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A review of progression and regression in Debt, aid, trade relations, global governance and the MDGs

By Patrick Bond

1. Introduction

The year 2005 was meant to have helped liberate Africa from poverty and powerlessness. The major events of the year included the mobilisation of NGO-driven citizens' campaigns (Britain's Make Poverty History and the Johannesburg-based Global Call to Action Against Poverty), Tony Blair's Commission for Africa (February), the G7 Finance Minister's debt relief proposal (June), a tour of Africa by the new World Bank president Paul Wolfowitz (June), the G8 Gleneagles debt and aid commitments (July), the Live 8 consciousness raising concerts (July), the United Nations' Millennium Development Goals review (September), a large debt relief deal for Nigeria (October), and the Hong Kong WTO Ministerial Summit (December).

There are many different dynamics associated with these mainly top-down processes, and it is appropriate to ask the question, what was really accomplished? This paper argues that for those seeking genuine information about Africa's condition in 2005, the events above reveal only the hypocrisy and power relations which remained impervious to advocacy, solidarity and democratisation. The events also revealed the limits of strategies aimed at persuasion rather than pressure. Tragically, the actual conditions faced by most people on the continent continued to deteriorate.

But this is not the impression that world and African elites would like to leave. The out-going chair of the Development Committee (one of two crucial Bank/IMF standing bodies), South African Finance Minister Trevor Manuel, argued in September that, 'Right now, the macroeconomic conditions in Africa have never been better. You have growth across the continent at 4.7%. You have inflation in single digits. The bulk of countries have very strong fiscal balances as well.'[1] As for the deals done at Gleneagles, Live8 organiser Bob Geldof was ecstatic: 'On aid, 10 out of 10. On debt, eight out of 10. On trade ... it is quite clear that this summit, uniquely, decided that enforced liberalisation must no longer take place. That is a serious, excellent result on trade.'[2]

Upon closer examination, Geldof appears to have been profoundly and dangerously misguided (as his NGO allies warned him), and Manuel's statements are true only if we take misleadingly narrow economic statistics seriously. Even the World Bank was compelled to confess in 2005 how Africa is drained of what can be termed 'genuine savings' through depletion of minerals and forests, and other eco-social factors which Manuel and mainstream economists ignored, a point returned to in the conclusion.

2. Trade traps, phantom aid and debt peonage

2.1 Trade

The trade policy focus has been in four areas; defending domestic markets from further harmful liberalisation; Defending producers – especially our farmers – from demise resulting from "dumping" of subsidised imports; seeking market access without reciprocal market opening obligations; and promoting regional integration[3] . A slight upturn in the terms of trade for African countries in recent years should not disguise the profoundly unequal and unfair system of export-led growth, which has impoverished Africa in many ways. Given that many Africans and allied aid agencies, including Oxfam, believe that it is possible to achieve growth through exports, a draft mid-2005 report by the World Bank is important to cite at the outset.

By considering natural resources depletion – petroleum, other sub-soil mineral assets, timber resources, non-timber forest resources, protected areas, cropland and pastureland – associated with trade, the Bank calculates that much of Africa is actually poorer, not wealthier. The Bank report, *Where is the Wealth of Nations,* makes several crucial adjustments to gross national income and savings accounts, and by subtracting fixed capital depreciation, adding education spending, subtracting resource depletion and subtracting pollution damage, the Bank finds that some countries are vast losers via export processing. For example, according to this methodology, Gabon's citizens lost $2,241 each in 2000, followed by citizens of the Republic of the Congo (-$727), Nigeria (-$210), Cameroon (-$152), Mauritania (-$147) and Cote d'Ivoire (-$100). Even the continent's strongest economy, South Africa, has lost its wealth in large part via trade. In addition to mineral depletion worth 1% of national income each year, the Bank acknowledges that South Africans lose forests worth 0.3%; suffer pollution ('particulate matter') damage of 0.2%; and emit CO_2 that causes another 1.6% of damage. In total, adding a few other factors, the actual 'genuine savings' of South Africa is reduced from the official 15.7% to just 6.9% of national income.[4]

This problem is particularly acute in the Gulf of Guinea. Most of the dollar values of Africa's exports in recent years are now petroleum-related, largely from Nigeria, Angola and a few other oil countries. Overall, primary exports of natural resources accounted for nearly 80% of African exports in 2000, compared to 31% of all developing countries and 16% of the advanced capitalist economies.

