MEDIA BRIEFING: UK Government's Commission for Africa



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Contents

1. Background	2
2. WDM's response 2.1 Failure of political will 2.2 Fifteen measures the UK could take without a Commission for Africa	2 2 3
3. Thirty years of rich country broken promises to Africa 3.1 Aid: 0.7 per cent 3.2 Aid: Global Health Fund 3.3 Debt: Sustainable debts 3.4 Trade: A 'development round' 3.5 Commodities: action to stabilise prices	4 4 5 6 7 8
4. Rich countries ignoring African governments at the WTO – A case study	8
 5. Reports by official organisations/commissions with reference to Africa 5.1 Brandt Commission (1977-1984) 5.2 UNCTAD 5.3 UNDP: Human Development Report (2003) 5.4 ILO: The World Commission on the Social Dimension of Globalization (2004) 5.5 UNECA: Transforming Africa's Economies (2001) 	11 11 12 14 14 15
6. Initiatives from Africa itself over the last two decades	15
7. Commissioner - Michel Camdessus and Africa	17
References	18

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1. Background

In February 2004, the UK Government launched a new 'Commission for Africa'. The aim of the Commission is to produce a report with recommendations on how to make the Millennium Development Goals (MDGs) work in Africa.

The Commission will be chaired by Tony Blair.

As of April 2004, thirteen Commissioners have been chosen: Tony Blair, Gordon Brown and Hilary Benn from the UK Government, Trevor Manuel (Finance Minister of South Africa), Meles Zenawi (President of Ethiopia), Ben Mkapa (President of Tanzania), Bob Geldof, Nancy Kassenbaum Baker (former US Senator), Anna Tibaijuka (Executive Director of UN-HABITAT), Michel Camdessus (former head of the IMF), K.Y.Amoako (secretary of the UN Economic Commission for Africa), Ralph Goodale (Finance Minister of Canada) and Tidjane Thiam (Aviva PLC, Cote d'Ivoire). It is expected that another four or so Commissioners will be appointed. The Commissioners will meet for the first time on 4th May 2004.

The Commission will be serviced by a Secretariat staffed by British civil servants. It will have its own web site and will solicit input via the web site. Written submissions are being encouraged from civil society organisations.

The Commission will work on the following themes: economics/finance/trade, human development (eg, health and education), governance, conflict, culture and heritage, environment/natural resources.

It is envisaged that one of the Commissioners from Africa will be responsible for overseeing liaison with African civil society.

The intention is to produce a report with recommendations in advance of the UK hosted G8 in 2005.

2. WDM's response

In light of existing analysis on the problems facing Africa, the range of previous political declarations from African Governments themselves, the range of existing – and still unfulfilled – promises of industrialised countries, and the way the UK and EU have ignored African governments in the WTO, WDM is deeply sceptical over the need for, and usefulness of, the Commission for Africa.

WDM believes that the plight of many African countries is not due to a lack of research or understanding. In fact, the analysis of Africa's problems is already well developed and a wide range of progressive solutions for many of Africa's problems has already been proposed. What is lacking is political will in the industrialised world to make good on existing commitments and make use of this wealth of knowledge and the strength of feeling in Africa in favour of lasting and radical change.

2.1 Failure of political will

Rather than another report on Africa's problems, WDM believes what is needed is the political will in industrialised countries, including Britain to ensure:

- African governments have the political space to use alternative development policies

 including the kind of policies we in the West used to develop and are not forced into inappropriate 'one-size fits-all' free market economic policy models;
- International action to address the commodity crisis, including some form of supply control to stabilise prices;
- The domestic policies and activities of industrialised countries do not undermine sustainable development efforts in Africa (eg, agricultural export subsidies, tariff escalation, greenhouse gas emissions);
- The operations of industrialised country based multinational companies in Africa are effectively regulated internationally and by home country governments;
- African governments have fair representation in international institutions (eg, World Trade Organisation, World Bank and IMF);
- African countries have sufficient resources to achieve development (eg, debt cancellation and aid) in order to reverse the net outflow of financial resources from the developing to the developed world;
- African people are helped to combat corruption through fostering political transparency and national democratic processes, not through forcing African countries to reduce government intervention in the economy.

2.2 Fifteen measures the UK could take without a Commission for Africa

The UK Government could take an important lead in this process. For example, what follows are fifteen measures that the UK Government could take without a Commission for Africa:

- 1. Achieving the 35 year-old 0.7 per cent aid target by 2008 and commit the UK to setting a timetable for further extending this to 1%.
- 2. Commit to cancelling the UK's share of the remaining poor country multilateral debt owed to the World Bank and International Monetary Fund. Total cost to UK taxpayer £1.3 billion.¹
- 3. Call for the IMF and World Bank to stop imposing unsuccessful, undemocratic and unfair economic policy conditions such as trade liberalisation, privatisation and investment deregulation on African countries.
- 4. Enact legislation to make UK based multinational companies liable in UK courts for their activities in other countries.
- 5. Publicly support the development of commodity agreements to effectively regulate trade in primary commodities and put an end to price collapse and volatility.
- 6. Commit the UK to using its bilateral aid in support of strengthening public service provision and 'alternative' forms of service supply, as oppose to supporting solely 'private sector' initiatives.
- 7. Support efforts to establish a legally-binding International Arms Trade Treaty and fulfil its manifesto commitment to control UK arms brokers wherever they are located.
- 8. Call for the implementation of all the recommendations in the World Bank's Extractive Industries Review (including a cessation of World Bank funding for oil and gas extraction).
- 9. Require, as a condition for being listed on the UK stock market, mandatory disclosure of the payments made by UK-based oil, gas and mining companies' to all foreign governments for the extraction of natural resources. A vital anti-corruption measure known as 'publish what you pay.'
- 10. Commit to further greenhouse gas emission cuts in order to reduce the UK's 'ecological footprint' on the African continent.

