

Development in Africa – shaking the curse of poverty, hunger and disease

A discussion Paper on debt cancellation, more aid, fairer trade and good governance

*Make Poverty History march
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In the words of Nelson Mandela: “Massive poverty and obscene inequality are such terrible scourges of our times, that they have to rank alongside slavery and apartheid as social evils.

“Poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings ... “While poverty persists, there is no true freedom. Sometimes it falls upon a generation to be great. You can be that great generation. Make poverty history. Then we can all stand with our heads held high.”

Introduction

Extreme poverty remains a daily reality for more than 1 billion people who subsist on less than \$1 a day. Hunger and malnutrition are almost equally pervasive; more than 800 million people have too little to eat to meet their daily energy needs. For young children, the lack of food can be perilous since it retards their physical and mental development and threatens their very survival. More than a quarter of children under age 5 in developing countries are malnourished.^[1]

Of the 185 million jobless people worldwide, just under half are young people aged 15-24. In developing regions, young people are three times more likely than adults to be unemployed. The total number of young people have increased by over 115 million since 1990, to nearly 1.2 billion in 2004, and is expected to grow by an additional 64 million by 2015. In 6 out of 9 developing regions, unemployment rates are higher among young women than among young men. Youth unemployment is simultaneously a drag on national economies and a waste of a country's most important resource. Moreover, young adults without jobs could create a scenario from crime, violence and social unrest.^[2]

Out of 13 million deaths in large-scale conflicts from 1994 to 2003, over 12 million were in sub-Saharan Africa, Western Asia and Southern Asia. Not surprisingly, these regions are also home to three-quarters of the world's

37 million refugees and displaced persons and the area where the number of hungry people is growing. In two of these regions- sub-Sahara Africa and Western Asia- poverty is also rising.^[3]

In the 25 years since it was first reported, AIDS has become the leading cause of premature deaths in sub-Sahara Africa and the fourth largest killer worldwide. More than 20 million people have died around the world since the epidemic began. And by 2004, an estimated 39 million people were living with HIV. In addition to the incalculable human suffering that AIDS has brought, the epidemic has reversed decades of development progress in the worst-affected countries. Almost no country has escaped its wrath.^[4]

Eleven million children die every year- 30,000 per day from preventable and treatable causes. More than half a million women die each year during pregnancy or childbirth. Malaria and TB kills as many each years as AIDS and represent a severe drain on national economies.

In Congo, 4 million people have died in the civil war which the West barely noticed, The country once plundered for rubber is now pillaged for diamonds, copper, cobalt, zinc and gold. All sense of dignity and human life have been lost as small children boast of being witches and eating human flesh.

The Obstacles to Development

The world's richest nations stand accused of double standards - exporting billions of pounds worth of arms to poor countries while discussing measures to lift them out of poverty.

In a recent report by pressure groups including Oxfam and Amnesty International say the G8 countries are compounding the problems in developing nations, including much of Africa, by allowing them to import costly arms and weapons.

According to the report, Britain is the world's second biggest arms supplier with exports estimated at \$4.3bn (£2.2bn) between 1996 and 2003, less than America's \$15.18bn but more than other G8 nations such as France (\$3.02bn), Russia (\$2.62bn) and Germany (\$1.08bn). The five countries are the world's biggest arms exporters, accounting for 84 per cent of the global trade. Ironically, these are also the very countries that will be at the G8 summit seeking to relieve global poverty in Africa yet failing to understand the debilitating effect of the purchase of arms as it diverts resources in poor countries.

The report says: "Many of the G8 countries are large donors to aid programmes in Africa and Asia. However, continuing arms transfers to developing countries undermine their pledges to relieve debt, combat Aids, alleviate poverty, tackle corruption and promote good governance." It also warns that the arms could be used to suppress human rights and democracy.