It is not just the export drive which has adverse implications for Africa, but also the damage done by the excessively rapid lifting of protective tariffs, leading to the premature deaths of infant industries.

1. Manuel, T. (2005), 'Transcript of a Joint IMF/World Bank Town Hall with Civil Society Organisations,' Washington, 22 September, http://www.imf.org/external/np/tr/2005/tr050922a.htm

2. Hodkinson, S. (2005), 'Oh No, They Didn't! Bono and Geldof: "We Saved Africa!"', *Counterpunch,* 27 October, http://www.counterpunch.org.

3 Charles Abugre (2006) "A leaking ship: The role of debt, aid and trade" Pambazuka Newes 2 February 2006

4. World Bank (2005), Where is the Wealth of Nations?, Washington, DC, Table 5.2, p.66.

According to Christian Aid, 'Trade liberalization has cost sub-Saharan Africa US$272 billion over the past 20 years… overall, local producers are selling less than they were before trade was liberalized. In the long run, it is production that keeps a country going – and if trade liberalization means reduced production, correspondingly there will be lower incomes.'[5] Beneficiaries of liberalization include, in the short run, consumers of imported goods, import/ export firms, transport/shipping companies, plantations and large-scale commercial farmers, the mining sector, financiers (who gain greater security than in the case of produce designed for the domestic market) and politicians and bureaucrats who are tapped into the commercial/financial circuits. But the broader society – especially those dependent on vulnerable local industries – are adversely affected by trade under current conditions. Deconstructing African countries according to whether there was rapid or slow trade liberalization from 1987-99, Christian Aid found a close correlation between trade openness and worsening poverty.

The Doha Development Agenda – the name of the post-Uruguay round of World Trade Organization liberalization negotiations which began in 2001 – has not helped matters, notwithstanding pro-Africa rhetoric that was needed to prevent a repeat of the Seattle fiasco in 1999 (and subsequent Cancun failure in 2003). According to Aileen Kwa of Focus on the Global South, 'Whilst effectively nothing is being offered by those that most distort agricultural trade, the US and EU are attempting to use this occasion to extract yet more market access openings from the developing world.'[6] Hence, as Walden Bello correctly predicted, 'The only possible deal that could emerge out of Hong Kong is a deal that would have the developing countries make damaging concessions in agriculture, NAMA, and services while the EU and US make cosmetic concessions in agriculture and pursue offensive interests in the other areas.'[7]

Going into Hong Kong, EU Trade Commissioner, Peter Mandelson confirmed that the agenda to liberalize African trade is now even more vigorous: 'Through regional market building and the Doha Development Round of Trade Negotiations, we need to chip away at the tariff walls that still surround many individual developing countries in Africa'.[8] According to an analysis by Mark Curtis for Christian Aid, Mandelson is using the December 2005 WTO Summit to push further trade liberalization in 17 ways, in the following areas:

Agricultural produce, industrial goods, services, investment policy, public utilities, the role of companies, intellectual property, competition policy, and government procurement. Many of these areas in reality go well beyond countries' trade policy as such; the EU's push for liberalization is in reality a push to promote neo-liberal domestic economic policies in all countries. It deepens the process of corporate globalization primarily to benefit businesses in the rich world.

One example Curtis documents is the export of agricultural products to Africa:

The European Commission is strongly pushing to increase its farm exports to developing countries through the WTO and even more particularly through negotiating free trade areas under EPAs. The effects of this push have been well-documented by civil society organizations for many years. Cheap food imports can flood into developing countries, often devastating already poor and vulnerable farmers and undermining whole sectors of the agricultural economy. In Ghana and Senegal the enforced lowering of import tariffs on products such as tomato paste and chicken parts and meat has been followed by a deluge of imported products from Europe. These were sold at cut-throat prices, undercutting locally-produced goods, causing factories to close down and increasing poverty.

