

# ‘Negotiation as simultaneous equation’: building a new partnership with Africa

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Africa’s development crisis has been high on the international *development* agenda for at least 20 years—since the publication in 1981 of the Berg Report, *Accelerated development in Sub-Saharan Africa*.<sup>1</sup> A new element at present is that Africa is also high on the international *political* agenda. The engagement with NEPAD (the New Partnership for Africa’s Development), the discussions on Africa at the G8 in Canada, and the holding in Africa of the World Summit on Sustainable Development (WSSD) in 2002, all mark a more broadly based and determined attempt to deal with what Tony Blair has famously described as a ‘scar on the conscience of the world’.

This new Africa ‘project’ has many constituent elements—trade, debt relief, conflict resolution, aid—but what binds them together is precisely the idea of a unified project, a compact or ‘partnership’ for African development. The constituent elements are much discussed, but the matrix of partnership which binds them together is not.

The matrix can be understood in a rather simple way, as the idea that the various elements of engagement with Africa are interlinked. Debt relief is, at the margin, an alternative to aid. Conflict resolution is a necessary condition for poverty reduction. Aid is necessary to enable trade. Each of these statements is ‘true’. And it is an easy step to the further proposition that all the elements should be tackled simultaneously and in the same fora. Thus, Jonathan Porritt, writing about the 1992 Earth Summit and its aftermath, has observed that

Sustainable development as a concept means very little if its two fundamental elements—environmental sustainability and social justice—are not given equal attention ... There was undoubtedly a ‘deal’ on the table at the Earth Summit. G77 and emerging countries implicitly agreed to sign up to a variety of action plans for addressing some of the big environmental issues (global warming, deforestation, loss of biodiversity etc... ) whilst OECD countries implicitly signed up to the idea of increased aid flows and other forms of development assistance as the quid pro quo for their buy-in on the environment agenda.<sup>2</sup>

<sup>1</sup> World Bank, *Accelerated development in Sub-Saharan Africa* (Washington DC: World Bank, 1981); see also World Bank, *Can Africa claim the 21st century?* (Washington DC: World Bank, 2000).

<sup>2</sup> J. Porritt, ‘Introduction’, in F. Dodds, ed., *The way forward: beyond Agenda 21* (London: Earthscan, 1997), p. xvii.

Similar ‘deals’, or attempted ‘deals’, are to be found in almost every international meeting. Thus, the Financing for Development Conference, held in Monterrey in March 2002, ostensibly about finance, could not avoid dealing with trade issues, despite the fact that these had been comprehensively reviewed at the WTO ministerial meeting in Doha only four months earlier, in November 2001. Similarly, the papers of the WSSD in Johannesburg in 2002, ostensibly about sustainability, contain a surprising amount of material about governance. We can debate whether or not this approach of ‘negotiation as simultaneous equation’ is sensible. Our own view is that it leads to unnecessary clutter at international meetings and dilutes the focus. However, it would be foolish to deny the fact that countries will deploy their bargaining chips across meetings as well as within them. As Jonathan Porritt suggests, the promise of increased aid for health or education may be just the thing to leverage agreement on biodiversity.

But this is where more ambitious ideas of partnership may come into play. Perhaps the individual aid or trade conference is not the place to try to manage an overall relationship—agreeing the overall direction, setting guidelines, managing trade-offs, resolving disputes. Perhaps ‘partnership’ needs explicit attention in a separate forum, with separate arrangements. Perhaps the design and management of an overall partnership is precisely what a political initiative should be about—and is precisely where the added value lies of the current commitment to Africa.

We think so. But we also observe that (a) partnership is not a new concept, in general or in development; (b) there are different models on offer; and (c) the G8, in particular, has an opportunity to innovate in ways that will help Africa. In what follows, we explore these questions, and illustrate our points with a specific case-study, Rwanda.

### Partnership models in international development

‘Partnership’ is a much-used term, in many walks of life—an internet search reveals 7.5 million sites where the word is used. Think of ‘business partner’, ‘tennis partner’ and ‘life partner’, as well as ‘development partner’. In international development, the term has been common currency at least since the Pearson Report of 1969, *Partners in development*. It was a key idea of the Brandt Report of 1980, *North–South: a programme for survival*. It was picked up by the Development Assistance Committee (DAC) of the OECD in its 1996 report, *Shaping the 21st century: the contribution of development co-operation*. And it has been a major theme of donor and NGO policy statements, including the UK government’s white paper of 1997 and the World Bank’s Comprehensive Development Framework.<sup>3</sup>

<sup>3</sup> L. B. Pearson et al., *Partners in development: Report of the Commission on International Development* (New York: Praeger, 1989); W. Brandt, *North–South: a programme for survival*, the report of the Independent Commission on International Development Issues under the chairmanship of Willy Brandt (London: Pan Books, 1980); OECD, *Shaping the 21st century: the contribution of development co-operation* (Paris: OECD, 1996); Department for International Development, *Eliminating world poverty: a challenge for the 21st century*, white paper on international development (London: DFID, 1997); World Bank, *Comprehensive Development Framework* (Washington DC: World Bank, Jan. 1999).

