



## Africa needs a hand up, not a hand-out

**Speech by Nicky Oppenheimer, Chairman, De Beers**  
International Institute for Strategic Studies  
Arundel House, London  
*13 June 2005*

This we are told, is Africa's Year, the year in which Africa will top the agenda in the councils of the world and be the keynote topic of next month's G8 meeting in Scotland; the year of Prime Minister Blair's Commission for Africa Report and Gordon Brown's campaign to cancel much of Africa's debt. The developed world, we are told, can no longer sleep while Africa suffers.

No one who aspires to any sort of morality, to any feeling for his fellow man, could quarrel with those sentiments. Indeed we must welcome this new-found focus. Except perhaps to remember, somewhat uneasily, that we have been here before ... and before that for the past 50 years. And recall, perhaps equally uneasily, that over those 50 years Sub-Saharan Africa has received more than US\$1 trillion worth of aid... and that many African countries - those that have become emblematic of the continent's appeal to the West's pity and charity - are today poorer than they were 50 years ago.

And so I want to start today with two assertions, both of which may surprise you: First, I may not look it, but I am an African and proud to be so. Indeed a third generation African married to a fourth generation African, and with grandchildren who extend my family's connection to the continent to the sixth generation. And, because I am an African, I claim the right to say that Africa does not exist simply to make people in this country - or indeed anywhere else in the developed world - feel good about themselves. It is much more than just a suitable case for charity.

Africa is not a place only of appalling poverty and deprivation, of uncaring despots and wars of unimaginable cruelty, as the public perception would have us believe. The emblem of this Africa is the starving child with a belly swollen by malnutrition and huge eyes covered with flies, a child whose plight demands our attention and rightfully commands our charity. But, in a continent of nearly 700 million people, 50 very different countries and hundreds of different languages, there is also another Africa, vibrant and full of potential that also demands recognition. The countries of Africa may seek a Pan-African voice through the African Union and sport a number of regional and sub-regional multi-lateral organisations, but the dreadful civil wars of the Congo, Liberia, Sierra Leone and the Great Lakes region are no more symptomatic of Africa than the troubles which plagued the Balkans in the 90s were symptomatic of Europe. Africa is much more than simply a handy metaphor for poverty and we do my continent a great injustice when we use it as such. Africa is much more than a palliative for those Western consciences pricked by sweeping generalisations of how much Africans need help.

There are countries in Africa where people are taking their future into their own hands, where success is beginning to supplant simple survival as a suitable goal in life; where innovation and the entrepreneurial spirit is alive and well and flourishing, albeit often in the most difficult conditions. There are countries whose governments acknowledge the Rule of Law, the demands of transparency and fiscal prudence, who govern in the interests of all their people, not only the elite few, and who have recognised that business, not aid, is the spur to growth. There are some whose economic management has secured double digit growth rates and there is one I know particularly well which is recognised by Transparency International as not only the least corrupt country in Africa, but one of the least corrupt in the world. And in these countries success has been achieved either without the benefit of aid, or in spite of it. Sadly and inexplicably, these success stories seldom register on the public radar screen and appear to be of little or no interest to departments of overseas development. This is insulting to those African countries that set such a good example for others to follow. Instead of being largely ignored by governments, civil society and the media, these success stories should surely be celebrated.

The donor community, however, finds it easier to see and portray Africa as a whole, rather than to draw a proper distinction between very disparate countries. Some, certainly, are wracked by civil war, destroyed by corruption and rapacious leaders; but there are those which have thrown off the mental shackles of colonialism and decades of post-colonial misrule, and whose people are demanding the benefits of democracy. There are some like South Africa, Botswana, Mauritius, and Ghana which have established themselves

as proud countries increasingly, or completely, independent of aid and with a clear and distinctive voice in the councils of the world.