The European NGO network Aprodev, has recently documented, with an African partner organization, the terrible human effects of the same policy in Cameroon. There, a massive increase in imports of frozen poultry has thrown tens of thousands of people into unemployment - mainly poultry farmers suffering the decline of chicken prices on local markets, making it impossible for them to compete. Similar effects have been experienced from cheap chicken imports from Ghana and Ivory Coast to Benin and Togo. It is for this reason that farmers' representatives from 14 countries in Eastern and Southern Africa recently gathered to express their opposition to EPAs, saying that small-scale dairy farmers in Kenya and Tanzania were under threat from imports of dairy products from the EU. Farmers in Namibia and Botswana are also threatened by EU beef being dumped on their markets. They are calling for EPAs to be stopped.

2.2 Aid

Moving from trade to aid, the linkage is often very explicit, given that strings are attached to most OECD donor aid relationships. According to Curtis,

A close look at the EU 'aid for trade' programme shows that much of this 'aid' is really about further pushing developing countries to promote trade liberalisation. EU aid in this area includes, for example, 'support for the implementation of existing and future WTO agreements' and 'support for policy reforms and investments necessary to enhance economic efficiency and to ensure greater participation in the world economy'...

The Commission also states that its aid in this area helps the 'promotion of sound macroeconomic, sectoral and tax policies that improve the investment climate, as well as support for private sector development'.

Aid should help with 'commitments with a real or potential impact on the domestic regulatory and business environment'. It also helps with 'identification, in conjunction with the business community and all other stakeholders, of priority sectors for increasing regulatory convergence to international standards, in order to reduce barriers and improve access to markets'.

In the area of services, aid helps in 'supporting the establishment of a domestic pro-competitive regulatory framework... necessary to undertake and benefit from liberalization of services'. On investment it helps promote 'open and non-discriminatory rules for investors' and 'very much on the overall investment climate'. The Commission states that around 70 % of its aid for trade is 'support for the private sector'. It notes that 'in order to support the repositioning process and to increase the competitiveness of the private sector in developing countries', some new initiatives have been set up.[10]

In East Africa, according to Curtis, EU aid has paid for a 'PROINVEST' report that promotes privatisation. For example, the British Department for International Development funded the Adam Smith Institute to design the water privatisation programme for Dar es Salaam, a contract won by the British firm Biwater. In May 2005, the Tanzanian government deported three Biwater executives for mismanagement, highlighting the inappropriate way that aid influenced Dar es Salaam's water privatisation.

According to the *Financial Times:* A contract dispute between a British water company and the Tanzanian government has dramatically illustrated the dilemmas of international aid-giving in developing countries.

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5. Christian Aid (2005), 'The Economics of Failure: The Real Cost of 'Free' Trade for Poor Countries', London. See also Kraev, E. (2005), 'Estimating Demand Side Effects of Trade Liberalisation on GDP of Developing Countries', London, Christian Aid, May.

6. Cited in Focus on the Global South (2005), 'Geneva Update Number 2', Geneva, 18 October.

7. Bello, W. (2005), Email communication, 10 November.

8. Cited in Curtis, M. (2005), '17 Ways the European Commission is Pushing Trade Liberalisation on Poor Countries', London, Christian Aid.

9. Curtis, '17 Ways the European Commission is Pushing Trade Liberalisation on Poor Countries'.

Experts from multilateral agencies are understood to have taken the view that the UK-German-Tanzanian joint venture performed poorly and that the Tanzanian government had abided by its agreement… The dispute highlights politically charged issues surrounding foreign private-sector involvement in public utilities - particularly water - in developing countries… The overall $164m (£90m) project for Dar es Salaam, 87 per cent financed by the World Bank, African Development Bank and European Investment Bank, is for upgrading services in an area of 3m people where only about one in five households is connected to mains water… But it resulted in what many complained was worse rather than better water supply.[11]

How typical is this sort of influence? The case came to light because Tanzanian authorities were brave enough to buck a large multinational and risk official British anger. But according to even the IMF's September 2005 review of sub-Saharan African economies, this sort of tied aid is a major problem:

Although aid flows to Africa have been increasing since the Monterrey Conference of 2002, only a small share of the incremental aid has been provided in the form of program and project assistance. Excluding South Africa and Nigeria, official grants as a share of GDP are projected to increase to 3.2% of GDP in 2005, from 3.1% in 2004. After falling by almost 7% a year in the late 1990s, aid flows to the SSA region grew in real terms by 13% a year, on average, in the first three years of the new century. During these three years, per capita aid to the region rose by US$10 in real terms, although it is still lower than per capita aid in the 1980s, when aid to the region was about $34 per capita in constant 2003 prices.