There are common themes across all these studies, but also some important differences.<sup>4</sup> There are choices to make.

In terms of common themes, key concepts which recur in discussion of partnership are 'shared ideals', 'trust', 'transparency', 'dialogue' and 'frequent review'. Many observers emphasize the need to allow time for the implementation of these concepts to mature. For example, USAID has emphasized long-term commitment,<sup>5</sup> and CARE, a US NGO, describes the need to 'weave a fabric of sustainability' in developing partnerships.<sup>6</sup> Indeed, recent work by Business Partners for Development goes so far as to suggest that successful partnerships can begin even when some of the key elements are missing, provided that institutions can find ways to collaborate in activities which serve their individual interests.<sup>7</sup> Trust, in particular, takes time to build.<sup>8</sup>

Whether trust on its own is thought to be enough, or whether a more formal contract is required, marks the dividing line between different models of partnership. Some models rely on trust and envision informal methods of bringing about mutual accountability; others specify formal structures for that purpose. For example, the World Bank's Comprehensive Development Framework emphasizes accountability, but has no formal accountability structure.<sup>9</sup> On the other hand, SIDA, the Swedish aid agency, talks about 'adherence to agreements' as a key feature of successful partnership.<sup>10</sup> And outside development, in legal partnerships for example, contract law provides a formal basis for ensuring accountability. The European Union has taken the idea of contractuality further than most aid donors, through successive Lomé Conventions, and the successor Cotonou Convention.<sup>11</sup> As reported by Maxwell and Conway, the Cotonou Convention (signed on 23 June 2000) established important innovations:

Poverty eradication and sustainable development were accorded pride of place (Article 1); equality between the partners was identified as the first principle of a 'legally-binding' co-operation (Article 2); and a much strengthened political relationship was

<sup>4</sup> For reviews of the development literature on partnership, see S. Maxwell and R. Riddell, 'Conditionality or contract? Perspectives on partnership for development', *Journal of International Development* 10: 2, March–April 1998; S. Maxwell and T. Conway, *Perspectives on partnership*, Operations Evaluation Department (OED) working paper series no. 6 (Washington DC: World Bank, Summer 2000).

<sup>5</sup> Chanya et al., 'Partnership for results: a user's guide to intersectoral partnering', paper prepared for the USAID mission directors' conference, Nov. 1998.

<sup>6</sup> M. Burke, 'Partnership: policy, principles and practices', CARE USA paper on partnership, 1998, available at: <http://www.linkingpartners.org/docs/policy.html>.

<sup>7</sup> Business Partners for Development, *Putting partnering to work: 1998–2001—tri-sector partnership results and recommendations* (BPD, 2002); see also <http://www.bpdweb.org>.

<sup>8</sup> R. Butler and J. Gill, 'The dynamics of trust in partnership formation and operation: project summary', mimeo (University of Bradford Management Centre, 1999).

<sup>9</sup> J. Wolfensohn, 'A proposal for a Comprehensive Development Framework (a discussion draft)', memo to the board, management and staff of the World Bank Group (Washington DC: World Bank, 21 Jan. 1999).

<sup>10</sup> M. Karlsson, 'Foreword', in Kifle et al., eds, *A new partnership for African development: issues and parameters* (Uppsala: Nordiska Afrikainstitutet, 1997).

<sup>11</sup> J. Bossuyt and G. Laporte, *Partnership in the 1990s: how to make it work better*, European Centre for Development Policy Management (ECDPM) policy management brief no. 3, Maastricht, Dec. 1994; G. Crawford, 'Whither Lomé? The mid-term review and the decline of partnership', *Modern African Studies* 34: 3, 1996, pp. 503–18.

defined, involving a 'comprehensive, balanced and deep political dialogue leading to commitments on both sides' (Article 8). Perhaps most important, the joint institutions of the EU-ACP partnership, particularly the joint Council of Ministers, were given enhanced powers to monitor the relationship and to adjudicate disputes, at least as regards human rights, democratic principles, the rule of law and corruption (Articles 96 and 97): this may make it more difficult for the donor countries to suspend aid unilaterally.<sup>12</sup>