It accuses the G8 nations of not matching their rhetoric about arms sales and Africa with action. "G8 governments have left significant loopholes in their own arms export standards and control mechanisms. Their efforts to control arms exports are not in proportion to the G8's global responsibility," the report says. It is difficult to take G8 commitments to end poverty and injustice seriously if some of the very same governments are undermining peace and stability by deliberately approving arms transfers to repressive regimes.^[5]

While the West continues a lot of time in promoting the arms trade, it has not paid enough attention to the plight of children in Sudan's west Darfur, where many were forced to join armed groups or were separated from their families, the U.N. refugee agency.

"The whole issue of child protection is one that deserves more focus," said Erika Feller, director of international protection at the U.N. High Commissioner for Refugees (UNHCR). She said that international awareness was high about the continuing problems of sexual violence and rape facing women and female children amongst the refugee populations forced to flee violence in the vast western region of Sudan. International donors had been generous when it came to providing food or shelter for the some two million people in Darfur forced to flee their homes to escape civil war.

Development in Africa

What Africa requires is trade justice, debt cancellation and more and better aid from the world's richest countries. The success and failure of the international community depends heavily on the willingness and ability of African governments to govern effectively, tackle corruption and bring far reaching reforms . The people in Africa and of African origin living abroad have an obligation to invest back in their own country for its development, regeneration and invigorating its economy and society. To change the shape of the continent, from poverty to wealth creation, in the end it will be the Africans with initiative who will lift their own countries out of the mine of poverty, corruption and poor governance.

Wouldn't that be great, to make poverty history? Do you think it's possible? Really possible? Imagine, if global poverty was something that children learnt about in history lessons. '800 million people were allowed to go hungry', the teacher would tell them. 'Every hour 1200 children died from preventable diseases'.

Do you think the children would be able to believe it or comprehend the scale? They would probably ask, 'What was being done about this terrible suffering?' Good question. Because there are things that can be done. As Nelson Mandela said, poverty is man-made and it can be overcome. How? By canceling poor countries' debts, by giving more and better aid, and by achieving real, lasting trade justice – not free trade.

That's drop the debt, more and better aid, and trade justice. If there is enough political will for this, then it can be done.

The Absurdity of Subsidies

A more effective way to help poorer countries would be the opening up of the markets for agricultural exports for developing countries, currently the subject of tortuous negotiations in the World Trade Organization.

Africa's share of world trade and world investment has steadily declined over the last two decades, and is worth far more than aid flows. But there is tremendous political resistance, both in the United States and the European union (EU), to sharp cutbacks in the agricultural subsidies enjoyed by their farmers. And there is still no agreement on how fast the poor countries would have to open up their markets even further, exposing their farmers to potentially devastating competition from subsidised Western farmers.

Trade is the biggest issue, where there is the deepest unfairness- it is the root of the problem. Recently, the finance minister's statement said to the poorer countries '*you qualify for debt relief if you open up your markets.*' In other words, that is privatization. You are dictating to countries what their economic policies should be, for the benefit of your own multinationals.

The G8 finance ministers communiqué was suitably vague on the details, although it called for a "timetable to eliminate all trade-distorting export subsidies in agriculture" and "special and differential treatment for developing countries."

This issue is unlikely to be resolved at Gleneagles, and prospects are now fading for a final deal in December when the Hong Kong meeting of world trade ministers take place.

However, the debt deal has produced some momentum, which will encourage both the development lobby and the UK government as they prepare for the more difficult debates that lie ahead.^[6]

The G8 summit at Gleneagles is likely to be more successful in agreeing a debt-relief package worth £22 billion, and a new aid package, but one of the biggest obstacles to economic progress in Africa is the protectionism that prevents its farmers selling their products to the West. The United States, which pays millions of dollars to its cotton farmers each year, is as much a culprit as the EU. Rich countries are believed to spend as much as £560 million a day on agricultural subsidies — a huge barrier preventing even the most free-market-orientated developing country from trading its way out of poverty. Across Africa, from Zambia to Mali, it is the same story whether the produce is cotton or rice, tomatoes or fruit.

