

AFRICA: What the G8 must deliver

At last year's Labour Party Conference, British Prime Minister Tony Blair announced his plan to back a 'new partnership with Africa'. Speaking in the aftermath of September 11, he declared, "out of the shadow of this evil, should emerge lasting good... above all, justice and prosperity for the poor and dispossessed."¹

This report argues that the production of a G8 'Action Plan on Africa' represents a remarkable and historic opportunity for the leaders of the world's richest nations to turn their grand rhetoric into concrete change for poor people in Africa.

It argues that the crucial test for the G8 is whether they can deliver on their own responsibilities, rather than blaming Africa for its poverty. It is undeniable that there has been poor governance, corruption and mismanagement in Africa. However, the report places the continent's political and economic crises in context, relating them to the legacy of colonialism, the support of the G8 for repressive regimes in the Cold War, the debt crisis, the massive failure of Structural Adjustment Programmes and the deeply unfair rules on international trade.

It argues that any plan for 'African development' must redress the policies that create and sustain an unequal relationship between Africa and the G8. Otherwise, rather than ending the failed international supervision of African development, a 'new partnership' risks being used as yet another form of conditionality, shaping African societies and economies for the benefit of the G8, instead of Africans.

The G8's Action Plan on Africa is their response to the 'New Partnership for Africa's Development' (NEPAD), an initiative by African leaders, headed by the Presidents of South Africa, Nigeria, Algeria, Egypt and Senegal. NEPAD aims to "call to the rest of the world to partner Africa in her own development on the basis of her own agenda and programme of action."²

But the G8 has a lot of work to do to convince the people of Africa that the rich world is willing to make the break from a historic pattern of Western domination of Africa and to engage in a real partnership. If the G8 fails, the Action Plan will be condemned as a PR stunt - designed to show that the managers of the globalisation process care about poverty.

So what must Tony Blair and the other G8 leaders do if they want to secure a new partnership in which Africans are able to define and pursue their own priorities?

Firstly, the G8 need to engage and encourage a much broader debate within their own societies on the fundamental reforms to their policies that are required to redress the injustices of

current policies towards Africa. Massive public campaigns on issues such as international debt and trade demonstrate that there is a large public constituency in favour of fairer policies towards Africa.

Similarly, African governments should involve a wide range of civil society bodies in the preparation of any plan for Africa. Currently NEPAD embodies a contradiction - it calls for good governance and the involvement of civil society in all aspects of government, and yet the plan itself was drawn up by a few leaders without any civil society involvement.

The first step towards a real partnership must therefore be to ensure there is full engagement and partnership between African leaders and African people.

African Voices

The transformation of Africa can only happen if it is driven by its people...The NEPAD plan has been developed only through discussions between governments and business organisations, leaving the people far behind.

*Congress of South African Trade Unions
(COSATU)*

As debate on NEPAD flourishes in Africa, it is clear that the document presented in October 2001 by the African presidents leading the process can not claim to speak for a continent. NEPAD's champions themselves recognise that ownership of the document is limited and that consultations with African governments, regional and continental organisations, national representative assemblies and civil society have been inadequate.

African Voices

Legitimate questions have been raised by members of civil society at home and in the rest of Africa, that African civil society has not been involved in the NEPAD process.

*Thabo Mbeki, President of South Africa
ANC Today, 7-13 June 2002*

The current document should therefore be seen as a draft - a starting point for discussion. A process of serious public debate on its proposals should provide a means to rewrite NEPAD, not simply to generate 'ownership' or to promote a false consensus on highly contentious issues.

Above all, the debate needs to open up the space for dissenting views, new options for development and alternative policies. Flexibility in the framework will be essential to recognise Africa's diversity and end the one-size-fits-all approach of the past. In April 2002, a wide range of African scholars and civil society organisations from 20 countries met at a conference in Accra jointly-organised by the Council for Development and Social Science Research in Africa (CODESRIA) and the Third World Network-Africa (TWN-Africa) to discuss NEPAD. The Accra meeting noted, "Over the past decades, a false consensus has been generated around the neo-liberal paradigm promoted through the Bretton Woods Institutions and the World Trade Organisation. This stands to crowd out the rich tradition of Africa's own alternative thinking on development."³

It is important that this debate is led by African voices and that it is listened to by Governments, NGOs and citizens in the G8 countries.⁴ For that reason, this document does not undertake a detailed analysis of the content of the NEPAD document, but focuses instead on the role of the G8 in its Action Plan for Africa. It argues that the G8 must focus on its own responsibilities, in particular on the ways that current policies create and sustain an unequal relationship which frustrates many African efforts to secure peace, development and democracy.

What is NEPAD?