Of course, a legally binding agreement comes with conditions, in this case (and *inter alia*) a commitment to human rights, democratic principles, the rule of law and absence of corruption. Without conditions, one party can find itself legally committed to supporting unsavoury regimes, which is what happened in the early days of the Lomé Convention. It is notable, however, that the conditions in aid relationships tend to apply more to the recipient country than to the donor; this has been described as 'asymmetrical accountability' and is rather closer in practice to traditional conditionality than to genuine partnership.<sup>13</sup> Accountability in the Cotonou Convention is asymmetrical in this sense: there are no conditions binding the European Union comparable to those binding the developing country partners.

Symmetrical accountability would require the conditions applying to the donors to be spelt out in more detail. These could include commitments regarding the size and composition of aid flows, the pace and sequencing of trade liberalization or the flow of debt relief; and would need to be subject to the same kind of review and arbitration process as applies to developing countries. Similarly, and comparable to the option of suspending aid to developing countries, there should be some enforcement mechanism with penalties available for the developed country. This exists for trade matters through WTO mechanisms, but not otherwise.

It is clear from this that partnership is not straightforward. Maxwell and Riddell, for example, describe the delicate path to be trodden between a 'hollow partnership' on the one hand, characterized by asymmetrical accountability where the aid-receiving government is in no position to hold the donor to account, and an 'inflexible partnership' on the other hand, with no room for manoeuvre, of the kind which left Europe committed to supporting Idi Amin in Uganda or Mengistu Haile Mariam in Ethiopia.<sup>14</sup> What kind of model—between these two extremes—would work best today in Africa?

### **From political commitment to a partnership model for Africa**

There are four key questions to be resolved. First, who is in and who is out, both on the African side and on the rich country side? Second, what should the partnership cover? Third, how strong should the partnership be, and with what

<sup>12</sup> Maxwell and Conway, *Perspectives on partnership*.

<sup>13</sup> Maxwell and Riddell, 'Conditionality or contract?'

<sup>14</sup> *Ibid.*

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degree of contractual backstopping? And fourth, what mechanisms should be put in place to monitor the partnership and if necessary arbitrate between the partners?

*Who's in and who's out?*

The vision of a new political engagement in Africa by rich countries suggests universal participation, but this will inevitably present political problems. On the rich country side, there is more enthusiasm in some quarters than others, and more on some topics than others. The G8 initiative on Africa is said to benefit from the personal enthusiasm of the prime ministers of the UK and Canada and the president of France. The US, however, sends mixed messages. It has made trade concessions through the American Growth and Opportunities Act (AGOA) and committed more money for aid at the Monterrey Conference; but in many respects it is a laggard on international issues, for example with respect (most recently) to the International Criminal Court, the Convention on the Rights of the Child and the Kyoto Convention on global warming, all of which it has rejected. It has also imposed tariffs on steel imports, and passed into law a farm bill which will greatly increase farm subsidies, to the detriment of developing country exporters. 'Multilateralism minus one' has become a guiding principle for international negotiations, and this suggests that new comprehensive partnership arrangements are likely to be problematic.

On the African side, a similar problem arises, though for different reasons. NEPAD, for example, is first and foremost a leadership-driven initiative, initiated by the presidents of South Africa, Nigeria, Senegal and Algeria. It now has a fifteen-member implementation committee, but is still criticized for insufficient popular participation and ownership.<sup>15</sup> More seriously, it will be difficult to involve all African countries in a partnership process which emphasizes peace, security and political governance. Can Somalia be an automatic member of a new partnership? The Democratic Republic of Congo? Liberia? Zimbabwe? Even, on some accounts, Kenya?<sup>16</sup>

This looks like a recipe for selectivity, for limited partnership, on both sides: not quite a universal engagement by all rich countries with all of Africa, but rather, to quote the UK Foreign Office minister for Africa, Baroness Amos, 'enhanced partnership with a selected group of countries'.<sup>17</sup> In fact, given the partial commitment of the US, this might be rewritten as 'enhanced partnership by and with a selected group of countries'.

<sup>15</sup> At the CODESRIA-TWN-Africa conference held in Accra, Ghana, 23-26 April 2002.

<sup>16</sup> Noted by Michael Chege on 30 Apr. 2002 in the first of a series of meetings on the theme 'Can Africa make it? Prospects for Africa's development', of which ODI was one of the organizers. Chege spoke on the topic 'Democracy and governance: participation, transparency and accountability', and the summary of this meeting is at <http://www.odi.org.uk/speeches/africa2002/meeting1.html>.

