Europe Africa
Policy Research
Network

CENTRO DE ESTUDOS ESTRATÉGICOS
E INTERNACIONAIS (CEEI)

Emerging actors in Africa:

Impact and opportunities for EU-Africa and global relations

Maputo, April 23-24, 2012

CONFERENCE REPORT

On April 23-24, 2012, an international conference on "Emerging actors in Africa: Impact and opportunities for EU-Africa and global relations" was held in Maputo, at the conference room of the National Stadium of Zimpeto. Organised jointly by some members of the Europe-Africa Policy Research Network (EARN) – the Centre for Strategic and International Studies of the Higher Institute for International Relations (CEEI/ISRI, Mozambique), the European Centre for Development Policy Management, (ECDPM, the Netherlands) and the Institute for Strategic and International Studies (IEEI, Portugal) – it brought together some 50-70 people from Mozambique civil society, academia, government officials, representatives from emerging economies, donor countries and institutions, and European and African think tanks, to discuss the increasing presence in Africa of emerging players and how that is impacting on EU-Africa and on global relations.

Rationale and objectives of the conference

The renewed interest for Africa and a diversification of players in the continent brings unquestionably challenges to African, European and international agendas. While perceptions of emerging economies' role in the 'scramble' for African natural resources is often dominated by examples of controversial or obscure deals involving companies from these countries, they provide only a limited picture of their engagement and impact in Africa. More data, analysis and an open discussion on the diverse 'models' or experiences of their engagement and on their impact in the economic and political governance of African states is of interest to all actors involved, not least for African states to inform their options on partnerships with traditional donors and emerging economies alike, and promote synergies between their activities/engagement.

This international conference, held in Maputo with the support of ISRI (High Institute for International Relations, Maputo) and the Camões – Instituto da Cooperação e da Língua (former IPAD, Portuguese Development Aid Agency), aimed therefore at discussing:

- The impact of the increasing presence of emerging economies on African countries' economic and political governance, national development, domestic accountability, and regional integration processes in Africa;
- Its impact on EU-Africa relations (the EU being still a major development partner in many African states) and, more widely, on global relations; and
- The *risks and opportunities* that arise for African states and economies (and their partners) from changes brought by the presence and operating modes of emerging global actors.

The full text of the available papers and powerpoint presentations, can be accessed in the EARN page http://europafrica.net/earn/, in the websites of the organising institutes, or you can follow the link to the presentations by clicking on the name of the speaker in the electronic version of this summing-up.

Framing the debate (opening session)

Dr. **Henrique Banze**, Deputy Minister for Foreign Affairs, opened the Conference with an address (see the full text in PT or the summary in EN) stressing the diverse roles and value of both North-South and South-South cooperation. While relations with emerging economies have had a positive impact in Africa, it is acknowledged that in a few cases they have led to tensions and conflict due to a lack of sensitivity to the African cultural reality, to the environment and to the prevention, management and resolution of conflicts. Lessons must be learned from it, but it is also important to move beyond the controversy and engage on collaborative efforts to jointly develop solutions to the socio-economic and political problems of global nature, and of Africa in particular.

Dr. **Agostinho Zacarias** (see the full text in PT or the summary in EN) has stirred the debate by questioning the terminology of 'emerging actors', which in some cases refers to countries (e.g. China, Russia, India) that have a long history of engagement in Africa, dating back to the African liberation wars. It is their unprecedented level of economic growth, and the expansion of their activities in the African continent in areas that were previously dominated by traditional donors, that is getting increasing attention. But there is also a need to differentiate between these so called 'emerging players' in Africa, who aren't either a homogeneous group in their interests and capacities, nor do they share a unique agenda. Dr. Zacarias went on to stress some of the major differences between cooperation with traditional donors and with emerging economies, and listed some of the perceived advantages and disadvantages of working with these different players. The Busan declaration calls for a focus on the effectiveness of development beyond the effectiveness of aid, and for a dialogue that is not based on the aid factor alone. Busan is illustrative of the need to review and restructure North-South dialogue on Africa's development, and on the importance of engaging with these new actors in the policies to fight poverty. Relations with emerging economies, unlike relations with traditional donors, aren't yet framed under an institutional framework nor are rules of engagement clearly laid out. An adequate institutional framework should be found to allow for an open dialogue among all players, and redefine the concept of aid for development, if aid is to support the fight against poverty and the development of Africa.

