

We hope the new "African Union" will seek to work with the older, and often beleaguered, African trade unions towards finding ways out of Africa's problems, and we plan to carry on, long after the G-8 Summit ends, with our partnership support for those trade unions.

Sources now indicate that work is underway to establish a budget for the African Union, and an annual sum of US\$500 million has been mentioned. We know that development is a costly matter, in both real and opportunity terms.

### **Financing African Recovery**

Discussions of this issue at the G-8 Summit will be informed by meetings such as the UN's Conference on Financing for Development, due to convene in Mexico in March 2002.

It was very clear to non-governmental participants that G-8 governments are inclined to the view that while aid spending and the application of "public goods", such as steps to end debilitating conflicts, are good in and of themselves and make significant contributions to development, the real differences will be made through effective domestic resource allocations and foreign private capital investment. The discussion of foreign private investment was premised, at the behest largely of the G-8, on the need of domestic policies to attract it, rather than its quality and development impact.

For their part, the G-8 governments were not anxious to discuss appropriate targets for Official Development Assistance (ODA), such as the long-established 0.7% of GDP, nor were they anxious to speak about deadlines. In fact, the fourth and final preparatory meeting (New York, January 2002) could be seen as a rearguard action on the part of the G-8 governments anxious to avoid actionable commitments and relinquish their decision making prerogative.

They seemed more interested in two other areas, one being the need to ensure meaningful discussions of coherence but in a way that G-8 (or IMF or Basle Committee, or Financial Stability Forum...) decision making power is not compromised, the other being what these countries must do to attract private investment.

Canada has in the past maintained, in various policy documents that developing countries must work on their policy environments to ensure that they do not exclude themselves from the potential benefits of globalization, saying that while globalization creates the conditions that make poverty reduction possible, this reduction can only be achieved if policy reform, or coherence, allows the developing country to participate fully in globalization and its benefits.

***We hope that Canada will take a lead in persuading the other G-8 governments that the focus on Coherence must not be allowed to serve as either leverage on African governments to accord with imposed prescriptions from the international financial institutions or as an excuse for inaction on the part of the G-8 governments.***