<sup>17</sup> From the third meeting, on 14 May 2002, of the 'Can Africa make it? Prospects for Africa's development' series. Notes of all the meetings are at [http://www.odi.org.uk/africa\\_series.html](http://www.odi.org.uk/africa_series.html).

In the short run, there is probably no alternative to an approach which draws in a 'coalition of the willing' on both sides. But an approach espoused by NEPAD leaders is the idea of 'non-indifference' to one another's situation, and perhaps this can be extended to developed countries also. In other words, the partnership starts with a coalition of the willing, but explicitly sets out to expand as fast as possible.

Partnership principles would support this approach of starting small and growing, but also suggest that the process should be as inclusive as possible. A complete meeting of minds in advance is neither plausible, nor a necessary condition for successful partnership. The 'fabric of sustainability' has to be woven over time. In business partnerships, successful collaboration can happen even when the cultures and interests of participating organizations are very different. Thus, rich country A may not very much like African country B, and may in fact disapprove quite strongly of its practices—indeed, the reverse may also be true—but there may still be a case for working together in some kind of partnership, and a strong hope that the quality of partnership will evolve or can be guided over time. There is a message here for both African governments and their rich country partners: do not use partnership principles selectively, in such a way as to leave countries out, but do use partnership arrangements to work collectively on the difficult cases (on both sides).

This approach does not imply that the same instruments should be deployed in each case. Aid may be appropriate in one case, military engagement in another: successful partnership requires that governments deploy all the diverse instruments of political and economic engagement at their disposal. At the same time, aid, in particular, may be more widely useful than is sometimes thought. The conventional wisdom, that aid works only in special cases, is a poor guide to policy.

The conventional wisdom is that 'aid works, but only when the policy is right'. This message is associated primarily with the World Bank, in its study *Assessing aid*,<sup>18</sup> and has been very influential among aid donors. If aid works only where the policies and institutions are right, then clearly aid should not be given to countries where those conditions are not met. On this view, partnership should indeed have a restricted coverage. This view was given political expression by the US treasury secretary, Paul O'Neill, in late 2001, in response to the call by the UK chancellor, Gordon Brown, for an increase in aid: he observed that large amounts of aid had been given to Africa in recent decades, without much evidence of a beneficial effect.

The selectivity message is not universally accepted, however. There is dispute about what is meant by the term 'works'. Much analysis defines the objective of aid as being to increase growth, but in fact, much aid has other objectives: to provide humanitarian relief, for example, or to build technical

<sup>18</sup> World Bank, *Assessing aid—what works, what doesn't, and why*, a World Bank policy research report (New York: World Bank, Aid Effectiveness Research/Oxford University Press, 1998).

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capacity. Morrissey estimates that only about one-third of global aid flows are directed at capital investment which has the potential to contribute to growth.<sup>19</sup> Furthermore, the conclusion that aid increases growth only when policies are right is disputed. Thus, Hansen and Tarp find a 'robust' relationship between aid and growth, and conclude that 'the extreme view that aid only works in an environment of sound policy appears wrong.'<sup>20</sup> Similarly, Morrissey finds that 'contrary to what may have become popular opinion, there is a positive association between aid receipts and subsequent growth performance.' Morrissey also draws the policy conclusion:

The mechanisms exist to make aid more effective. Aid, or more generally *a sustained donor-recipient relationship*, has been instrumental in encouraging countries to adopt better policies. Aid leverage has helped to put the welfare of the poor on the policy agenda in recipient countries, as for example in Poverty Reduction Strategy Papers. (emphasis added)<sup>21</sup>

A sustained donor-recipient relationship does not necessarily require sustained aid flows, let alone sustained and untied aid flows, for example in the form of budget support. As Foster and Leavy have shown, different aid modalities are required in different circumstances: budget support through programme aid when recipient policy and governance are good, project aid or aid through NGOs when not.<sup>22</sup>

### *What should the partnership cover?*

Trade, debt relief, conflict resolution and aid were identified at the beginning of this article as the main themes of the new political engagement with Africa, and the point was made that the added value of a new political initiative lay in holding the ring among these different interests. Other topics have been added along the way—the international rights regime, climate change—and others might easily be added (the war on terrorism?). The WSSD will have governance, water and energy as its primary topics. NEPAD lists infrastructure, human resources, agriculture, environment, culture and science and technology as its principal foci.<sup>23</sup> Locate the aid debate within the context of the Millennium Development Goals, emphasizing poverty reduction, health and education, and there is surely enough meat for any political initiative to get its teeth into, enough material for any Africa Action Plan.