NEPAD described itself as follows:

- * A plan that has been conceived and developed by African leaders.
- * A comprehensive integrated development plan that addresses key social, economic and political priorities in a coherent and balanced manner.
- * A commitment that African leaders are making to African people and to the international community, to place Africa on a path of sustainable growth.
- * A commitment African leaders are making to accelerate the integration of the African continent into the global economy.
- * A framework for a new partnership with the rest of the world.
- * A call to the rest of the world to partner Africa in her own development on the basis of her own agenda and programme of action.

NEPAD's political structures:

- * A Secretariat to co-ordinate production of plans for the priority areas.
- * Five working teams to focus on specific NEPAD initiatives: peace and security; economic and corporate governance; infrastructure, agriculture and market access, financial and banking standards.
- * A steering Committee of each of the five NEPAD founding countries (Algeria, Egypt, Nigeria, Senegal and South Africa,).
- * An Implementation Committee of Heads of State - which includes fifteen governments (Algeria, Botswana, Cameroon, Egypt, Ethiopia, Gabon, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Sao Tome and Principe, Senegal, South Africa and Tunisia).
- * Final plans prepared by these bodies will be put to the full African Union for approval in July, 2002.

Source: NEPAD website www.NEPAD.org

Timeline for the new partnership

1999

The Organisation of African Unity tasks the sitting chairs of the Non-Aligned Movement (President Obasanjo of Nigeria), the OAU (President Mbeki of South Africa) and the G77 (President Bouteflika of Algeria) to approach Northern donors to seek a re-negotiation of the debt crisis. These leaders concluded that a wider package ought to be discussed.

2000

South African President Thabo Mbeki unveils his Millennium Africa Plan (MAP), building on his 'African Renaissance'. Presidents Bouteflika and Obasanjo announce their support.

2001

Lusaka meeting of the Organisation of African Unity (OAU) sees MAP merged with Omega Plan, a separate initiative developed by Abdoulaye Wade, President of Senegal.

June:

Wade and Mbeki meet G8 leaders at Genoa G8 Summit. Tony Blair and others offer support for what is now called the New Africa Initiative (NAI).

July:

NAI endorsed by the OAU Summit, Lusaka, Zambia.

October:

Final name change - to NEPAD - and formal launch at a meeting of the Heads of State Implementing Committee, Abuja, Nigeria.

Tony Blair endorses NEPAD in Labour Party Conference speech

2002

May 17:

G8 officials met in Maputo with their African counterparts to put the final touches to NEPAD.

June 10-13:

NEPAD Implementation Committee gather at World Food Summit to finalise demands to the G8.

June 14-15:

G7 Finance Ministers gather in Halifax, Canada to discuss funding for Africa Action Plan and debt relief.

June 26-28:

G8 Leaders meet to finalise 'Action Plan on Africa'.

July:

Final NEPAD plans of action presented to the African Union (AU) Summit in South Africa.

Africa has paid a high price for the imbalances of its relationship with the rich world. The continent has become a laboratory for a series of social, economic and political experiments, directed by international institutions. The widely recognised failure of a majority of these experiments to improve the lives of those living in Africa has resulted in mass public mobilisations both in Africa and the rich world. The pressure is on the G8 to deliver a new deal.

The NEPAD document presents the G8 with a massive range of issues and challenges. The G8 should commit to a long-term programme of engagement on these issues, including the complex challenges of conflict prevention and increasing the quantity and quality of investment in Africa. However, the G8 also need to secure the confidence of Africa by providing immediate and concrete progress in Canada. The G8 should focus on;

- * Fair negotiations and respect for African sovereignty
- * Making real progress on debt cancellation
- * Securing the benefits of trade for Africa
- * Ending Structural Adjustment conditionality
- * Solidarity in the war on AIDS

The need for a new partnership for African development

There is a desperate need for a new partnership to promote development in Africa. The continent is marginalised in world affairs and dominated in international forums.

As a result Africa has lost out in the globalisation process. International negotiations have established unfair rules for trade and international institutions have enforced inappropriate policies on African countries. Africa's dependence on international aid has enabled rich country donors to enforce on African governments economic policies that have reflected the interests of the rich world and their multinational companies rather than the interests of Africa's people.

These policies have contributed to economic collapse and massive increases in poverty in Africa. By the year 2000, average income in Africa was 10 percent below the level in 1980.⁵ 48 percent the Continent's population live in absolute poverty.⁶ Sub-Saharan Africa is the home to two thirds of the world's HIV/AIDS sufferers, and because of AIDS, average life expectancy in Africa has been cut by 15 years, currently standing at just 47.⁷

Of course these problems do not result simply from Africa's relationship with the rest of the world. Conflict, corruption and undemocratic governance play a significant role in undermining

efforts to address the crisis. It could be tempting therefore to focus on measures to combat these 'internal' problems before presenting a 'New Africa' to external investors and donors. However, it is important to recognise that;

* Conflict, corruption and undemocratic politics are as much a symptom as a cause of underdevelopment and dependence.