The role of emerging players in mineral resource-rich African states: best practices and lessons learned for improved governance (session 1)

In this session, speakers provided a range of varied and complementary perspectives on the issue, from a continental framework for mining resources governance, to the sharing of information and analysis on China's investments and impact on the sector in various African countries, and the specific case of Mozambique.

António Pedro (UNECA) presented the Africa Mining Vision (AMV), its main focus areas and reasoning behind it, its strategies in light of the reality of the sector in Africa, as well an overview of the success factors and challenges in its implementation. The AMV is a continental process whose goal is to create a "Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development". Adopted by the AU in February 2009, the AMV has become the framework for a sustainable development and good governance of mineral resources in Africa, potentiating Africa's economic growth and diversification beyond mining. Furthermore, AMV is being used by RECs to harmonize their mineral policies, and international donors (e.g. EU, World Bank) consider it a basis for cooperation with Africa in this area. The reality of the sector in Africa and the international context pose however many challenges, but also strengths and opportunities for Africa's social and economic development and diversification. Some of it derive from the new frontiers opened to Africa by emerging economies and increased Foreign Direct Investments (FDI) flows, namely from these countries.

Martyn Davies, C.E.O. of Frontier Advisory, elaborated on the role of the largest of the emerging players in Africa: China. Since 1996, Africa's growth trajectory has accompanied China's, and is now completely decoupled from the economic situation in Europe. Africa has grown increasingly dependent on trade with China. For Angola, Congo or Mauritania, for instance, exports to China represent more than a quarter of their GDP. Chinese FDI flows to Africa have also grown exponentially over the last decade, namely in the mining, energy and infrastructure sectors and beyond resource rich African countries[1], followed by a substantial increase in the presence of Chinese companies in Africa, including of small private businesses. Despite this influx of Chinese trade and investment in Africa, none of the African countries has fully understood how to best use this opportunity. Many of them are yet to take the necessary steps to enable, for instance, the development of junior resource companies in natural resource rich countries. But, as M. Davies underlines: how can that be done without an existing capital market? He also pointed out some of the implications for Africa's growth prospects as China's economy evolves in its transitioning path, and questioned to what extent African governments are taking this evolution into account.

China's presence and interest in Africa is, however, not only synonymous of opportunities. There are also risks to African economies in the practices of Chinese companies and businesses. As the latter expand worldwide and their operations increase in scale and complexity, they are showing positive signs of adapting to the new challenges. The monitoring of their activities is also intensifying, namely by NGOs and media. Increasingly, Chinese operators are adapting to stricter regulations, to higher requirements by domestic and foreign authorities on corporate citizenship activities, and are becoming more aware of environmental and social issues. These practices and understanding on corporate citizenship are nevertheless at an early stage, and other challenges still need to be addressed.

In her presentation, **Ana Alves** looked into the concrete and diverse cases of how China is investing and operating in the mineral resource sector in Zambia and in Angola. She focused in particular on the positive and negative aspects of their activities in these countries, and on what lessons African authorities should draw from it. Given the nationalist nature of the mining sector, the fact that these companies are controlled by the Chinese state and have benefited from a strong political and financial support from the central government in Beijing, their operations have been carefully observed and scrutinised by the international community. Although the activities and investments of these companies in Africa have had some very positive impacts, their reputation is overshadowed by other less positive aspects of their

[1] Ethiopia, for instance, is poor in natural resources, but is one of the largest recipients of Chinese investment.

operation, which to a large extent are due to their lack of experience as foreign investors. For instance, China's concessional loans to Angola, under the 'infrastructure for oil' model, allowed the government to invest in the reconstruction of the country, without much risk of these loans being used for other purposes, besides giving the Angolan government more leeway to negotiate with traditional partners. However, the high percentage of Chinese workers and of materials and services contracted in China (about 70%), as well as the lack of control mechanisms for the construction sector and the absence of provisions for maintenance of infrastructure, are challenges that are being only partially addressed in on-going negotiations. In Zambia, Chinese investments in the mineral sector have boosted the country's production and capacity in the sector, but problems related to the poor standards of labour conditions, a limited impact in the local economy beyond job creation, little consideration given to the local interests and poor standards of environmental protection, have created a number of problems that Chinese investors and Zambian authorities need to address.