During 2000-03, debt forgiveness accounted for 19% of the total aid disbursed to this region, on average… about 20% of aid to SSA is still tied. Furthermore, the volatility of aid disbursements and the consequent unpredictability of flows make it difficult for recipient governments to formulate medium-term plans.

The share of technical cooperation grants (that are seen as more donor-driven than budget support grants, for instance), albeit high at 20%, is lower in the region than in developing countries as a whole.[12]

What the IMF admits to in this statement, is consistent with the findings of the toughest aid critics. For example, Action Aid estimates that total official aid of $69 billion in 2003 was reduced in 'real' terms to just $27 billion. Much of the purported aid is better considered 'phantom aid'. Much of the new aid announced at the Gleneagles G8 Summit is phantom, as it contains debt relief, itself a subject of great controversy.

A related issue is donor 'coordination', which often means, simply, the coordination of donor bullying capacity. In Paris, a 2005 'High Level Forum' followed up a similar Rome Conference in 2003. The Paris event included aid ministers and other delegates from 91 countries, 26 donor agencies and partner countries, and many others from civil society and business. Its main declaration, on 2 March 2005, stated: As in Monterrey, we recognize that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.

Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.[13]

These kinds of objectives were based upon reforms in public management and especially procurement systems, which in turn were increasingly part of the World Trade Organization's General Agreement on Trade in Services (GATS) by which donor countries' home corporations insisted upon bidding for state contracts – even in contexts such as South Africa which included very strong black economic empowerment objectives that would be overridden by GATS.

On the one hand, there were some genuine reforms – such as untying aid and avoiding 'activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff'. On the other hand, 'support for recurrent financing' indicated a shift from grants to loans, and targets for 'harmonized' work by donors appeared increasingly onerous. Targets included: '66% of aid flows are provided in the context of programme based approaches… 40% of donor missions to the field are joint. 66% of country analytic work is joint.'

Given prevailing power relations between donors and low-income governments, the probability of neoliberal conditions – such as privatising water systems in the name of meeting Millennium Development Goals (for which Africa suffered major controversies in Tanzania, Ghana and Sierra Leone during 2005) – would be far greater.

To contextualise Paris, we have to return to the Financing for Development Conference in March 2002, where donor coherence was initially pursued as a core goal. The signatories to the 'Monterrey Consensus' granted increased coordination power to the Bank, IMF and World Trade Organisation. (In contrast, the World Health Organisation, International Labour Organisation, UN Conference on Trade and Development and UN Research Institute for Social Development were too centrist to be integrated into Monterrey's neoliberal framework.) When Monterrey requested states to 'encourage policy and programme coordination of international institutions and coherence at the operational and international levels,' some institutions were more coherent than others. Coordination would come between the Bretton Woods Institutions and WTO first, and was a dangerous new mode of introducing cross-conditionality.

Would, to consider the counterfactual, the world's poor be better off if there are conflicting policies between the institutions of the embryonic world-state? As critics of donor coordination in the main progressive agriculture think-tanks explained in May 2003, 'Over the decades, loan conditions of the IMF/World Bank have forced developing countries to lower their trade barriers, cut subsidies for their domestic food producers, and eliminate government programmes aimed to enhance rural agriculture. However, no such conditions are imposed on wealthy industrial countries.' Instead, the WTO explicitly permits the dumping of 'surplus foods at prices below the cost of production, driving out rural production in developing countries and expanding markets for the large transnational exporting companies.

10. Curtis, '17 Ways the European Commission is Pushing Trade Liberalisation on Poor Countries'.

11. White, D. (2005), 'Tanzanian Spat puts Focus on Aid Dilemma', *Financial Times,* 29 June.

12. International Monetary Fund (2005), *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, pp.7-8.

13. Paris Declaration on Aid Effectiveness (2005), 'Ownership, Harmonization, Alignment, Results and Mutual Accountability', Paris, 2 March.