<sup>19</sup> O. Morrissey, 'Aid effectiveness for growth and development', ODI *Opinions* 2, 2002, at [www.odi.org.uk/opinions](http://www.odi.org.uk/opinions).

<sup>20</sup> H. Hansen and F. Tarp, *Aid effectiveness disputed* (Copenhagen: Denmark: Development Economic Research Group [DERG], 1999).

<sup>21</sup> Morrissey, 'Aid effectiveness for growth and development'.

<sup>22</sup> M. Foster and J. Leavy, *The choice of financial aid instruments*, ODI working paper no. 158 (London: Overseas Development Institute, Oct. 2001).

<sup>23</sup> The NEPAD Policy Document, Oct. 2001 (English version) can be found at <http://www.nepad.org/Documents/AA0010101.pdf>.

This very breadth, of course, is part of the problem. One way to make the agenda more manageable is to focus a general partnership discussion on two sets of issues: first, those which have no institutional home, and which may therefore require special impetus; and second, the ‘simultaneous equation’ questions, which require high-level intervention.

An example of the first set in the past has been debt relief, where many actors were involved, from the multilateral and bilateral agencies and from the private sector. The G8 was able to play a pivotal role in giving the issue political momentum and putting it on the agenda in many different fora.<sup>24</sup> The focus on poverty may well be another example, with the DAC playing an initial role in sharpening poverty targets, and OECD ministers working with their counterparts in the Bretton Woods institutions and the UN to disseminate the targets and eventually see them adopted at the Millennium General Assembly of the UN in 2000.<sup>25</sup>

What issues are there at present which do not have an institutional home, and should therefore be high on the list for a political partnership with Africa? Three suggestions are:

- aid, which does not really have a home (though the DAC is active on the donor side, the World Bank/IMF annual meetings provide a possible forum on some aspects and ECOSOC may have (unrealized) potential);
- business; and
- the overall architecture of international institutions.

Note that trade does not appear on this list, despite the repeated calls for greater market access to developed country markets as a necessary condition for African development, because it already has an institutional home, the WTO.

The second category of issues is the ‘simultaneous equation’ set: those of the kind where participants might say, look, we are stuck in the WTO, but if you can move on further debt relief, we may be able to compromise. In this area, a general statement of principles is useful, but specific recommendations should be avoided unless they help to unblock negotiations elsewhere. On this reading, it would be a mistake, for example, for the G8 to look for ‘quick wins’ that can be offered to African leaders in return for their commitments under NEPAD. Much better to let trade negotiations proceed in a trade forum, climate change negotiations in a climate change forum, and so on. What would be useful is to address one or two specific cross-cutting questions—for example, what might the US be offered in the trade arena in order to persuade it to rejoin the climate talks? Or what might it be offered in climate talks to persuade it to improve market access for African exports, or reduce the impact of agricultural subsidies?

<sup>24</sup> For a review of the current position with regard to debt relief, see B. G. Gunter, ‘What’s wrong with the HIPC initiative and what’s next?’, *Development Policy Review* 20: 1, 2002, pp. 5–24.

<sup>25</sup> For a review of current donor policies on poverty reduction, see *DAC guidelines on poverty reduction* (Paris: OECD, 2001).



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It would be over-ambitious to pretend that a partnership agreement with Africa would single-handedly take on all these issues, since many other parties are involved. However, there may be areas of special relevance to Africa that are worth pursuing.

#### *What form of partnership?*

The partnership at present is informal. On the African side, NEPAD countries have set up an implementation committee and foresee a heads of state forum. On the rich country side, there are discussions in various fora, not least the G8. The two sides come together informally (e.g. in meetings at Chequers, the UK prime minister's country residence) or by virtue of being invited to each other's meetings. At working level, there are more regular contacts, for example the Strategic Partnership for Africa, which is concerned with aid. Negotiators meet, of course, at the WTO, the World Bank/IMF meetings, or the climate change negotiations.

A more formal arrangement is foreseen, however, and one which has a contractual element. Thus, NEPAD refers to 'an independent mechanism for assessing donor and recipient country performance' (para. 152) and states (in para. 186) that

A critical dimension of Africans taking responsibility for the continent's destiny is the need to negotiate a new relationship with their development partners ... The new relationship should set out mutually agreed performance targets and standards for both donor and recipient.

It also lays out (in para. 188) 13 'responsibilities and obligations of the developed countries and multilateral institutions', ranging from debt relief to market access and governance reform of the multilateral financial institutions.