We have heard a great deal in recent years about donor fatigue. In this year of Tony Blair's Commission for Africa, of Millennium Development Goals and Gordon Brown's campaign to cancel Africa's debt, and of international campaigns to "make poverty history", donor fatigue appears to have been cured - at least temporarily. May I suggest, however, that people in many African countries may be suffering from *donation* fatigue? It's probably a surprising thought, but many are growing increasingly weary of being seen merely as recipients of Western largesse, especially largesse which expands dependence on the donor, or makes them hostage to the passions and prejudices of foreign NGOs.

They may not admit this openly. After all, no one is going to look a large Western gift horse in the mouth. But that does not mean that they do not feel resentment at being seen simply as a charity case, offering easy balm to Western consciences. And they have learned to distrust the missionary zeal with which - at depressingly regular intervals - new generations of Western politicians "discover" Africa as a suitable case for treatment, a means of ascending the moral high ground as their domestic political fortunes and timing demand.

This zeal to "save Africa" is not new. Generations of missionaries from Europe and America have yielded to that impulse, with not always benign results. I recall Archbishop Desmond Tutu's immortal quote: "*When white men came to Africa, they had the Bible and we had the land. They taught us how to pray. When we opened our eyes; we had the Bible and they had the land*".

The impulse which drives the NGOs, intellectual descendants of those Victorian missionaries, and their supporting cast of celebrities and political leaders, is certainly not as base as the motives which unleashed the 19<sup>th</sup> century 'Scramble for Africa'. But it is often just as misguided and, in some cases, as arrogant in its unstated but evident belief that when it comes to curing Africa's ills, the West knows best. Why, for example, was it necessary to launch an 'Africa Commission', even with its very positive African participation, when a programme devised in Africa - the New Partnership for African Development or NEPAD - was already on the G8 table? The Kimberley Process, in which African governments, so ably led by South Africa, working together, and with NGOs and the diamond industry, took control of the issue of conflict diamonds and resolved it in a remarkably short time, is surely a prime example of Africa's ability to take charge of Africa's problems. I acknowledge the supportive role of the British Government and

the European Commission in the Kimberley Process, the speed with which the US Government moved to enact enabling legislation and the role of the WTO - this was an excellent example of how the West can, and should, assist Africa in the solution of its problems but is, I fear, all too rare a demonstration of *realpolitik*.

Western politicians and commentators should not be surprised, therefore, at the irritated insistence of African leaders that African problems require African ownership of the solutions if they are going to be solved at all; if once again, the developed world's boundless charity is not to meet with boundless failure. For equally depressing is the fact that when it comes to Africa, Western Governments appear to have only one answer: aid, and aid in monstrously vast amounts. But aid is the one commodity Africa has never been short of, and it has failed dismally time and time again.

The figures bear repeating: in the decades since the departure of the Colonial powers Africa has received more than \$1 trillion in aid - or more than \$5,000 in today's terms for every man, woman and child on the continent. Now, as an African, I am delighted if Western taxpayers are addicted to charity. But I am very worried not only that so much aid has not achieved the intended good, but that - as history has shown - it can have a positive capacity for harm.

Rapacious leaders who find it difficult to distinguish between the public and the private purse, and who have been responsible for the re-export of billions of dollars from Africa into European and British banks, have not been converted to probity and virtue by the availability of aid. If anything it has simply fed their greed and expanded opportunities for corruption. Extraordinarily, however, the debt cancellation plan currently proposed does not distinguish between responsible and bad governments. In so doing, it will significantly increase the difficulty for responsible African governments to develop instruments to fund their own development. Debt relief - like aid - in this way 'shorts' African economies.

For all the talk of partnership between Africa and donor nations, aid develops dependence on the donor to the extent that in some of the poorest countries, where it constitutes more than 50 percent of the national budget, it has surely become a form of neo-colonialism.

This dependence raises another question. It is a well rehearsed fact that at the time of independence many African states had a higher per capita income than much of South East Asia, but today more than 300 million Africans are living on less than a dollar a day, while a country like South Korea, once

poorer than many African countries at the time of their independence, is 37 times richer. Many reasons have been advanced for this anomaly, some persuasive, others patronising to the point of racism. How often, however, is the negative role of misguided aid and aid dependency examined in the light of these depressing statistics?

