

SPEECH BY H.E PAUL KAGAME, PRESIDENT OF THE REPUBLIC OF RWANDA, AT HIGH LEVEL FORUM ON AID EFFECTIVENESS,

BUSAN, KOREA, 30TH NOVEMBER 2011.

- + Your Excellency, Lee Myung-bak, President of the Republic of Korea;**
- + Your Excellency Meles Zenawi, Prime Minister of Ethiopia;**
- + United Nations Secretary General Ban Ki-moon;**
- + United States Secretary of State Mrs Hillary Clinton;**
- + Her Majesty Queen Rania of Jordan;**
- + Excellencies Heads of Delegations;**
- + Ministers;**
- + Distinguished Ladies and Gentlemen:**

It is a pleasure for me to be here today and contribute to this important discussion on placing aid properly among the effective tools for sustainable development.

It is most relevant that we are having this conversation in Korea which in the last half a century has moved from an aid recipient country to an industrial nation that is now supporting others to develop. Other countries in Asia have made a similar transition.

Over the same period, about one trillion US Dollars in development aid has been transferred to Africa. But real per capita income today is less than it was in the 1970s and more than half the population – about 500 million people – still live in poverty. At this rate, most African countries may not meet many of the Millennium Development Goals.

It is evident that, in spite of the many aid commitments we make and meet periodically to review, we are not quite getting the desired results in Africa.

At the same time, in the last two decades or so, African countries have registered average annual economic growth of between 5-8% despite low foreign investments and the global economic crisis. Such evidence of good returns even on minimal investment indicates that Africa has great promise.

These two contradictory realities are pertinent to our discussion on aid effectiveness and beg serious questions. Why has massive aid been largely ineffective and little investment productive? How can we translate aid commitments into effective development outcomes that will drive our graduation to self-sufficiency?

Clearly, a fundamental shift in thinking on the use of available resources, including aid, is necessary.

And I believe we cannot talk about competent use of aid without addressing impediments to its effectiveness.

As the history of Asia amply illustrates, it is sound economic policies and investment capital that propelled millions of Asians to prosperity. We should therefore be talking about aid effectiveness in tandem with trade and investment – and I would add, a fair framework with clear rules and proven best practices.

+ Excellencies;

+ Distinguished Delegates;

There is no contention about the principles of aid effectiveness that were adopted in previous conferences – country ownership, alignment with countries’ priorities, accountability and so on. In my opinion, what we need to overcome are structural and attitude-related barriers that hinder the realisation of what should otherwise be obvious.

For instance, in Paris we committed, and reaffirmed in Accra, to channel aid through country systems so as to strengthen national capacity to execute development plans, to budget efficiently and deliver services. It was also meant to build the foundation for enhanced capacity and accountability towards development results.

In practice, the status quo still prevails. In fact, there is still resistance on the part of some donor countries to channel their aid through national systems, which raises important issues of effectiveness and accountability. While donors may not be entirely to blame for bypassing these systems where they are weak, or non-functional, why not use aid to build up and strengthen such critical systems?

A case in point is the partnership between Rwanda's government and Mr Tony Blair's African Governance Initiative, which uses embedded support to balance fast implementation of development programmes and transfer of skills.

Other partners, such as the UK government, the EU, World Bank and African Development Bank to name a few, have also trusted our systems by choosing budget support options, and as a result, subjecting the resources to our accountability mechanisms. In the process, they have become stakeholders with an interest in seeing our systems improved – we have continued to work together on this and the good results we are witnessing should satisfy even the most skeptical partners.

However, when multiple and parallel execution modalities and systems are employed, there is a significant impact on the effective allocation and use of public resources.

This can undermine the relationship between governments and their citizens if they are not seen to be credible or responsive to people's needs. When a country is not managing the resources at its disposal, how can it be held to account? Responsibility, ownership and accountability cannot be separated.

We have been able to agree on the crucial importance of mutual accountability in the development effectiveness agenda. Developing countries are accountable for delivering results on national priority development targets. Donors, on their part, have the responsibility to implement commitments made at international forums such as this one.

In reality, the principle of mutual accountability has not been applied equally or fairly. While there are more demands on developing countries to account, there has been reluctance from some donors to do the same. And often this is accompanied by the introduction of issues unrelated to aid performance either as an excuse not to act or to delay commitments.

Similarly, there is real danger that the huge industry that has been built around aid can become a permanent feature of our development process and perpetuate dependency, thereby directly undermining the very national systems that should instead be strengthened.

Developing countries spend more time and energy agreeing on procedures and accounting to donors and an ever-increasing number of related non-state actors than in actual development work, often responding to endless questioning that no answers can fully satisfy.

+ Excellencies;

+ Ladies and Gentlemen:

The need to remove barriers to effective use of aid means that we must urgently fulfil the commitments we made and targets we set in the Paris Declaration. But this will only be done if aid is conceived as more than mere charity, and rather, as investment for mutual gain. Better use of aid leads to more people living healthy and productive lives, which ultimately translates into greater global demand and is also good for business.

In my view, this is what aid effectiveness truly means – creating conditions for results that eventually render it unnecessary. History is replete with examples from across the world that illustrate this – so it is possible.

And since we have converged in Asia, let me point out the need for a shift in the aid regime to broaden beyond traditional donors and urge emerging economies to take on more responsibility. There are advantages to be gained from this.

The countries that have recently achieved prosperity understand well what it takes to get out of poverty and have relevant lessons for developing countries and donors alike regarding what works best.

This shift inevitably means strengthening South-South Cooperation and bringing it from the margins to the centre of international development frameworks. This should shape future development discourse and could be the lasting legacy of Busan.

I would like to reiterate that there is no substitute for a well governed state in driving effective development. Such a state can coordinate and implement its own development programmes, and has the capacity to hold open and frank dialogue with partners. Systems that function and deliver give donors confidence and earn partner countries respect – all crucial prerequisites for development.

To conclude, let me say again that aid can be effective in achieving our development objectives if we allow greater trust in our partnerships and recognise that this is a shared responsibility built on common values and goals.

Our aim should be to make this Busan conference come out with clear commitments, actions, and targets to enhance mutual respect and inclusive global partnerships – building on previous commitments on aid and development cooperation.

I wish you all fruitful deliberations. Thank you very much.