Overall, the charity Oxfam calculates direct losses to West Africa as a result of combined EU and US cotton subsidies at £140 million a year, and accuses industrialised nations that preach free trade of lacking the stomach to take on farm lobbies and the vested interests of the agri-business world.^[7]

More trade, less aid

What Africa needs is to shake off its dependence on primary commodity exports, a problem underlying not only its marginalisation from world trade but also its chronic debt problems. Many countries rely today on as narrow a range of agricultural and mineral products as they did 30 years ago, and suffer the consequences of inexorably declining export earnings. Again, the campaigners' remedy - to improve market access for African exports to Europe and America - is wide of the mark. While imperfect, various preferential schemes already give the poorest African countries excellent market access.

To understand how Africa might diversify we must look elsewhere, to the experience of east and south-east Asia. Not only have these countries revolutionised their trade performance in the last four decades to become world leaders in everything from clothing to computers, they have also achieved the holy grail of broad-based growth. The "Asian miracle" has seen countries poorer than their African counterparts in the 1960s virtually eradicate \$1-a-day poverty today. If you really want to know how to make poverty history, it is this transformation that you must grasp.

A large number of studies have shown that strong states with a long-term economic growth strategy were at the centre of the Asian miracle. Counter to donor orthodoxy, these so-called "developmental states" were thoroughly hands on, intervening widely in their economies. They committed practically every sin in the neoliberal book, including state-owned industries and trade protection. This success story of competent government stands in stark contrast to Africa's governance problems.

"Governance" has, of course, been identified by the Commission for Africa^[8] as the fundamental issue. However, the record of World Bank-inspired governance reforms in Africa is one of abject failure. Only in those rare cases with political buy-in at senior levels have anti-corruption efforts or civil service reform programmes even been attempted. The answer to why African states have not been as effective as those of east Asia lies in political history.

A colonial inheritance of indirect rule and the scramble for power at independence meant that political leaders relied on dispensing patronage to local chiefs to hold together national alliances. The resulting system of patronage politics has produced leaders more interested in maintaining a flow of resources for elite consumption than in broader development, with oil and mining multinationals happy to facilitate a "spoils politics" in the worst cases. It has also eroded the ability of African states to manage economic challenges. Such politics has survived multi-party reforms of the 1990s, and is entrenched even in "good performers" such as Ghana and Tanzania. In the rare cases where African governments have led successful development and poverty reduction, such as Botswana, or Uganda in the 1990s, leaders have suppressed patronage politics.

If the nature of politics is decisive for Africa, what should the thousands on the streets of Edinburgh be telling G8 leaders? In reality, donors can play only a minor role in a transformation where African politicians will have the central part. The international community should focus its efforts on supporting the emergence of more developmental politics, while making life a lot harder for spoils politics regimes.

This means priority action (rather than warm words) on money laundering in financial capitals by the likes of the Abacha family, on ending the tacit tolerance of corporate involvement in corruption, and on transparency about oil and mining revenues.

But the most profound re-think is on aid. Here the counsel is one of political realism, not despair. The Aids crisis means that there is compelling case for a basic floor of aid to Africa. But further aid should be allocated using simple but strict criteria. Where anti-patronage politics leaders are achieving poverty reduction, they should be supported generously and without conditions.

Aid - What's the plan?

Britain wanted a \$50bn (£27bn) rise in aid (on top of the current \$69bn aid flow) in 2005 and every year after. The aim was to help Africa meet Millennium Development Goals for 2015.

There were two routes. The first was progress towards the aid target from rich nations of 0.7% of national income, set by the UN more than 30 years ago. In a recent breakthrough, EU development ministers agreed to meet the 0.7% target by 2015, with an interim 2010 target of 0.56%.

The second was Gordon Brown's plan to frontload financial help via his International Finance Facility (at the expense of aid in 15 or 20 years time), a plan backed by Germany and France. The facility allows rich states to borrow money, using future aid flows as collateral. But the US is opposed.

