenchment, which

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can involve a lot of one-time expenditures, and I think this can be made from some kind of extraordinary financing. The other form of aid here could be debt relief. And technical assistance. Even though as we discussed in the morning, technical assistance may probably have to assume a declining role. But reforms which are ongoing create a lot of demand on the capacity, and these capacities are limited, and they can be enhanced through technical assistance.

We need resources for rehabilitation, expansion, and modernization of existing production capacities, and especially, economic infrastructure. Now, for this category of requirements, project aid may be relevant for the productive sectors, especially during the transition period of privatization, whereby it may be necessary for the government to spend a little bit of money, in order to, before it can sell a business. But program aid would be more important here, especially for the infrastructural requirements in the form of energy, transportation, particularly roads, in Tanzania is a very practical...for example here, the road sector, we have a road program which is working very well. Now, resources will be required for human resources development. Now, this has been discussed very extensively and intensively this morning: rehabilitation of education, and health facilities, and water schemes. Now, this definitely has a Tanzanian bias, but I know its true for Zambia, and its true for Mozambique and Malawi, and probably less true for other countries.

New investments to increase the supply, the supply of these social services — again, this is to meet demand of a growing population, or growing populations. Additional resources will be required to improve the quality of these services, particularly health and education. And we also have the problem of AIDS, and family planning. I think all these come under the umbrella of human resources development, resources requirement, and I think this is an area where programs would be very important. And technical assistance could also play a role. We will need resources for capacity development for the management of the reforms, and the capacity here would include both institutional and human capacity. Again here, program aid and technical assistance could be applicable, but I am tabling this so we can all discuss this.

Another important area, which is new but extremely important, especially the sustenance of whatever we are in now, is private-sector promotion, and development. This morning we talked about, for example, the need to support small- and medium-sized firms through training, and even providing windows for some kind of access to resources, financial resources, and also, some assistance in marketing, in the marketing of their products. And then, I am saying that this, in terms of national level of the relevant assistance, should be accompanied with better prepared programs. And the elements for this include the following: better prioritization of projects and programs which were covered in the morning; better project preparation —

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again, this is very important, and this could include even feasibility studies in order to establish monitoring performance benchmarks of performance indicators; better coordination of projects; and also better coordination of donors at the same time, for any single project or program. And then, we will need better macro and sectoral level policies, and these fortunately are part and parcel of economic recovery programs which are ongoing. And very importantly, this should be accompanied with strong partnership between the government, the private sector, nongovernmental organizations, and donors. This is a very important new outlook in Tanzania, we have already embarked on it.

Now, at the regional level, resource and development assistance would be required for the following regional projects, again, more information can be obtained from the paper which was prepared earlier. Regional project investment, like in energy, transport, communication, are very important for integration. Training and research, here you definitely enjoy the economies of scale and pulling of resources into the economies of scale. Resources may be required for preparatory studies for the regional cooperation framework; studies for regional investment and development policy; studies for compensatory mechanisms to distribute the gains from regional cooperation equitably; studies on the benefits and costs of regional cooperation which EEC has done — and I think that has been the propelling force for the continued interest in the EEC — so the Southern African region required it for sure; and then lastly, resources to assist the development of a regional policy analysis, and very importantly of course, the regional cooperation administration. So, this is a very quick run-down of what I proposed as a framework for development cooperation in the future. Thank you, Chairman.

Chairperson: Thank you, Dr. Kipokola for giving us that framework to which the second and third speaker will speak in their remarks. Dr. Links, please.

Links (South Africa): Thank you very much, Mr. Chairman. I am rather going to stick to my notes, in the fear that I might not touch on all the points in the time that you have allotted to me. I would first of all like to thank JICA and CIDA for this excellent conference. I think both these partners have been exemplary in relations in South Africa as partners. In fact, they have both played very leading roles in the coordination of our tasks there. The excellent background paper is also very welcome, and makes good reading.

I have presented a paper formally, which you have got in your files. That is a background paper, you will get another one that I am using as a draft this afternoon. Let me start off by saying that South Africa has got — and I would like to focus you more on South Africa, we have spoken a lot about the country and I think just to fit it into the whole realm of the region, and development assistance, I would like to focus perhaps a little bit more on South Africa,

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and I would say its function. South Africa has got a dual nature within development assistance. It is seen as a donor in some cases, and also as a recipient. A specific example of its donor status is the fact that, many of you might not know, but South Africa is a partner in IDA, a donor country. And would then be a representative in the forum where the policy of the distribution of IDA funds are being laid down. So from that perspective, South Africa plays a role in looking after — so to speak — the interest of the region, and Africa as a whole. But it is more as a recipient that I would like to make the comments that follow.

Now, prior to the April 27, 1994 election, the South Africa's development strategy was heavily influenced by exogenous factors. And in the Southern African region in particular, South Africa was a member of the Customs Union, which all of us know is made up of Botswana, Lesotho, Swaziland, Namibia. We were also part of, and are still part of the Common Monetary Area, which consists of all the SADC member countries except Botswana. Now, the Customs Union is in the process of being renegotiated, and the concern is that the customs union should continue to guarantee free flow of goods between the member countries, as was envisaged in the 1969 agreement, while simultaneously, Mr. Chairman, bringing about an improved formula for revenue sharing — a sticky point for many of our partners. The common monetary area guarantees member countries access to South Africa's foreign exchange and capital markets. I think both of these institutions have played very fundamental roles in being forerunners for further cooperation, not only amongst these, but among the other SADC countries. Good examples of functioning institutions within Southern Africa. Political changes which have occurred in South Africa have led to a shift in development strategy. In the African continent, South Africa has been asked to participate in a number of the regional entities, after the election of South Africa. After the election, South Africa joined the OAU, and concurrent to that, South Africa is in the process negotiating its participation the premier financial institution in the continent, the African Development Bank, which we hope to join eminently.

In the Southern African region, South Africa acceded to the SADC treaty in August of 1994. This was a result of a collective decision of SADC members to invite South Africa to join. And the objective of this arrangement was to ensure that economic integration in the region proceeds at a normal and a manageable pace. On the South African side, the objective of participation in SADC is to fully commit South Africa to a shared future with other Southern African states. The extent of participation in the region has been limited to assistance and occasions of natural disasters like a drought, and the provisions of infrastructures in some of the neighboring countries. South Africa's participation in the regional structures will now be aimed at bringing in the African context a shared vision of development goals we have all shared up to now, in this forum as well.

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Now, current policy in South Africa — I want to say a few words on that. The government of national unity pledged itself to changing economic and political circumstances of the majority of South Africans. As it was quoted earlier on, charity begins at home, someone said South Africa likes that, and will stick to that philosophy for a long time. To this end, the government of national unity committed itself to a so-called reconstruction and development program, normally referred to as RDP. And this government realizes that the overall political changes cannot occur without the fundamental changes in the economic, and the institutional arrangements that permeate South Africa. For that reason, RDP acts as a program that will bring about re-prioritization of government objectives as evidenced in the government spending, and the spending departments, not only in size but also with respect to each of these budgets, and the various priorities within a sector. And the government focuses in particular areas of that budget. Though the RDP is a South African initiative, participation in regional structures is an effort to extend, very importantly, these objectives of the RDP to the neighboring countries, Mr. Chairman. Thus the coordination of activities with regard to SADC form a very integral part of the commitment that South Africa has to the region.

Sectoral policies where South Africa has participated in SADC, amongst others include, transport, agriculture, environmental affairs, tourism, health, education, labor, trade and industry, mineral and energy affairs. All of these, I think we have got something to bring to the table, and we would like to share that with our neighbors. Several policy statements have been made by various South African ministers over the past few months and weeks. The Foreign Minister, the First Deputy President on the occasion of South Africa's succession to SADC treaty, and recently also the Deputy Minister of Finance, Mr. Urban at the SADC conference in Malawi. They have all come out with positive intent and realistic expectations by South Africa in the development of itself, but also very strongly for the region. Emphasis is on the limited capacity that South Africa has, in terms of its resources, however, to address the regional problems. However, in spite of these limited resources, South Africa has devoted a lot of energy in entering that its participation in SADC is as meaningful as possible. It is in this spirit, Mr. Chairman, that South Africa will view the coordination of the finance and investment sector, once cabinet approval has been obtained. This has been asked from South Africa to coordinate, and I will just spend two minutes on that, what the proposed strategies would be.

South Africa regards the SADC treaty as an enabling document. The benefits derived by member countries in being part of such a treaty should contribute in creating some positive-sum game for all, someone quoted that yesterday. In this respect, South Africa acknowledges that being asked to coordinate this sector is a responsibility that is in accordance with its comparative advantage in financial services. The role of South Africa in this sector,

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will be to provide leadership and guidance on the formulation, the implementation, and the management of finance, and investment policies. There is a general consensus that South Africa can provide technical expertise in this sector, and will be able to mobilize material resources required for this task, not only on its own behalf, but also for the region. The experience and expertise gained in the management of the Common Monetary Area we have referred to, which can be cited as a successful monetary cooperative arrangement within SADC, will be valuable in coordinating this sector.

Extending this expertise to the region will, in some way, contribute to capacity building. Among the aims of coordinating the sector can be cited the need to standardize systems and procedures that apply to financial institutions. The need to make the region attractive for foreign investors cannot be over-emphasized. It is commonly understood by member countries that foreign financial flows have been declining over the past decade. Therefore, a development strategy that must be formulated will have to recognize that there are constraints to foreign development assistance. To overcome these constraints, a strategy involving foreign direct investment is needed, and South Africa would want to play a leading role in coordinating the efforts to mobilize this type of investment for the region. To this end, South Africa intends playing a constructive role in ensuring the region is able to attract FDI.

The following will contribute to making the overseas assistance development community a viable region — that's the SADC region; political stability, labor quality and skills, technology and infrastructure, and harmonized taxes, and investment incentives. From the above, it is clear that issues of finance and investment are central to economic development. And the economic integration agenda of this community, if the South African cabinet approves the task of coordinating this financial and investment sector, it is expected that the size and the sophistication of the South African financial markets shall become useful for the region. And when the region is treated as one investment center that can attract FDI, special emphasis must be placed in simplifying and standardizing investment policies over time.

Specific issues that can be mentioned in this sector, are macroeconomic stability that we will concentrate on, as well as macroeconomic convergence, in particular, the reduction of budgetary deficits and inflation rates. Our experience is a good example. We have brought down our own budget deficit over the last year, from just 6.6% to 5.8% in last week's budget. Our inflation rate has come down to something like 9%, over and above 10% for many many year. And this, I think, is one example we can show to our colleagues and assist to having them to bring down their deficits and inflation rates. And several countries in the region are currently implementing structural adjustment policies and programs. It is thus necessary, that the sector coordination come up with a regional perspective on this issue.