- 11. Commit to non-reciprocal trading relations with former African colonies, as oppose to the reciprocal 'Economic Partnership Agreements' (ie, free trade areas) that the EU is using to extract liberalisation out of the poorest countries.
- 12. Demand an end-date for European agricultural export subsidies.
- 13. Reform the UK Export Credit Guarantee Department (ECGD) by developing an Ethical Guarantees Policy that will embody a commitment to socially-just and environmentally-sound development and be consistent with the Government's broader sustainable development and 'ethical foreign policy' objectives. Specifically, stop subsidising arms exports.
- 14. Support within the EU the call of African, Caribbean and Pacific parliamentarians for the European Commission to drop its demand that many African countries open up their water supplies to the free market under the WTO's General Agreement on Trade in Services
- 15. Support the proposals made by African countries to reform the WTO's undemocratic and untransparent negotiating processes.

WDM believes Africa needs the political will in the industrialised world to genuinely listen to alternative voices and to make good on past promises. There is little or nothing in the make-up or remit of this Commission that lead us to believe that it will be anything more than a public relations exercise designed to endorse existing government policies and initiatives.

That said, WDM sincerely hopes its scepticism will be proven unfounded and that the Commission for Africa is able to develop a radical alternative vision for Africa and back this up with political action. If not, we will once again face further decades of economic stagnation and suffering across a whole continent.

3. Thirty years of rich country broken promises to Africa

3.1 Aid: 0.7 per cent

In 1970, the United Nations General Assembly agreed to establish a target of 0.7 per cent of GDP of donor governments to be spent on overseas aid.² The target was based on the Pearson Commission of 1969. Successive UK Governments, and most other donor countries (excluding the US) have recommitted themselves to reaching the 0.7 per cent target. For instance, the Labour Party's manifesto for the 2001 election stated, "we remain committed to the UN target of 0.7 per cent of national income devoted to development".³

In 1980, the Brandt Commission called on industrialised countries to reach 0.7 per cent by 1985, and 1 per cent by 2000. However, UK Government aid reached a peak of 0.51 per cent under Callaghan's Government in 1979. Aid then declined throughout the Thatcher, Major and Blair administrations, reaching a low of 0.24 per cent in 1999. Aid has increased slightly since to 0.31 in 2002.

Five countries currently exceed the 0.7 per cent target: Denmark (0.96), Norway (0.89), Sweden (0.83), Netherlands (0.81) and Luxembourg (0.77). The only other donor that has ever reached 0.7 is Finland, which had 0.76 in 1991. However, since then Finnish aid has declined and is now 0.35.

Whilst committed to 0.7 per cent, the current UK Government has only set a timetable to reach 0.4 per cent by 2005-06. A few countries have set timetables to reach 0.7 and beyond:

Denmark	>0.7	Already achieved
France	0.7	2012
Belgium	0.7	2010
Ireland	0.7	2007
Luxembourg	1.0	2005
Norway	1.0	2005
Sweden	0.87	2006

France, Belgium and Ireland will be the only additional countries in the 0.7 per cent group. Most industrialised countries have yet to set a timetable on how they will achieve their 35 year old commitment to spend 0.7 per cent of GDP on overseas aid. If this target had been met over the last 30 years, US\$2.5 trillion would have been available for development.⁴

Within the 0.7 per cent target, in the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s, the international community, particularly developed countries, committed itself to a "significant and substantial increase in the aggregate level of external support" to the LDCs. The following targets were introduced:

- Donor countries already providing more than 0.2 per cent of their GNP as ODA to LDCs continue to do so and increase their efforts.
- Other donors which have met the 0.15 per cent target set on the Programme of Action for the 1980s, reach 0.2 by 2000.
- All other donors which have committed themselves to 0.15 per cent reaffirmed their commitment and undertake to either achieve the target within five years, or make their best efforts to accelerate endeavours to reach the target.

In reality, the share of aid to LDCs in DAC donors' GNP fell from 0.09 per cent in 1990 to 0.05 per cent in 1998. Only five countries met the 0.15 per cent target in 1998: Denmark, Luxembourg, the Netherlands, Norway and Sweden.⁵

3.2 Aid: Global Health Fund

The G8, from which the UK Government will seek a response to the Commission for Africa's findings, has a similarly shoddy record on carrying through its aid pronouncements. For example, the Global Health Fund, set up amid great political fanfare at the Genoa G8 in 2001 has suffered a crisis of funding. By the time of the 2003 G8 in Evian, a total of \$2.2bn had been received compared to the target of \$7-10bn called for by Kofi Annan.