It also prohibits developing countries from introducing new programmes that may help their local agriculture producers. As a result the agriculture sectors in developing countries, key for rural poverty reduction, have been devastated.'14 Similar NGO complaints were made repeatedly about excessive 'coherence' on water privatisation, regulation of foreign investors, and governance of the multilateral institutions.

But more generally, the context for donor coordination is the power already achieved by financial institutions, in part through standard conditionality on debts but also through the 1996 Highly Indebted Poor Countries initiative and the 1999 Poverty Reduction Strategy Papers process. Those, in turn, relied upon the donor countries committing *not* to solve the African debt crisis, so that more power over the continent could be retained in Washington, London, Paris and other OECD capitals.

2.3 Debt

During 2005, what progress was made on the African external debt, the main budget constraint on states' capacity to meet MDG goals? By way of background, sub-Saharan African debt rose dramatically from $60 billion at the outset of the 1980s, to in excess of $230 billion a quarter of a century later. During the same period, roughly $300 billion was repaid, but the absolute stock of debt rose, given the 'tyranny of compound interest rates' (as even the then US treasury secretary Lawrence Summers described it during a trip to Pretoria in mid-2000). Most African foreign debt has thus become notional, for it is obvious it can never be repaid; only new World Bank, IMF and African Development Bank loans flowing in permit repayment of interest on old loans to continue.

Belatedly recognising the unsustainability of the financing, the World Bank and IMF introduced the Highly Indebted Poor Countries (HIPC) initiative in 1996. Nine years later, the plan was augmented by the June 2005 G7 Finance Ministers debt relief concessions for 18 countries which were near or at the HIPC 'Completion Point'. Allegedly, there would be $40 billion in debt relief provided in coming years.

Of these countries, 14 are African: Benin, Burkina Faso, Ethiopia, Ghana, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda and Zambia. Ten others due for relief once they pass the IMF/World Bank Highly Indebted Poor Countries (HIPC) initiative hurdles are Burundi, Cameroon, Chad, the Democratic Republic of the Congo, Gambia, Guinea, Guinea-Bissau, Malawi, Sierra Leone and São Tomé & Principe. There are another eight African countries waiting to enter HIPC: Central African Republic, Comoros, the Republic of the Congo, Côte d'Ivoire, Liberia, Somalia, Sudan and Togo.

The first point to make in relation to this strategy, is that HIPC debt relief largely applied to loans that were not being paid in any case. The reduction of principal owed by countries that were effectively bankrupt was substantial, but effectively meaningless. The 1997-2001 average official multilateral debt of HIPC completion-point countries was 80.3% of GDP, a figure reduced to 57.3% by late 2005. For all of sub-Saharan Africa, the equivalent figures fell from 44.0% to 26.4%.[15] Yet only very small increases in available fiscal resources resulted, with even smaller social spending increments. Moreover, for six of Africa's 14 HIPC Completion Point countries - Ethiopia, Ghana, Madagascar, Niger, Rwanda and Uganda – there was insubstantial debt relief, leaving debt/GDP levels in 2005 at roughly the same burden as when the programme started nine years earlier. In another five HIPC cases - Burundi, Gambia, Guinea-Conakry, Malawi and Sierra Leone.

The second point is that HIPC retains a deeply neoliberal set of conditionalities, and there is every indication that the June 2005 debt relief conditions will amplify these. HIPC country programmes and associated Poverty Reduction Strategy Papers (PRSPs) still require macroeconomic austerity and services privatisation. Furthermore, in late November 2005, the IMF announced that there would be an additional condition for the 18 countries allegedly granted deeper debt cancellation. Its Multilateral Debt Relief Initiative will only become effective if the 43 members who contributed to the PRGF Trust Subsidy Account consent, because debt relief under the MDRI will be financed in part with resources transferred from that account. Obtaining these consents might take some time. Fund staff will shortly prepare an assessment of whether eligible countries who are now in a position to qualify (the 18 post-Completion-point HIPCs, as well as two non-HIPCs) effectively qualify for MDRI relief. As requested by the Executive Board, the assessment will be based on the countries' current performance in the areas of macroeconomic policies, poverty reduction, and public expenditure management.[16]

The third point is that ostensible 'participation' by civil society did not reform the HIPC and PRSP process. By 2001, Afrodad studies of HIPC and PRSPs in the first five African countries to develop PRSPs - Burkina Faso, Mauritania, Mozambique, Tanzania and Uganda - observed that existing programmes with varying degrees of participation were adversely overhauled by the Bretton Woods Institutions:

Mozambique's government policies and strategies since the late 1980s had been expressed in the Plano de Acção para Redução da Pobreza Absoluta

- Tanzania adopted a National Poverty Eradication Strategy in 1997
- Uganda had a Poverty Eradication Action Plan
- Burkina Faso established its priorities under Cadre Strategique da Lutte Contra la Pauvrete,
- and Mauritania had a series of National Reference Documents encompassing social, economic and other national issues.