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Economic integration aims at monetary integration at some stage. The need for regional central banks to review monetary integration, and finance ministers to review fiscal policies and coordination will fall on this sector. Experience of economic integration in other countries serves to remind SADC countries that the goals of integration are not easily achievable. While those target dates can be set, it serves as a useful guide to adopt a rather incremental approach, a gradual approach. Issues of convertibility need to be tackled first to facilitate smooth trade flows within the region. To this end, Mr. Chairman, a sequential approach that takes into cognizance the common commercial banking practice, development of monetary and capital markets, and the creation of long-term lending instruments need to be addressed immediately. I emphasize that this is a sequence, and the sequence with which you do these things is much more important. Another possibility will be to explore the feasibility of, for instance, a regional development bank.

Mr. Chairman I have a section here on functions government, regarding development which I will stop, and you can read that in the paper. But let me go just to ODA's function if I have three more minutes, Mr. Chairman.

South Africa did not receive any overseas development assistance from multilateral institutions in the past for obvious reasons. For this reason, nothing can be said about post policy and accepting and managing ODA. What can be pointed out though, is that the present government has received several pledges in the form of grants and technical assistance, concessionary and other loans, and limited guarantees, and trade credits to be used during the period of transition. I will not use numbers here, in case I am quoted out of context, but it is a substantial amount of money. Although, we must mention that it is peripheral, it is still marginal to South Africa's budget. Something like less than 2% of our budget would come from ODA, although this could be billions of grants. The approach South Africa has adopted in handling donor assistance thus far has been one of attempting to integrate foreign ODA into available domestic resources, and to make sure that such assistance does not add on budgetary expenditure. That's a fundamental point. The point of doing this is, involving and providing — and sorry — proving to be more complex than was thought. The overall concern of the South African authorities is that the unintended consequences that accompany most ODA efforts in other countries budgets be avoided at all costs. Since the government is committed to fiscal and monetary discipline, it cannot contemplate the efforts of an uncoordinated approach.

Taken in the above context, the ODA's focus of activity is primarily aimed at fulfilling and funding the RDP objectives and priorities. To this end, the government has set up a set of procedures that need to be followed in order to achieve maximum advantage from foreign assistance. These principals are not fixed, but they service a guide and framework of

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cooperation between South Africa and cooperation partners. In fact, Mr. Chairman, what we have now put into place is that all of our partners bring to the table with us a Memorandum of Understanding (MOU), precisely of where, how, and over what period that involvement would take place. So, for instance, we have MOU, as serving at cabinet at present, that we have drawn up for our relationship with the World Bank, delineating precisely where it will be involved in South Africa. These principals have been discussed with international development assistance communities.

The last point, Mr. Chairman. What are the possible prospects for development cooperation? The above question brings another. What are the appropriate forms of assistance in South Africa? This needs to be addressed in the context of the changing world order. The past decade has shown that the South African region is competing with other parts of the world for foreign financial flows. The possibility of making the region attractive to foreign direct investment cannot be over emphasized. Added to that, there is a need to make a shift in the ideology, that has always accompanied foreign assistance. While it will not serve any purpose to cause blame on anyone for past mistakes that have resulted in a debt over, and a need for strict adjustment programs. It might be useful at this stage, to revisit the aims, the modes of delivery of the forms of assistance. And that has been amplified by my colleague from Tanzania. South Africa recognizes the importance of cooperation by all partners. It is in the spirit that it calls for an open dialog with the international development assistance community

In the same vein, it would like to see a more participatory approach in the undertakings of SADC. Joint project financing in sectors where more than one country benefits need to be encouraged. Moreover sectoral cooperation will heal results sooner than an unfocused approach. This raises an important fundamental in cooperating relationships. The political commitment and willingness on the part of the recipient. While it is the technocrats that ultimately ensure the success of any project, it cannot be ignored, that it is the political will that sees any project through. The international development assistance community can extend its roles from being country specific to being region specific. While it is important to treat countries separately, it will be fool-hearted to ignore the spillover effects of very uneven development patterns. The problems of economic refugees that are experienced by some European countries, are manifesting themselves in different forms in Southern Africa. To combat these, it is incumbent on all countries of the region, to ensure stability and economic growth within their respective borders, and it is here where the international donor community can also play a part.

South Africa does not have an answer to most questions that pertain to development assistance. It does not even have a systematic know-how that has been developed by countries

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of the region like Botswana, and Namibia in handling assistance. Therefore, South Africa needs to learn from SADC countries as a whole. What South Africa offers is a willingness to contribute its resources where possible, and in an encouragement in the debate in the ideology of international assistance, so that the SADC objectives can be achieved.

The prerequisites for the development of the full potential in this region, are therefore the foremost to be found in the internal economic and political policies. Example, freedom of speech and association, property rights, market access, human rights, transparent and accountable institutions. In other words, governments will have to change from exercising control, to creating an enabling environment. The most promising issue which could be of prime significance for the development of the individual countries is however the strong consensus in Southern Africa that cooperation is a powerful means to promote economic development. It is in this light, that the donor partners must have a two-pronged approach in their involvement in the region: a country specific approach and a regional approach, which should be complementary to each other.

In this connection, Mr. Chairman, may I just add that the Japanese government's first-ever direct support to SADC, although modest, should be seen as a first of many such support programs. Specific issues to be cleared and further developed, are the NGO sectors that we have heard of in the previous session. And the process of poverty alleviation as well as development. Furthermore, Mr. Chairman, the effectiveness of aid needs to be focused in much more detail. In this regard, the component of technical cooperation is a prime example of inefficiency, resulting from uncoordinated and donor-driven support programs. We all would do well, as recipients and donors, to revisit an excellent study by the UNDP on rethinking technical cooperation. I thank you, Mr. Chairman.

Chairperson: Thank you, Dr. Links, for that comprehensive review of the difficulties of a country embarking for the first time on a recipient-donor relationship. Now, since the two speakers so far have been so assiduous in staying within their allotted time, I'll turn the floor over to Mr. Soko.

Soko (Zambia): Mr. Chairman, thank you very much. I promise I will try to stick to my 10 minutes. Also I would also like to make a small note that the document I will just quickly read through, is essentially not the country paper that was circulated. This is another document which reads "Issues for Development Assistance and Future Prospects." It has got about 19 paragraphs in it. Mr. Chairman, having said that, I think I will just begin to read though it very quickly, and I believe it would be easier for our colleagues who are doing the interpretation, if I stick to the text.

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From the outset, it should be understood, that development is all about people, not simple technological needs. The degree of risk decreases as the quality of the human resource increases. This applies not only to individual entrepreneurial decisions, but also to national strategic decisions. Therefore, the major task for all development workers, is to ensure that both the donors and the recipients of aid have a common approach in examining the risks associated with a decision. However, the choices, and to a large extent, the analyses upon which choices are made, should rest with the recipient of aid. The donor can only either agree with overall direction, or refuse to go along with it.

Donor input in all aid should, in the first instance result in the recipients developing their confidence. For this to happen, the environment should be such that the recipients of aid own the product being considered for funding. Ownership should not be simply presenting a document and a national letterhead. Ownership should go beyond this into the problem analysis phase. The recipient and donor should agree that the donor input should first and foremost be complementary of the recipients effort. The above understanding would suggest, that the current quantum and distribution of overseas development assistance would probably be different. The conditions attached to aid would be the policies in the recipient countries. It is not uncommon for development workers to raise the question of directing assistance to local, national, or regional organizations, regardless of the genesis of the institution. The issue should however be that, the organizations should be appropriate agents of change, and such institutions should be best to own the socioeconomic cultural attributes of the recipients of aid. Therefore, it is imperative that donors support to agents of change should neither create nor dismantle institutions. In this regard, donors' support to agents of change should be targeted at development of appropriate analytical skills and subsequent decision-making processes, development of a framework and skills for the evaluation of the impact of decisions made, and monitoring of implementations of decisions made, provide resources as and when they are required to supplement or complement the programs under implementation. And to enhance consensus-building processes within the organization, as well as among organizations and countries.

What should not happen, however, is that donors should direct recipients of aid to undertake membership of an organization. For example, it should not be possible for the donor to tell developing countries, that donors will only support SADC roads or telecommunication centers or projects. Such an approach tends to bring about an administrative distribution mechanism, which in many cases does not bear any resemblance to the future of the host country. Instead, it tends augment the pre-independence lopsided economic development. If this should be the case, such a development could be contradictory to the thrust of a country's economic restructuring program. On the contrary, donors should support national organizations which

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facilitate already existing activities. For example, donors could support trade facilitating organizations such as COMESA or institutions facilitating research collaborations. However, resources must not be tied up to membership and a consensus at a conference table should not determine what priority projects could be funded in any developing country.

With regards to globalized economy, an effective mechanism for globalizing the economic activity of various countries is to strengthen the economic base of each individual country. Each individual developing country should address issues related to growth, whilst recognizing major resource endowment and competitiveness. The private-sector economic agents should be accorded the people to role and direct in production, and delivery of goods and services. Governments should facilitate private-sector effort. Donors by indigenous governments, should limit their effort to facilitating private-sector transactions. In this regard, indigenous governments must, as a matter of priority, channel their efforts to facilitating the movement of goods and services. They should also facilitate the standard of common standards, tariffs, and charges on goods and services of mutual interest. For example, road tariffs charges, transfer of documents, cargo systems and so on could be developed as common features. Donors have to address themselves to such efforts; therefore, organizations related to trade and international cooperation lend themselves to more globalized economic activities. Those which seek to bring about equitable growth, may not be effective in globalizing economic activity. The emphasis on individual countries building a sound economic base, bring about the much needed economic interdependence. Furthermore, it brings increased markets and consumption of goods and services, as well as incomes on the whole.