As our general review showed, there is much to be said for the partnership being more than exhortatory. The NEPAD document talks about peer review on the African side especially, coordinated by the Economic Commission for Africa; but also implies independent review of both donor and recipient country performance. The phrase 'mutually agreed performance targets and standards' also implies a structured relationship.

Peer review is a kind of halfway house between the purely exhortatory and the formally contractual. The model is found, for example, in DAC peer reviews of aid programmes, in which two countries review another member, with secretariat support. These reviews are not known for being particularly hard-hitting, but they do offer the potential for dialogue, gentle persuasion and occasional forward movement. In more visible arenas, like the macroeconomic policy of rich countries, OECD reviews can be more sensitive politically and more influential. 'Peer review' of DAC donors by African countries would certainly be interesting. So would joint parliamentary review of donor programmes in Africa, by select committees or their equivalents from both rich country and African parliaments.

*What structure for partnership?*

A contractual relationship of the Cotonou kind has much to commend it, but may be too much to hope for in the short term. In the meantime, however, there are some features of Cotonou that might be worth replicating: a secretariat on each side (the EU Commission for Europe and the ACP secretariat for the ACP); joint ministerial bodies; and, in the contractual format, procedures for arbitration. Some elements of this structure exist already: the OECD as a representative of the rich countries (with a deputy secretary-general responsible for international issues, including aid), the African Union on the other side, and the Economic Commission for Africa (ECA) as a UN body in which both Africans and non-Africans have a stake.

The cost-effective solution for managing partnership, which would avoid the proliferation of institutions, would be to make use of existing institutions as far as possible. Some proposals might be:

- the G8 to propose the OECD as the rich country representative for partnership discussions;
- a joint ministerial working group to be established between the OECD and the African Union; and
- staff work to be carried out jointly by the OECD, the African Union and the ECA.

**Partnership in practice: the case of Rwanda**

Rwanda, the tiny, verdant, hilly country right in the centre of Africa, has quite a reputation.<sup>26</sup> Once briefly the apple of the eye of the development community, the country descended in the early 1990s into a civil war which culminated in the horrific genocide of 1994. It is estimated that 800,000 people were killed in a period of around 100 days and 2 million others displaced. The legacy of these events, such as the overflowing prisons and high numbers of female- and child-headed households, has overlain and added to a series of pre-existing problems. The most fundamental of these is the interaction between increasing population density and growth rates (2.5–2.9 per cent) on the one hand and, on the other hand, declining soil fertility and deteriorating agricultural productivity. Around 60 per cent of the population is living below the poverty line and nearly the entire population is directly or indirectly dependent on agriculture. Average landholding is 0.7 hectares per capita and chronic food insecurity is endemic.

<sup>26</sup> All data in this section are taken from the National Poverty Reduction Programme, Draft Poverty Reduction Strategy (Kigali: Ministry of Finance and Economic Planning, Government of Rwanda, Dec. 2001).

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*Rwanda: in or out?*

Rwanda is not an easy case. The military-led government of national unity is unelected and accused of human rights abuses.<sup>27</sup> Furthermore, Rwanda has continued direct military engagement in the DRC, in support of the Rassemblement Congolais pour la Démocratie (RCD–Goma). Government capacity is low. Official policy is very patchy, ranging from areas with reasonable technical content but little ownership (written by consultants) to those with poor technical content but higher ownership (written by civil servants).<sup>28</sup>

The government also has reason to feel wary of the track record of the international community. The collective international judgement which continued high levels of aid and support into the pre-genocide period, and failed to trigger intervention to stop the genocide unfolding, is perhaps the main source of distrust. It is also the case that the capacity of many donor agencies to 'engage in dialogue' and 'develop shared ideals' is often insufficiently specific and technically informed. Many donors have small, often generalist diplomatic representatives in the country who are not empowered to make many decisions, or are merely project management agents.

The case in favour of a partnership approach to working with Rwanda, despite these difficult circumstances, lies in the need of the country, the progress made to date and the potential for the future. Macroeconomic stability has been restored and growth rates have steadily been increasing. Most observers accept that the regime has demonstrated a serious commitment to public expenditure reform, linked increasingly to the priorities and goals established during the Poverty Reduction Strategy (PRS) process. Ownership of the PRS has increased dramatically in the shift from interim to final Poverty Reduction Strategy Paper (PRSP), and the resulting drafts of the document and the process have received high levels of commendation externally and commitment at the highest level internally. Politically, the absence of a multiparty democracy and even involvement in the DRC have not proved a barrier to sustained and extremely high levels of support for Uganda—a classic 'best-bet' for partnership in Africa.