If the West were serious about what it sees as Africa's plight, one would have imagined that the thought would have crossed its collective mind that perhaps, just perhaps, aid is not the only answer. It is as though a doctor, having discovered that a particular drug failed to cure the patient, simply increased the dose to ever larger amounts rather than looking for different ways to treat the disease.

Once again, however, aid is presented as the sovereign remedy for Africa's ills, only this time in amounts even bigger than anything Africa has seen before. Professor Jeffrey Sachs, in a report for the UN on its Millennium Development Goals, calls for developed nations to boost their aid budgets from 0.25 percent of their gross national product to 0.7 percent in the next 10 years. The Africa Commission proposes doubling aid from £25 billion to £50 billion a year over the next five years and, as well as debt cancellation, Chancellor Brown is advocating an international finance facility further to front load development funds to Africa. But money by itself is only a part of any solution, long term involvement is much more important.

Debt cancellation itself, however, is nothing more than aid by another name. It is also, to put it kindly, an example of the triumph of hope over experience. It may be unkind, but nonetheless true, to suggest that the West is not seeking a real solution to Africa's problems, but an excuse, swathed in the highest motives, for not doing the really difficult thing and finding - together with African leaders - solutions which really work. Aid, after all, only costs money. Real solutions, such as the abolition of domestic subsidies which impoverish Africa's farmers and tariff barriers which penalise its producers, cost votes.

Aid guarantees the political headline but the search for real solutions takes time, commitment, a willingness to face difficult domestic dilemmas and a readiness to engage properly with Africa, its people and its leaders. And that means *all* its leaders and *all* its countries, the successes as much as the failures.

Of course aid has a role and an important one in relieving endemic poverty. But if we are really serious about helping the poor out of poverty, we must accept that aid cannot be the only, or even the most important, remedy in what must be a suite of solutions.

Blanket aid - such as the wholesale cancellation of debt, irrespective of the capacity of the recipient country - could have the effect of sweeping away good practice in those countries struggling to achieve it, and rewarding those leaders of failed and failing states who have never aspired to it. It will also, inevitably, take responsibility for the solution to Africa's problems away from Africans themselves. There is also a tendency in all those who espouse the Big Aid concept, to adopt an ever-expanding wish list of target problems which, it is assumed, can be resolved by ever bigger injections of aid.

The needs of many African countries are indeed as varied as they are great. But I fear that if *everything* is regarded as a priority, *nothing* will be a priority and once again the good that aid may do will be lost in a muddle of competing claims. There would be, I suggest, a greater hope of success if aid were to be targeted instead on a few critical goals. Top of this list must be capacity building.

It is perhaps wise to remember that even in South Africa, the most sophisticated country in Africa, much of central government funding budgeted for public services such as sanitation and roads - services essential if people are to be lifted out of poverty - remains unspent by hapless over-stretched local government. Capacity in South Africa was eroded by the appalling apartheid education system. Elsewhere in Africa the capacity crisis can trace its roots back to a patchy colonial inheritance, to conflict and to corrupt governments who destroyed their intellectual elites or simply failed to pay their teachers.

Neither has Africa's capacity to look after itself been much helped by Britain's eagerness actively to recruit Africa's own nurses, doctors and other medical personnel to prop up the National Health Service. I acknowledge that the mobility of labour is an essential part of the global market; but the good intentions of donor countries cannot be free of the charge of hypocrisy when, at the same time, they are willing to drain Africa of the skills it so desperately needs.

In the ongoing debate about Africa, much has been said about the absence of good governance and the prevalence of corruption as major stumbling blocks on the path out of poverty; less, however, is said about the close connection between capacity failure within government structures and a culture of corruption.