Promoting self help is of essence for developing countries. For this to be achieved, donors should target their aid toward human resource development, or development of human capital first, and foremost. This aspect should go beyond the public service. This aspect should encompass the entire population as far as possible. Secondly, the question of economic growth needs to be addressed. This aspect should include donor input into targeted investment funds. In addition, donor inputs are required to convert paying funds and other mutual funds into ingredients for growth. Youth and employment would also be addressed, if the human capital and investment funds questions are addressed. Thirdly, questions of debt need to be addressed. In the short-term, debt relief is of essence. However, a sustainable solution is one that hinges on domestic economies having an acceptable growth rate and export base sufficient to service both internal and external debt. Fourthly, the development of a true democracy and local government structure, consistent with the cultural values of the community, is an essential ingredient into self help. This is because it will encourage the development of appropriate policy alternatives, and development options. Fifthly, a sustainable population policy under recognition of the economic and social impact of HIV AIDS; and furthermore, the control of

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population growth and the spread of HIV AIDS would enable the redeployment of resources to other areas. Sixthly, the development of economic infrastructure such as roads, telecommunications, are necessary areas. Finally, Mr. Chairman, the development of the private sector, and overall macroeconomic management are essential for self help. The strategies for implementing economic management should center on the capacities in the development countries. In conclusion now, Mr. Chairman, innovative approaches are necessary to tackle questions of under-development. Resource transfers from developed countries should aim at stimulating growth. Traditional schemes such as balance-of-payment support, commodity aid, and to some extent debt relief, if not well planned, have led suppressing consumption in domestic goods and services. This, therefore, results in stagnation of developing countries. The question of the development of the human capital still remains priority. However, innovative approaches are also required to assure the nationals of developing countries do not lose their confidence.

And having said that, Mr. Chairman, bring it to the end, but I would like to acknowledge that there is an obvious omission which does not talk about the environment. Not because the environment is not considered an important item, but it's really in a lot of situations a function of the economic status of the communities one is looking at. One has to come with specific alternatives, but it is an important question that needs to be addressed, but as of today it had deliberately not been addressed in here. And the question of NGOs I was going to address has already been tackled.

But finally before I leave the floor, Mr. Chairman, I would also like to thank JICA and CIDA for providing me at least an opportunity for widening my scope, knowledge and friends. And also thank all the participants, who have actually provided a lot of extra knowledge from what I know, and when I go back home, I would certainly look like a genius. And since I may not have quoted most of you when I say what I say, so they will think it's my original thinking. Thank you very much, Mr. Chairman.

Chairperson: Thank you, Mr. Soko. And now for the last speaker before we throw it open for discussion, I will turn to Mr. Kagami.

Kagami (JICA): Thank you very much, Mr. Chairman. I would like to speak on behalf of JICA under the theme given here for this session — "Development Assistance and Future Prospects." My first point is on the regional approach vis-a-vis country approach. It goes without saying that the Southern African region is a region of wide diversity, and it is clear if we see the size of the region, and each country's GNP per capita, or level of education, and so and so. And these elements clearly indicates to us we have to take a differentiated approach to each country, and

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it was very often pointed out yesterday that we have to pay due respect for the different culture and history of each country.

On the other hand, if we look at the ODA trend extended to this region, I think it is a so-so satisfaction that this region has been receiving an increasing amount of ODA over the past few years. This is clearly shown, when you compare the ODA amounts extended to sub-Saharan Africa countries as a whole, or the ODA extended to all the developing countries in the world, this region has been receiving ODA at an annual average rate of 13.8% between the period between 1982-1991. And especially Angola, Malawi, Mozambique, and Namibia, have been receiving an increasing amount of aid from the international community, and particularly Namibia has been expanding very rapidly the receipts of ODA in recent years. I think this is motivated very clearly by the recent movement of democratization in this region, and we are not sure how long this trend will continue. But anyway, I think the donor countries, or the international community will pay, or continuously pay a very strong interest in the movement of democratization of this region. And therefore, I think this is one element which the countries of this region should bear in mind. And secondly, in connection with the regional approach, we have to think in what context we talk about the regional approach. Why is it important?

When we speak about regional projects for instance, what kind of project is feasible and realistic in this region. As I just said, this region is widely diversified in various elements and various aspects, and within this context is it appropriate for the countries in this region or the donor countries just to jump up into the construction of roads, international roads, telecommunication, or utilization of an international river, as we often see in other regions, such as in the Indochina countries? If we consider these characteristics of this region, I think we have to take a very selected approach to projects of this kind, and we have to think about a real project, by which I mean a project which meets the real needs of the regions. For instance, I am not ready to raise any concrete examples of projects, but it is sometimes pointed out that road construction or port construction which may be beneficial for transportation of mineral resources from inland countries, may be a good example for regional projects, and we have to do some further studies.

Secondly, in connection with the regional cooperation, I think the development of this region cannot be done without the generalization of private sectors. And without this generalized power of private sectors, I think it is very difficult for this region to sustain the economy. And therefore, the ODA or assistance of the international community has to be considered along this line. As the JICA study, I think you have it on your desk, this study indicates that the regional unification or regional economic zone has not been so successful in many cases in Africa, and we have to see whether SADC could be an exceptional case. Could it be

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successful?

If you look at the statistics of trade of this region, it is not always clear whether this can be a successful attempt. The amount of trade among the member countries of this region is only 5% of the total trade amount of these member countries. That means, intra-trade of this region is only 5% of the whole trade amount, which has been undertaken by these member countries. That means the trade among the countries within this region is not necessarily so big, and in that case the dependency of trade within this region is not so big, and therefore, how can it be successfully done to establish an economic zone of Southern African countries. And also the second element which we have to consider in establishing an economic zone of this region, is a wide variety of economic policies. Some countries continue still to take a kind of socialistic planning economy, and on the other hand, other countries tend to take more strongly a free market economy, aiming at the establishment of an economic structure which is competitive for export. And this wide variety of economic policies give also some difficult elements to establish an economic zone, but what shall we do in this background?

Here again, I think the elements of South Africa, or South African economy is very important, and we have to consider this element. And also, it may be required to reconsider, or restructure the various regional organizations such as SADC, PTA, and so on. We have to see whether these organizations are not overlapping their functions, and so on. This is not our task, it is the task of the member countries, but these are the elements that have to be considered, I think. And the next point is the role of South Africa, which was already mentioned by Dr. Links, quite extensively. In order to consider the stable and flourishing expansion of the regional economy, I think the role of South Africa is very important. Between South Africa and this region, there are already established linkages in the supply of food, or the supply of manufactured goods, or provision of the facilities of port, or railroad, and telecommunication, or the receipt of workers on the part of South Africa, or the provision of capital. And the further expansion of South Africa is expected to strengthen this linkage, and expand the benefits to be enjoyed by this region as a whole. And therefore, the donor countries I think should pay sufficient attention to these elements, and it is very important to the donor communities to extend support to South Africa for its stability and economic soundness.

The next point is special attention to be paid to LLDC of this region. We should not forget special attention to the least developed countries in this region. There are five countries which are categorized, well classified as LLDC in the United Nations statistics. And for these countries, I think we should extend relatively more cooperation in the field of humanitarian assistance or basic human needs, particularly in such areas as population and AIDS, primary health care, or food supply.

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And then lastly, I would like to mention on the transparency and efficiency of governmental organizations of these countries, the JICA report says it is very important to monitor the governmental organizations, or in other words, the governing elite of the countries of this region. So that the state power would be executed in a fair manner. And we have to see how we can avoid corruption, or how to assure fair application of laws and regulations in various cases of the social and economic activities. And at the same time, it is very important to restrain the brain drain, which are supposed to be very important to the construction of the nations of this region. And this is, of course, the basis for the development of this region, and not only that, it is inevitable for donor communities to pay strong attention to this element. Thank you very much.

Chairperson: Thank you, Mr. Kagami. We have just 50 minutes before we come to the end of this session, so I will throw it open immediately to the floor. And I will ask those who wish to contribute, to try and keep their remarks fairly short. So I open it to discussion from the floor.

Hayashi: I have listened to what Dr. Links said with a great deal of interest, I myself being a student of South African affairs. South Africa has joined SADC, and is doing all it can to promote the affairs and welfare of this region. But in spite of this, as I said in the panel discussion yesterday, within SADC there is a great number of gaps and discrepancies. South Africa adds a very big power in SADC — it's really outstanding. Nobody touched upon this today. I said at the panel discussion yesterday, that in the ANC document there have been some proposals being made. But I did not touch upon what they are, because I had some limited time. And I have that document with me today, and the proposals ANC is giving in nine areas in order to narrow down these gaps and discrepancies. They have nine points to narrow down these gaps and discrepancies. I am going to tell them, and I want you to tell me what you think of those nine points. I think some of them, of course, are really not at all controversial. Some of them are really quite a matter of fact, but there are ones that you may have different views.

The first one concerns utility. The creation of utility networks, power plants, railroads, and so forth. The networking of this region. I think we all agree with this. The second item could be controversial. It talks about currency convertibility. In other words, achieving a common currency area. This is what ANC is proposing. I want your view on this. And the third one. This too, again is a very difficult issue. This is harmonization of tax policies, and regulatory policies. In other words, having a common tax policy. That again, is a difficult thing, but it is a very much needed thing. The fourth one, I think this one, Dr. Links touched upon. This is creating a regional investment code. Actually, code for investment that applies to the entire region. I think this is very much needed, too. The fifth one is coordination of regional action internationally. That again, we think that we can accept this. This task has been undertaken by

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SADC. And then the sixth one, is the creation of a Southern African Development Bank. Now, I want your view on this. Whether you support it or not. As far as I know, already in South Africa there is a Development Bank of Southern Africa. And as far as I know, I believe that you are reviewing this organization, this bank, and that it may be possible for this bank to become a central bank for SADC, or to play that similar capacity. Or are you going to be creating a new bank apart from that? I want your view on this. And the seventh one is the infant industry protection. I think we all support this. And the eighth one, here again, this is regional resource benefaction policy. Using the resources of the region for the region. This again, I think we all support. And the ninth one, I think this can be quite controversial. This is strategic industry protection. And some of the examples are given, such as the manufacturing of weapons. Now the Cold War has ended, and we have been freed from the yokes of the East-West confrontation. And now, however, the regional importance is looming. And the Windhoek conference discussed this, I believe. And in another meeting you had last year, you talked extensively about the regional security issue, that the security of the region should be guaranteed by the countries in the region. Now so, this sort of regional security concept — I want your views on this. Thank you.

Chairperson: Thank you, Mr. Hayashi. I have a list developing here. I will start with Mr. Guibeb. There is plenty of time for everybody, and I did it in the order I saw them, and so everybody is going to get a turn.

Guibeb (Namibia): Thank you very much, Mr. Chairman. I must congratulate my colleagues for the excellent and broad contributions they have made on the subject. I must admit I was a bit worried at the beginning of Mr. Links' presentation, especially as I thought he was reinforcing a certain misperception which I was noting amongst the donor community, referring to the region as South Africa, and Southern Africa. As one plus ten, one plus ten, but I must say that I was very much happy as he progressed through his statement that region became one, and South Africa became — in spite of its size that we recognize in the region — one of the eleven countries of the SADC region. South Africa plays a very important role in that region, it is recognized by everybody. But certainly, presenting it as Southern Africa and South Africa would be a misnomer. I think the suggestion that South Africa was invited to join, would create that misrepresentation. We would assume, that South Africa is a logical part of the Southern African region, and wouldn't want to be part of such a regional important regional organization. I think that is the way it is perceived in South Africa, and it is the way it is perceived in the region. As we all, on a voluntary basis, want to be part of our region.