* G8 arms supplies and military aid play a major role in fuelling conflict.

* The business practices of G8 companies contribute to corruption.

Africa's external relations have been shaped by the legacy of colonialism and the Cold War, and are now dominated by the imposition of economic and political conditions on aid. Beyond simply hectoring African governments, the G8 must recognise and address their historic and contemporary contributions to underdevelopment, corruption, conflict and undemocratic politics. The approach of blaming Africa for its problems, thereby ignoring its exploitation by the rich world, has been all too evident in drafts of the G8 Action Plan for Africa.

African Voices

The G7 are in effect supporting the cost-free aspects of NEPAD while avoiding renewed commitment to provide additional resources for Africa's development...

This wait and see attitude reinforces the distrust that makes many believe that African development based on the hope of a new partnership with rich countries is not viable.

*'Un-blurring the Vision'
South African Catholic Bishops' Conference*

Why should the G8 commit itself to development in Africa?

It is clear that Africa has much to gain from a new relationship with the rich world. But why should politicians and people in the G8 countries commit to development in Africa?

Speeches by the G8 leadership are characterised by two instincts - charity and risk management. In Tony Blair's 2001 Labour Conference speech, he declared firstly that "the state of Africa is a scar on the conscience of the world" and secondly that "if the world as a community focused on it, we could heal it. And if we don't, it will become deeper and angrier."⁸ But these concerns reflect Western guilt and fear rather than African needs - and both threaten to further disempower Africans.

Compassion is an important human response to the suffering of people in Africa. But the charita-

ble instinct tends to lead to solutions in which Northern generosity saves Africa from itself. Without real structural change in the economic and political relations between Africa and the rich world, the interests and views of people in Africa can easily be overridden by what donors think people in Africa should be doing with 'their money'.

African Voices

NEPAD is focused on the establishment of a new partnership between the north and the south to end the old relationship between the dominant northern donors and the subservient southern recipients of charity.

*Thabo Mbeki
President of South Africa*

However, led by the US, the G8's thinking since September 11, seems to have been dominated by a risk management approach. At a recent public meeting on NEPAD, a UK Foreign Office spokesperson declared, "in Africa there are many Afghanistans."⁹ The worst case scenario, in the minds of policy makers is that spiralling decline in Africa will not restrict itself to the continent. Tony Blair argues, "Today the threat is chaos; because for people with work to do, family life to balance, mortgages to pay, careers to further, pensions to provide, the yearning is for order and stability and if it doesn't exist elsewhere, it is unlikely to exist here."¹⁰

The G8's list of potential concerns includes terrorism, drug running, organised crime, smuggling of nuclear weapons, overpopulation, disease and environmental degradation. But as the recent EU Heads of State Summit in Seville illustrated, the rich countries main worry is increased migration from Africa to the rich countries. This perspective seeks not to solve Africa's problems, but to erect a ring fence around them. It is a deeply irresponsible strategy at a time when the manipulation of the politics of immigration and race threaten traditions of tolerance, refuge and internationalism within the G8. The G8 countries current rhetoric and policies around immigration imperil the lives of people fleeing persecution and poverty.

There are other problems with the risk management instinct. It turns reality on its head, describing a crisis in the world's poorest and weakest societies as a source of danger to economic and political stability in the West, when the reality is exactly the opposite. Presenting the situation in terms of the threat which Africa poses to the G8 justifies increasing Western supervision of African political and economic systems and encourages a militaristic form of conflict management.

The danger is that rapidly changing Western pre-occupations will override the more everyday concerns of the African majority - with ill health and biting poverty. For example, AIDS killed ten times more people in Africa in 1998 than conflict. This is not to deny that many Africans lives are ruined by the operation of criminal gangs, the increasing incidence of conflict and the unethical exploitation of natural resources. However, if our concern is with these issues, it is important to understand the role that Western economic and political conditions have played in the destabilisation of a number of African states and the links between underdevelopment and conflict.

African Voices

We can build dynamic co-operation. This is partnership. Don't look at relations as static - of you giving us money.

*Abdoulaye Wade,
President of Senegal*

Why then should the G8 be interested in a new partnership with Africa? Above all, there are common interests at stake. The current relationship represents an enormous wasted opportunity - for Africans and for the G8 countries. Africa is frequently portrayed as a continent dominated by endless wars, corruption, disease, and dictatorship. This is a seriously distorted image - and one of the strengths of NEPAD is that it is having some success in changing these perceptions. Africa is an enormously diverse continent featuring natural beauty, cultural richness, an abundance of natural resources, entrepreneurship, academic excellence, and technical skill. In other words, Africa represents a massive pool of untapped potential both for its own development and for the political, cultural and economic development of the entire world.