The World Bank and IMF insisted that these processes should be refashioned to fit the PRSP mould. The PRSPs thus, rather than introducing participation into poverty and development concerns, interfered to lesser or greater degrees with existing processes. The relationship is still one of 'if you want what we have to offer, you must do things our way.' At the global level, this reflects well entrenched power relations rather than anything that could be called 'participatory.'17

In the same vein, a 2002 report by a Sussex University academic found a 'broad consensus among our civil society sources in Ghana, Malawi, Mozambique, Tanzania and Zambia that their coalitions have been unable to influence macro-economic policy or even engage governments in dialogue about it.'18

It was clear in the run-up to 2005, hence, that the debt payments that African and other Third World countries continued to make were unjustifiable. Large mobilisations of British citizens – and Blair's unpopularity because of the Iraq War, during an election year – compelled the British government to offer Africa some financial concessions so as to appear humanitarian in character. Alex Wilks of the European Network on Debt and Development explained,

British finance minister Gordon Brown said in February that the G8 meeting (G7 plus Russia) in Scotland on 6-8 July will be known as the '100% debt relief summit'.

14. Center of Concern, International Gender and Trade Network and Institute for Agriculture and Trade Policy (2003), 'IMF-World Bank-WTO Close Ranks Around Flawed Economic Policies,' Washington, Geneva and Minneapolis, http://www.coc.org/resources/articles/ display.html?ID=484.

15. International Monetary Fund, *Regional Economic Outlook*, p.45.

16. IMF (2005), 'Multilateral Debt Relief: Questions and Answers,' Washington, http://www.imf.org/external/np/exr/mdri/eng/mdrians.htm, 8 December.

Both Tony Blair and George W Bush used similar language at their White House press conference on 7 June… In actual fact, the official plan may only write off 10% of low-income country debt. Not a penny more… The eighteen-to-thirty-eight beneficiary countries will eventually have their debts cancelled, but will also have a corresponding amount cut from the aid flows they were likely to receive… Zambia will stop paying its debts to three creditors, but will not receive the equivalent amount in aid to spend, likely less than 20% of the amount of debt cancelled. In order to get what little extra money they are eligible for, the governments of developing nations will have to accept harsh World Bank and IMF conditions. This typically means privatisation and trade liberalisation, misconceived policy measures which often harm poorer people and benefit international traders.[19]

The particular case of Nigeria is worth considering in more detail, in the wake of its subsequent agreement with the following Paris Club countries, which were owed $30 billion: Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, the Russian Federation, Spain, Switzerland, the UK and US. It was a miserable agreement, with $12 billion in upfront funding that the Nigerian government could have used to relieve suffering and grievances, instead going to pay down a vast debt taken out mainly by dictators, for loans whose proceeds were notoriously subject to capital flight. The Nigerian debt was a classical case of 'odious' debt, and prior to the 2005 repayment deal, the Nigerian people had made substantial progress against government repayment by insisting on the return of the Sani Abacha capital flight from Swiss and British banks, and by periodically rebelling against loan repayments in parliament, leading to periodic government defaults.