3.3 Sustainable debts

G8 leaders had "discussed the progress of the HIPC initiative which will relieve the poorest countries of the unsustainable debts and thereby improve their development prospects."

- Final G8 Communique, Birmingham, 1998

"The measures that leaders adopted in Cologne mark a significant step forward. Those measures will reduce the debt of the world's poorest countries by an extra \$70 billion, on top of further traditional debt relief of \$30 billion; and will help more countries to qualify for highly indebted poorest countries—HIPC—debt relief, by making the debt sustainability criteria more generous. We also took steps to ensure that the new HIPC scheme will deliver debt relief more quickly. We will ensure that countries feel the full benefits of debt relief after a maximum of just three years, rather than six as now. We

have agreed that the World Bank and the International Monetary Fund should take steps to ensure that at least three quarters of eligible countries get the benefits of debt relief by the end of next year. I would like to see us go further still on debt; it is an issue whose time has come. I will personally do whatever I can to make that happen.⁷⁶
- Tony Blair, June 1999

"The debt package to be agreed this weekend will deliver quickly to more of the poorest countries a lasting exit from their unsustainable debt burdens and bridge the gap between what the HIPC initiative promised and its current reality."

- Gordon Brown, June 1999

"an unsustainable debt burden is still central to the international poverty trap in which many LDCs are caught ... the over-optimism of expectations of a sustainable exit from the debt problem has become clearer and clearer with the passing of time."

- UNCTAD, 2002

13 out of the 42 HIPCs have reached completion point, only 31 per cent, as of April 2004. 14 have reached decision point, and so received some relief on their debt servicing, so 64 per cent in total. The HIPC initiative has a sunset clause taking effect at the end of 2004, where any countries that are not in the process will no longer be able to access debt relief. There are currently 15 countries that have not reached decision point. 34 of the 42 HIPCs are from sub-Saharan Africa. Jubilee 2000 called for 11 additional countries not included within HIPC to be given debt cancellation; 3 of these are from sub-Saharan Africa.

Even for those countries that have reached completion point, HIPC is not granting an exit from unsustainable debts. Uganda still has unsustainable debts, as defined by the IMF and World Bank, despite receiving debt relief in 2000. Uganda's debt to export ratio was 209 per cent in 2002/03, and is predicted to only reach 150 per cent in 2012/13, 12 years after being granted debt relief under the enhanced HIPC initiative.⁸

A total of US\$26.13 billion in Net Present Value (NPV) terms, roughly 19 per cent of total debt stocks before relief, has been cancelled. US\$1.8 billion of relief to countries that have reached completion point came from traditional relief through the Paris Club of creditors, and would have been granted without the HIPC initiative. US\$1.2 billion of relief to countries that have reached completion point came from bilateral relief. A further US\$14 billion has been granted to countries that have not reached completion point from traditional debt relief through the Paris club of creditors. Therefore only US\$8.8 billion has so far been provided as a result of the HIPC initiative itself.⁹

And not only is HIPC failing to deliver an exit from the debt crisis, it is being used to as a lever to ratchet further free market reforms out of poor countries. It is a sad irony that the same suite of discredited 'structural adjustment' policies that have failed to deliver development and have exacerbated the debt crisis over the past two decades are now being pushed in return for debt relief.

For example, in order to qualify for debt relief, poor countries must agree a 'decision point' document with the IMF and World Bank setting out the policy reforms they will implement. WDM's own analysis of the 'decision point' documents for the 26 countries that have so far progressed under HIPC is revealing, if not particularly surprising. Of these 26 documents, all mentioned a previous privatisation programme and an ongoing/future privatisation process. 15 specifically mentioned planned privatisation in public utilities or basic services such as energy, telecommunications, water and

transport. 23 mentioned past efforts to liberalise trade and 11 indicated a continuing trade liberalisation process.

From these documents it is clear that the IMF and World Bank are using the debt relief process to ratchet further free market reforms out of some of the world's poorest countries. It is also clear that there seems to be little differentiation between countries based on their varying social and economic circumstances. The same policy prescriptions are handed out no matter what the situation in the country.

And failure to adequately carry through the IMF and World Bank's free market policy model is delaying debt relief. During spring and summer 2002, it was reported that at least seven of the 20 countries that qualify for interim debt relief (ie, some debt relief before they reach 'completion point') were being denied it because they had not fully implemented the policies required by the World Bank and IMF. 10

3.4 Trade: A 'development round'

"The main objective of the New Round is to assist developing countries integration into the world trade system in a way that will help them combat poverty"

- European Commission

"We can all be proud that we have delivered on our promise to make trade work for people in the developing world."

- Patricia Hewitt, November 2001

"Four years ago, I made a speech calling for the international community to launch a 'development' round of multilateral trade talks aimed at making trade work better for all countries and especially the poorest. As you all know, in November 2001 at the 4th Ministerial Conference of the World Trade Organisation in Doha, we launched exactly that, a 'development' agenda."¹¹

- Clare Short, March 2003

Despite the many promises for a 'development round' of trade negotiations, the reality has yet to materialise. Although dubbed, 'the Doha Development Agenda' the name of the round is meaningless unless the substance of the talks delivers real development opportunities.