If, together, we are to realise this potential, it is necessary to build a new partnership on a clear analysis of the failings of the past.

The historic context for a new partnership

Since colonialism, African countries have in theory enjoyed the same rights as the governments of rich countries to define their own futures. But this 'sovereignty' has been seriously undermined by the unequal relationship with the G8 countries. The ability of African societies to determine their own economic and political systems and to negotiate economic relationship which benefit Africans has been gradually eroded. Political domination, unfair trade relations, the debt trap and structural adjustment have globalised the economics and the politics of

African countries, enabling the rich countries to dictate terms. The AIDS pandemic adds to the massive challenges facing the continent.

Political domination

Significant Western intervention in Africa's internal affairs continued throughout the Cold War. Western countries provided assistance to 'anti-communist' dictatorships and insurgency movements, crippling the political and economic development of many countries - not least those in Southern Africa such as Angola, Mozambique, South Africa and Zaire (now the Democratic Republic of the Congo).

On the economic front, attempts have been made to build a fairer relationship between Africa and the G8 - through the New International Economic Order, the Group of 77 (G77), the Non-Aligned Movement, the Lagos Plan of Action and the African Alternative Framework for Structural Adjustment. But rather than engaging in debate and negotiations with developing country perspectives, rich countries have concentrated on the aggressive assertion of a Western model - the so-called Washington Consensus.

The need to keep Africa leaders on side during the Cold War ensured at least a rhetorical commitment to African sovereignty. But since the 1990s, Africa has become strategically irrelevant. The G8 countries have become much less concerned about offending African sensitivities, and have promoted their own priorities and solutions more aggressively.

- * Africa has been defined in policy circles and in the media by its poverty, the weakness of its institutions and its dependence on external aid.
- * Development objectives have been undermined by the pursuit of economic advantage for companies based in donor countries.
- * Inappropriate 'tied' aid and the linking of aid to trade and arms negotiations have made for a decidedly mixed legacy for the expanded 'aid industry'.
- * In international forums like the WTO and the UN, Northern donors have used Africa's economic dependency to divide and conquer the governments of the region.

African Voices

Africans must not be wards of benevolent guardians, rather they must be the architects of their own sustained upliftment.

NEPAD, October 2001

Unfair trade relations

From colonialism to the present time, Africa has been heavily involved in the global economy. The continent's plantations, farms and mines have exported raw materials (primary commodities) to the rich countries, where processed products are made and then sold back to Africa. This ensures that the rich countries receive the vast majority of the wealth generated by an international economic system that relies on African raw materials and low wage labour.

This system has been enforced by the IMF and the World Bank. They have encouraged African countries to focus on producing a narrow range of 'cash crops' for export.

Because they give the same 'one size fits all' advice to many countries, there has been a huge increase in the supply of commodities such as tea, coffee and cocoa as well as minerals such as copper. When the supply goes up, the price goes down. The system has ensured a steady supply of cheap products to the rich North, but repeated declines in world prices for commodities have done huge damage to the aspirations which people had for development at the time of independence. Africa generates nearly 30 percent more exports today than in 1980, yet their value has crashed by more than 40 percent.¹¹ It is scarcely credible that these consequences were not predicted by institutions that are staffed mainly by economists.

African farmers have also been badly hurt by the subsidies which G8 countries pay to their farmers. These subsidies encourage G8 farmers to grow more food than is needed in their domestic markets. The resulting surpluses, like the EU's 'butter mountain', are then exported to Africa (dumped) at prices lower than those for locally produced food.¹² The plight of African farmers forced off their land by such unfair competition has been largely ignored in the slanging match between the US, the EU and Japan over whose system of subsidies is the worst. The value of agricultural subsidies by the OECD, the 'rich countries club', is greater than the entire GDP of Sub-Saharan Africa.¹³

But to add insult to injury, the G8 use international trade rules to encourage African nations to open up their markets, stopping them from defending themselves against dumping.

African governments were well aware of the limitations of exporting primary commodities and, at independence, many countries tried to 'diversify' their economies by moving into manufacturing. To get off the ground, new African industries needed protection against foreign imports, because of the disadvantages they had

against international competitors in terms of transport, scale and a lack of infrastructure.

But the G8 countries' insistence on market openness meant that African countries were unable to protect new industries. Rapid reductions in tariffs and quotas decimated the new industries, leading to massive unemployment.¹⁴

Building a base of internationally competitive industries is essential for African nations. It is a long-term challenge that needs active government involvement. But the G8 are denying African countries the rights to use policies that have been tried and tested both in East Asia and in the G8 countries themselves. There are few, if any, examples of countries that have developed simply by 'getting the prices right'.