Where have we got to?

Pledges so far come close to Britain's target. Brown says the promises amount to extra aid of \$42bn, of which \$25bn would go to Africa. But there are reasons for caution.

Will they deliver? Many EU richer countries have failed to live up to past promises.

Key EU states have acute financial problems and will struggle to hit their 2010 aid targets, Germany and Italy in particular. The UK is still awaiting word from Canada and Japan on the 0.7%.

President Bush will not put a timetable on the 0.7% target, arguing that Washington is the biggest donor in absolute terms. He refuses to recognise that aid should be a proportion of national income.

The IFF has had a mixed reception; the US has rejected it but is expected to increase aid. The French and German are supportive and have proposed an air travel levy to finance it.

The verdict

Gordon Brown talked of a Marshall Plan for Africa, named after the postwar plan to rebuild Europe, in which the US paid out more than 1% of its income. He argued that without a plan of that scale, Africa had no chance of meeting any of the millennium development goals. It is the one continent in the world where key indicators of development, such as infant mortality and life expectancy, are getting worse. Tony Blair and the chancellor's efforts to get Africa to the top of the G8 agenda have been remarkable and have found considerable support - from France, even from the US - but there is a real danger that the achievement will fall short of what is needed.

Debt - What's the plan?

Debt has been the big success story of Britain's presidency so far, although securing a deal has taken longer and proved more acrimonious than Tony Blair and Gordon Brown would have liked.

A deal was struck by G7 finance ministers under which the debts owed by the poorest countries to the World Bank, the International Monetary Fund and the African Development Bank have been cancelled.

The agreement will help 18 countries immediately, saving them around \$1.5bn a year in debt payments. A further nine countries will become eligible over the next 12 to 18 months, and the figure could rise to 38 once a number of poor countries in Africa - such as Sudan - end their conflicts. It is possible that even more countries could eventually qualify for help, according to the UK government.

Where have we got to go?

Poor countries owe a further \$220bn to private creditors, such as banks. This is excluded from the G7 deal, but one encouraging development is the World Bank pressing for Nigeria - the key to the development of west Africa - to be made eligible for private-sector debt relief.

The deal only covers 18 countries at present and there are many others in need of similar relief. Up to 62 countries that do not get debt relief will fail to meet the UN's development goals for 2015, say campaigners.

A particular concern is the debts being built up by countries where economic development is hampered by civil war. The G8 will not sanction debt relief until these conflicts end.

The verdict

The proposed deal has taken more than a decade of campaigning to achieve; a decade when the scarce resources that service the debts of poor countries could have been used on development. It shows how international action on Africa is too often, slow and late. Gordon Brown has been doggedly persistent on the issue for several years.

But even now, there are still many countries where debt payments dwarf resources for health and education. Nigeria is one of the most pressing, as the G7 finance ministers recognised.

A landmark deal may have been achieved, but a final resolution to the debt crisis remains some way off.

Trade - What's the plan?

Trade is the trickiest of the UK's three priorities for action on Africa. Britain wants a timetable for dismantling agricultural export subsidies and wants the G8 to provide some political impetus when the issue hits the top of the agenda at the end of the year, at the meeting of the World Trade Organisation in Hong Kong.

Despite this, the Gleneagles summit is likely to make only vague positive noises about the need to complete the Doha round of WTO talks this year.

Where have we got to?

Not far. Britain always planned to tackle trade in the second half of 2005, once it assumed the EU presidency as well as being at the helm of the G8. The recent spat between Tony Blair and Jacques Chirac over EU farm subsidies indicates how difficult the progress will be.

Talks have been grinding away at the WTO in Geneva, where some 150 countries are trying to complete trade liberalisation talks launched in Doha in November 2001. The WTO believes the bare bones have to be ready next month. Otherwise it says, Hong Kong will simply become a stock-taking exercise. Big players at the WTO - the US, EU and the Group of 20 (a coalition of developing countries including China, India and Brazil) have to settle differences, fast.