I think it's important if one wants to look at assistance to that region. As I have stated earlier on, that the logical starting point with all due respect to the analyses and very commendable

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efforts which are being put in by our friends, the starting point should be the perception of the development perspectives, the development needs, in the individual countries and in the region as a whole. With regard to regional developmental goals, I think we have set up a mechanism, a mechanism within SADC, which very clearly defines in all the areas, our developmental needs. And we have allocated to each and every member country of SADC, an area of which it coordinates on behalf of all the countries. It does not mean that the particular country prescribes what the developmental goals and objectives of the region would be with regard to that particular area, that it particularly coordinates, and facilitates an internal dialog towards the process of the definition of goals. I think it within that framework that we allocated, we thought South Africa with its expertise within the financial services, within the banking, insurance, and all the various financial instruments, the sophistication of instruments which it has developed in this particular regard could bring about a plus, an advantage to the entire region by coordinating that particular sector.

I think we have similarly recognized the merits of Zimbabwe, with regard to the food sector. Recognized the merits of Namibia, with regard to the marine fishing area. And I think that should be very clear to our friends as well. We have that division of labor within the region, division of labor, and allocate a particular area for coordination, but we jointly elaborate policy. And therefore, that is very important in terms of ownership, we have been stressing ownership quite a lot here. It is perceived as a joint policy elaborated together, obviously leaning on the expertise of one of the other sectors.

I would not like to go into greater detail. I have made a copy, which for the benefit of all of the participants, I will make available later on. A copy of our draft NDP — National Development Program — which for the next five years stipulates some of the priorities, which we feel are priorities in terms of our own development strategy. We will collaborate together with the rest of our SADC partners in terms of elaborating joint regional strategy, joint regional strategy. My minister just announced in parliament the other day, in attention of the Namibian government to propose to our partners in SADC, the convening of a special SADC summit on employment generation and accelerated economic development, and growth in the region. We will, through the appropriate structures of SADC, introduce that proposal for our side, and we look forward to working together with JICA, with CIDA, and our other multilateral donor agencies in terms of elaborating and preparing for that special summit for 1996.

With regard to the question — I'm sure my colleagues would have an opportunity to comment on the series set of questions raised by Professor Hayashi. ANC, I think the ANC, before the formation of the government of national unity in South Africa has been, and has always been, invited as an observer to SADC meetings, and had within the context because of the

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recognition of the rest of the SADC membership that South Africa would be joining SADC after the sorting out of its domestic difficulties, always made known its own policy intentions, what it would do when it would be in government. I think most of our governments in the region have taken note of the suggestions of the ANC government, and these suggestions would be discussed within the appropriate forum. Now, that South Africa is coordinating that particular sector, I think it is even much more easier to introduce that within the sectoral coordination framework with the rest of the government. I think it's illogical, it would be a bit unfair to characterize some of these proposals as controversial at this stage. Maybe they would take a little bit longer to realize, but it's a logical evolution for economic integration at a certain stage to advance to common, or monetary policy, as we see the objective being fixed within the framework of the European Union, and other similar economic integration efforts.

I would like to comment on a particular area, which is that of security. Since I am from the Foreign Ministry, the Foreign Ministry which is the coordination area of foreign ministries. It is a sector which is very new and evolving, but which was necessitated by the political transformation in South Africa, and the comment and need for adjustment of the status of the front line states — front line states as the political coordination body for common security policy in the region has become redundant after the changes in South Africa, and the heads of state of the front line states that charge their officials and the foreign ministers to reflect on an institution to substitute the front line states within the framework of the SADC treaty. The SADC treaty foresees the creation of an institution which would coordinate policy, diplomacy, security policy, and media at an internal conference. That is I think, at a meeting in Zimbabwe, not so long ago, last month, consensus had been reached among the member states, about both the name, the framework, and the terms of reference of success organization to the front line state, which will operate within the framework of SADC, but which will act as a political arm of SADC. I think more details about this will be made known as soon as the heads of the state and government of SADC, and the states of will be meeting very soon in Zimbabwe. Very soon the meeting was postponed, it was supposed to take place last weekend, but was postponed, but will certainly take place very soon. And that new political coordination organization will be established. Thank you.

Chairperson: Thank you very much. Mrs. Johnson-Sirleaf.

Johnson-Sirleaf (UNDP): Thank you, Mr. Chairman. The interventions thus far have covered most of the very important issues, I believe. Here I would just like to mention a few. First, the differentiated approach, mentioned by Mr. Kagami. This is something that is being advocated very strongly by the World Bank, and that differentiated approach may not only take the course mentioned by him, which is to say in designing ODA programs one should be mindful

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of the historical and cultural differences of countries. But it also says that giving a declining pool of ODA, we should differentiate in terms of performing countries, and this may well mean putting countries into categories in which those considered to be less performing are considered to be less worthy of assistance, and vice versa for those. So the implications of that for countries I think ought to be known by them, and they should factor this into their own responses. The second issue is the pace of economic and political liberalization. And the fact that the later being much more difficult and requiring consensus on the part of the people may lead to, if the sequencing is not right, to some retardation in the former, and what are the implications of this for development assistance.

The next is the whole thing is about ownership, and the implications of stressing the ownership factor because this may well mean, one does not move development programs on the pace and vision of the partners. And what this would mean in terms of their own judgments. Now, increases in ODA, that also has been mentioned and figures have come out in various reports. It was just mentioned again today by Mr. Kagami that it has increased, for this region by 13%. But I think one ought to be very careful when we are talking about the increases, what are we talking about. Has this resulted in funding merely to repay debts? Or has it been used for new funding to be able to expand the economic activity? In this respect, I think we ought to think carefully about what is the quality of debt relief financing vis-a-vis financing for infrastructure, and other things — I think Mr. Soko referred to this as the suppression of demand by using debt relief. This is particularly an issue under the World Bank's so-called fifth dimension, in which bilateral assistance is used to pay off multilateral debt. On a basis that is going to release new flow from the multilateral institutions. Does that mean that this represents a crowding out of grant financing? And what are the implications for this? I think we ought to be very mindful of that.

Finally, two more things, Mr. Chairman. Diversification of economies, with all the assistance that we have, we still find that too many of our countries have been able to move beyond production of primary commodities, despite the level of assistance. Can ODA's direction in the future be more focused on this, and try to increase the kinds of activity which will lead to diversification. And finally, technical cooperation which was mentioned, a subject that our own research has recently attempted to bring out the need for new approaches. The DAC recently put out new principals that attempts to say that a new approach is required. Can we then look to, in a partnership relationships in donor funding, the true operationalization of these principals, i.e. can we see in specific terms, a certain amount of the funds now provided, under donor assistance for technical cooperation, channeled into specific facilities to support the utilization or establishment or promotion of national indigenous type institutions and the utilization of national talent, in a much more systematic and structured fashion. Thank you, Mr.

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Chairman.

Chairperson: Thank you very much. Mr. Mokotjo.

Mokotjo (Lesotho): Mr. Chairman, I thank you. The first point that I wanted to respond to was raised by Mr. Kagami here. That is the issue of what do we mean by regional projects. I think my colleague from Namibia has adequately addressed that. And then probably I would endorse a request that the modus operandi of SADC, now needs to be checked and studied before we engage into any studies. There is a very clear definition as to what is regarded as regional projects. Now, on the second aspect of there is minimum inter-trade, and probably that is a threat in the sense that, given the history of other African economy cooperation that collapsed, probably given this nature, and then the size of inter-trade. Probably SADC may also not succeed. One thing I want to mention here is that in SADC we should remember that it is only a year, just a year since SADC has been converted into a development community, an organization now responsible for the wide spectrum for development of the community.

SADCC with a "double C," we all know its mission, and then its object at that time. But with the political dispensation in South Africa, SADC changed course. The initial object of reducing independence on apartheid in South Africa, which was a threat in terms of full security in a whole number of ways. Disturbance caused by the regime of those days. So when South Africa changed, therefore SADC as an organization has a different focus. It is only a year. We are busily engaged in working on trade protocols, in SADC. Investment protocol, we are quite a bit advanced on that, but when South Africa was allocated a portfolio of investment, and financial portfolio, we stopped on that so South Africa will appropriately take a lead. So that is not in place. The trade protocol that will facilitate trade among SADC members, because their way, and then there are still non-tariff barriers, within SADC members. Because we were not a development community at that time, so we didn't move into these areas. So, this is now a time that we are looking into this. So, here one would request that, probably that would be a factor which we could be charged by. That probably patience can be on the side of cooperating partners, for us to develop these facilities that will facilitate trade among us, and then harmonization of investment policies. That's what we are really working on. I agree that inter-trade in terms of volume is very small currently, but efforts are being made.

Now, the other element which again I must emphasize is, as Ms. Johnson indicated here, was the nature of the industries that exist within SADC. Now, most of members are primary commodity producers. And then we produce wool. They don't need wool. However, we are exporting it to Britain. They couldn't buy it, but we wanted to have currency. We had no manufacturing, no facility to add value to that wool, so we are exporting it raw. Now if

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Botswana is exporting diamonds raw to Lesotho, we don't mean that. So, I really appreciate the point of diversification. If this is an element, that the SADC region can be assisted in diversifying into manufacturing, adding value, producing commodities that are tradable, consumable within the region, that was really one factor that really contributed to this small intra-trade, because most of us are dealing in raw primary commodities, and then exporting them.

Now, the issue of special attention to LDCs in the SADC region, I think this one is welcome, because I think it is one thing we are looking at from the context of polarization also. That we agree, we also admit to some extent South Africa is big, but they are also very sympathetic, that mechanisms should be put in place, in such a way that we don't lose sight of these other members. Now, there were a number of questions asked by Mr. Hayashi here. I don't know if South Africa, some of them looks to be directed to South Africa, we will respond but South Africa I think will take a lead in this. But one thing that I want to really clarify is, reference was made to the ANC document, and then points listed by ANC. But my understanding is that even we, as neighbors of South Africa, the documents we look at their white papers. Of course, a lot of things have really been taken from the original ANC documents, but we are looking at the white papers as government policies, not ANC. Probably the government translating the ANC's documents into action, and then endorsing them saying, this is a white paper. So those are the sort of documents that we are looking in. And then there are some sort of few things that really change in there because, like I said, South Africa is very open now.