Since the talks were launched, developing countries have attempted to work within the WTO system. Over the past few years, developing countries have been actively engaging, clubbing together to form joint positions and setting out firm negotiating demands. In short, exactly what rich countries, like the UK, have been telling them to do to 'reap the benefits' of their membership of the WTO. Unfortunately, because many of their proposals are at odds with the agenda of developed country governments and big business, the strategy of the very same rich countries has been to ignore, oppose, sideline, postpone, fudge or do anything they can to prevent meaningful reform.

The past few years have been characterised by a series of missed deadlines and broken promises. Areas of key interest to developing countries – such as access to medicines, agricultural reform, meaningful rules to allow greater flexibility for poor countries (known

¹ It is likely that the number of HIPC countries privatising public utilities/basic services is higher because the decision-point documents do not always provide details on the kind of enterprises to be privatised.

Those countries reported to be 'behind' in their IMF adjustment programmes and thus being denied interim relief were: Gambia, Guinea, Guinea-Bissau, Guyana, Malawi, Nicaragua and Zambia.

as 'special and differential treatment'), assessment of services liberalisation, and reform of WTO negotiating procedures – have fallen foul of rich country intransigence.

Instead, the major trading powers such as the EU and US have been pursuing a business as usual agenda, attempting to 'lock-in' trade liberalisation, privatisation and investment deregulation in poor countries (often imposed by the World Bank and IMF) by expanding existing WTO agreements such as GATS or creating a raft of new rules.

The 2003 WTO Ministerial Conference in Cancun should have provided an opportunity to review the negotiations and provide political direction. It should have provided an opportunity to stimulate a process aimed at remedying the current problems by reforming the trade system to achieve sustainable development. Instead, the major trading powers such as the EU and the US were hell-bent on opposing reform and pushing to expand the WTO's remit with ever-more stringent free-market rules. This relapse into business as usual power politics by the EU and US is crushing the prospects for a fairer trade system. Their actions threaten to undermine multilateral cooperation.

A fairer trade system is possible, but not without radical change.

3.5 Commodities: action to stabilise prices

For over twenty years, many poor countries have been suffering decreasing revenues and worsening terms of trade because of declining primary commodity prices. World Bank and IMF inspired liberalisation has done little or nothing to help these countries diversify out of producing low value primary commodities. If anything, it has caused deindustrialisation and made it more difficult for poor countries to escape the commodity trap. Not surprisingly, the commodity crisis has continued prompting a series of worthy statements from inter-governmental conferences.

For example, at the UN Commission on Sustainable Development (UN-CSD) in 2000, governments agreed the following statement:

"Governments and international organizations should endeavour to improve the functioning of commodity markets with the aim of achieving greater transparency, stability and predictability, particularly with regard to commodity export earnings." ¹²

And at the World Summit on Sustainable Development in 2002, governments agreed to:

"Build the capacity of commodity-dependent countries to diversify exports through, interalia, financial and technical assistance, international assistance for economic diversification and sustainable resource management, and address the instability of commodity prices and declining terms of trade." ¹³

Sadly, little or nothing has been done since. Rather than a radical reappraisal of the past twenty years of failure, and support for government intervention to stabilise prices, industrialised country governments have advocated more of the same – liberalisation, deregulation and privatisation.

4. Rich countries ignoring African governments at the WTO – A case study

The Commission for Africa claims it will adequately represent African voices. Yet this initiative has not come from Africa itself and has scant – some might say token –

representation from the African continent. As far as African governmental opinion goes, one does not need a Commission for Africa to know what policy reforms they seek. The problem is not that we don't know what African governments want, it is that when African governments do raise their voices, they are often ignored by the industrialised world.

The past few years of talks in the World Trade Organisation (WTO) are a case in point.

4.1 'Singapore issues'

Since long before the Doha round started, the European Union, backed by the UK, has been the most vociferous proponent of launching a set of new WTO agreements on investment, competition, government procurement and trade facilitation. More than five years of stiff opposition from African countries (plus many other developing countries) was ignored by the UK and EU until the crunch came in Cancun.

In September 2001, the Africa Group of WTO members released a communiqué stating that the 'Singapore Issues' are: "not within WTO competence in developing multilateral rules", that "Members are not convinced that negotiations in these areas would deliver benefits to African countries", that "These issues would add more burden of obligations, while the problems of implementing the Uruguay Round Agreements continue" and that "These issues would overload the WTO agenda." 14

This was ignored by the UK and EU which pushed for the Singapore issues to be included in the Doha Declaration.

In the run up to the Cancun WTO Ministerial, during the spring and summer of 2003, Ministers from the Least Developed Countries (LDCs), the Africa Group and the African, Caribbean and Pacific (ACP) countries all made statements opposing the launch of negotiations on the Singapore issues at Cancun. ¹⁵ Just before Cancun, a group of African countries tabled a paper at the WTO to the same effect. ¹⁶

The EU ignored this opposition and carried on regardless, leading to the collapse of the talks. Since Cancun, the EU has modified its position and is now pushing for what are called 'plurilateral' agreements (ie, agreements negotiated amongst a sub-set of WTO members) despite opposition from African countries to any kind of WTO agreements on these issues.