In the final presentation of this session, **Nelson Ocuane**, C.E.O. of the Mozambique national oil and gas company (ENH), zoomed into the particular case of Mozambique and how the country is preparing to address the opportunities and challenges of a natural resource rich country. He provided an overview of research and development of oil and gas in the country and current concessions, the contract regime applied, the national legal framework for those activities and fiscal regime, including options for the adaptation of the fiscal regime according to the evolution of production[2]. He also gave an overview of the investments the country has been making in the sector since 2000.

The **discussion** in the first half of the conference centered naturally around Mozambique. One of the 'poorest countries in the world', for many decades the only external source of finance for Mozambique was the official development aid from donors and the assistance of international NGOs that flocked into the country after the end of the civil war. Now, with confirmed huge reserves of natural resources (particularly of coal and gas), Mozambique is attracting significant external direct financial investments and private investors. Its recent status as a 'natural resource rich country' has raised many expectations in the Mozambique population. As some participants stressed, it is important to manage such expectations and correctly inform the population about the investments, the timeline from research until the country reaches a mature phase of production (which takes about 10 to 20 years)[3], and the planning and management of these resources. In that process, there are still many significant challenges for Mozambique, which the country is seeking to address, not least: developing its institutional capacity to negotiate and manage such contracts; the qualified training of its human resources; adapting and improving the legal frameworks; design and implement strategies for the extractive industries that promote the involvement and development of national companies in the sector and beyond it, as well as the local use of the natural resources, so that there can be a trickled down effect into the wider national economy.

The focus on the extractive industries in Mozambique has undeniably the potential to pull Mozambique out of poverty if well planned and managed. However, it also raises concerns that other critical or potential areas for the country's development (e.g. agriculture, social sectors like health and education, tourism) aren't getting enough attention and investment. The implications of the emergence of these natural resources in the country and in neighbouring areas should also be seen from a security perspective, and plan ahead to prevent social tensions or conflict. Hence the importance of questioning what is being done, its relevance, how to maximise its developmental reach, and its likely impact from a wider

---

[2] Mozambique's fiscal regime in the mineral resource sector was revised in 2007 and discussions are under way about a possible revision in the near future.

[3] Mozambique started producing in 2004, but it is expected to reach a mature production stage only towards the end of the decade.

perspective, beyond just the economic and financial benefits of natural resource exploitation. The Busan agenda and the Africa Mining Vision can in that respect provide useful guidance.

Understanding land investments and politics in Africa: the role of international actors and the impact of land deals on local development and national governance (Session 2)

Chris Alden presented the findings of a study he and Ward Anseeuw (from the Agricultural Research Centre for International Development-CIRAD, University of Pretoria) conducted on "The Global Land Rush, Agrarian Change and Social Transformations", illustrating not only the global land rush, but also wider dynamics and actors associated with it, especially in Africa. Findings of the study show that the number of announced deals and the extension of land concerned is about 400-500% more (approximately 228 million hectares) compared to the data in the World Bank (WB) report on the global land rush. The number of verified deals and extension of land is much lower (respectively 55% and 29% of the announced deals), but nevertheless 45% higher than in the WB report. Africa is clearly the main target of those land deals, with nearly 70% of the 228 million hectares mentioned in Africa. Despite the more than 50% verified land deals in Africa, these deals regard only 21% of the land targeted in the announced land deals, representing nevertheless the largest share of land if compared with other regions of the world. Two thirds of the land reported in the land deals in Africa is used to grow food crops and biofuels, but unlike other regions of the world, in Africa only 29% of that production is traded within Africa, compared to 43% in Latin America (the other region with the lowest level of intra-regional trade).