For a number of things, before they move and then make it concrete, after consulting within the consistencies, they're also indifferent for a consult with us. Like I said, they consult with us in the customs union agreement. They consult with us, they ask us. Now, do you think this will really happen, do you think this will really work. They also consult us in SADC. So, a number of things we find that, they have really changed. Taking into account our considerations. So, a slide shift from the pure typical ANC document from the white papers of South Africa. So, when you mentioned these things, some of them shocked me. South Africa is moving into regional banks, South Africa is moving into this, and so forth. But the comfort I have for that is that those were ANC documents, now we are talking government to government, so we are considering only their finalized government papers.

And then, here I just want to assure you that we are very happy with South Africa now. It wasn't that South Africa where a lot of things were heated — They are very open, and really consult with us. We also sympathize with them, that they consult with their consistencies, because, things are very complicated there. Thank you very much.

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Chairperson: Than you, Mr. Mokotjo. I don't know whether Dr. Links has got the answer to Mr. Hayashi's question, specifically about the bank. He asked whether there was any thought given to the development of the bank as a regional institution. Perhaps you could answer that.

Links (South Africa): Thank you very much, Mr. Chairman. Perhaps I should have the caveat put to this as my colleague from Lesotho has said, it is very difficult for me to comment on an ANC document. And also I think it's, I also think it's very difficult, he asked me for my personal opinion. I have learned in the short while that I was in public services, that there is no such thing as a personal opinion. Whether you talk at your home, it is quoted as being as someone in government. But in all sincerity, Mr. Chairman, about the utility network areas, I think those are the things in progress, and I think there is no difficulty in seeing across-border involvements. South Africa has been in great partnership with the donor community, and financial community in Lesotho for water. That has been a primary example of utilities that have been very successfully regionalized. ESCOM, or our electricity supply commission is thinking very far into the new century with respect to hydro electricity from Zaire, for instance. These are things that are always under discussion.

Whether this will become policy is another thing, but I think the research work has been done, or is being done on all of these cost effective ways of creating an infrastructure. Telecommunication is the same. I can speak the same of transport. So, I think that is a mutual area that is in line with the objectives of SADC. It's in line with the objectives of South Africa, even though it's an ANC document, I would say that as far as the government is concerned, we would pursue this again in the interest of the region. Currency convertibility is a tough thing. We've got CMA, a Common Monetary Area, functioning perfectly. Positives, yes. There are lots of advantages for those three countries, four countries that are in that. But there is also some loss of power on the part, and flexibility on the part, and policy maneuverability, on the part of those who form part of that. It's also countries that have been locked into the South African economy for all these years, and it would have been strange for them to dissociate themselves from the South African currency. But these trade as one on one, or one to one, so whatever the policy for monetary sector is in South Africa is the policy. The inflation rates would be basically the same. What I'm saying is that, this is a long-term incremental approach that would be followed in that respect. The same goes for tax harmonization. It would be very difficult to do that once off. It is a gradual approach.

But the one that you asked me of, I think I'm not going to even attempt the strategic one, the strategic industry as the Ministry of Finance person it would be very wrong for me. But I can say something about the development bank. It is not clear what our institution will look like within a month or two. It will have a fundamental function, yes, still along the same lines, as

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the Development Bank of Southern Africa. But there is talk more outside of South Africa of a Development Bank of Southern Africa. More on the lines, also because of the African Development Bank would perhaps be interested in a decentralized approach. But this is not something that is mooted by South Africa to say, but the availability of our bank to be transformed into a regional bank might always be there, but it is not a policy from our side, at this stage. We are trying to restructure the mission of our bank with the change of South Africa, and especially the development task that has been characterized totally differently in South Africa in the previous regime with regards to certain regions being underdeveloped. Now that we have moved out of that system and we have one South Africa, the bank has to revisit its mission, and the government is looking at that. But it will not be a fundamental revision of its mission. It is just catching up with its change, so to speak, in South Africa.

Chairperson: Thank you very much for that, and we do appreciate your opposition. This is a party document, not a government document. And I think everybody around this table takes your point, about being a public servant and being officially supposed to be representing the government, and being called upon from time to time to comment on things that are either being mooted or which are not official government documents, but which are unofficial quasi-official, so thank you for your answer on that.

It takes us almost to our appointed closing period of half-past-five. And this has been useful in the sense that it has given an opportunity for the representatives from Africa in particular to give their perception of what they see as the future prospects for development cooperation, the future challenges, and also the new framework as Dr. Kipokola called it, the new framework within which development assistance might be provided in the future. So, with that, maybe I will hand it back to the Master of Ceremonies to bring it to a closure. Thank you.

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FIRST SESSION

Saper (CIDA): Thank you, Mr. Master of Ceremonies. It seems a long time ago since we started this discussion this morning, so I command everybody for their attention. Let me be very brief, as we were all there and I would just go down the list very quickly. First of all, Mr. Ferreira from Angola began by explaining, or at least by expressing the changing role of government in the new economies, particularly with respect to social and economic infrastructure, and policy formulation. He also began the discussion which we had later about the role of the private sector as an engine for growth.

Mr. Mokotjo then, from Lesotho, picked up on that, and he even talked on the government as a facilitator of growth, and the importance of profitability for the private sector to function. And we had the introduction in that presentation, for the need to strengthen small and medium-scale enterprises, and to increase the accessibility to credit and markets for these enterprises.

Mr. Fortuna from Mozambique gave us a very interesting mosaic beginning with the history of that country. And discussing the changing role of the government and the need to create an enabling environment. He went on later to explain the private sector's contribution to job creation, and particularly the need for small-scale industry within a framework of joint ventures.

Mr. Guibeb from Namibia expressed the choices that governments had to make, both in strengthening infrastructure, and indicated his country was somewhat more predisposed than others at the moment, to the use of para-statal mechanism. He then also indicated to us the need to attract foreign investment, and to empower people to be able to participate more in economic activities on a broad basis.

There were a number of issues which came up, which I thought I would mention very quickly. Maybe in recognition of the time. The first of course that I indicated, was on the role of the government. The second was measures to promote the private sector. The need to create access to the markets and financing, and particularly targeted to those working in the private sector. The role of government and provision of infrastructure, policy formulation, training, institutional and legal framework. The next issue that we discussed this morning, was the need to promote small- and medium-scale enterprises, and I won't go into detail there. I think that is well known, and was very well covered. An area that didn't get a lot of discussion this morning, but nevertheless was brought up by a number of speakers, was the need for foreign

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assistance to play a role in the development of the private sector, and that in the past had been directed mainly at public-sector investment. But now the public sector and governments are both looking for ways to increase direct investment, specifically joint ventures on the part of official development assistance. There was also mention on the need for training, and financial support.

Finally, there was a final issue which was interesting; that is, the appropriate balance which seems to be emerging between public- and private-sector involvement in the economy. And there was a general consensus, that government intervention or government involvement in the economy seems to be waning, but nevertheless it often is related to the advancement of the economy itself. There was a recommendation, or not a recommendation but a summary, and that was that for equity and growth in the Southern African region, that ODA could effectively be used to assist the private sector, and to assist the governments in facilitating the private sector.

I just want to close by thanking all the presenters for the preparations they made for the presentations this morning. They did an excellent job, and to the two repertoires who worked diligently on all of our behalf, but certainly provided me with excellent material for this preparation. So to them, I thank them as well.

SECOND SESSION

Kagami (JICA): Thank you very much. I would like to speak on the summary on the second session, which is about human resource development for the future of South Africa. We had four presenters. The first presenter who presented was Mr. Kamanga from Malawi. He provided a general outline of priority issues related to human resource development, from Malawi in particular, highlighting the importance of education and training, and especially in the areas of primary education, science and technology, and primary health care, nutrition, population policy, and employment.

And the second presenter, Mr. Hlophe of Swaziland focused his presentation on the results of the human resource development community building workshop, that was held in Windhoek, Namibia, September 1994. And in addition to announcing the general results, he stressed the need to identify regional employment needs and to provide staffing to carry out regional coordination.

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And thirdly, Mr. Matsvayi of Zimbabwe, stressed in his presentation the need to improve the accessibility to primary education, and to boost the general quality of workers and to improve the situation with respect to qualified human resources between governments and the private sector.

And the fourth presenter, Mr. Mackinnon from Canada, addressed the issue of NGOs and the need for coordination between government and civil society. He stressed the need to establish partnership rather than competition, and described the ideal relationship as creative tension, and constructive engagement. And he also highlighted the need to maintain enthusiasm for long-term sustainable development following the achievement of political change.

And these are the outlines of the presentations of the four speakers. And I found out several common issues in relation to the development of Southern Africa. The first point is, that the whole party agreed on the importance of development of human resources for sustainable development. And at the same time, it was acknowledged that human resources development covers a wide range issues, and it was difficult to cover all of these issues in a single seminar.

And the second point, each country touched upon its individual areas of priority, with respect to human resources development, and also acknowledged there were global aspects that needed to be considered by each, especially in the areas of primary education and technical training.

And the third point, the participants pointed to the various challenges facing human resource development, and these included the need not only to increase financial commitment but also to improve the efficiency of human resource development through improved allocation of resources, and continuity in government strategy and other measures.

Fourthly, the issue of NGOs was addressed in the context of the need for governance and civil society. The participants engaged in a spirited discussion on this matter, with some delegates expressing the view that ODA funding should be implemented with a view to building a trust between governments and NGOs, while others pointed out the need to foster an equitable partnership between international NGOs and national NGOs.

And the fifth point, finally, the participants agreed that issues of human resource development was too large to tackle by a single government, or single country, and that there will continue to be a need to foster cooperation between public and private sectors, and in both in a regional level and a national level. This is a summary of the second session.

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Lastly, I have one proposal which I would like to make on behalf of JICA, which is, I would like to propose, if you on this floor would agree, to study the possibility of holding a follow-up seminar of this kind sometime at an appropriate time in the future, somewhere in the Southern African countries. And if it is agreeable, I would appreciate that. Thank you very much.

THIRD SESSION

Basset (CIDA): Thank you, Mr. Chairman. I should start with a word of thanks, and congratulations to my two scriptwriters who had between the time we finished ten minutes ago and now to write the summary.

This session, basically we started off with the description by the representative from Tanzania of the various forms of aid, the analyses of the effectiveness of aid. The future demand and the future forms of aid, the future prospects of development assistance and then he presented us with a possible framework of development assistance of both the national and regional level.

Secondly, the point was made throughout the seminar, throughout the session to respond on the part of donors to the needs expressed by the recipients, but there was also a rider put in that to the effect that the process of decision-making in recipient countries could be assisted by the donors through assistance in planning, in monitoring, in the evaluation of assistance projects.