But bribery tends to flourish where resources are scarce and in many countries in Africa no resource is scarcer than administrative capacity, the 'soft' aspect of infrastructure essential to improved governance. Help with

primary, secondary and, most important, tertiary education, as well as skills training, is essential if Africa is to be equipped to help itself out of poverty, rule itself effectively and compete on equal terms in the global market. The old adage: 'give a man a fish and he eats for a day; teach him how to fish and he eats for life' has never been more true. But these solutions are not quick fixes and require long, sustained commitment and involvement.

This brings me to another proper, indeed the most essential, aid target: assisting African governments in the battle against the AIDS pandemic and other endemic diseases such as malaria and TB. These not only place an unbearable strain on the health, education and welfare provision of even the most sophisticated countries in Africa, but HIV infectivity rates of one in four of the economically active population will destroy capacity, and with it the economic growth which remains Africa's only real hope of true independence. Sub-Saharan Africa is home to more than two thirds of the 70 million people living with AIDS in the world today. It is, I believe, a moral imperative for donor countries in search of a suitable cause to put this at the top of their agendas.

Donor agencies and governments, and the private sector whose interests are directly affected by AIDS, both in its work force and the wider economy, all have a vital role to play to prevent this catastrophic scenario. This is of huge importance and why De Beers is so proud that together with its joint venture partner, Debswana, it was the first mining company to make anti retroviral drugs available free to its employees and, importantly, to their spouse or partner, for their lifetime. It is just this sort of commitment that enables me to use this occasion today to announce that De Beers has reached an agreement with the Bloomberg School of Public Health at Johns Hopkins University in the United States to fund, as from next year, two graduate students from Africa each year to study for a Masters Degree in public health at the School. These students, to be known as De Beers African Health Scholars, will thus have the opportunity to attend one of the world's most famous public health institutes before, armed with new insights and expertise, they return to Africa to help build the public health infrastructure it so desperately needs and to lead the fight against AIDS as well as malaria and other endemic diseases which cripple my continent's capacity.

The role the private sector can and should play highlights another lacuna in all the Big Push plans to lift Africa out of poverty: the importance of business, large and small, as the key to economic growth. It is no accident that those countries - at various levels of development - which have grown fastest in recent years, such as Mozambique and Botswana, owe their growth not to aid, but to business. There can surely be no more powerful argument for trade

rather than aid as the route out of poverty. We all know that it is more politically expedient to pour aid into Africa than for Europe and America to cut farm subsidies which enable their own farmers to dump their produce in Africa and impoverish African producers. While those subsidies and tariffs remain in place, the campaign to lift Africa out of poverty will remain mired in hypocrisy.

I applaud the fact that under Washington's African Growth and Opportunity Act, African exports to the United States, excluding oil, rose by 22 percent last year and that the British Government has undertaken to take up the trade issue with its European partners, but is it really willing to sacrifice other European agreements in the African cause? If Europe is reluctant to sacrifice its subsidies and tariff barriers, why not use part of the aid budget to subsidise, in Europe, its tariffs on African products? I admit this is not an ideal solution, but it would at least level the playing field in a world where trade is still far from free. And it would have the advantage of assisting and encouraging African producers in the most direct way possible. Abandoning tariffs on African exports should also - indeed must - have the equally benign effect of encouraging African countries to abandon their own barriers to intra-African trade.

Another barrier to the development of a viable private sector in many African countries is the absence of private property rights. In his book, 'The Mystery of Capital', Hernando De Soto has highlighted the fact that poverty in the developing world is due to a lack of access to usable capital. And the best way to secure that access is to reform local systems of land ownership and to grant property rights and legal freehold title to land which can then be used, traded or used to secure collateral.

In all these grand plans to end African poverty, there is, however, one notable absentee, the proverbial elephant in the room: This is, of course, the abundance of natural resources with which Providence has endowed Africa. Indeed, if is mentioned at all, it is seen as a source of Africa's problems rather than the *key* to its prosperity. But, if we are serious about lifting Africa out of poverty, surely our efforts should be directed at how best that key can be turned and the future unlocked, rather than dismissing what should be Africa's blessing, its great competitive advantage, as its curse.

