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The Way forward

by Kofi Annan

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The ink is hardly dry on the communiqué from Saturday's Group of 20 meeting, where members pledged to work together to revive their economies. Time, political will and in particular the Obama administration will determine whether the goals and ambitions set out will be realized. But the communiqué's significance should not be underestimated.

First, that the pledge should emerge from a G-20 meeting - a forum of advanced and emerging countries - rather than, say, a G-8 or OECD meeting, bodes well for a more inclusive response to the global economic crisis.

Events of the past few months have again underscored that no single country or small subset of countries, even the most powerful or wealthy, can manage the forces unleashed in our globalized world. The Washington meeting potentially represents the beginning of an era of unprecedented cooperation for concerted action on other equally pressing issues, such as climate change, food security and poverty reduction.

Second, it is proposing a process and a timetable both to brake if not reverse the slide into global recession, and to reform the international economic architecture. To date, response has been in crisis mode. But the underlying issues require a sustained response, being systemic in nature: insufficient regulation and supervision of the financial markets; unsustainable energy policies; unpredictable and insufficient assistance for the most vulnerable; and uncoordinated macro-economic policies.

These issues could not be more relevant for Africa. The economic meltdown has come at the worst possible time. Notwithstanding the persistence of conflict and untold humanitarian tragedy in far too many places, including the Horn of Africa, Darfur, eastern Congo and Zimbabwe, the continent has enjoyed a decade of real progress, albeit starting from a low base relative to other parts of the world.

Africa has seen growth rates that are higher than in the past, impressive increases in foreign direct investment and breakthroughs in governance, accountability, education, disease control and the quality of life.

The current crisis comes as Africa struggles to maintain this positive momentum after a year of rising food prices and unprecedented volatility in fuel costs. Food and fertilizer are punishingly unaffordable for consumers and farmers. Recession and slowdown in high-income countries, as well as China, India and the Middle East, are resulting in plummeting commodity prices and exports, reduced remittance flows and decreases in foreign direct investment.

African leaders face an almost impossible challenge: how to protect their fragile economies and vulnerable people from global recession at a time when their revenues are decreasing. Maintaining levels of public investment is the basis for political stability and achievement of the Millennium Development Goals. Inability to do so could have profound consequences - in terms of unemployment, poverty and social and political tensions.

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Last week, at the Tunis meeting of African ministers of finance and central bank governors, the outlines of a way forward were agreed: continued macro-economic stability, strengthened regulation and oversight of financial institutions, and renewed efforts to improve governance and accountability structures.

African countries want to diversify economic activity, strengthen regional infrastructure and recognize the need to create the conditions to encourage investment and domestic savings.

At a time when private capital flows are diminishing, increased access to loans and grants from the international financial institutions and predictable development assistance, are critical.

Failure to honor aid commitments would be a breach of faith and potentially disastrous for the ability of Africa to achieve the Millenium Development Goals. For richer countries, this is not about charity. It is about self-interest. By helping Africa to build roads and railways, power plants, and irrigation and water treatment systems, donors will increase capital exports to Africa at a time when their own industries are facing a collapse of demand.

Aid can be a global stimulus - a powerful way to convert excess capacity in wealthier countries into long-term and high-return benefits, including quick recovery from high unemployment. There is an important brokerage role to be played - to encourage partnerships between governments, development banks, export credit agencies and the private sector to catalyze this two-way stimulus.

Development assistance can also contribute to global security. Problems in one country, let alone one continent, cannot be contained within borders. If African countries cannot overcome the many social and economic challenges they face, these problems will spill over rapidly. Migration to Europe, for example, cannot be managed without addressing the social and environmental fundamentals that are contributing to both conflict and mass movement of people.

Africa still has a long way to go; too many leaders remain unaccountable to their people, and the capacity of regional institutions to prevent and manage conflict remains weak. But in my lifetime, and in the last decade, there has been enormous progress.

Since the 2002 Monterrey meeting on Financing for Development, a compact has been emerging. Richer countries will put development issues at the heart of global agreements, whether on finance, trade, climate change, intellectual property or other pressing issues. Developing countries will prioritize good governance, accountability and the Millenium Development Goals.

Success in tackling the great challenges before us requires genuine partnership and mutual accountability. The least-developed countries must also have a voice and be fully represented in the institutions empowered by the global community to take the lead.

Whether the G-20 meeting on Saturday was a success or not now depends upon the follow-up. It will have served us well if it launches a new era of inclusive economic cooperation and diplomacy.

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Kofi Annan, the former secretary general of the United Nations, is chairman of the Africa Progress Panel. He is appearing Monday at the Forum for New Diplomacy hosted by the International Herald Tribune and the Académie Diplomatique Internationale