4.2 Services assessment

The General Agreement on Trade in Services (GATS) is a very complex agreement encompassing a range of highly sensitive 'behind the border' regulatory issues. The current GATS negotiations are aimed at generating broader and deeper binding commitments to GATS restrictions on governments' ability to regulate service companies.

Making such commitments is a significant undertaking because of the wide coverage of the GATS, the nature of its restrictions on regulation, the lack of clarity in some of its rules and the effective irreversibility of commitments. African governments have therefore called for a process of assessment to help determine what kind of commitments might be appropriate and what impacts they may have.

Despite the importance of the issues, three developing country proposals¹⁷ and two Ministerial-level statements (made by the LDCs and the ACP countries) calling for services assessment have simply been ignored.

4.3 Industrial tariffs

Industrial tariffs is a key policy area for African countries as it is an important plank of any industrialisation strategy. In a paper submitted to the current WTO negotiations, Ghana, Kenya, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe point out that, subsequent to IMF and World Bank structural adjustment, including unilateral trade liberalisation, "the broad-based development that was expected to ensue has remained elusive...Indeed, empirical studies show that industrial growth has fallen behind GDP growth in Sub-Saharan Africa since the 1980s with de-industrialization in a number of African countries being associated with trade liberalisation." 18

The paper goes on to say, "Taking into account the dismal experience of liberalisation measures taken earlier by African countries, any further liberalisation including reduction commitment should be left to be determined by them...The modalities to be established must allow developing country members to use measures aimed at assisting infant industries to compete with well established enterprises in the international market. Members should therefore, view trade liberalisation as supportive of and not a substitute for trade and industrial policy." ¹⁹

Unfortunately, such proposals have been ignored. The pre-Cancun joint paper on 'non-agricultural market access' (NAMA) by the EU, USA and Canada did not acknowledge the adverse experience of liberalisation in, and the ongoing problems faced by, these countries and, for example, paid little or no heed to such requests for increased flexibility. The UK and EU are ignoring calls from African countries to be able to use the same kind of active industrial policies that we in Europe used to develop.

4.4 Institutional reform

African countries have consistently suffered from the lack of transparency in the way WTO talks are organised. Their problems – including being excluded from meetings and being subject to 'bullying' tactics - have been well documented.²⁰

In response to these problems, in spring 2002, a group of developing countries (including six from Africa) submitted a joint paper to the WTO outlining a range of reforms to make decision-making more transparent and inclusive.²¹ The response from rich countries was to ignore the detail and make dismissive general remarks about wanting to retain 'flexibility' and 'efficiency'. In August 2003, fearing that they would be sidelined in Cancun by non-inclusive procedures, a group of African countries tabled a paper making many of the same proposals.²² Again, this was simply ignored by the industrialised world.

The lack of transparency in Cancun led to the release of an unrepresentative 'Chairman's text', which angered many African countries and signalled the beginning of the end of the Cancun Ministerial.

4.5 TRIPs – patents on life forms

It is not only the 'access to medicines' issue where African countries have attempted to reform the unjust and inappropriate Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) in the WTO. They have also been pressing for changes to the rules on patenting of life-forms.

In July 1999, Africa took a unified position on this reform in two ways:

- On July 6-10 in Algeria, the Council of Ministers of the Organisation of African Unity (OAU) adopted a number of proposals for the 1999 review of TRIPS Article 27.3(b), most notably on the patenting of life forms.²³
- On July 29 in Geneva, the African Group at the WTO communicated its own proposals for the 1999 review of TRIPS 27.3(b) to the General Council. These proposals were tabled as part of the official preparations for the Third Ministerial Conference of the WTO, which took place in Seattle later that year.²⁴

In both cases, Africa requested that the TRIPS Agreement clarify that plants and animals, as well as micro-organisms and all other life forms and their parts and the processes used to obtain them, cannot be patented. African countries argue that there is no basis for the distinction, within TRIPS, between plants and animals, which need not be patented, and micro-organisms, which can be patented. Nor is there a basis for distinction between essentially biological process, which cannot be patented, and microbiological processes, which can be patented. Without a basis for such differentiated treatment, and given that life forms and the processes through which they are generated are part of nature, African trade policy makers argue that there should be no patenting in this arena.

The EU has opposed such reform of TRIPs and this issue has since gone nowhere in the WTO.

5. Reports by official organisations/commissions with reference to Africa

5.1 Brandt Commission (1977-1984)

The Brandt Commission – to which the Africa Commission has been compared and contrasted - ran from 1977 – 1984 and issued two reports 'North-South' (1980) and 'Common Crisis' (1983).²⁵ The total cost was US\$1.1 million.²⁶ Edward Health was part of the Commission for the UK.