It is indeed a paradox that the world's poorest continent is also the world's richest in terms of the natural resources which today fuel the global economy. Why should this be so? In the early years of independence, many African governments sought, according to the prevailing fashion of the time and also as a reaction to colonial exploitation, to control the commanding heights of

economy and nationalised their industries. But it was, as the world eventually discovered, a false trail and a false promise. History has shown that nowhere in the world do governments have the skills to run businesses efficiently or profitably. But the damage was done; investors went elsewhere and even when governments eventually invited them back, years of under-capitalisation and neglect, inflexible labour markets and the persistence of statism made re-investment unattractive.

In more recent years, and in some of most richly endowed countries, natural resources, especially those most easily exploitable, have also served as a source of conflict as corrupt governments and rival warlords have fought for ownership of the spoils. It has become easy, perhaps too easy under these circumstances, to blame Africa's natural wealth for Africa's poverty. It is important never to forget that natural resources are morally neutral, they can be a potential source of good or ill, depending on the measures taken to protect them against the greedy and the corrupt, and so ensure that their benefits will accrue not to a corrupt few, but to all the people.

In all the discussions about Africa much is heard of the need for 'good governance' as an often resented condition before the aid coffers are opened. But it is not as a key to unlocking aid funds that the need for good governance is most pressing, but in the proper use of Africa's natural wealth as the path out of conflict, poverty and aid dependency, and towards real prosperity. This is not a "conditionality" imposed by the developed on the developing world; it is simply a statement of fact. Direct investment, whether foreign or domestic, is a key indicator of a nation's economic health, a sign which other investors will pick up and follow. But good investors, those who are committed for the long term, who will make a real contribution, through their taxes, the employment they offer and their contribution to the community, require the assurance of good governance before they are prepared to invest their own and their shareholders' money.

Mining - a trade I know well - is a high risk business, demanding very deep pockets, large amounts of upfront capital and very long time horizons. It can take up to US\$1 billion and nearly a decade to bring a diamond mine on stream. A deep shaft goldmine can take up to 20 years to reach operational maturity.

It is understandable, therefore, that responsible mining companies and investors require a matching long term commitment from Government to reduce the non-mining risk. I don't believe it is an onerous commitment, for its requirements can be summed up in three words: clarity, certainty and transparency. And these need to be the hallmarks of mining legislation

subject, not to political whim or ministerial discretion, but to the courts. Investors need to know the length of their lease and the terms of its renewal, and that the terms under which they were prepared to risk their investment will remain unchanged - not for years, but for the decades it will take for them reap a reward commensurate with their risk. If they follow this route, countries will attract the best investors, both domestic and from abroad, and ensure that Africa's natural riches will be used to produce wealth for all its people, not conflict, poverty and the enrichment of the few. Once governments create and sustain a stable and predictable legislative environment and so attract the right sort of investors, those who will commit for the long term, the rewards are manifold and long lasting.

The first and most obvious are predictable tax revenues to be spent on the development of infrastructure, education, housing and all the other things which Africa so desperately needs. But there are others. No responsible mining company treats its operations as an island sufficient unto itself. We at De Beers know that our work force and our management must reflect the countries in which we operate. To this end responsible companies spend a great deal on scholarships and training to ensure a transfer and broadening of skills to and within the local population. As well as the transfer of skills, the host country will benefit from money transfers to the surrounding community, not only through employment, but through purchasing policies that favour local communities, stimulating small and medium enterprises, thus nurturing the entrepreneurial spirit essential to any country's economic well being. These are some of the sensible requirements set out in South Africa's Mining Charter and no responsible investor should be put off by them.

I firmly believe that a better future for Africa's people lies in the benign partnership between enabling governments and constructive and committed long term investors. Together they can ensure that the benefits of Africa's natural resources will not only lift this generation out of poverty, but could expand and cascade through the generations.