African governments are now facing more and more restrictions in their development options through IMF and World Bank conditions and WTO agreements. These restrictions include;

- * limiting the use of import barriers,
- * prohibiting the use of conditions on investment (for example, requiring textile factories to buy locally grown cotton),¹⁵
- * limiting the copying of products from overseas,¹⁶
- * limiting the preferences that can be given to local industries over foreign multinationals.¹⁷

This list will get longer if the G8 nations are successful in overcoming the opposition of most African trade negotiators to start negotiations of issues such as investment in the WTO at the 2003 Ministerial.

Meanwhile, the G8 and other rich nations protect their own companies from competition from more efficient African producers. Import barriers in the G8 concentrate on agricultural produce such as dairy products, vegetables, nuts, fruits, wheat and rice and on labour intensive industries, such as textiles, clothing and footwear.

These are exactly the goods that African producers could export competitively. The barriers which prevent them from doing so include;¹⁸

- * high duties ('tariff barriers') that raise the cost of exports from Africa and other developing countries trying to enter the European market,
- * quotas that control how much African produce can enter the G8 markets
- * 'non-tariff barriers' such as technical requirements or unnecessary product standards.

Shamefully, the structure of the G8's trade barriers also inhibits Africa's efforts to industrialise and diversify. Processing or manufacturing the food that African farmers grow within the

region, the timber extracted and the minerals that are mined could provide a significant number of local jobs and foreign exchange earnings. Yet, tariff barriers on processed goods entering the G8 countries are often higher than on raw products. For example, the European tariffs on orange juice are much higher than those on oranges. Similarly, there are low tariffs on cocoa beans, high tariffs on partly processed cocoa butter and prohibitive tariffs on chocolate.

A recent report by the UN Conference on Trade and Development shows the way that African and other developing countries are marginalised in world trade through the combination of tariff escalation and the domination of commodity industries by a small number of multinationals.¹⁹ Their bargaining power ensures that most of the profits are captured by the multinationals and the well paid, skilled jobs remain in the rich nations.

African Voices

The existing NEPAD document clearly considers that the solution to African problems is through integration in the world economy. But Africa has been integrated into the world economy for centuries, but in a global hostile environment, which means that it is always the loser.

Nancy Kachingwe, MWENGO, Zimbabwe

The G8 countries have repeatedly broken their commitments (such as those made under the last round of trade negotiations - the Uruguay Round) to open up to agricultural imports from the developing world.

One exception is the EU's recent 'Everything but Arms' initiative which provides duty free access to Least Developed Countries, covering approximately 93 percent of exports - and has been a useful step forward. But many very poor countries, like Zimbabwe and Namibia are not classified as 'least developed'. The EU says that it cannot extend the Everything But Arms initiative to all developing countries because it wants to stay within existing WTO rules. But such a scheme would be hugely welcome and forthcoming negotiations on regional integration agreements present an opportunity to change, rather than adapt to, the WTO rules.

The wealthy countries made more vague commitments to reform their agricultural policies at the Doha WTO Ministerial meeting. But the hollowness of those promises is being revealed by the recent US Farm Bill, that provides US\$190 billion additional subsidies for US farmers, and the lack of progress in reforming the EU's Common Agricultural Policy.

The G8 Action Plan for Africa will include more such promises, without any real commitment to stop the range of trade policies that undermine Africa's development. And the price that Africa is being asked to pay is high - NEPAD includes undertakings from African governments to further liberalise their industries, particularly service industries that are vital for the creation of jobs and incomes in the future.

The G8 nations are devoting considerable political energy to securing access to Africa's markets for their multinational companies. The range of institutions and policies used to promote this agenda includes;

- * the IMF and World Bank,
- * the US Trade and Development Act (or Africa Growth and Opportunity Act),
- * the EU's Cotonou Agreement,
- * bilateral trade and investment treaties,
- * WTO negotiations on the General Agreement on Trade in Services (GATS)
- * and proposed new WTO agreements on issues such as investment and government procurement.

The same is true of the aid business. The EU and US promised more aid funding at the UN Financing for Development conference in March 2002. However, this would only restore aid to 1990 levels and the G8 appear to want to add even more conditions, including "economic freedom", a term used seven times by George W. Bush in his speech in Monterrey.

The G8 must resist the temptation to use its Action Plan for Africa as a means to make NEPAD into yet another tool to achieve the G8's market access aims.