Thirdly, a point again that came out from a number of the interveners. The need to be aware of diversity, and the difference between the various countries, and the needs of the various countries.

Fourthly, the point that ODA is needed both at the national level, and at the regional level, and that it is important that ODA at either of those levels be complementary and consistent in the sense that what is provided at the national level should benefit the region as a whole, and similarly, regional projects should not be at variance with what is required at national levels.

Fifthly, the question of South Africa. It was made very clear first of all, that South Africa is a very important part of the Southern African region, and the debate also centered around that issue of South Africa in fact being a part of the region and not apart from it. And so, that was an important point that came out. And a number of speakers underlined the importance of South Africa and its capability to contributing to regional development. We talked about the needs for donors to look at the sequential aspects of development — it's not a one-shot deal,

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there is a sequence that has to be respected, and we should be concerned about the consequences of initial action.

The eighth point is the importance of the role of the private sector, that came out in this session as it has done in many of the other sessions.

The ninth point was the need for special attention to the needs of the LLDCs in the region, and that is perhaps the first time in the last two days that that particular point has been underlined.

And the last point that was made was the importance of assistance to indigenous organizations, and to building the capacity of indigenous organizations, in other words, donor support should always leave something behind in the manner of a capacity that has been created and which did not exist before, but which will remain for the future.

And so that, Mr. Master of Ceremonies, is the summary of the final session. Since I've got the floor perhaps I could take this opportunity on behalf of, not just the Canadian delegation but, if I may be so bold as to say also my African colleagues as to thank JICA and IFIC for, first of all the excellent arrangements that have been made for this seminar, and also for your hospitality. You took on this task, I mean, this week has been an extremely difficult week considering the events — the unfortunate and tragic events of Monday. And that followed up so closely upon the heels of the earthquake. When that even took place, I know all the people of Canada felt for their brothers and sisters in Japan, as has been expressed by other people here. Well, in that context, you have put on an event which has been administered with tremendous professionalism, and you have hosted us with the hospitality that we shall not soon forget. Thank you very much. Sorry, I missed one thing, because I would also like to underscore the point made by Kagami-san, about the follow-up to this to take place in the region, and we will work out the exact nature of that follow up seminar, and the location of it, and we are very much looking forward to that. Thank you.

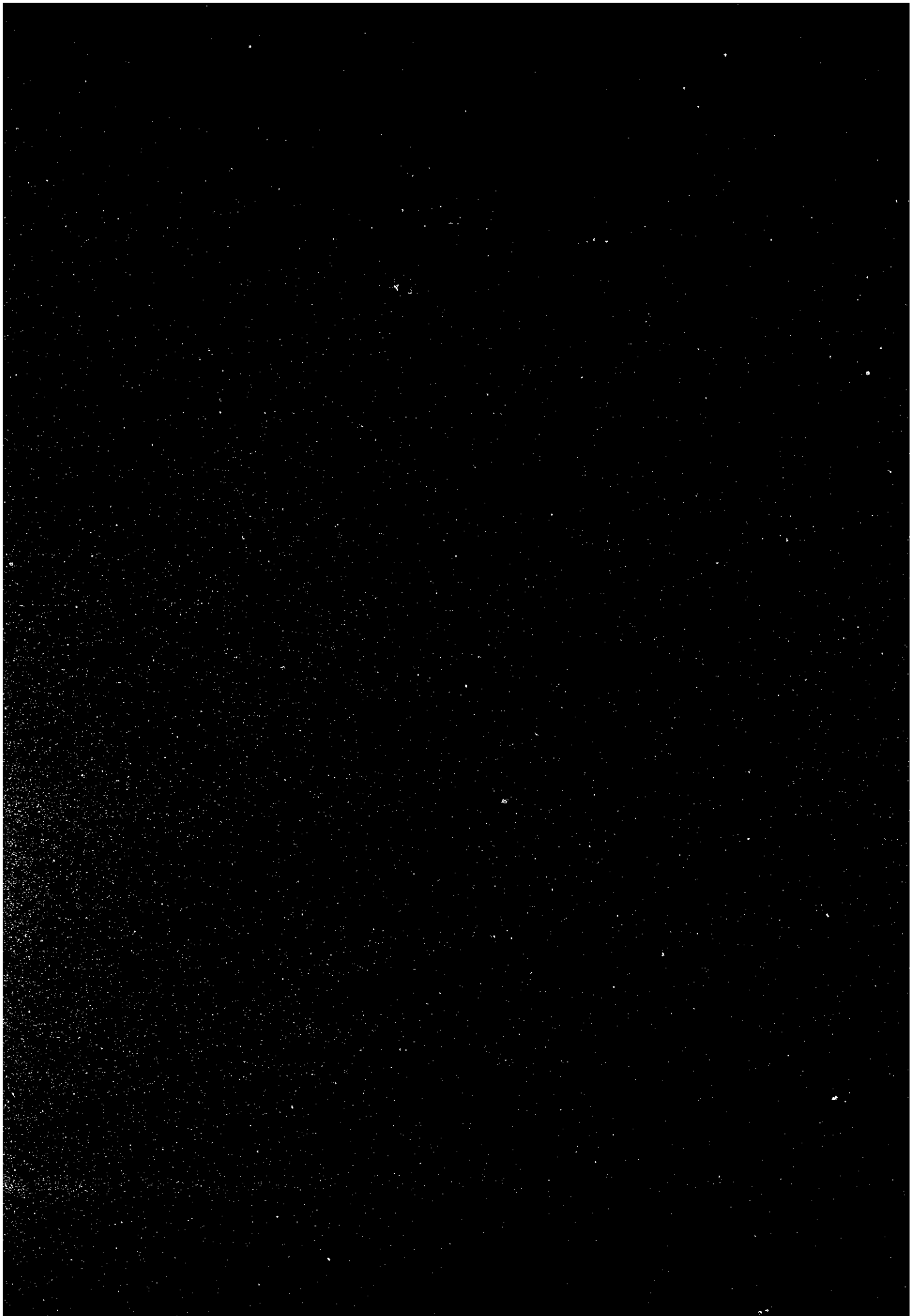
Soko (Zambia): Mr. Master of Ceremonies, on behalf of the participants from the Southern African region, and indeed on my own behalf, I would like to express our gratitude to the Japanese International Cooperation Agency, and the Canadian International Development Agency, and as well as IFIC for organizing such an excellent seminar. We are not only grateful for the arrangements, but for having the opportunity to add the cultural dimension of Japanese cooperation, since we have had to interact with the Japanese people. We have learned quite a few lessons, among of which that one can have some technological advancement, but at the same time remain humble or polite. We are particularly grateful that actually this seminar has been a demonstration of mutual trust and respect between the donors and recipients in that, we

4. SUMMARY OF SESSIONS BY CHAIRPERSONS

have begun an interactive process, which brings in the recipients of aid into the entire planning process of the future focus of development cooperation.

This does not leave any doubts in our mind, that indeed, both the government of Japan and the government of Canada, and indeed, their people, and indeed their people are cooperative partners in our struggle for further economic development. Mr. Master of Ceremonies, we indeed would also like to extend our gratitude to the staff of this institution that have, indeed, provided us some hospitable accommodation arrangements, and we would also like to thank — I can't remember the name correctly, but — the international hospitality, is it the association? Those who met us at the airport and made our travel arrangements, contributed to making it much easier to get through, as well for those like myself who came late, at least there was somebody to meet me in my travel needs — Indeed, was very comfortable. And Mr. Chairman, finally, I would like to actually confirm on behalf of my colleagues, that those of us in the Southern African region would be delighted to hold such a seminar in one of our capitals, and indeed the mechanics can be worked out at a later date, but we would be delighted, and we will still discuss as freely, and frankly, and as friendly as has been the case here in Japan. Mr. Master of Ceremonies, I would like to thank you once again. Thank you.

ANNEX



A COUNTRY PAPER ON ANGOLA

Prepared by

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1. Outline of Development Policy

1.1. Background

Angola is actually facing a very dramatic socio-economic situation. In spite of a peace agreement signed in 1991 and elections in 1992, the country experience a still more ravaging war that aggravate the already very difficulty economic situation. According to estimates published on national accounts, in 1993, GDP at market prices declined by 22.6%, while the average inflation rate was about 1400%, the balance of payments global deficit increased by 55%, the budget deficit increased by 11% in real terms and represented 24.7% of GDP, half of which was financed with external resources (13% of GDP). The real liquid assets that in August 1992 were worth about US\$638.0 millions, decreased to only US\$135 millions by December 1994. The official exchange rate that in February 1993 was 7000 kwanzas per dollar, became 11002.5 in February 1994 and 72570.1 in May 1994. The parallel exchange rate in the same dates were 10270.8, 130000.0 and 168710 kwanzas per dollar respectively. The gap between the official and parallel exchange rates increased from 46.7% in February 1993 to 1081.5% in February 1994, reducing to 132.5% in May 1994.

1.2. Objectives

In face of the existing economic difficulties, the Government announced in 1987 a program of reforms of economic policies designated as Program of Economic and Financial Restructuring(SEF) aimed at a reduction of the budgetary deficit, liberalization of prices, adjustments in wage levels, devaluation of the kwanza, separation of the central bank and commercial bank functions, control of the money supply and improvement in the allocation of financial resources.

In fact, SEF reforms program may be regarded as aiming mainly to the institutionalisation of a new approach of economic policies. The implementation of the economic reforms formulated in the SEF was initiated with the Program of Economic Recovery (PRE) covering the years 1989-1990 and continued with the Economic and Social Program (PES) covering the year 1994. An Economic and Social Program for 1995 is being prepared.

From one program to another, more concrete measures aiming at a fuller implementation of the objectives of SEF reforms are undertaken. However, the

PES for 1994 constitutes a new step forward for economic policy in Angola because it was the most comprehensive and consistent formulation of economic policy in Angola based on a quantified assessment of the economic situation.

Since 1988, the Government approved several laws with the objectives of establishing the new basic framework for the economic policies and economic reforms to be undertaken in specific areas, such as development of financial system, foreign exchange policy, restructuring of public enterprises, privatization and development of private sector, foreign investment.

1.3. Main Contents and Characteristics

Among the measures of these reform programs there are measures of financial stabilization and measures of structural reforms in the economic system. The former include (i) reduction of the deficit of the state budget, (ii) adoption of new method of financing the budget deficit, (iii) restructuring of the financial situation of public enterprises, (iv) strengthening of the financial system, (v) reform of domestic credit policies, (vi) rescheduling of external debt, (vii) liberalization and adjustments in controlled prices and (viii) adjustments in the exchange rate.