I don't doubt for a moment that if Africa, and those who wish it well, do not follow this path, and encourage responsible long term investors, their place will be filled by irresponsible investors, the very people who flourish where rules are opaque, and decisions are made on a political whim, whose commitments, if any, are short term and whose only contribution is into the pockets of a few equally corrupt politicians. These are the people who have pillaged so much of Africa's resources - and left nothing behind but poverty and conflict over the diminishing spoils. Their days, I hope, are passing, and they will if you believe, as I do, that although minerals are finite their legacy

can last forever. For although Africa is replete with examples of the damage that bad investors and bad governments can do, there are also many examples of the contribution a responsible mining sector can make to long term economic development.

There is no doubt that without the discovery of gold and diamonds over a century ago, South Africa would have remained an impoverished pastoral backwater. The needs of the mining companies, together with the indigenous labour on which they depended, created the industries and the physical and financial infrastructure that helped to turn it into Africa's economic giant.

In Botswana, another country I know well, the management of its natural resources has provided an outstanding model for others to follow. It is indeed a cause for regret, and in some cases tragedy, that other countries, similarly blessed, have failed to follow its example and adopt a mining regime that is both predictable and transparent. This, together with the prudent and responsible use of its diamond taxes and revenues to provide roads, schools and hospitals for its people, has enabled it truthfully to claim that its diamonds are for development. Fiscal prudence, certainty, open democracy and respect for the rule of law have made Botswana into an African success story.

A recent World Bank report ranked Botswana as 19 out of 145 of the world's most open economies, and one of the best in which do business. The report took into consideration productivity levels, investment potential, lack of corruption, labour flexibility, access to credit, and the legal protection of contracts, property registration and the protection of investment.

Botswana is not unique; neither should it be. It is simply the best example I know of the benefits which good governance can bring to Africa's people – benefits which no amount of aid can ever produce. The rest of the world can, and indeed should, make life difficult for those companies and individuals who have fed the greed and the bank accounts of despots, but it cannot impose good governance on Africa unless and until Africans demand it for themselves. It is not merely a "conditionality" which will unlock the coffers of international aid. Much more importantly, it is the necessary condition for real growth which is also the only real, sure road out of perpetual poverty.

But Africa must do it for itself. That is where policy reform must begin if it is to take root and endure; governments are accountable to their people, not first and foremost to overseas donors.

Of course no-one can or should forget Africa's 300 years of plunder, the deep scars and absurd maps of colonialism - the source of too many of the continent's wars; the dreadful legacy of apartheid, the hurt and deprivation it inflicted on black South Africans and the lasting shame of its white citizens. No one can or should forget the damage inflicted on Africa when it became a surrogate battlefield of the Cold War which left it littered with guns, landmines and rival warlords. I believe, however, that the time has come for all of us, in Africa and the developed world, not to remain rooted in the past and its failed remedies, but to learn from it and - armed with this knowledge - to look with confidence to a better future.

There is no reason why Africa should not be well-governed, why some of its potentially richest countries should continue to tolerate the dictators, warlords and party elites who have ransacked their wealth and reduced their people to penury. And there is no reason why a well governed Africa should not be able to throw off the shackles of aid dependency and compete on equal terms in our globalised world. Some African countries are already doing so; others will surely follow.

But to achieve that what Africa really needs is a hand-up, not a never-ending series of hand-outs that, while they may ease the conscience of the developed world, play to Africa's weakness rather than enhance and build on its abundant strengths. Rather than sweeping views of continental collapse and poverty, the West must predicate and nuance its policy on the realisation that there are at least three categories of African states: those that have successfully reformed and with which strategies for reinforcing success have to be developed; those that have stabilised and need to work in partnership to move onto a higher growth trajectory; and those failed or failing states which remain to be stabilised and to which unique attention has to be given. In essence, Africa and its states should be 'differentiated', a reality too often ignored by continent-wide Commissions and other bodies whose outlook is rooted more in the past and less in the tomorrow.

Africa, I believe, deserves more than your charity.