In this context, the IMF explained in a September 2005 review of Africa's economies: "The agreement envisages a phased approach, in which Nigeria would clear its arrears in full, receive a debt write-off up to Naples terms, and buy back the remainder of its debt. The agreement is conditional on a favorable review of its macroeconomic and structural policies supported by the Fund under a nonfinancial arrangement."[20]

All observers of the IMF can interpret the underlying agenda, which came to fruition on October 20. Nigeria, $6.3 billion in arrears, would first pay $12.4 billion in up-front payments. As Robert Weissman of *Multinational Monitor* explains: "You can celebrate this deal, as the Paris Club does, if you ignore the fact that creditors generally write down bad debts as a matter of course (not charity), the billions over principle that Nigeria has already sent out of the country, the fact that the deal imposes IMF conditionality on Nigeria (even though the IMF is not providing credit to the country), and the reality of the severe poverty in Nigeria".[21]

According to the leader of Nigeria's Jubilee network, Rev. David Ugolor, the Paris Club cannot expect Nigeria, freed from over 30 years of military rule, to muster $12.4 billion to pay off interest and penalties incurred by the military. Since the debt, by President Obasanjo's own admission, is of dubious origin, the issues of the responsibilities of the creditors must be put on the table at the Paris Club. As desirable as an exit from debt peonage is, it is scandalous for a poor debt distressed country, which cannot afford to pay $2 billion in annual debt service payments, to part with $6 billion up front or $12 billion in three months or even one year.[22]

Similarly, remarked the Global AIDS Alliance, the creditors should be ashamed of themselves if they simply take this money [$12.4 billion]. These creditors often knew that the money would be siphoned off by dictators and deposited in western banks, and the resulting debt is morally illegitimate. They bear a moral obligation to think more creatively about how to use this money. Nigeria has already paid these creditors $11.6 billion in debt service since 1985.[23]

After a partial Nigerian repayment, the next stage is a March 2006 review of president Olusegun Obasanjo's imposition of neoliberal policies by the IMF, under the rubric of the new IMF Policy Support Instrument (PSI). That instrument also deserves further consideration because, according to Jubilee Africa's Soren Ambrose: "The Paris Club was however under great pressure to complete a landmark deal with Nigeria, where the legislature had threatened to simply repudiate the debts, so the PSI was deemed an acceptable alternative. Nigerian Finance Minister Ngozi Okonjo-Iweala told Reuters on May 18 that 'the IMF makes sure it is as stringent as an upper credit tranche program and then monitors it like a regular program, but the difference is that you develop it and you own it'…

Hence arguments that the G8 and Bretton Woods Institutions' debt relief gambits of 2005 will lead to any significant changes are unveiled as a charade.

3.3 MDG distractions

The other notable feature of the September 2005 Heads-of-State Summit was the weakness of the MDG strategy for fighting global poverty. Most of Africa will miss most, if not all, the targets agreed upon five years earlier.

Indeed, as it stands, MDG process and the concrete strategies for achieving these objectives – including privatisation of basic services such as water and electricity - may do more harm than good, according to many traditional critics in civil society and academia, as well as by the United Nations itself. To be sure, there may be some benefits associated with the globally-constituted, universal objectives. As Peggy Antrobus of DAWN puts it, 'Viewed within the context of "the new aid agenda", the MDGs provide a common framework agreed to by all governments with measurable targets and indicators of progress, around which governments, UN agencies, International Financial Institutions and civil society alike could rally.'[24] They permit at least notional accountability for donor agencies and states, which civil society activists are already pointing to – adorned with white wrist and headbands – as a guilt trip reminder.

Central to MDG political economy is that the Bretton Woods Institutions and WTO – acting mainly for G8 governments and corporations - appear intent upon bringing ever more aspects of life under the rules of commodification, attributing market values to society and nature. Hence, as the UN itself admits, 'International Monetary Fund programme design has paid almost no systematic attention to the goals when considering a country's budget or macroeconomic framework.' A 2005 UN report complains that 'In the vast number of country programmes supported by the IMF since the adoption of the goals, there has been almost no discussion about whether the plans are consistent with achieving them.' The report documents how budget constraints prevent scaling up sectoral strategies for some of the MDGs.

17. Afrodad (2001), 'Civil Society Participation in the Poverty Reduction Strategy Paper Process: A Synthesis of Five Studies conducted in Burkina Faso, Mauritania, Mozambique, Tanzania and Uganda,' Harare, April.

18. McGee, R. (2002), 'Assessing Participation in Poverty Reduction Strategy Papers: A Desk-Based Synthesis of Experience in sub-Saharan Africa,' Sussex, University of Sussex Institute for Development Studies.