The reduction of the budget deficit is one of the most important measures and is expected to be achieved mainly through an improvement in the tax collection, the devaluation of kwanza and a stricter control of budget expenditures. A market for public debt securities will be developed.

The measures of structural reforms include (i) the enlargement of the role of the autonomy for public enterprises (ii) the revisions of the legislation on foreign investment and (iv) the improvement of the planning system.

The measures of structural reforms include (i) the enlargement of the role of the private sector, (ii) the increasing of the autonomy for public enterprises (iii) the revision of the legislation on foreign investment and (iv) the improvement of the planning system.

1.4. Priorities

The full process of reform of the economic system and economic policies in

Angola, is being and has still to be extended for several years and implemented in a gradual approach. In face of the seriousness of the distortions, priority has been given to the achievement of more efficiency through the reduction of administrative interference, a more significant role for the market and competition and a greater decentralization of economic decisions. In addressing the budget deficit problem, priority is being given to the control of expenditures combined with the depreciation of the exchange rate and increase in controlled prices. Since the initial stages of implementation of the reform programs significant changes in the level of wages and liberalization of many prices had to be introduced, in order to stimulate production. Given the strong effect of the exchange rate on oil export revenue and the significant dependence of the Angolan economy on imports priority is also being given to efforts aimed at significant changes in the administrative system of allocation of foreign exchange.

1.5. Preconditions for Achievement

In order that the measures of financial stabilization and measures of structural reforms in the economic system in Angola may fully result in restoration of the basic macroeconomic balances and in significant improvement of allocation of resources creating a favourable environment for a process of self-sustained growth, the war situation should give place to peace and security conditions. Among of the economic effects of war that are determinant for economic policy are the destruction of physical and human capital, the non-productive use of a large share of the already limited available resources, the disruption of the circulation network of goods and persons and the general climate of uncertainty that affects economic activity. The succes in implementing the programs will also depend on the strengthening of the political capability and in institutional capacities that ensure that the measures adopted can be implemented. This is particularly relevant in regard of the control of the expenditures and the control of the expansion of credit as well as in regard of the organization and operation of the capital and foreign exchange markets. Special measures have to be addressed to an alleviation of the difficult situation faced by the most exposed sectors of the population, including actually more than 3.0 million displaced persons, returnees, conflict affected and demobilized.

2. Current Status of Development

2.1. Government's Function

Under the framework of the market economy that is emerging from the reform programs in Angola, the Government is no longer expected to be the main producer of goods and services. Its main function is now being concentrated the creation of a stimulating macroeconomic environment for the private sector, which is regarded as the main motor of the economic growth. Indeed, it is now being recognised that the most important issue is no longer the extent but the quality of the role of the State.

According to the reform programs, the Government has mainly to improve the legal environment for private enterprises, facilitate conditions for the installation of new enterprises, establish programs of incentives for private enterprises, promote the development of the economic and social infrastructure (water supply facilities, power plants, roads, railways, education and health facilities, etc.).

The improvement in the capacity to formulate, assess and implement economic policy is also a main concern of Government. Particularly crucial is the improvement of the Government's capability to coordinate the various economic policy measures in order to stimulate the emergence of an indigenous entrepreneurial talent. Such measures include the removal of undue regulatory constraints, the improvement of infrastructure, the broadening of the financial system in particular in order to facilitate access to bank credit.

2.2. Private Sector's Function

The most important private enterprises in Angola are owned by foreigners. Angolan private entrepreneurs in the formal sector are just now emerging, in special with the privatization of some small public enterprises. Therefore they lack experience and capacities. However they are called to take advantage of the enabling macroeconomic environment that is emerging with the Government's reform policies in order to become the main motor of a self-sustained growth. The new legislation on economic activities enlarge very substantially the sectors in which private enterprises are expected to play the key role.

2.3. ODA's Function

The ODAs will get the best results from their activity if they consider the Government's effects to achieve macroeconomic stability as the paramount guideline for their activity. In particular ODAs should provide assistance in the improvement in the Government's capacity to formulate, assess and implement economic policy.

While Angola is struggling to reach macroeconomic stability, the ODAs should actively support these programs, specially in regard of the preconditions for their successful implementation. Particularly important in this regard is the execution of small size projects to improve the social conditions in the local communities (basic health care, drink and irrigation water supply, food production, secondary roads, administrative facilities etc.)

2.4. Human Resource Development

Human resource development has to play a key role in the development of Angola. Given the very poor overall human conditions, priorities in this sector include the alleviation of poverty through small programs to be implemented in benefit of and with an active participation of local communities, the reduction of unemployment through an appropriate mobilization of the informal sector and system of incentives for the development of a network of small size enterprises, the improvement of general education and vocational education through the extension of the network of primary schools and vocational centres and teacher training, the improvement in public health conditions through the extension of the basic care facilities and the increase of food production and improvement in nutrition through the rehabilitation of the rural population production capacities.

3. Development Issues and Perspectives Toward the 21st Century

3.1. Development Issues

The most determinant development issue in Angola after the war, is the lack of technical capacity, skilled personnel, and appropriated institutional capacities. This is acting as a serious limiting factor in the implementation of measures aiming at fiscal and monetary control. Deficiencies of the institutional design and lack of skilled personnel in public administration led to poor performance in decision-making and implementation of policies. If significant improvements are

not achieved in the next years, Angola will not be able to make use of its development potential.

The high degree of disruption of the economic and social infrastructure and productive capacities will require very high levels of investment which can not be achieved with the actual low level of the national saving rate. However, the level of saving will not raise significantly until success in the reduction of the fiscal deficit and in the rate of inflation to levels consistent with real and positive rate of interest is achieved and the deficiencies in the banking system are competition between demand for alleviation of the very severe human and social conditions and the productive investment demand, if not tackled judiciously, may led to a subordination of the long-term structural transformation requirements to short-term exigencies of the immediate needs in setting national priorities.

3.2. Perspectives

Given the enormous war damage, in the short term, the highest priority will be to respond to economic emergence. As soon as security conditions are re-established, in the different regions of the country, a minimum level of productive activity and social life will have to be restored at local community level. This will require the repairing of the country infrastructure, the re-establishment of the institutional and administrative structures, the resettlement of displaced population, the re-establishment of food self-sufficiency, the rebuilding of education and health facilities, the revival of the system of commercialization of goods and services. etc.

After reaching monetary stability, Angola will face the task of take good advantage of its potential for economic development. Therefore, the development of an adequate knowledge base is the main issue of a national development strategy. The cornerstone of such a strategy has to be an upgrading of human resources, and therefore, its priorities have to be established in the key sectors of education, health, nutrition and labour. The improvement of the quality in the education system is crucial for the achievement of an overall development strategy aiming at an efficient allocation resource, a self-sustaining growth and an institutional and social change. Agro-industrial expansion relied on technological progress and foreign trade should then be the engine of a sustainable growth.

A COUNTRY PAPER ON LESOTHO

Prepared by

**Joseph Lefa Mokotjo
Principal Secretary, Ministry of Trade and Industry
Lesotho**

This paper does not necessarily take the form of the position of the Government of Lesotho. It mainly represents the views of the writer of course as sensed from the Government direction.

1. Introduction:

1.1 The initiative taken by the Japan International Cooperation Agency (JICA) and Canadian International Development Agency (CIDA) to work towards a new development Cooperation framework for the Southern African region could not have come at the right time other than now. This is the time when partners to the Southern African Customs Union Agreement; Botswana, Lesotho, Namibia, South Africa and Swaziland are renegotiating the Agreement in light of the changes in South Africa, and when the global economic re-organization and new initiatives such as the establishment of the World Trade organization and the new political dispensation in the Southern African region take place.

1.2 Also, the Southern African Development Community (SADC) is in the process of establishing foundations for economic cooperation among members since the declaration by Member States to convert the organization to a Development Community. A search for a suitable cooperation framework for the region with third countries and other economic groupings is unabated each passing day.

2. Lesotho's Background:

2.1 Population:

2.1.1 Lesotho is a Kingdom in Southern Africa with a population of 1.8 million growing at the rate of 2.6 percent per annum. Lesotho's population is young, forty (40) percent of the population constitutes children under the age of 15 years and seventy (70) percent of the population is between 15 and 60 years of age. People of Lesotho are a homogeneous group identified by one language, Lesotho. English is also an official language used as a medium of instruction throughout all levels of educational system. A reasonably high literacy is one principal feature of Lesotho's people.

2.2 Resource Base:

2.2.1 The country is largely mountainous. The Maloti mountains cover almost two-thirds of the country with heights of more than 3,000 metres above the sea level. This range of mountains which wear snow in winter, forms a reservoir of Lesotho's "White Gold"(water). The

total area of Lesotho is 30,358 square kilometres. The country lies between the southern latitudes 28 degrees and 31 degrees and eastern longitudes 27 degrees and 80 degrees and is completely surrounded by the Republic of South Africa.

2.2.2 Though the deposits of natural resources are limited including diamond, Lesotho boasts of the abundance of water, clay and rock from which the Lesotho Highlands Water Development Project, the largest water scheme project at least in Africa that involves complex engineering works, ceramic building bricks and walls and floor tiles industry and sandstone cutting industry derive, respectively.

2.3 Principal Economic Sectors:

2.3.1 Agriculture:

2.3.1.1 Agriculture remains the key subsector of the economy. Eighty percent of the population derive their living from agriculture in terms of income, food and employment. However the scope for agriculture to contribute significantly to overall economic development is limited due to the fact that only about thirteen (13) percent of the total land area is suitable for cropping. Wool, mohair, skins and hides are the major agricultural export products. However, the relative share of agriculture to the Gross Domestic Product has been declining since the 1980's due to among other things, encroachment of human settlement on arable land, a series of years of drought, and growth in the other sectors of the economy mainly construction and manufacturing industries.

2.4 Manufacturing Industry:

2.4.1 The manufacturing industry performed very well during the past two decades and surpassed agriculture in terms of contribution to the Gross National Product. This sector has potential to curb the thirty-five (35) percent unemployment rate prevailing in Lesotho. It is dominated by the textile and clothing industries and food and beverages industries. The share of leather and electronic industries in the industrial output

and employment is relatively small. In terms of exports, the clothing industry has assumed a dominant role. The Southern Africa Customs Union area forms a significant market for Lesotho's exports. Europe and north America are second and third largest trading partners of Lesotho, respectively.

2.5 Building and Construction:

2.5.1 Building and construction sector has recently become one of the principal sectors of the economy in terms of its contribution to the Gross Domestic Product (GDP). The activities associated with the Lesotho Highlands Water Project are largely responsible for the impetus reflected in this sector. A framework for facilitating linkages between the indigenous small and medium term entrepreneurial activities with the Lesotho Highlands Water Projects is being developed.