Developing countries want concessions on subsidies, and market access for their companies.

The verdict

Development groups say the agricultural concessions proposed by Washington and Brussels are cosmetic, that there is no real intention to scale back subsidies. The no vote in France to the EU referendum is set to harden opposition in Paris.

The developed world spends \$300bn a year on farm subsidies, with the EU and US flooding poorer states with excess produce which undercuts African farmers. Oxfam says the EU and US use creative accounting to disguise the scale of their agricultural protectionism. Poor countries have so far rejected what is on offer in Geneva. A deal is unlikely until at least 2007.

Conflict resolution - What's the plan

Nearly half the African countries that emerge from civil wars lapse back into conflict, due to the lack of reconciliation or reconstruction. The Commission for Africa highlighted the importance of security. But the issue has been sidelined ahead of Gleneagles because of the difficulties over a deal on debt and aid.

Britain knows that the US views African civil wars as a root cause of the continent's crises, and the UK would like to see part of any aid rise agreed at Gleneagles used to fund a decent African Union-backed force capable of intervening in the troublespots.

British intervention in Sierra Leone shows what military force can do. The AU's failure to assemble a decent force has prolonged the Darfur crisis.

Where have we got to?

Much will depend on whether the G8 finds the aid to fund an AU force, but if it fails to make progress, the issue will re-emerge at the UN millennium review summit in September in New York.

The hope is that the talks at Gleneagles may pave the way for a constructive initiative ahead of the New York summit. Another option is that Tony Blair might make headway on his proposal at Addis Ababa last year to assemble an EU battle group capable of responding to a crisis in Africa within 10 days.

The verdict

Progress has been derailed by the need to focus on bigger issues: aid and debt. But London could pursue the matter later. The British want to exploit what they regard as a new readiness in the African Union to act as a broker in disputes that hold back the continent. US enthusiasm is also encouraging, but it will require persistence to get the necessary, and substantial, funding.

Governance - What's the plan?

Corruption was a main issue highlighted by the Commission for Africa. Nearly a quarter of aid goes on improving a government's ability to govern: how to raise revenue and to account for its expenditure.

The commission praised efforts by the New Economic Partnership for African Development (Nepad) to set up a peer group review in which experts working against fixed criteria measure the steps governments take to fight corruption, improve administration and boost accountability. It is a sort of audit commission for African corruption. Some 24 African countries have so far signed up.

Without good governance, we cannot eradicate poverty; for no corrupt government is interested in the eradication of poverty; on the contrary, and as we have seen in many parts of Africa and elsewhere, widespread corruption in high places breed poverty. Rather than conduct a post-mortem, we should try to help Africa and African countries to move forward from where we are now by addressing the central issue of building and strengthening the institutional framework of our continent and its countries. In doing so, to face the realities of Africa - all of them.

Where have we got to?

The issue of good governance is key to understanding any deal at G8. The US, in particular, ties aid so tightly to good governance that it slows the aid flow. At last year's G8 summit in the US, a deal was signed with Nigeria, a trade off between possible debt relief and action against graft. There is still no single kite mark of good governance so different criteria are applied by various countries and lending institutions. The G8 may synchronise this.

Another recommendation was for extra resources to expand the Extractive Industries Transparency Initiative (EITI); in which the industrialised world publishes payments for contracts in oil and gas. The hope is it will deter bribery. Another idea which has emerged in the course of G8 negotiations is a multimillion-dollar fund to improve technology and skills to stem the brain drain of 70,000 skilled Africans who emigrate each year.

The verdict

This subject produces a lot of talk from donors who are anxious that increased aid should not be siphoned off through corruption.

On the other hand, western countries are reluctant to close down tax havens and secret bank accounts which allow money to be hidden.