The study by Alden and Anseeuw also identifies new actors and investment models in the reported land deals in Africa. Besides China who leads in the number of reported land deals in the continent[4], Saudi Arabia, the UK, India, South Africa and the US are among the top 10 investors in land in Africa, followed by other EU member states and Egypt. Investment patterns vary from: private western companies investing in traditional food-producing, processing, and exporting activities to extend their market share; State-controlled or State-owned companies or sovereign wealth funds investments from capital-rich Gulf and Asian states, largely driven by national concerns for food security; to more profit driven and speculative investments by hedge/pension funds and investment banks. Most importantly, the nature of the land deals and investments in Africa illustrate a renewed interest to control land-based activities and integrate the entire production cycle.

The global land rush was triggered by the food price crisis and driven by global demographic, food and energy regimes. But amid that context, to Alden and Anseeuw land governance problems at a global and national level have aggravated as a result of:

- The crisis of small-scale farming, largely perceived as not delivering socio-economic development, and, consequently, a des-investment in agriculture and in rural areas;
- Ineffective land governance, as land reforms defining the status of land and land rights of the populations are not implemented accordingly in many host countries, leading to lack of clarity, abuses and land grab often by the national/local elites;
- Weak democratic governance, poor transparency and centralisation of decision-making leading to a lack of participation/consideration of the affected populations and making land acquisitions easier;
- The current economic governance and market regulations, which promote capital expansion and transformation through the commodification/privatisation of land and the deregulation or liberalisation of markets.

[4] Despite China's lead in the reported land deals in Africa, its Foreign Direct Investment (FDI) in Africa agriculture (which includes rural infrastructure and technology transfer) is only a small portion (3.1%) of overall China's FDI in Africa[4], although its demand is set to increase.

Alden and Anseeuw conclude that large scale land acquisitions are further exacerbating these factors, including: the financiarization and corporization of agriculture; the concentration of agricultural production in the hands of a few large international groups/companies who also control agricultural regulation mechanisms; the marginalization of the majority of African farmers; and deepening the dependence cycle. The land issue is therefore more than just about who owns the land: it is a matter of food security and contributing to a profound restructuring and the social transformation of agrarian societies.

Unlike other African countries, at least in Mozambique the land situation is clearer as a result of the land law, but as **Eduardo Chiziane** presentation stresses (see the PPP or the summary in english), further steps need to be taken to improve the implementation of the land law. Chiziane presented the main findings of a study that analysed the legality and feasibility of a simplification of administrative proceedings, and of requirements for the transfer of land rights between the living in rural areas with the purpose of stimulating economic development and alleviating poverty. According to the Constitution of 2004 (art. 109, n°1 and 2), land in Mozambique is State property and it is up to the State to set the conditions for its use and exploitation (DUAT: "Direito de Uso e Aproveitamento da Terra" in Portuguese); DUAT's transmission is possible, but the land can not be sold or alienated in any other form, mortgaged or subject to distrain. The Land Law of 1997 further defines the limited conditions under which it is possible to transfer the right to use and exploit the land, subject to the State's approval. Legal proceedings for making such transfer of rights are not only long and complex, thus hampering private investment, but also marred by ambiguity (e.g. on the term of "benfeitorias"), while different legal treatment apply to land with and without buildings. Transferring the right to use and exploit the land (DUAT) in life poses the greatest problems. Clarifying ambiguities in the law should be the first step towards addressing some of the identified problems with regard to a transfer of DUAT in such cases. Procedures should be simplified, including the administrative requirement for prior state authorization for rural buildings. That could facilitate access to the land and investments particularly by locals and nationals willing to invest in the land. In case simplification would apply also to large areas of land, prior delimitation and demarcation of the land should be required, at the initiative of the claimers who would be responsible for proving their right. Furthermore, the land law should be amended to include also the option of land rental (nor currently foreseen in the law).

Jorge Arbache, from the Brazilian Development Bank, gave an overview of how Brazil is dealing with land issues. Like many other countries in different regions of the world, Brazil too has seen important foreign investments in land, namely by China, and it still faces many development challenges internally. A potentially useful lesson for other countries facing similar challenges is the success of Brazil's agricultural policies. To former President Lula da Silva, developing family agriculture was key to addressing poverty and improving food security in Brazil. Accordingly, his government set up a comprehensive policy to support family agriculture, which went beyond technical support and counselling for agricultural family production, and provided, amongst others, market access, credit systems and guaranteed prices. As a result, 70% of food consumption in Brazil comes now from small scale/family agriculture. This has had a very significant positive impact in the country's reduced poverty, its rural development and the inclusion of family agriculture into the wider Brazilian economy.