Recommendations from the North-South report (also referred to as the Brandt Report) included:

- Strengthen the right to asylum.
- More international cooperation in the resettlement of refugees to protect countries of first asylum from unfair burdens.
- Increase the development of renewable forms of energy to aid an orderly transition from non-renewables.
- An international tax on arms.
- Restrain exports of arms to areas of conflict or tension.
- Stabilisation of commodity prices at a remunerative level.
- Greater support for International Commodity Agreements.
- Compensation for shortfalls in real commodity export earnings.
- Trade barriers by industrialised countries against exports of developing countries should be rolled-back.
- Fair labour standards should be agreed internationally.
- An international investment regime should be established which creates reciprocal obligations on the part of host and home countries in respect of areas such as technology transfer and repatriation of profits.
- The IMF should not excessively regulate developing economies.
- The IMF should not impose deflationary measures as standard policy.

- Surplus countries should accept greater responsibility for balance of payment adjustments.
- The participation of developing countries in the management and decision-making of the IMF should be increased.
- IMF gold reserves should be used either for subsidising interest on development lending, or as collateral to borrow for on lending to developing countries.
- Timetables should be adopted for industrialized country ODA to reach 0.7 per cent by 1985 and 1 per cent by 2000.
- Automatic revenue reserves should be generated through international taxes on international trade, arms production or exports, international travel or the global commons, especially sea bed minerals.

5.2 United Nations conference on Trade and Development (UNCTAD)

UNCTAD produces a range of well researched and thought provoking publications on a range of issues relevant to Africa. It also specifically publishes reports on the Least Developed Countries (LDCs). 34 of the 49 LDCs are in sub-Saharan Africa. 34 of 47 states in sub-Saharan Africa are LDCs. These reports have consistently pinpointed key problems facing African countries and suggested ways forward.

5.2.1 Economic Development in Africa: Trade Performance and Commodity Dependence $(2004)^{27}$

"the persistence of the problems of commodity dependence in the past three decades suggests that markets have not been able, and cannot be expected, to solve the problem. It could also be argued that the limited support of the international community for the traditional price support and stabilization schemes was an important factor in their demise. Thus, it is now time for the international community to recommit itself to addressing the commodity problem in all its manifestations, exploring with a seriousness of purpose all available means."

5.2.2 Economic Development in Africa: From Adjustment to Poverty Reduction: What is new? $(2002)^{28}$

"freedom of action of recipient governments in the determination of the nature and content of macroeconomic stabilization and structural adjustment programmes, or more generally of their development strategies, continues to be severely constrained by conditionalities attached to multilateral lending and debt relief."

"the current approach ... continues to endorse the very stabilization policies and structural reforms that have barely succeeded in bringing about growth and reducing poverty in Africa over the last two decades."

"the success of the new approach depends crucially on removing balance of payments and resource constraints on capital accumulation and growth in poor countries. Increased aid, debt relief and greater market access all have their part to play in this respect. Thus, increasing the probability of success of the strategy to reduce poverty in Africa, as in other poor regions, as reaffirmed in the Millennium Summit, calls for a reconsideration of the respective responsibilities of national authorities and the international community in providing the conditions needed. In the last resort, greater domestic policy effort, even of the right kind, and good governance cannot make up for inadequate financing and the adverse effects of protectionism in industrial countries."

5.2.3 LDC report 2002: Escaping the poverty trap²⁹

"The conventional wisdom that persistent poverty is due to the low level of trade integration of LDCs with the global economy, and insufficient trade liberalization, must be reassessed ... The critical policy issue for most is not their low level of integration into the global economy, understood in terms of their trade/GDP ratio, but rather how to build competitive and dynamic export capacities ... The lesson from some of those LDCs that have developed competitiveness in manufactures is that a proactive export-push strategy, encompassing special incentives for export production, is vital for building up new export capabilities."

"There is an alternative [to adjustment policies in PRSPs]. This is the elaboration of development—oriented poverty reduction strategies. Such poverty reduction strategies would promote broad-based economic growth and development through less restrictive macroeconomic policies, through active government policies to increase investment, exports and savings, and through sectorally specific measures to enhance production and supply capabilities and to ensure that groups vulnerable to marginalization are not left behind as economic growth takes off."

Important actions on the part of industrialised countries include, "the need substantially to increase aid flows to the LDCs by implementing donor commitments ... More stable and predictable aid inflows are essential for increased aid effectiveness ... Donor countries must implement in an expeditious manner the OECD/DAC recommendations to untie aid to the LDCs ... increased and accelerated debt relief as an important requirement for effective poverty reduction in many LDCs ... an unsustainable debt burden is still central to the international poverty trap in which many LDCs are caught ... the over-optimism of expectations of a sustainable exit from the debt problem has become clearer and clearer with the passing of time."

"much attention should be given by the international community to two areas ... that are currently under-emphasized in the international support for poverty reduction, namely, international primary commodity policy and South-South cooperation. The former is the most glaring missing link in the current approach to poverty reduction, as the incidence of extreme poverty is closely related to primary commodity dependence. The latter is important because regional trade and investment linkages, as well as learning based on more successful development experiences, offer an important strand for effective development within the LDCs."

5.2.4 LDC Report 2000: Aid, Private Capital Flows and External Debt³⁰

"There is clear evidence that the debt burden is having detrimental effects in private capital inflows, and policies of debt relief should be geared to give a positive shock to private sector expectations. If successful, this will support long-run poverty reduction. The current approach to debt relief ... is far from what is required."