African Voices

[NEPAD] under-emphasises the external conditions fundamental to Africa's developmental crisis, and thereby does not promote any meaningful measure to manage and restrict the effects of this environment on Africa development efforts. On the contrary, the engagement that it seeks with institutions and processes like the World Bank, the IMF, the WTO, the United States Africa Growth and Opportunity Act, the Cotonou Agreement, will further lock Africa's economies disadvantageously into this environment;

CODESRIA and TWN-Africa

The debt trap

During the late 1980s, Africa's inability to trade its way out of poverty led to a crisis of debt payments. The prospect of debt default presented a serious threat to the survival of high street

banks and significant Wall Street players. In response, the World Bank and IMF played a central role in supervising African economies to ensure that the debts were paid.

The costs were high to Africa's people. Debt repayments had a devastating impact on African development. African countries are forced to spend almost \$15 billion per year repaying debts to G8 countries and the international financial institutions, crippling development programmes, health and education investments and efforts to cope with the devastating impact of the HIV/AIDS crisis.

African Voices

Credit has led to the debt deadlock, which, from instalments to rescheduling, still exists and hinders the growth of African countries. The limits of this option have been reached.

NEPAD, Oct 2001

In many cases, the debts which African governments are repaying can be described as 'odious' in the first place. According to international law if a loan is 'used against the interests of the local populace' then it is 'odious' and need not be repaid. In 1973, the United Nations began to describe apartheid as a crime against humanity. Nevertheless, the international financial community continued to make loans to South Africa's apartheid regime. The Archbishop of Cape Town has said that South Africa's debt "should be declared odious and written off."

The apartheid regime not only oppressed its own people, but waged a full-scale war against Mozambique and Angola, made raids into all the neighbouring states, and imposed an economic blockade on Lesotho, Botswana, Zambia, Zimbabwe and Malawi. The suffering was immense. Faced with a sudden loss of income and the need to protect their people, the governments of the region borrowed heavily from international agencies like the IMF and the World Bank. Campaigners in Southern Africa have called for recognition that this £28 billion of 'apartheid caused debt' is illegitimate and should be written off completely.²⁰ A movement is now growing to call for reparations for the impact of loans to support apartheid and corrupt regimes.

The tyranny of compound interest rates resulted in huge repayments on Africa's debts. Sub-Saharan Africa's debt rose from US\$60 billion to US\$206 billion between 1980 and 2001. Over the past three years, debt repayments by Sub-Saharan African countries have been US\$16 billion greater than incoming loans.²¹

The world-wide Jubilee movement emerged in

response to this immense human crisis, and the mobilisation of millions of people succeeded in focussing the minds of the G8 on debt.

Unfortunately, the G8's response to the debt crisis, the Highly Indebted Poor Countries initiative (HIPC), was woefully inadequate and underfunded.

HIPC is based on the idea of writing off that part of a country's debt that the Governments will never be able to afford to pay off. The macro-economic calculations involved fail to recognise either that many countries have now paid back the original loan several times over, or the illegitimacy of much African debt. Many African campaigners therefore argue that it is not a question of 'can't pay, won't pay', but rather 'don't owe, won't pay'.

Even if it was working, HIPC would provide just enough debt reduction for African countries to meet their debt service payments, but no extra money for the poorest nations to invest in their people and their economy and to escape from the vicious cycle of debt and poverty.

But reports by the World Bank and the IMF to their last two Spring meetings have acknowledged that the HIPC is failing, even according to its own criteria:

- * of the five countries that have passed Completion Point (i.e. the point where countries receive final debt stock cancellation), the debts of at least two will not be 'sustainable'.
- * 8-10 of the 21 other countries that have passed Decision Point (i.e. those that have qualified to enter the HIPC process and received initial reduction in their debt service payments) will not have 'sustainable' levels of debt even after Completion Point.²²

The G7 Finance Ministers meeting on 14-15 June failed to take action. It is likely that the G8 will agree a 'top-up' to the HIPC Trust Fund, but this will merely act as a temporary measure for those countries that have already failed the debt sustainability ratio. It is far below the level of cancellation needed for the poorest countries to achieve sustained economic growth. And it is even further from the full cancellation that many African campaigners demand and that is required to achieve the internationally agreed Millennium Development Goals, such as halving the proportion of the world's population living in absolute poverty.²³

Structural adjustment

Africa's relationship to the rich world was transformed by the debt crisis. During the 1980s and much of the 1990s, the World Bank and IMF attached more and more strings to new loans, aid and debt relief. These Structural Adjustment Programmes (SAPs) assumed that liberalisation policies would stimulate economic growth, which would reduce poverty. Since publication of the UNICEF report, 'Adjustment with a human face' in 1987, NGOs and researchers have revealed the high costs of structural adjustment on the lives of African people.

UN agencies have also criticised SAPs and exposed the degree to which they have failed, even according to their core criteria of promoting economic growth. The UN Conference on Trade and Development (UNCTAD) recently reported that "while structural adjustment programmes have been applied more intensively and frequently in Africa than in any other developing region, barely any African country has exited from such programmes with success....This is true not only for countries which are said to have slipped in implementation of stabilisation and adjustment programmes...but also most of the core and good adjusters."²⁴

African Voices

It is about time that the "great pretenders" of the Bretton Woods Institutions are reminded that they are not accountable to themselves nor the G7 countries, but to the global community, including the poor.