Perhaps the bottom line for donors, however, should be that while the risk and moral hazard of engaging in a partnership with Rwanda are undoubtedly high, the risks associated with not doing so are likely to be even more substantial.

*What should partnerships in Rwanda cover?*

Conflict management, trade, debt relief and aid are all important in the Rwandan context—and linked, because all impact on poverty.

<sup>27</sup> See e.g. Human Rights Watch, *Rwanda: observing the rules of war?*, Dec. 2001; Human Rights Watch, *Uprooting the rural poor*, May 2001.

<sup>28</sup> Agriculture and education fall into the first category, land law into the second.

Thus, the threat of insecurity spilling over from the DRC, or re-erupting in Rwanda, is a serious constraint on Rwanda's attempts to develop. This is evidenced primarily through the direct impact of the instability, fear and disruption to social and economic activity that incursions into the north-west trigger throughout the country. The indirect impacts include the diversion of both financial and human capital into military efforts and lower levels of domestic and foreign direct investment. In addition, the longer the regional conflict continues, the more entrenched the war economy becomes. The scale, history and regional nature of the conflict mean that international involvement is essential.

Trade provides an essential route out of poverty, but trade success will be difficult to achieve and will require outside support. Rwanda's location as well as the cost of transport mean that external markets are difficult to access. Regional trade may be the most relevant for the near future, but here, with national revenue heavily dependent on tariff income, a tension arises between liberalizing trade and protecting revenue. Membership of the Common Market for Eastern and Southern Africa (COMESA) is likely to cause a drop in revenue in the short term. In practice, the degree of export success and the linked agriculture-led growth strategy outlined in the Rwandan PRSP are likely to depend heavily on the success of domestic policies and aid arrangements to encourage and support agricultural productivity, product diversification and enhancement for regional exports.

With regard to debt relief, again, the situation is not straightforward. Rwanda is in the process of having a large proportion of its debt written off through the Highly Indebted Poor Countries (HIPC) initiative. However, and ironically, it is the donors who are benefiting the most from the debt reduction. After the events of 1994 and prior to the deal to reduce Rwanda's debt by 88 per cent, repayments were being undertaken by a Multilateral Debt Trust Fund. Once the HIPC reductions began, the Fund was discontinued, leaving the government directly responsible for repayments due on the remaining 12 per cent. A second problem that is likely to arise, as it has in Uganda, is the continuing decline in the terms of trade for Rwanda, particularly as the result of a sharp fall in coffee prices. This means that the level of debt is likely to become unsustainable, both in the general sense of Rwanda incurring serious costs to meet repayments as well as in the technical, rather arbitrary sense of the debt-to-export ratio rising above 150 per cent. In addition—a point often ignored in international discussion—there is the problem of Rwanda's domestic debt burden. The level of outstanding government arrears is undoubtedly acting as a substantial constraint on private sector investment. Given the likelihood of debt sustainability problems recurring and the opportunity costs of expenditure going into servicing old, unproductive loans, the need for partnerships in this area will continue to be important.

Finally, on aid, 80 per cent of the development budget and over 40 per cent of the recurrent budget are financed externally. There is currently only one bilateral donor, the UK, providing direct budget support. In macroeconomic

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terms, the unpredictability of and lack of government control over resource inflow has potentially serious repercussions. The high levels of projectized aid, both on- and off-budget, undermine attempts to manage public expenditure effectively. The current way in which aid is delivered also results in duplication of effort, high overhead costs, patchy regional provision of services and a general lack of coordination among all the different actors within a sector. Aid is the most plausible source of the resource transfer needed to invest in poverty reduction and economic growth. Building partnerships around the more effective provision and management of aid is thus central to the prospects for change in Rwanda.

### *What form and structure should partnership in Rwanda take?*

Despite changes in rhetoric, most bi- and multilateral relationships with Rwanda remain highly asymmetrical. In theory, perhaps the most formal arrangements are associated with conflict management, for example through UN Security Council resolutions—although the absence of any direct enforcement mechanism means that these are also largely exhortatory. There is perhaps a higher degree of formality associated with regional trade and multilateral debt relationships, with their direct or indirect enforcement mechanisms, such as raising trade barriers or losing relief as a consequence of failure to achieve certain benchmarks. Aid is currently perhaps the least coherent structure, with a proliferation of institutions and arrangements to manage individual aid relationships. With debt and aid, the enforcement mechanisms still work in practice largely through a one-way conditionality mechanism, with little or no mutuality.