"there is a need for deeper, faster and broader debt relief which is based on lower thresholds for judging debt sustainability, more realistic forecasts of economic growth, exports and imports, and more upfront extinction of debt stocks and the front-loading of debt service relief."

"The combination of [the] dysfunctional aid delivery system and policy conditionality since the early 1980s, during the adjustment era, has particularly undermined economic progress in the LDCs by eroding State capacities and undermining the quality and quantity of vital public services such as education and public administration. This has occurred because of a double squeeze of public finances by the uncoordinated and non-

integrated aid delivery system on the one hand, and the policy conditionalities of adjustment programmes on the other."

5.3 United Nation Development Programme (UNDP): Human Development Report 2003³¹

The primary piece of annual research produced by the UNDP is its Human Development Report. While UNDP human development reports are not specifically focused on Africa, the information and analysis they contain is highly relevant to Africa's problems. The 2003 human development report recommends, amongst other things:

- ODA needs to increase to 0.43 per cent of industrialised country GDP in order to provide \$50 billion, the best estimate of the resources needed to reach the Millennium Development Goals. Still well short of the 0.7 per cent committed too.
- External resources must be used in nationally owned programmes.
- Aid should be untied.
- Aid for most high priority countries should be grants, as further loans only add to unsustainable debts.
- Better coordination amongst donors.
- Aid programmes should be accountable to the beneficiaries, in terms of the results achieved.
- Debt servicing capacity should be assessed relative to the country's needs for achieving the MDGs. For many, this will require full debt cancellation. The HIPC debt-export measure has little to do with the needs of poor people.
- A timeframe needs to be set for the elimination of rich country agricultural export subsidies agreed at Doha.
- In the long term, commodity-dependent countries need to diversify into other sectors, particularly manufacturing. In the short term, the international community needs to address the volatility of commodity prices.
- A compensatory financing facility against external shocks, including commodity price collapses, should be funded by the developed world for the HIPCs.
- Investments in global technology need to be far more ambitious in areas such as: drought- and pest- resistant food crops; clean energy for rural people; vaccines and treatments for neglected diseases such as sleeping sickness.

5.4 International Labour Organisation (ILO): The World Commission on the Social Dimension of Globalization (2004)

This Commission was not focused on Africa, but did issue its report on the same day as the Commission for Africa was launched and it includes many issues relevant to African countries. This Commission included politicians, parliamentarians, social and economic experts and representatives of business and multinational corporations, organised labour, academia and civil society.

Its proposals included:

- The need to review international rules that restrict a countries policy options for accelerating agricultural and industrial growth, and for maintaining financial and economic stability.
- IFIs and donor countries must shift away from conditionality and allow national ownership of policies.
- Affirmative action is required in favour of countries with lower capabilities.
- Fair rules for the freedom of movement of goods and capital should be matched by fair rules for the freedom of movement of people.
- A multilateral framework for FDI is needed which takes into account all interests, rights and responsibilities.

- All international institutions should assume their part in promoting core labour standards worldwide.
- Donors and IFIs should contribute to the strengthening of social protection systems in developing countries.
- There should be an acceleration and deepening of debt relief.
- The 0.7 per cent target for ODA must be met and new sources for funding over and above this target should be actively explored and developed.
- Stronger measures are needed to reduce tax avoidance and evasion.
- Make the IMF, World Bank and WTO more democratic and accountable to the people
- Create a global parliamentary group to develop integrated oversight of the major international organizations.

5.5 United Nations Economic Commission for Africa (UNECA): Transforming Africa's Economies (2001)

A report of the UNECA. Advocated:

- Increasing the share of government budgets targeted to the health and education sectors.
- Break out of dependence on the export of primary commodities by supporting and expanding activities where value added is higher and productivity growth is faster.
- Greater public investment in agricultural research and infrastructure following the failure of deregulation of the agricultural sector.
- Regional integration.
- Address the constraints of the multilateral trading system, as further liberalisation as advocated by developed countries leads to higher unemployment and poverty because of the absence of complete markets in Africa.
- Substantial resource flows from outside Africa.

6. Initiatives from Africa itself over the last two decades

Over the past two decades, a range of initiatives have come from Africa itself, including the following.

6.1 Lagos Plan of Action (1980)

An Action Plan agreed by African States as part of the Organization of African Unity (now replaced by the African Union). A large focus is on regional economic integration, with the eventual aim of an African Economic Community. It deplores "the lack of political will and the negative attitude of industrialised countries in international negotiations relating to the restructuring of the world economy for the establishment of the new international economic order".³²

6.2 African Alternative Framework to Structural Adjustment Programmes (AAF-SAP) (1989)

The AAF-SAP was produced from studies by economists at the United Nations Economic Commission for Africa (UNECA), and was presented as a framework in July 1989. The United Nations General Assembly passed a resolution inviting "the international community, including the multilateral financial and development institutions, to consider the African Alternative Framework as a basis for constructive dialogue and fruitful consultation." The United States was the only country to vote against the resolution. The United States was the only country to vote against the resolution.