A plan for each G8 country to report on the embezzled assets which have been repatriated to Africa each year is unlikely to be passed. But the EITI is a good start in the fight against large-scale corruption surrounding Africa's natural resources. What is more difficult is rooting out the endemic low-level graft often caused by low wages and poverty.^[9]

Forming cartels for better deals

The west is not, out of altruism, going to reverse the system of trade that impoverishes Africa. It is Africa that must fight politically to force the change. Why hasn't it been done before now? The answer is that African governments have, in the past, been short-sighted and self-centred to a degree that borders on stupidity.

The west's trade stranglehold is considered by most of us to be murderous and immoral. Our governments may speak to the west in polite, diplomatic terms. But Africans who know the true causes of their continent's poverty consider the west to be part of the problem. They are not interested in palliatives such as aid, and the humiliation of becoming "highly indebted poor countries" reliant on charity; they demand economic justice.

African countries must band together and form cartels that lay aside money to acquire the means of adding value to their raw materials before export. Goods that are processed can better be held back from sale when prices are low. Opec (and before Opec, the giant oil companies) has proved that economic power comes through cartels. But you cannot form viable cartels using raw cocoa, coffee beans or tea leaves. Unlike oil, which can stay unspoilt underground, food commodities are perishable.

Before Opec flexed its muscles in the 70s, petroleum was selling for under \$3 a barrel. Today, it is selling for \$58. African governments must take a leaf out of the Opec book. They have already produced an economic programme called the New Economic Partnership for Africa's Development. But Nepad relies heavily on expected inflows of foreign investment, whereas foreign entrepreneurs cannot, by definition, be interested in what Africa really needs - namely, to vertically integrate the continent's industries.

If Africa is able to accumulate enough capital to change its inherited production patterns and earn more from its products, these products will still be faced with punitive tariff walls. But the climate of opinion in the west is shifting against such practices, and it is for African governments to enlist the support of the peoples of the west to force western governments to dismantle such tariffs. It is unrealistic to expect the G8 to act to meet all of Africa's true needs, despite the pious noises we shall be hearing from Gleneagles.^[10]

Conclusion

For Africa to have any progress, it urgently needs to complete the Millennium Development Goals (MDGs) to fulfill its basic needs of hunger and poverty reduction, education to capture new opportunities, and improvement of infrastructure for the development of its economy.

For those skeptics who still think Africa is lost cause, take heed of following statement.

They told William Wilberforce slavery would never end.

But slavery is history.

They told Nelson Mandela Apartheid would never be overturned.

But Apartheid is history.

They told Vaclav Haval the Berlin Wall would never fall.

But the Berlin wall is history.

With dreams and determination, anything can be achieved.

Millions of people around the world dream of an end to poverty.

Do the G8 leaders meeting at Gleneagles have the determination to make that dream come true?

To them, we say this.

Make history.

Make Poverty History.

Vijay Mehta MA, ARC Chair

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^[1] United Nations, *'The Millennium Development Goals Report 2005,'* (United Nations, 2005), p.6

^[2] United Nations, *'The Millennium Development Goals Report 2005,'* (United Nations, 2005), p.40

^[3] United Nations, *'The Millennium Development Goals Report 2005,'* (United Nations, 2005), p.9

^[4] United Nations, *'The Millennium Development Goals Report 2005,'* (United Nations, 2005), p.24

^[5] The independent, *Arms Trade undermines efforts to relieve debt'* 22 June 2005 (London)

^[6] BBC News Online, *The limits of the debt deal,* 11 June 2005

^[7] The Times, *Free trade in 2005: subsidies for the richest, tariffs for the poorest'* 22 June 2005 (London)

^[8] A UK initiative for Africa as part of the UK governments efforts in G8 Summit. See <http://www.commissionforafrica.org/english/home/newsstories.html>

^[9] The Guardian, *Hear Africa 05*, 21 June 2005

^[10] The Guardian, *we need to form cartels*, 29 June 2005 (London)