African Caucus Press Release, FFD Conference, Mexico, March 2002.

African governments have been forced to adopt these policies because they desperately need new loans - not least to pay back previous debts. The pressure to comply with structural adjustment policies is also increased by the fact that the IMF has come to act as a 'gatekeeper' for all international aid. All other major national aid donors, like USAID, the UK's Department for International Development (DFID) and the European Union look for the IMF's 'seal of approval' before providing assistance.

This conditionality has also led to the globalisation of African politics and has had a corrosive impact on democracy.²⁵ Until very recently, new loans from the World Bank and IMF to African countries were negotiated under conditions of secrecy. The documents, which were devised and written in Washington, were rarely prepared in local languages, and have not normally been disclosed, let alone subjected to parliamentary scrutiny or public debate. The hollowing out and globalisation of African politics has contributed to political decay in many countries.

This lies at the root of much poor governance in Africa. The G8 would do well to remember this when berating Africans for their lack of attachment to democracy.

Facing popular resistance to austerity policies imposed by the IMF, many African governments have resorted to authoritarian means to suppress civil society and trade union movements. Until very recently Western donors congratulated these governments for showing the 'political will' to impose policies which did massive harm to the poor. But still, 'IMF riots' resulted in the overthrow of a number of regimes and the inability of others to pursue the mandated policies. In the face of this resistance, the World Bank argued that adjustment was failing, not because of they had misdiagnosed Africa's economic illness, but because the patient was refusing to swallow the medicine.

So in 1999, the World Bank and IMF announced that SAPs would be replaced by Poverty Reduction Strategy Papers (PRSPs). The new PRSP framework focuses on 'building ownership' by giving developing country governments the initiative in designing programmes and insisting on the involvement of civil society organisations in the process. These reforms have been widely welcomed by some, including the UK and other G8 Governments.

However, this enthusiasm for PRSPs may be premature. The real choices which developing country governments are 'allowed' to make remain constrained by orthodox prescriptions. The core macroeconomic policies are still mandated by the IMF. Some PRSPs had to go back and forth between the HIPC countries and the IMF/WB up to six times for amendments before they were to be finally approved. Many African campaigners believe that the G8 countries' new-found concern with 'ownership' and 'poverty' are more about spin than delivery.²⁶

African Voices

NEPAD holds out the possibility of creating an African bloc of leaders that can, if their policy and strategy advice is appropriate, radically alter the path of Africa's future participation in multilateral organisations.

But NEPAD does not make clear proposals to change the current power relations that are the single biggest obstacle to Africa's development. It in fact proposes greater participation in the current international political and economic governance structures and processes as they are now, in the framework of 'a new partnership'. However, 'partnership' in a context of seriously disproportionate power relations, amounts to little more than domination.

South African Catholic Bishops Conference, 'Un-blurring the Vision'

The impact of the AIDS pandemic

In the West medical care for people with HIV/AIDS is continually improving, but in Africa people are dying because they cannot afford to invest in the healthcare or medicines that could save their lives.

AIDS is spreading fast, with 3.4 million new infections in Sub-Saharan Africa in 2001,²⁷ the equivalent of an estimated 7,000 new infections per day in Zimbabwe alone.²⁸

The disease is a heavy burden on Africa. The disease weakens and kills adults in the prime of their working lives, and consequently lowers productivity and erodes the countries' skill base. Cautious World Bank figures have estimated that an infection rate of 25 percent of the adult population would lead to one percentage point lower annual growth per capita.²⁹

Improving access to treatment is a vital tool to help prevent the spread of the disease and to prove to millions that there can be life with HIV/AIDS. But Governments in Africa, crippled by an illegitimate debt burden and forced to cut health and social services as part of structural adjustment programmes - simply do not have the resources they want to be able to provide all the necessary treatment to their populations.³⁰

The companies which hold the patents on essential medicines charge exorbitant prices and protect their profits by stopping the sale of cheaper drugs. They have lobbied hard for trade rules that restrict poor countries from accessing medicines more cheaply.

Despite this lobbying, at the WTO Ministerial in November 2001 African Governments secured a 'Ministerial Declaration On The Trips Agreement And Public Health'. The Declaration states that the WTO's TRIPS agreement, which is designed to safeguard patents and copyrights, "does not and should not prevent [countries] from taking measures to protect public health." Developing countries can in theory now ignore the patents and to produce their own, cheaper copies of essential drugs.