In his intervention, Professor **João Mosca,** from the University 'A Politécnica' in Maputo, alerted to the economic and social risks of a quick and ill-prepared opening of Mozambique's economy to foreign capital and international trade. Questioning whether Mozambique has a long-term vision for its development or if it can realistically have the capacity to negotiate with economies that work at a global scale, Prof. Mosca stressed the need to plan for the long-term and develop an economic strategy that fosters the emergence of a domestic capitalism and supports small rural producers. The implications for Mozambique of an increasing economic opening to the SADC region, its long-term benefits and risks, should also be carefully evaluated.

In the **discussion** that followed the panel, and more generally in the debates during the one and a half day conference, is was clear that different sectors of the Mozambique society shared a common concern regarding the potential risks of its new natural resource wealth and capital in-flows over the country's governance and social stability. Profound changes are already occurring in the country's rent distribution patterns, and risk further exacerbating social imbalances amid high expectations from Mozambique society. Mozambique lacks the capacity to effectively plan, negotiate and monitor such a scale of investments and booming economic activity, as the country is now experiencing. There is general acknowledgement of the need to strengthen institutional capacities in Mozambique, to plan ahead for an equitable and sustained development, manage capital in-flows to the long-term benefit of the country, and learn from both the good and the bad experiences of other resource rich countries in Africa. Some question to what extent can any capacity-building efforts accompany such a fast pace of investments. For them, Mozambique ought to pause and reinforce first its institutional capacities.

South-South Cooperation and African Regional Integration Agendas: which implications of the role of new emerging players for regional integration agendas in Africa and potential synergies? (Session 3)

On her presentation about the role of China in Africa's integration, **Hannah Edinger**, from Frontier Advisory, gave an overview of regional and continental integration in Africa and its hurdles, focused on infrastructure development as an area for constructive partnerships while promoting regional integration, and elaborated on the prospects for Chinese assistance and potential synergies.

Africa's trade with the world has increased significantly since 2000. Over the last 10 years, Africa has known a tenfold increase of trade relations with China and an increase in trade with other emerging economies, despite the decrease in trade with the EU and the US. Intra-regional trade in Africa, however, constitutes only 12% of total exports– compared to approximate figures of 50% in North America and in Asia, and more than 60% in the EU –, and shows a very diverse picture from one African region to another, and between African states. For instance, intra-SADC trade is worth about twice as much the value of trade within COMESA, the second most 'integrated' region in Africa; and while smaller countries are dependent on regional trade, Africa's largest economies are the least involved in regional trade. Africa thus clearly misses out on the benefits of regional integration.

H. Edinger enumerates a number of key inhibitors to Africa's regional integration, including: a complex regionalism with overlapping memberships; a mix of developing and least developed countries (LDCs) within regional groupings; the low trade complementarity; a lack of product diversification, of production capacity and of trade facilitating institutions; weak implementation and monitoring capacity; national development plans and budgets often do not integrate regionalism objectives and priorities, nor are these a priority for African governments; a lack of adequate and efficient transport, power and communications infrastructure, resulting in high transaction costs. Focusing on the latter, Edinger illustrates the constraints it represents for Africa's trade and development, the prospects for infrastructure partnerships, and provides an overview of infrastructure investment needs, the main investors and which sectors and countries are getting most of it.

Traditional bilateral donors and development institutions are still the main source of external financial support to African infrastructure providing more than 50% of that support, but emerging economies are increasingly supporting infrastructure development in Africa.

Edinger provides an illustrative picture of China's increasingly preeminent role in this area and how infrastructure development funding by China intersects with its foreign policy objectives. In seeking to eliminate supply-side risks of its investments in Africa, China is significantly financing regional infrastructure projects, including already planned transport and infrastructure corridors, with the potential to enhance interconnectivity and economic integration within Africa. Finally, Hannah Edinger points out Chinese assistance prospects to support Africa's integration, not only in infrastructure projects, but also in market access issues, agricultural development and engagement with regional bodies and initiatives. She also highlights potential synergies between China, other emerging partners, traditional donors and African regional actors.