19. Wilks, A. (2005), 'Selling Africa Short', European Network on Debt and Development, Brussels, 21 June.

20. IMF, *Regional Economic Outlook,* p.10.

21. Weissman, R. (2005), 'Nigeria Debt Disgrace,' Washington, DC, 20 October.

22. Cited by Jubilee USA (2005), 'Nigerian Threat to Repudiate Helps Force Paris Club to Deliver Debt Cancellation', Washington, DC, 20 October.

23. Zeitz, P. (2005), 'Nigeria's Creditors Should be Ashamed, says Global AIDS Alliance', Washington, DC, 20 October.

In some cases, 'countries are advised not to even consider such scaled-up plans' by the Bretton Woods Institutions.[25]

UN Habitat's website also admits 'the common criticism of MDG as a "top-down" process, which excludes Local Authority and other stakeholders' involvement. There is, thus, an inherent danger that even if the targets are achieved, the inequalities within a nation across people and places would still persist.'[26] Minority Rights Group International agrees: 'There is a genuine risk that the strategies used to achieve the MDGs will be less beneficial for minority groups, might increase inequalities and may harm some minority communities.'[27] That risk was acknowledged in the UNDP's *Human Development Report 2003: Millennium Development Goals*, which conceded that 'Women, rural inhabitants, ethnic minorities and other poor people are typically progressing slower than national averages - or showing no progress - even where countries as a whole are moving towards the Goals.'[28]

Hence by the time of the September 2005 summit, South African president Thabo Mbeki observed with uncharacteristic pessimism, 'Our approach to the challenge to commit and deploy the necessary resources for the realisation of the MDGs has been half-hearted, timid and tepid.'[29] According to Vicente García-Delgado, the UN representative for CIVICUS, "What took place at the UN during the few weeks leading to the Summit was a disgrace - an ugly diplomatic spectacle where a large majority of Member States saw their carefully drafted outcome document blown up before their eyes, and where the entire process of delicate inter-governmental negotiations was held hostage to a small minority pulling in opposite directions.

After juggling the MDGs, which are literally a life or death matter for hundreds of millions of people living in extreme poverty, we have now landed up with an insipid declaration that is long on generalities and short on actions… By blocking global efforts to bring about the basic conditions that would allow poor nations and poor communities to pull themselves out of the poverty trap, the UN Member States who held the World Summit hostage, have shown an appalling lack of urgency, responsibility and vision, and a profoundly sad failing of wisdom. Worse yet, they have missed a unique opportunity to make good on their past promises and to take concrete, measurable steps toward achieving the MDGs".[30]

4. Conclusion: Way forward for civil society

There was indeed hope that in 2005, matters would change dramatically, once new information was generated on why Africa continued to suffer poverty. The Blair government's Africa Commission's report, for example, was an important statement mainly because it recognized state capacity as a key constraint not adequately addressed in prior neoliberal strategies:

One thing underlies all the difficulties caused by the interactions of Africa's history over the past 40 years. It is the weakness of governance and the absence of an effective state. By governance we mean the inability of government and the public services to create the right economic, social and legal framework that will encourage economic growth and allow poor people to participate in it.[31]

Yet the Commission offered no major breakthroughs on the prevailing power relationships discussed in the pages above. As commentator Tajudeen Abdul-Raheem said: "We need more fair trade where African nations can determine for themselves the price of the products they are producing. There is no point whacking us with one hand and then handing us a handkerchief to wipe our tears with the other. We do not know whether to whack you back, or say thank you for your handkerchief."[32]

Rancid politics and blatant political-economic power make Africans more vulnerable to underdevelopment than other peoples. Africa is by no means 'poor', but its peoples are powerless when it comes to their resources, particularly because of prevailing global power relations. And that means the next stages of struggle against neo-colonialism will have to challenge both local, continental and global institutions more forcefully, rather than adopt their latest charity and be fooled by trendy pro-poor rhetoric that veils status quo power.

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32 Tajudeen Abdul-Raheem **"**Do they know it is Christmas time ?" **http://www.justiceafrica.org/postcard.htm**

African Forum and Network on Debt and Development
31 Atkinson Drive, Hillside,
PO Box CY1517, Causeway, Harare, Zimbabwe
Telephone 263 4 778531, 778536   Telefax 263 4 747878
E-Mail afrodad@afrodad.co.zw
Website: www.afrodad.org
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