

African Trade Agenda

Third World Network - Africa Number 3 October 2002

Nepad: Controversy mocks African finance ministers

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Controversies over the allocation of Canadian NEPAD aid and divisions within the Heads of State Implementation Committee (HSIC) of NEPAD about the African Peer Review Mechanism (APRM) have cast shadows over key conclusions of a conference of Africa's Ministers of Finance, Planning and Economic Development.

The meeting, convened by the UN-ECA, was held in Johannesburg late October. It focused on the implementation challenges of the New Partnership for Africa's Development and its final communiqué strongly endorsed NEPAD including the APRM. It also called for mutual accountability between donors and recipient African countries as part of the transformed partnership envisioned under NEPAD, and a deepening of Africa's integration into global markets, i.e. more trade liberalisation.

On 3rd November, the 5th meeting of the HSIC, hosted in Abuja by Nigerian President Olusegun Obasanjo, eased confusion about the exact scope and nature of the APRM when 12 of the 17 heads of state and government present agreed that its coverage should include political as well as economic governance. The host and South Africa's President Thabo Mbeki were among the consenting 12 but it is clear that many issues on the APRM remain to be settled.

Days before the summit public disagreement within the South African government and speculation about Obasanjo's position brought new focus onto NEPAD's prospects. The controversy started when South Africa's Deputy Foreign Minister Aziz Pahad announced that the APRM would not cover political governance. Mbeki's economic policy adviser and head of the NEPAD secretariat Wiseman Nkuhlu denied Pahad's claim. Mbeki supported Pahad only to be contradicted hours later by Deputy President Jacob Zuma who insisted that political peer review remains a critical part of the APRM and that Pahad must have been misunderstood! Mbeki argued that the APRM would cover only socio-economic matters because NEPAD is a socio-economic programme. Other AU institutions, such as the African Parliament and Commission for People's and Human Rights, have jurisdiction over matters of democracy and human rights.

The Finance Ministers' views on the APRM underscored the depth of the confusion. The final communiqué said the Ministers 'concur that the basis for the APRM mechanism is the assessment of key features of the capable state, looking at the political (emphasis added), economic, and institutional aspects of governance'. This merely summarised what is repeated in numerous NEPAD documents.

South African commentators, rightly assuming that Mbeki's position is the official one, speculated that the exclusion of political matters from the

APRM was the result of a compromise with African leaders such as Nigeria's Olusegun Obasanjo. These rulers were reportedly uncomfortable with political governance being included under it and are also unhappy about the proposed mechanisms of the APRM, including a role for the UN-Economic Commission for Africa (UN-ECA). Whilst very active and prominent in African affairs, primarily because of the weak capacity of the structures of the AU and its predecessor OAU, the ECA is a UN rather than an African body. The ECA is known to be campaigning for a leading role in the management of the APRM.

The Finance Ministers meeting underscored the leading role of the ECA in African affairs and particularly in NEPAD processes. The two-day meeting applauded a number of ECA initiatives including a controversial decision to open a mission in Geneva 'to support African delegations to the WTO' and its work on economic and corporate governance. The respected South African daily Business Day concluded that the gathering leaned towards supporting the ECA's lobbying on the APRM.

The Abuja agreement and Obasanjo's strong support for the inclusion of political matters in the APRM has confounded the doubts about his positions, but questions remain about what led to the Pahad-Mbeki announcement. The resulting confusion about the APRM, not completely cleared by the 5th HSIC meeting confirms a key criticism levelled against NEPAD by many sections of African society- that it was hurriedly put together primarily to satisfy the G-7 powers and was not preceded by adequate discussion within African countries and consultations among their governments. So radical changes to supposedly key principles were announced without clarity on how and why they came to be revised. The confusion over the APRM is highlighting the dangers inherent in the failure of the promoters of the programme to root their continental development vision in a broad based and credible democratic process.

The Finance Ministers conference while agreeing with 'the overall vision for Africa's development as enshrined in NEPAD' made a slight nod in a direction of the programme's critics by calling for better explanation to and understanding by 'all development stakeholders'. A week proved to be long time in the life of NEPAD and within that time the powerful Finance ministers joined the ranks of those in need of better clarification and understanding of NEPAD's high principles by whoever is the ultimate arbiter of these.

The APRM controversy was one of two major developments that framed the Finance Ministers conference mocking some of its conclusions. Commenting on Africa's relations with donor countries the Ministers declared that 'a key feature of NEPAD is the principle of transformed partnerships', including 'a move away from tied aid' with 'mutual accountability'. A fortnight before the conference, revelations in Canada, a key G-7 NEPAD promoter alongside Britain, showed that tied aid is very much alive and the era of mutual accountability is not yet with us. It was disclosed that nearly half of a much-publicised CAN\$500m NEPAD support aid package was meant to improve Canada's trade with Africa. A further \$100m was earmarked to support Canadian private investment in Africa, compared with a mere \$30m for governance and strengthening of civil society projects, a subject supposedly at the heart of Western concerns within NEPAD.

The Canadian media and civil society organisations, especially the Canadian Council for International Co-operation (CCIC) have condemned this corporate welfare policy. Gerry Barr head of CCIC noted that the policy is 'treating Canadian profit making as if it were

development'. The Canadian government has vigorously defended its action claiming that the funds are being used in a manner that African countries want. Certainly some of the positions in the

Finance ministers' Johannesburg communiqué indicate that they at least may not fundamentally disagree with this claim. The statement vigorously defends a neo-liberal economic vision and calls for the deepening of Africa's integration into the global economy, describing it as a priority for the achievement of NEPAD's goals. The ministers also declared their faith in private-public partnerships in the social services and also a puzzling belief that 'NEPAD provides a framework to develop common negotiating objectives that would enhance Africa's negotiation power at WTO meetings'.

This is puzzling because the negotiating principles adopted by successive meetings of African Ministers of Trade, under the auspices of the AU, reflect a more cautious and critical attitude to liberalisation than is reflected in NEPAD or stated in the Finance Ministers' communiqué. A charitable view would be that the divergent trade policy outlook of the Finance Ministers simply reflects one of two things. Either this reflects the traditional difference between the liberalizing impulses of Finance ministries and the more development focused perspective of other ministries or it is simply a continent-level projection of the domestic policy incoherence on trade in many African countries.

A less charitable view would be to say that there is a conscious statement of a desire for trade negotiating positions more overtly neo-liberal than those so far taken by Africa's trade negotiators. At the very least however, the positions of the Finance Ministers on the trade policy –NEPAD link has put that issue firmly in the frame.

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