Some of the most interesting issues around partnership development in Rwanda focus on the PRS and linked budgetary processes. These provide a vehicle for dialogue to establish shared ideals and a more transparent and easily reviewed basis for partnerships with the donor community and other stakeholders. Sectoral strategy processes, in which all stakeholders in a sector are encouraged to participate, are developing as the next step in the process.

Substantial moves towards genuine, reciprocal accountability are hard to envisage at this point in the Rwandan context. An interesting approach, and probably the most innovative to date, has been taken by the UK Department for International Development (DfID) in Rwanda, with the signing of a memorandum of understanding between the two parties. While it is informal and unenforceable, a greater level of commitment is set out on the part of the donor than is usual and a more independent review process is established, whereby a consultant is hired to undertake a review of actions by both sides. The practical importance of this agreement to the UK–Rwanda partnership is probably rather limited, but it has had much more substantial symbolic value and has helped to raise the level of trust between the parties.

To summarize: Rwanda is not an obvious case for partnership, but needs the long-term commitment across a broad range of fronts that the term implies, and

is beginning to see some moves towards genuine partnership. Given the power relationship and aid dependency faced by Rwanda, substantial shifts in the form and structure of partnership are likely to require multilateral negotiations.

## **Conclusion**

We have argued that a new political partnership with Africa is promising, that the parties will have to choose among different models of partnership, and that the choices will revolve around four key issues: participation, coverage, the form of partnership and the structure of partnership.

Our review suggests that the new partnership with Africa should be as inclusive as possible, incorporating even those countries with which there is not perfect agreement on objectives or principles. A fabric of sustainability can be woven over time, particularly when the developed countries and Africa together can agree to work on the ‘difficult’ cases (on both sides of the relationship). Accepting the diversity of contexts, developed countries need to engage with Africa on many different issues, and need to deploy different instruments in different cases: a partnership may be strongly aid-focused in some cases, but in other cases be founded on diplomatic or even military engagement. There is more scope for aid to be purposeful and useful, however, than is sometimes allowed.

The review also shows that the building blocks are in place for gradual strengthening of a partnership with Africa, beginning with joint peer review, perhaps as the first step on a ladder which will lead eventually to a more formal and contractual relationship. To manage that relationship, however, a new institutional structure will be needed, principally a developed country counterpart to the NEPAD structure.

The case of Rwanda illustrates both the need for long-term partnership and the distance yet to be travelled. The country still has many governance problems, and remains heavily engaged in the DRC: as such, it does not meet the most stringent standards for partnership. At the same time, political and economic progress both require international commitment—and will both benefit if the commitments of the international community can be framed in a context of reciprocity and mutual accountability. The recent DfID memorandum of understanding provides an important symbolic illustration of what needs to be done.

We are led by all of this to the following conclusions and recommendations with regard to NEPAD:

- The outline of the vision is mostly clear. NEPAD sets out the objective: stable, democratic, prosperous and healthy societies, integrated into the world, providing decent livelihoods to their citizens. The arenas for rich country involvement are also clear: political engagement, especially in conflict resolution, better trade access, debt relief, more and better aid, incentives for more and better foreign direct investment, special attention to HIV/AIDS, and so on.

*'Negotiation as simultaneous equation'*

- 'Engagement' works, using aid as an instrument, but also trade, diplomacy and military power.
- A broad-based partnership is better than a selective one. On the donor side, 'multilateralism minus one' would be unfortunate. On the African side, rich countries should engage with all of Africa and not try to pick winners. Picking winners is a bad idea because (a) the poorly performing countries are the ones that need outside intervention the most, (b) building genuine partnerships means building trust slowly, over time, on a step-by-step basis, (c) 'winners' can easily turn into 'losers', and (d) aid does work even when the policy is not quite right.
- New partnership arrangements should not displace existing negotiations, for example over trade. Some caution is required with respect to the search for 'quick wins' that can be taken out of other processes and dealt with directly between the G8 and NEPAD. On the other hand, there are issues that are not fully dealt with elsewhere, and where commitments and follow-up monitoring through the NEPAD process would be valuable. Aid is one of these.
- The OECD should have a role in the 'Action Plan for Africa'. Its role could be enlarged to provide a focal point for political and economic progress-chasing.
- OECD countries should accept the principle of reciprocal accountability. Peer review seems to be the instrument of the moment, though it is some way short of more formal, contractual arrangements of the kind found in, for example, the Cotonou Convention. Why not start with a joint OECD–African Union peer review process?
- There are other initiatives that might be taken: joint parliamentary reviews undertaken by developed and African countries would be particularly interesting.