Barbara Mommem, presented the specific case of the Maputo Corridor Logistics Initiative (MCLI) in the SADC region, linking Mozambique, Swaziland and South Africa. An interface between the public and the private sector, the MCLI is a good example of how infrastructure development and trade facilitation measures (e.g. modernising customs legislation and procedures) have supported regional integration and development agendas, fostering cross border trade and investment in one of the most dense industrial zones in Africa. The port of Maputo is a good indicator of that, and the MCLI provides a useful example of the potential of such initiatives, as illustrated in B. Mommem's presentation.

San Bilal, from the European Centre for Development Policy Management (ECDPM), focused on insights from the successes and weaknesses of the EU in fostering and supporting regional integration in the African continent. EU's approach and experience can be useful to other international partners willing to support regional integration agendas in Africa, including to the emerging economies, although the latter are yet to engage in a sustained support to the African regional agenda. EU's case and policies on regional integration can also be useful to African actors themselves, who must engage and lead that process to the benefit of Africa[5].

The EU has provided political, strategic, and financial support to many regional initiatives in Africa, including through dedicated financial instruments. Over the last decade, it has also engaged in negotiations on comprehensive free trade agreements with African regional groupings, aiming at fostering their integration processes towards the creation of more effective regional markets for equitable and sustainable development. However, the EU approach is not without problems and questions remain as to its effectiveness. EU trade policy in particular has generated tensions and frustrations in Africa, as shown by the current deadlock in the negotiations of Economic Partnership Agreements (EPA). Coordination and complementarity among European and with other donors has often been insufficient, the articulation between national and regional initiatives too loose, and the coherence across sectors, between aid categories and among types of financial flows (loans, grants, FDI) often lacking. Excessive donors' dependence, capacity constraints, institutional weaknesses, and insufficient political leadership at the regional level have also hampered many regional integration processes in Africa.

Regardless of whatever model of integration external supporters advocate, regional integration in Africa will follow its own pace, driven by specific economic and political interests endogenous to the regions concerned. S. Bilal argues such a process could benefit from a structured dialogue and coherent strategic engagements on regional integration issues with all partners, traditional and emerging players included. Learning from the experience of

[5] For further analysis on this issue, see namely Sanoussi Bilal, Isabelle Ramdoo and Quentin de Roquefeuil, Europe, G20, and South-South Trade Insights from European Approaches to Regional Integration in Africa, Economic Policy Paper Series 2011, The German Marshall Fund of the United States (GMF), 2011.

Africa-EU relations, and in particular European approaches to regional integration in Africa, would be a useful exercise to all.

During the **discussion**, some participants stressed that regional integration should not take priority over, or be done at the expense of national integration. The Maputo corridor is, for some, an example of a regional priority that has received greater attention than other, more beneficial projects to Mozambique's national integration. Echoing similar concerns expressed in other sessions, there were calls for an in-depth analysis of the impact that promoting regional integration is having within Mozambique.

Opportunities for Change: What are we learning, and can do better to promote sustainable development and governance in Africa? (Roundtable/Closing session)

In the roundtable with representatives from the OECD/DAC (Gregory de Paepe), the EU (Amb. Paul Malin, EU delegation in Mozambique), Brazil, (Jorge Arbache), and Mozambique civil society (Irae Lundin), we returned to some of the questions that introduced the debate in the opening session of the conference 'closing the circle', while adding other perspectives.

There is no doubt that the renewed international interest and increasing presence of emerging economies in Africa has opened new economic and trade opportunities and new policy space for African countries. There have been contentious issues both on traditional donors and emerging economies engagement in Africa, and in the relationship between them in Africa. However, emerging economies engagement is Africa is not deprived of a 'values and norms' approach (and concerns for aid effectiveness) that are defined as the approach of traditional donors. Similarly, the latter's approach is not without 'pragmatism', as the emerging economies approach is generally characterised. In some cases, the distrust between traditional donors and emerging economies (and with African actors) was driven more by a lack of information and dialogue than by outstanding differences of approach. Many of the fears associated with the impact of an increased role of emerging economies in Africa have been diffused. There are now opportunities for strengthened cooperation between emerging economies and OECD donors in support of development goals and the interests of African partners. As **Gregory de Paepe** stressed, this new confluence of interests and actors puts renewed pressure and responsibility on African governments to take ownership of their development plans, and to lead in the new partnership opportunities that are being created. A few cases of tripartite cooperation and partnerships between traditional donors, emerging economies and African countries' national governments were mentioned. In Mozambique, for instance, Brazil is engaged with the Mozambique government in trilateral projects with the EU on biofuels, with Germany on the development of small and medium enterprises, with Japan in the agricultural sector.