2.6 Water and Energy:

2.6.1 As far as the water and energy sector development is concerned, an insignificant proportion of the population have access to electricity, a majority of whom reside in the urban areas. There is a rural electrification programme in place which was developed to connect villages within five (5) kilometres of existing and planned transmission lines. Government has planned to establish some hydro power stations as part of the Lesotho Highlands Water Project. A breakthrough in improving access to clean drinking water has been made, 30 to 40 percent of the population in the rural areas has access to piped water. The proportion of urban residents having access to piped water is significantly high, ninety(90) percent.

2.7 Tourism:

2.7.1 The tourism sector of Lesotho though untapped at the moment is seen as one key sector with a great potential to contribute to the overall economy of the country. The sector has potential for widest linkages with other sectors of the economy. A master plan has just been completed within the tourism sector development of SADC to exploit

the Lesotho's scenic beauty, refreshing climate and possibilities for winter sports and to develop the tourism infrastructure. Lesotho has been entrusted with the responsibility of coordinating SADC tourism programmes.

2.8 Transport and Communications:

- 2.8.1 Lesotho is linked to South Africa by roads which provide connections to the South African ports. The rail network entering Lesotho is only in the Capital, Maseru. The rest of the rail network indirectly approaches Lesotho at several other points, lines run near Lesotho's borders and goods are transported by road to and/or from the nearest station in South Africa. Moshoeshoe I, international airport connects international service of daily flights between Maseru and the South African international airport in Johannesburg, Jan Smuts.
- 2.8.2 The internal transport network is mainly by roads comprising of approximately 470 kilometres of tarred roads most of which connect the main urban centres. The rest of the system consists of dirt roads, tracks and mountain paths. The road infrastructure is undeveloped relative to the needs and rapid growth of trade and the need for decentralized investment.
- 2.8.3 Significant development in telecommunications infrastructure has been experienced in the last two decades. Yet, internal, regional and international communications need to be improved to cater for the increasing needs of the business community.

2.9 Education:

- 2.9.1 Government places high priority on human resource development. The critical problems identified are severe over-crowding especially in the lowest standards in primary schools, the pupil-teacher ratio is more than fifty (50) to one teacher against a desirable ratio of forty(40) pupils to one teacher. Classrooms are crowded and this problem is also more acute in lower primary schools. Absence of regular in-service training opportunities, a high proportion of uncertified teachers, lack of relevance of the education system to occupational and social realities

and lack of a coherent demand-driven vocational training programme are also identified as major problems.

2.10 Health:

2.10.1 The hospital facilities are owned by Government and the Private Health Association of Lesotho (PHAL). Health care commands highest priority on Government's areas of attention. The cause for concern are diseases associated with poverty, poor sanitation and general ignorance. Tuberculosis which is one main cause for death among adults, diarrhea associated with gastroenteritis which is the main cause of death among children under five years of age, malnutrition and communicable diseases such as measles and typhoid continue to pose a threat.

2.11 Environment:

2.11.1 The environmental problem in Lesotho is attributed to over-stocking and over-glazing that has caused damage to the condition of rangelands. This has resulted in increasing loss of vegetative cover and depletion of the more palatable species of grasses and shrubs. Shortage of household energy sources has caused people in the rural areas to use indigenous shrubs for fuel due to lack of wood trees. They also use as fuel animal dung and crop residue that was supposed to be ploughed back into the soil to increase soil fertility and improve on soil structure.

2.11.2 Soil erosion and degradation are critical problems throughout Lesotho. Though Government has programmes in place to curb the problem of environmental degradation, the scope of the problem requires more resources than those that Government can afford. The Environment Secretariat was established last year within the office of the Prime Minister with a purpose to coordinate and monitor all programmes of environmental protection. Lesotho is coordinating environmental activities and programmes of the SADC.

3 . Policy Direction:

3 . 1 Government policies are directed at setting objectives aimed to improve the welfare of all people of Lesotho, in particular, those who were left behind by passed developments. The need to develop human resource capacity to manage the economy and contribute towards development is recognized. Government policies provide a framework for addressing the following:

- Poverty alleviation,
- Creating productive, remunerative employment,
- Achieving a more equitable distribution of income and wealth,
- Removing economic and structural problems in the sector of industry, trade, agriculture and finance.
- and improved training and education to create capacity for acquisition of more advanced technology and achieving higher labour productivity.

3 . 2 Objectives and Priorities:

3 . 2 . 1 A long range perspective plan containing a set of objectives and targets for the sixth planning period is anticipated since the fifth five-year plan period ends in the fiscal year 1995/96. The passed development plans had the basic objectives being to increase agricultural production through intensive and extensive development of agriculture, to create employment opportunities in all sectors with agriculture, manufacturing and construction leading, to intensify soil conservation, land utilization and environmental protection, to encourage domestic and foreign private investment, to improve transport and communications, to develop and improve health services, to provide for basic education for all and to strengthen the planning and financial management.

3 . 2 . 2 These basic objectives of the past development plans will remain being on top of Government's agenda for the fact that they are processes by nature and require further development and sustainability given new economic, political and social challenges. It is anticipated from the new directives of Government that industrialization will be placed high on agenda as a strategy to complement agricultural development in addressing the alarming unemployment problem. The policy on

improving the investment climate is being formulated with a view to create an enabling environment for investment. A package of incentives including export financing scheme in line with the obligations to the World Trade Organization have been put in place. Other elements such as infrastructure, fiscal measures, training of new entrants into the manufacturing employment, efficient and effective services for investors and efficient utility services are being reviewed.

3.3 It is recognized that the private sector is a vehicle for investment growth and its sustainability. Hence, policies that will enhance private sector's competitive edge in producing new product lines to serve both domestic and international market are being formulated. In this regard, Government has also formulated a privatization policy and programme that will facilitate transfer of formerly public-owned enterprises to the private sector and lay a foundation for a conducive environment that will encourage private investment even in areas that were not previously explored. It is the policy of Government that public investment should be geared to laying necessary infrastructure for attracting private investment.

3.4 The other area of more emphasis by Government is human resource development. It is recognized that development and its sustainability can only be brought through improved training and education of the society. The public sector reform programme has been launched to enhance efficient and effective financial and public management and options are being searched for to develop human resource programmes aimed at meeting the challenges of production processes in the private and public investment.

3.5 The need for support to the development of small and medium sized enterprises is attached high importance. Measures already taken into account to facilitate the efficient operation of the small and medium enterprises include formulation of appropriate legislative and regulatory conditions, access to finance, access to infrastructure, access to training, access to marketing and procurement services and linkages with large sized industries. Incentives and support schemes by Government had been targeted to only large enterprises in the past and as such, development left behind the small and medium enterprise sector.

4. Passed Performance and Prospects for Future:

4.1 Passed Economic Performance:

4.1.1 Economic Growth improved in the late 1990's from low and uneven growth experienced in the 1980's. The adoption of the structural adjustment programme in the late 1990's though it had some social negatives and the implementation of the Lesotho Highlands Water Project brought a positive turn in the economic growth of Lesotho. The manufacturing sector also contributed to the recent years' positive results. The agricultural sector has not generally performed well except in selected years due to the cyclical droughts in the late 1980's as well as recently.

4.2 Future Economic Prospects:

4.2.1 Future prospects for Lesotho's economy depend on the direction of economic order in the Republic of South Africa. It is gratifying to recognize that the Reconstruction Development Programme of the Republic of South Africa (RSA) takes into cognizance the fact that meaningful development in the RSA will not be realized without simultaneous development in the region as a whole. It is also recognized that deliberate efforts should be made to counteract the efforts of polarization in the Southern African Customs Union area and strive for equitable and possible balance of trade. This awareness and commitment on the part of the RSA sets a framework for future prospects for Lesotho's economy.

4.2.2 The improvement on investment climate to which the Government is committed potential benefits of the Lesotho Highlands Water Project, improved the financial management and the success of the public sector reform that Government is already embarking on are foundations for economic development and growth for Lesotho.

5. Public Sector Investment Programme and Official Development Assistance:

5.1 The Public Sector Investment Programme of Lesotho is implemented on a three-year rolling basis. The water, energy and mining sector dominates the

programme's allocations since the implementation of the Lesotho Highlands Water Project. Transport and communications sector ranks second in terms of the share of total allocation. It is not necessarily that the sector takes a relatively high priority among productive sectors but, it is because of the high cost of the infrastructure projects that makes the sector rank second.

5.2 Official Development Assistance (ODA):

5.2.1 The official Development Assistance resources have been playing an important role in financing social sectors, namely, education, employment and health since Lesotho attained independence in 1966. Productive sectors, mainly agriculture, also benefited from significant amount of ODA resources. The ODA resources in terms of grants dwindled from 263.9 million Maloti in 1991/92 fiscal year to 86.8 million Maloti in 1994/95. Total external resources dropped from 1.7 billion Maloti to 1.2 billion Maloti in 1994/95. The explanation for a relatively less drop in the total external resources is that the decline in grants was made-up by substantial acquisition of loans during the years 1992/93, 1993/94, and 1994/95.

5.2.2 The period when Lesotho was faced with decline in the ODA's grants coincided with political changes in the Eastern Europe. It is therefore believed that not only Lesotho was affected but other recipients of ODA also suffered due to diversion of ODA resources to Eastern Europe.

6. Perspectives:

6.1.1 The key factors for future economic prospects for Lesotho is existence of a conducive investment climate to which Government is already committed. Southern African Customs Union investment policies which are being reviewed by partners to the Agreement at the moment, the size of Lesotho's share from the Common Customs Union Revenue Pool that will be determined by the outcome of the current renegotiations of the Customs Union Agreement, the performance of Lesotho Highlands Water Project and removal of the structural rigidities in all sectors of the economy also have a bearing on Lesotho's future prospects. The success of the public sector reform, the

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privatization programme, and support programmes to the private sector in terms of training, access to finance, access to markets in the Southern African Region, in particular, South Africa and access to appropriate technology are other key factors that will influence the future economic growth of Lesotho.

- 6.1.2 Challenges faced by Lesotho and other less advanced States of the region require assistance for building institutions and capacities to develop appropriate national and regional policies to enhance better planning and management of the resources. Human resource development being a complex and wide area covering not only enhancement of skills but healthy nation and productive labour force cannot be successfully addressed from only domestic resources.
- 6.1.3 In conclusion, we are optimistic of the future assuming the political stability not only in Lesotho but also in the Republic of South Africa prevails and the economic reforms initiated by Government are sustained.