However, the Declaration contains an important loophole. It does not provide the means for the vast majority of African countries, which do not have the capacity to mass-produce AIDS drugs, to access cheap medicines made in other countries. Ministers at the WTO agreed to solve this problem by the end of 2002.

Developing countries, led by the Africa Group, have insisted that countries should be permitted to produce and export medicines to needy countries that lack the means to manufacture

medicines efficiently, on their own. But the G8 states, particularly the US, are continuing to promote the concerns of the pharmaceutical multinationals and are bringing forward unworkable proposals.

The G8 must ensure that safeguards on TRIPS can be made to work for all countries no matter how rich their markets or advanced their technology.

Even with much reduced costs for drugs, external funding for treatment schemes in Africa will still be essential given the African Governments tiny health budgets and the scale of the challenge.

Combating HIV / AIDS was the focus of many international meetings last year and was high on the agenda of the G8. As a response to the global pandemic, the Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) was set up in 2001. The Fund has substantial potential and in April 2002 declared its first round of grants, making a commitment to pay out \$616 million over two years. But it has so far failed to realise its potential.

The Fund is short of money. The UN Secretary General, Kofi Annan has estimated that every year an additional \$7-10 billion is needed to tackle AIDS alone. But so far a mere \$2.1 billion have been pledged to the Fund. The Fund has not been able to distribute any grants to some of the countries of the world which are most heavily afflicted by AIDS, TB and malaria. Campaigners are also concerned that applicants to the Fund may have been dissuaded from submitting proposals that included the use of generic medicines.

African Voices

As we speak of human rights and access to HIV/AIDS medicines ... we also have to speak of international responsibility. The greatest challenge is to countries such as the USA, Britain, the European Union, Japan, Switzerland and others to provide funding to the GFATM as requested by UN secretary-general Mr. Kofi Annan. The fund needs \$10-12 billion annually. It is a shame that it has received less than a quarter of this money.

*Zackie Achmat, Treatment Action Campaign,
South Africa*

Aid without the strings

NEPAD is an attempt by African governments to stand together as a bloc and to reclaim the right of Africans to solve their own problems. The G8 must support this process with new funding, not merely re-allocate funding that has previously been announced. NEPAD is too important to become yet another tool that is used to enforce the Washington consensus on Africa.

The G8 should:

- * agree in Kananaskis to support the NEPAD process with substantially more funds,*
- * do so without adding yet more political or economic conditionality.*

Making real progress on debt cancellation

The initiative from NEPAD emerged largely from African civil society demands for debt cancellation. In 1999 the OAU kicked off the NEPAD process by tasking Presidents Mbeki, Obasanjo and Bouteflika to seek a renegotiation of the debt deadlock. In the eyes of African campaigners, the G8 will have failed if it does not deliver unconditional debt cancellation.

The G8 should:

- * endorse the principle of full debt cancellation,*
- * provide a financing plan for its achievement.*

Securing the benefits of trade for Africa

The G8 must recognise that trade rules are unfair to the poorest nations and act unilaterally to redress the imbalances. They must ensure that their trade policies promote genuine development. Recent rounds of trade negotiations have been based on the refusal of the rich nations to make concessions unless developing countries agree to allow foreign companies more access to their markets. The G8 must give Africa an equal place at the negotiating table and stop undermining Africa's efforts build a stronger regional bloc.

The G8 should:

- * allow Africa to develop its ability to trade by protecting key sectors and promoting diversification*
- * tackle the crisis in commodity prices.*
- * agree an ambitious timetable to phase out subsidies that result in dumping of agricultural products and subsidised over-fishing in Africa's waters;*
- * end tariff escalation that prevents Africa processing its raw materials;*
- * remove the barriers that stop Africa selling to G8 markets*

Ending Structural Adjustment Conditionality

The G8 countries are the majority shareholders in the IMF and the World Bank. They need to publicly acknowledge the failures of past conditions attached to aid and loans.

The G8 should:

- * remove the powers of veto of the IMF over economic policy,*
- * ensure that future aid and loans support development priorities established through internal, democratic processes.*

Solidarity in the war on AIDS

Despite acknowledging HIV/AIDS as the "biggest development challenge facing Africa" the G8 have failed to live up to their political and financial commitments to the HIV-positive people of Africa. Africa's poor health infrastructure should not be used as an excuse to do less. The international community can easily afford to declare a comprehensive war on AIDS that includes investment in prevention, care and treatment.

The G8 should:

- * stop the use of international trade laws to prevent African countries procuring medicines from the cheapest reliable source,*
- * significantly increase their contribution to the Global Fund to Fight AIDS, TB and Malaria*
- * ensure that the Fund's resources are used to; target areas with the highest disease burden, prioritise under-funded treatment programmes, and purchase generic drugs instead of subsidising the purchase of over-priced patented medicines.*

ENDNOTES

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