Proposals included:

- Diversifying exports into processed commodities and manufactured goods through specific incentives.
- Bilateral and multilateral agreements on commodities.
- Establish a balance between the public and private sectors.
- Retain important areas such as essential public sectors and environmental protection within the public sector.
- Selective privatisation in non-social services and non-strategic sectors.
- Cut military spending.
- Reverse policies that give incentives to export crops over food crops.
- Guarantee a minimum price for food crops ensured through a strategic grain reserve.
- Limit debt service spending to levels that allow growth and development.
- Limit loan resources to prevent future debt build-up, and focus these on projects with the highest expected rate of return.
- Implement land reform for better access and entitlement to land, especially for women.
- Do not reduce budget deficits at the expense of spending in the social sector.
- Strengthen intra-African economic cooperation through measures such as reducing intra-African trade barriers.
- Greater mass participation in decision-making.

6.3 African Charter for Popular Participation and Development (Arusha Charter) (1990)³⁶

The charter was an outcome of a meeting organised by UNECA and attended by African NGOs, African governments and UN agencies. The focus of the charter was on the need to increase popular participation in policies and programmes.

The charter called for:

- An acceptance of the AAF-SAP as the best framework for achieving sustainable development
- An opening up of political processes to ensure effective participation of people and organisations
- The international community to support indigenous policies
- The IMF and World Bank to support country designed development processes
- An increase in development resources from the industrialised world to reverse the net outflow of resources to IFIs and donor countries
- A drastic reduction in Africa's debt stock and a moratorium on remaining debt servicing to free up resources on development.

6.4 New Economic Partnership for African Development (NEPAD) (2002)

The past decade has seen an increasing acceptance of free market economic orthodoxy by some African governments. For some this may stem from a belief that such policies are appropriate for their economy and for others it may reflect a pragmatic approach to relations with industrialised countries on whom they rely for aid, loans and debt relief.

The 2002 G8 in Kananaskis, Canada, saw the launch of the New Economic Partnership for African Development (NEPAD). Initiated by a group of African governments, NEPAD essentially committed African countries to governance and free market economic reforms in return for aid commitments and trade reform from the G8. Although NEPAD was criticised by many civil society groups both in terms of its content and the way it was created (by a small influential group of African Governments with little or no

parliamentary and civil society input), it was seen by the G8 as a plan for Africa, written by Africa.

Yet the support given to NEPAD by the G8 raises the following question for the UK Government: if NEPAD represents the G8's blueprint for relations between Africa and the industrialised world, why do we need a Commission for Africa?

7. Commissioner - Michel Camdessus and Africa

Michel Camdessus was Managing Director of the IMF from January 1987 to February 2000. In this time he was responsible for IMF Structural Adjustment Programmes in the poorest countries of the world, primarily in sub-Saharan Africa. The IMF's main Structural Adjustment lending facility, the Enhanced Structural Adjustment Facility, was launched in December 1987. The IMF also ran programmes in many countries in Eastern Europe and the former USSR, strongly influencing how such economies moved from state-controlled markets to capitalism.

Throughout this time, the IMF pushed an extreme free market model to the countries dependent on its loans. Its programmes typically included: fiscal and monetary stringency, even (especially) when in a recession; privatisation of state controlled industries and basic services; trade liberalisation; investment liberalisation; liberalisation of agricultural and financial markets.

In its 2003 Human Development Report, the United Nations Development Programme (UNDP) reported that 54 countries were poorer in 2001 than they had been in 1990. Of these, 20 were in Africa and 15 in Central and Eastern Europe. These two regions had the greatest IMF involvement, and implemented the largest number, of IMF reforms in the 1990s.

Camdessus was in charge of the IMF's response for the Asian Financial Crisis in 1997/98. The IMF pushed cuts in government spending, high interest rates and the closure of weak banks in Korea, Thailand and Indonesia. Such contractionary policies were the opposite of the orthodox view, since Keynes, that governments should actively seek to expand their economies when entering a recession. In 1998 Thailand's economy shrank by 9.4 per cent and Indonesia's by 13.2 per cent. Malaysia also suffered heavily from the crisis. In response, instead of signing up to a programme with the IMF, Malaysia imposed capital controls, condemned by the IMF and Camdessus. The capital controls triggered a recovery in Malaysia's economy.

Camdessus on Africa:

"In Africa, first of all, no one today is extolling the virtues of the so-called alternative development policies that were supposed to eliminate the need for restructuring efforts. All are now willing to admit that development is dependent on improved macroeconomic stability; consolidation of the financial sectors; reform of legislative, regulatory, and judicial frameworks; pursuit of regional integration initiatives; strengthening of democracy; and good governance."³⁷

"The promotion of the free market and an outward orientation of economic policies - what are sometimes called the first generation of reforms, trade and exchange liberalization; improving incentives by rolling back price controls and subsidies; reforming public enterprises; and strengthening financial systems are all elements [for addressing the widening gaps between rich and poor]" 38

"macroeconomic adjustment ultimately benefits the poor. Structural policies also; dismantling product and factor market rigidities helps reduce poverty by increasing not only the supply of essential goods, but also the poor's access to them" 39

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