However, as EU **Ambassador Paul Malin** alerted, in Mozambique many of the opportunities created by the renewed international interest in the country (a result of its largely untapped vast natural resources) are outside of the government systems. One of the challenges is precisely to strengthen the government systems, so that the country and the society can benefit from these new opportunities. Some of the benefits of this new context in the country are already being felt: donor budget support to Mozambique is now less than 40%, compared to 50% in the past. With its wealth of natural resources, Mozambique can further reduce its dependence on foreign aid and strengthen its role in the region and in the world economy. Improving the governance of these resources and of the country's development plans should be at the core of the government's efforts and supported by all its partners.

Emerging players in general are newcomers to the development aid agenda, but not alien to the good governance agenda as they too struggle with similar problems domestically. As

Jorge Arbache stressed, Brazil also as governance problems, and in south-south cooperation there is as well a focus on how to address governance challenges. Brazil, like other emerging economies, shares some of the problems that many African countries are facing, and that is precisely one of its comparative advantages. In the case of Brazil, the interest in Africa is not based on the quest for natural resources (Brazil is also a natural resource rich country); it does not consider itself as a donor country nor does it have the legal mechanisms or the economic capacity of a country like China to act as a donor. Like many African countries, Brazil too faces advantages, long-term risks and dilemmas in its relations with partners like China, an important trade partner and investor in Brazil[6]. For these and other reasons, Brazil's approach and capacity to support development in Africa is different from China's, as illustrated for instance by the Brazilian funded pharmaceutical plant in Mozambique that is producing anti-retroviral drugs to battle the HIV/AIDS, or the Cotton-4[7] project in West Africa (Benin, Burkina Faso, Chad and Mali) to support small farmers, through the provision of infrastructure and the transfer of knowledge and technology.

Irae Lundin, a representative from Mozambique civil society, reminded that despite the country's emerging wealth and increased interest and presence of emerging economies, Mozambique remains very dependent on foreign aid. While traditional donors still have a "development tutelage" kind of approach, emerging countries have a different attitude, given similarities in their historic trajectory. This dependence from donors, coming in with development packages wrapped in conditionalities, has a negative impact on civil society participation, reducing its citizenship role. The Busan declaration, calling for a shift from a focus on aid to a focus on development, is an important opportunity for all to correct trajectories in this long-term relationship.

IPAD
Instituto Português
de Apoio ao Desenvolvimento

The Conference, sponsored by the Instituto Superior de Relações Internacionais (ISRI) and the Portuguese development agency (Camões – Instituto da Cooperação e da Língua, former IPAD), is a joint initiative of the Centre for Strategic and International Studies (CEEI), the European Centre for Development Policy Management (ECDPM, the Netherlands) and the Institute for Strategic and International Studies (IEEI, Portugal), all members of EARN.

The Conference organisers would like to express their gratitude to IPAD for their support to the initiative, to the speakers and participants for their contributions to the debate, and to ISRI for hosting and supporting the event.

This report was elaborated by Fernanda Faria, on behalf of the organisers. Any eventual misinterpretation or incorrect transcription of the speakers' presentations is the sole responsibility of the author and does not engage the organisers.

[6] A useful background document on economic co-operation between Brazil and China, by Jorge Arbache, can be accessed in http://ssrn.com/abstract=2047126.

[7] More information on the Cotton-4 project can be found in the report by the World Bank and the Institute for Applied Economic Research (IPEA, Brazil) "Bridging the Atlantic. Brazil and Sub-Saharan Africa: South–South Partnering for Growth", December 2011, p.54, or in the website of Embrapa.